MEDA INC

(Company No.: 507785-P)

Annual Report 2015

OUR MISSION

To create and introduce innovative concepts and solutions to all the Company's businesses via exemplary and dynamic leadership and consultative networking.

To strive and thrive hard in order to achieve excellence and carve a reputation as an 'innovative, reliable and dependable' developer.

To constantly provide expedient and effective services to our customers at all levels of operations.

To continually deliver good and quality products as promised and on time.

To create, develop and provide challenging and rewarding careers for all employees as well as safeguard and enhance the interests of the stakeholders.

To remain creative, firm, adventurous and dynamic as a leading developer.

OUR VISION

To establish the Group's reputation as a pioneer in perfecting innovative development concept and a leading developer of projects with excellent location and value.

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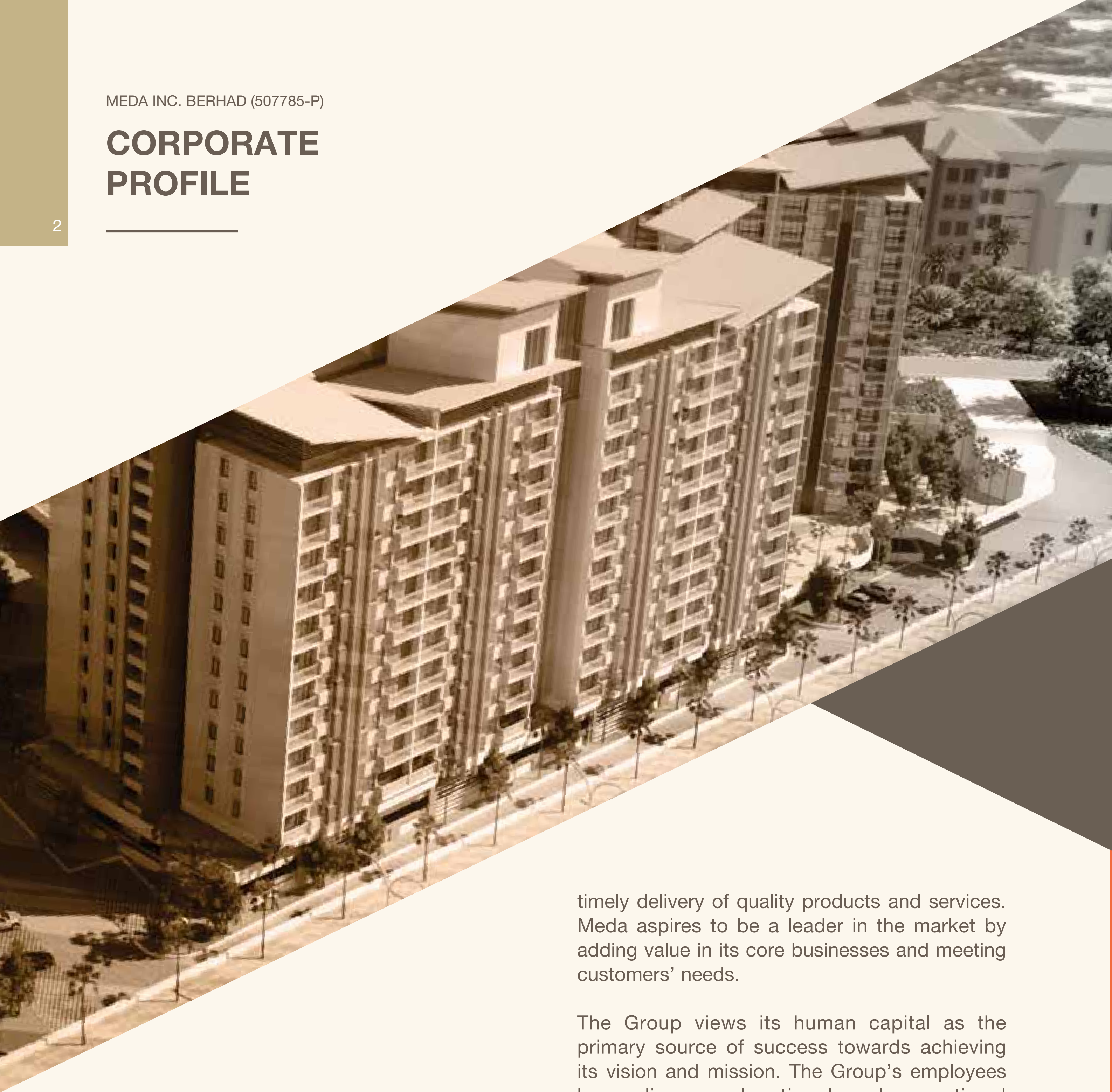
CORPORATE PROFILE



Meda was listed on the Main Board of the Bursa Malaysia Securities Bhd under the property sector on 19th March 2002. The Group's core activities are property development and investment of properties. The Group has successfully completed the development of several properties such as The Summit Subang USJ, The Summit Bukit Mertajam, Aman Larkin, 10 Semantan and The Arc @ Cyberjaya.

Strong customer orientation and innovative products and services are the foundation of Meda's business. Meda is committed to the timely delivery of quality products and services. Meda aspires to be a leader in the market by adding value in its core businesses and meeting customers' needs.

The Group views its human capital as the primary source of success towards achieving its vision and mission. The Group's employees have diverse educational and operational background and are capable to lead the Group. The overall thrust of Meda Human Resource Strategy is to recruit, reward and retain the best employees.

As Meda moves ahead, it will continue to focus on creating innovative concepts and solutions to its customers and stakeholders whilst maintaining the highest degree of professionalism and integrity.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Seri Dr. Mohd Ariff Bin Araff
Independent Non-Executive Director/ Chairman

Dato' (Dr.) Teoh Seng Foo
Executive Director/Deputy Chairman

Dato' Teoh Seng Kian
Executive Director/Managing Director

Ooi Giap Ch'ng
Independent Non-Executive Director

Chin Wing Wah
Independent Non-Executive Director

An Siew Chong
Executive Director/Chief Operating Officer

COMPANY SECRETARY

Tan Shim Chieng
(MAICSA 7013540)

REGISTERED OFFICE

No. C-07-01, Capital 3, Oasis Square
No. 2, Jalan PJU 1A/7A
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7452 8888
Fax : 03-7452 8899
Website : www.meda.com.my

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Board

AUDITORS

Baker Tilly Monteiro Heng
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : 603-2297 1000
Fax : 603-2282 9980

REGISTRAR

Boardroom Corporate Services (KL) Sdn Bhd
Lot 6.05, Level 6, KPMG Tower
8 First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 603-7720 1188
Fax : 603-7720 1111

BANKERS

Malaysian Building Society Berhad
Bank Islam Malaysia Berhad
United Overseas Bank (Malaysia) Berhad
Affin Bank Berhad
Public Bank Berhad
Malayan Banking Berhad

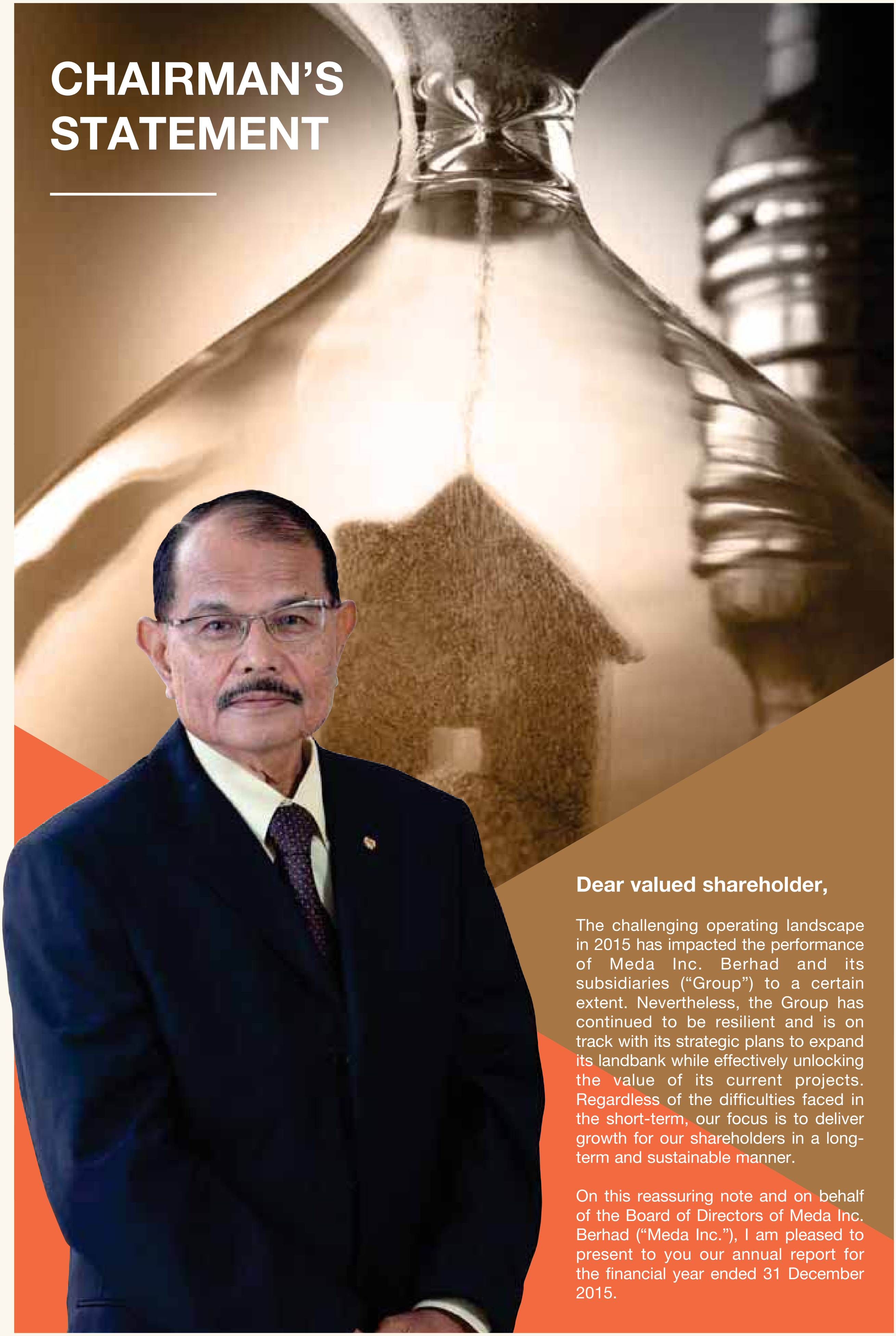
CORPORATE STRUCTURE

MEDA INC

(Company No.: 507785-P)

- 100% ▸ Xperential Dynamics Sdn Bhd
- 100% ▸ ZKP Development Sdn Bhd
- 100% ▸ Cemerlang Land Sdn Bhd
- 100% ▸ Pesona Alfa Sdn Bhd
  - ▸ 100% Maju Puncakbumi Sdn Bhd
- 100% ▸ Sri Lingga Sdn Bhd
  - ▸ 40% Nusarhu Sdn Bhd
- 100% ▸ Nandex Land Sdn Bhd
- 100% ▸ Meda Project Management Sdn Bhd
- 100% ▸ MIB Construction Sdn Bhd
  - ▸ 100% Temasek Merdu Sdn Bhd **(Formerly known as Meda ZCH Joint Venture Sdn Bhd)**
- 100% ▸ Gaya Pustaka Sdn Bhd
- 100% ▸ Virtue Property Sdn Bhd
- 100% ▸ Purple Heights Sdn Bhd
- 100% ▸ Golden Sceptre (MM2H) Sdn Bhd
- 100% ▸ Falcon Pavillion Sdn Bhd

CHAIRMAN'S STATEMENT



Dear valued shareholder,

The challenging operating landscape in 2015 has impacted the performance of Meda Inc. Berhad and its subsidiaries ("Group") to a certain extent. Nevertheless, the Group has continued to be resilient and is on track with its strategic plans to expand its landbank while effectively unlocking the value of its current projects. Regardless of the difficulties faced in the short-term, our focus is to deliver growth for our shareholders in a long-term and sustainable manner.

On this reassuring note and on behalf of the Board of Directors of Meda Inc. Berhad ("Meda Inc."), I am pleased to present to you our annual report for the financial year ended 31 December 2015.

CHAIRMAN'S STATEMENT

cont'd

OPERATING LANDSCAPE

The Malaysian economy faced severe headwinds in 2015, led by the depreciation of the Ringgit, the fall of oil price as well as weaker global trade. However, despite these difficulties, the overall economy proved to be resilient, with the Malaysian Institute of Economic Research (MIER) estimating Gross Domestic Product (GDP) growth at 4.9% for the year. While this would be lower than the GDP growth of 6% recorded in 2014, the growth rate shows that the overall economy is still fundamentally robust, in spite of the monumental challenges the economy has endured.

The property industry landscape, however, proved to be more challenging during the year under review. According to the National Property Information Centre's (NAPIC) First Half 2015 Property Market Report, total value of property transactions declined 6% year-on-year to RM77.08 billion, while total volume of property transactions fell by 3.5% to 186,618 transactions. The industry was impacted by tighter lending guidelines, the implementation of GST as well as a decrease in consumer confidence due to the prevailing macro-economic outlook.

Naturally, given that property development is a significant contributor to the Group's revenue and profit, the difficulties faced by the property industry is reflected in the Group's Financial Year ("FY") 2015 financial performance.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2015, the Group registered a revenue of RM106.58 million, which was marginally lower compared with revenue of RM124.87 million in financial year ended 31 December 2014. Nevertheless, the Group's net loss was higher year-on-year at RM55.76 million in FY2015 (FY2014: Loss of RM3.0 million) due to a combination of factors that include losses from the Guaranteed Rental Return (GRR) scheme for The Arc @ Cyberjaya as well as provisions for future GRR losses; impairment of trade and other receivables; as well as write-down of inventories. In addition, the impairment of investment properties and deficit resulting from the revaluation of property, plant and equipment also impacted the Group's performance.

CORPORATE DEVELOPMENT - ACQUISITION OF BCM HOLDINGS SDN BHD (BCM)

In line with its strategic objective to expand its landbank, the Group had on 25 June 2015, entered into a conditional share sale agreement for the proposed acquisition of 100% equity interest in BCM Holdings Sdn Bhd ("BCM"), which owns two neighbouring parcels of freehold land in Kuala Lumpur.

The proposed acquisition will purchase both BCM ordinary shares and BCM redeemable convertible preferred shares for a total consideration of RM180 million.

On 11 November 2015, Bursa Malaysia Securities Bhd had approved the listing and quotation of new Meda Inc. shares to be issued pursuant to the proposed acquisition. Shareholders of Meda Inc. also approved the transaction during an Extraordinary General Meeting held on 3 December 2015.

Upon the completion of the acquisition, which is slated to be in the second quarter of 2016 the Group plans to build Serviced Apartments and commercial properties on the said land. The development of this well-located plot, which is in close proximity to the Kuala Lumpur city center and is highly accessible via established road infrastructure such as Jalan Sungai Besi, Jalan Loke Yew, the SMART Tunnel and the Maju Expressway, is expected to contribute positively to the financial performance of the Group once underway. This exercise is reflective of the Group's commitment to source for land located in prime areas that can deliver good returns for its shareholders.

OPERATIONAL REVIEW

Property Development

In Johor Bahru, the Group's Scott Garden townhouses as well as Scott Towers condominium have been completed ahead of schedule and have received the Certification of Completion and Compliance on 8 September 2015 and 5 January 2016 respectively.

The Group is also developing residential properties under the PR1MA banner. With a Gross Development Value ("GDV") of RM136.53 million, PRIMA Residensi Tg. Kling 1 is expected to commence in April 2016.

The Group is also embarking on a new development dubbed Project 68, which is located in Sg. Besi, Kuala Lumpur. With a GDV of RM1 billion, Project 68 is well-positioned to tap opportunities resulting from the redevelopment taking place in and around the TUDM Sg. Besi airport known as Bandar Malaysia. Project 68 aims to complement this urban transformation that will create a vibrant, dynamic and sought-after community in the heart of Kuala Lumpur.

CORPORATE SOCIAL RESPONSIBILITY

Firmly committed towards sustainable business practices, the Group has and will continue to carry out activities that are reflective of a socially responsible corporate citizen. A brief report of the Corporate Social Responsibility initiatives undertaken by Meda Inc. in 2015 can be found on page 13 of this Annual Report.

MOVING FORWARD

The operating landscape for the property industry is expected to remain difficult in 2016. This is due to the continued impact from stricter lending guidelines as well as the persistently gloomy macro-economic outlook stemming from the depreciated commodity-currency regime. However, the situation is expected to improve as we move into 2017 and beyond.

The Group is cognisant of the situation ahead and is both able and capable of weathering the situation. We are consistently monitoring our operational cost while at the same time, being in constant search for prime landbank that can offer meaningful and sustainable returns on our investments.

In addition, Meda Inc. has several residential properties slated to be launched in the third quarter of 2016 financial year. These strategically located properties are expected to do well, more so as the Meda Inc. brand is continuing to strengthen in reputation and respect amongst home buyers as well as industry peers.

With the new development the Group is expected to improve its performance and grow its shareholders' value, Meda Inc. is confident of its ability to turn into the black for its coming financial year ending 31 December 2016.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to thank our senior management team and all employees for their continued dedication, loyalty and hard work.

We would also like to thank our shareholders, business associates, as well as the policymakers, regulators, stakeholders and relevant government authorities for their continued support and confidence in Meda Inc. Berhad

Last but not least, a big Thank You to our loyal customers for their continued support and trust in Meda Inc. Berhad.

Terima kasih.

Dato' Seri Dr. Mohd Ariff Bin Araff
Chairman

BOARD OF DIRECTORS

Standing from left to right

Ooi Giap Ch'ng
Chin Wing Wah
Dato' Teoh Seng Kian
Dato' Seri Dr. Mohd Ariff Bin Araff
Dato' (Dr.) Teoh Seng Foo
An Siew Chong

PROFILE OF BOARD OF DIRECTORS

DATO' SERI DR. MOHD ARIFF BIN ARAFF
Chairman (Independent / Non-Executive) - Malaysian

Dato' Seri Dr. Mohd Ariff Bin Araff, aged 71, was appointed to the Board as a Director and Chairman on 2 November 2009. He holds a PhD. (Electrical Engineering) from Brunel University, United Kingdom, Bachelor of Science Engineering (Hons.) from University of Brighton in United Kingdom, MIEM (Malaysia), P.Eng., MIEE, C. Eng. (United Kingdom), MIEEE (USA), SMP (Harvard), AMP (INSEAD), DSNS, SPTJ.

Dato' Seri has extensive experience in Electric Utility Engineering and Management. He has worked in various capacities in Generation, Transmission and Distribution Divisions of Tenaga Nasional Bhd ("TNB"), the biggest electric utility in Malaysia. In the 32 years he has worked with TNB, Dato' Seri has completed many varied assignments in areas of Generation and Transmission Projects, Generation Operation, Utility Planning, Transmission and Distribution Management, IT Applications in Distribution, Corporate Management, Research and Development and Commercialization of Research Products.

Retired from TNB in April 2000 as Managing Director/CEO of TNB Research Sdn. Bhd. ("TNB Research") and was reappointed as an Advisor to TNB Research on contract basis for two years and was appointed as a Director to the Board of TNB Research from 1997 until now. He is a member of ASEAN Working Group on Utility Standards as well as the Working Group on Research, Development and Engineering. Internationally, he is a registered UNIDO Expert on Energy Audit and Energy Conservation and UNCTAD Expert on Power Generation and Transmission Equipments.

In 1998, Dato' Seri was appointed as a Board Member of Malaysia Energy Centre (Pusat Tenaga Malaysia/PTM) till recently. Using his vast experiences in Power Engineering and Management, he helps to steer PTM to become a premier Power Research Institute. He was appointed Chairman of MIMOS Berhad ("MIMOS"), a premier government-owned R&D establishment for ICT since October 2000 until 30th December 2004. In 2002 while as Chairman of MIMOS, he was conferred the prestigious award SPTJ.

Dato' Seri is Co-Chairman of Doble International Engineering Committee (USA) for Transformers. He was once the President of TNB Senior Officers Association (a Trade Union) and currently holds several positions as Advisor/Chairman/Board Member of private corporations and banking institutions. He currently sits on the Board of Eduspec Holding Berhad.

Dato' Seri is the Chairman of the Nominating Committee and a member of the Audit Committee of the Company.

Dato' Seri does not hold any shares in the Company and subsidiaries.

PROFILE OF BOARD OF DIRECTORS

cont'd

DATO' (DR.) TEOH SENG FOO
Deputy Chairman (Executive) - Malaysian

Dato' (Dr.) Teoh Seng Foo, aged 60, was appointed to the Board as President on 28 December 2001. Dato' was appointed Chairman of the Board on 29 June 2007 and subsequently re-designated to the position of President on 2 November 2009. On 1 June 2012, Dato' was re-designated to Executive Director/Deputy Chairman.

An Accountant by profession, Dato' is a Chartered Accountant of the Malaysian Institute of Accountants, a Fellow Member of the Chartered Institute of Management Accountants (United Kingdom) and a Chartered Global Management Accountant.

Dato' has wide corporate experience, having held senior management positions in multi-national corporations such as Intel Technology, Woodward & Dickerson Inc., PricewaterhouseCoopers and Esquel Group.

Dato' was conferred the Honorary Doctorate in Business Administration by University of Abertay Dundee, United Kingdom. Currently, Dato' is also a Patron of the University of Abertay Foundation based in United Kingdom.

Presently, Dato' holds board position in EcoFirst Consolidated Berhad as Executive Director.

Dato' is the Chairman of the Remuneration Committees of the Company.

Dato' is a brother to Teoh Seng Aun, a substantial shareholder of the Company and Dato' Teoh Seng Kian, a Director cum substantial shareholder of the Company.

Dato' has not entered into any transaction, whether directly or indirectly, which have a conflict of interest with the Company, other than those disclosed in Note 31(b) in the accompanying financial statements.

DATO' TEOH SENG KIAN
Managing Director (Executive) - Malaysian

Dato' Teoh Seng Kian, aged 56, was appointed to the Board on 28 December 2001. Dato' graduated with a Bachelor of Engineering (Mechanical) degree from Australia in 1984.

Dato' started his career with an Australian company specializing in manufacturing of building materials. Upon returning to Malaysia, Dato' served as a director in a company involved in quarrying and infrastructure construction. Dato' has been with the Meda Inc. Group since 1993 as the Group Project Director. Dato' is currently an alternate director in EcoFirst Consolidated Berhad.

Dato' is also the Chairman of the Risk Management and Tender Committees of the Company.

Dato' is a brother to Dato' (Dr.) Teoh Seng Foo, the Deputy Chairman cum substantial shareholder and Teoh Seng Aun, a substantial shareholder of the Company.

Dato' has not entered into any transaction which have a conflict of interest with the Company, other than those disclosed in Note 31(b) in the accompanying financial statements.

CHIN WING WAH
Director (Independent / Non-Executive) - Malaysian

Chin Wing Wah, aged 52, was appointed to the Board on 1 August 2012. He is a Chartered Accountant of the Malaysian Institute of Accountants and an associate member of the Chartered Institute of Management Accountants ("ACMA"), United Kingdom.

He has more than 28 years of experience in finance and treasury management and corporate matter. He started his career in 1985 as an auditor in public accounting firms for a few years and subsequently joined Mahajaya Berhad group as an assistant accountant before he left to join Crimson Land Berhad. He had held position as a head of department for the corporate division and chief operation officer of the private group. Currently he is an executive director of a private group of companies.

He is the Chairman of the Audit Committee and a member of the Nominating, Remuneration and Risk Management Committees of the Company.

OOI GIAP CH'NG
Director (Independent / Non-Executive) - Malaysian

Ooi Giap Ch'ng, aged 57, was appointed to the Board on 28 December 2001. He graduated with a Bachelor of Law degree and a Bachelor of Economics degree from the Australian National University and was called to the Malaysian Bar in 1987. He has more than 29 years' experience in law practice, mainly in area of commercial, property and corporate law. He is a partner of a legal firm in Kuala Lumpur.

He is also a member of the Audit, Nominating and Remuneration Committees of the Company.

He does not hold any shares in the Company and subsidiaries.

PROFILE OF BOARD OF DIRECTORS

cont'd

AN SIEW CHONG

Chief Operating Officer (Executive) - Malaysian

An Siew Chong, aged 38 was appointed on 10 April 2015. He holds a Bachelor of Degree Commerce in Accounting and Marketing from Curtin University of Technology, Australia and is a member of the Malaysian Institute of Accountants (MIA). He has 15 years of working experience in property industry mainly in areas of finance, accounting, corporate finance, tax planning, business development and marketing. Prior to joining Meda Inc Bhd he was with Villamas Sdn. Bhd. for approximately 6 years with his last position held as the Senior Vice President.

He does not hold any shares in the Company and subsidiaries.

He is a member of the Risk Management Committee and Tender Committee of the Company.

Save as disclose above, none of the Director has :

- *any family relationship with any Director and/or major shareholder of the Company;*
- *any conflict of interest with the Company; and*
- *any conviction for offences within the past 10 years other than traffic offences, if any.*

CORPORATE SOCIAL RESPONSIBILITY

OUTREACH TO ORANG ASLI

On 09th May 2015, Meda Inc Berhad`s Chief Operating Officer, Mr. Carter An together with the staff paid a visit to the Peninsular Malaysia`s indigenous minority, better known as “Orang Asli“ in the Orang Asli village of Kejar Hilir, Pulau Banding Perak. The village is located on the Titiwangsa Range , Hulu Perak is indigenous minority from Jahai community.

The program was part of Meda`s Corporate Social Responsibilities (CSR) initiative to assist Orang Asli families with basic needs supplies.

It was organized in collaboration with the Orang Asli Development Department (JAKOA) and the team from Royal Belum.

Info - Jahai Tribe Of Belum Valley, Malaysia

The Jahai are one of the nineteen Orang Asli people groups living in Peninsular Malaysia. They are classified under the Negrito (or Semang) subgroup.

They refer to themselves as Jah Jehai or Orang Semang. The Jahai, like all other ethnic groups of the Negrito, are generally of short stature with darker skin and have more curly hair. Jahai settlements are by the rivers and lakes located in the Jeli district of Kelantan and the Hulu Perak district of Perak.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") support high standard of corporate governance and is fully committed to ensure that good corporate governance is being practiced throughout the Group so that the affairs of the Group are conducted in a transparent and objective manner with full accountability and integrity to safeguard shareholders' investment and ultimately enhance their value and the financial performance of the Group.

The Board is working towards ensuring full compliance with principles and best practices of Malaysian Code on Corporate Governance 2012 ("Code 2012"). An indication of the Board's commitment is reflected in the incorporation of various policies and processes and the establishment of the relevant committees. The Board is pleased to report on how the Company and Group have applied the principles set out in Code 2012 to its particular circumstances, having regard to the recommendations and best practices stated under each principle.

The following paragraphs describe how Meda Inc Bhd ("Meda or the Company") and its subsidiaries ("the Group") have applied the principles set out in Code 2012.

1 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear Functions of the Board and Management

The Board's role is to provide stewardship of the Company and direction for management. It is collectively responsible and accountable to the Company's stakeholders for the long term success of the Group. The Board is guided by its Charter, Code of Conducts and Ethics which outlines the duties and responsibilities of the Board, matters that are specifically reserved for the Board, as well as those which the Board may delegate to the relevant Board Committees.

The Board also delegates the authority and responsibility for managing the day-to-day business affairs of the Group to the Managing Director who is responsible for overseeing the business development, implementation of the corporate strategies and business plans, policies and controls. The Board represents the Group at the highest level and are decision makers on matters within their scope. They liaise frequently with the Managing Director of the Group to lead the management to drive the Group forward.

1.2 Clear Roles and Responsibilities of the Board

The Company is led by a Board with a wide spectrum of skills and experience that provides strength required to lead the Group towards its objective and enable the Group to rely on the firm control of an accountable and competent Board.

The Board has the overall responsibility in leading and determining the Group's overall strategic direction as well as development and control of the Group. The strategic plan of the Group includes oversight of risks encompassing strategies, marketing and financial aspects of the business.

During Board meetings, the Board discussed strategy implementation processes and identified both internal and external factors which impacted the business of the Company as well as its future challenges. The Board will communicate its strategic plan and its expectations to the management and track the management's performance against the targets.

The Board recognizes the importance of business sustainability in conducting the Group's business taking into account the impact on our main stakeholders namely customers, shareholders, employees, business partners, society and the environment at large. Details of the sustainability activities are set out on page 13 of the Annual Report 2015. The Board also reviews the Company's planning on its funding requirements and treasury matters on a continuing basis including approval of financial arrangements.

1 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES *cont'd*

1.2 Clear Roles and Responsibilities of the Board *cont'd*

The role of the Board is to provide overall strategic guidance, effective oversight on the governance and management of the business affairs of the Group for the benefit of the stakeholders. Responsibilities of the Board include, inter-alia the following :-

- Reviewing, adopting and monitoring the company's major strategies/plans, financial performance in respect of objectives, long or medium term goals;
- Decision making regarding matters of sensitive, extraordinary or strategic nature;
- Monitoring capital management and major expenditure;
- Monitoring the performance and competency of senior management positions are of sufficient caliber and the Board is satisfied that there are programmes in place to provide for the orderly succession management including implementation of appropriate systems for recruiting, training, determining the appropriate compensation benefits and where necessary replacing any member of the Senior Management;
- Reporting to Shareholders;
- Evaluations of Board processes and performance;
- Declaring dividends payment;
- Reviewing the adequacy and the integrity of the risks management, internal control systems and management information systems of the Group, including sound framework systems and procedures in place for compliance with applicable laws, regulations, rules and directives and guidelines, to promote best practice in corporate governance;
- Reviewing and approving annual statutory accounts and monitoring quarterly financial results, press releases and authorize the same for release to the public via Bursa Malaysia Securities Berhad ("Bursa Securities") and other authorities.

In discharging its fiduciary duties to ensure that the Company's business is being effectively managed, the Board has established the appropriate internal control systems to support, promote, as check and balance and to ensure compliance with the laws and regulations governing the Company. Progress reports on the operations by sectors and financial performance for the period and update on key corporate exercises will be presented during quarterly Board meeting.

The Board also reviews the principal risks arising from all aspects of the Group's business that have significant impact on the Group's operations to ensure that there are systems in place to effectively monitor and manage these risks.

In discharging its fiduciary duties, the Board Committees are formed to assist in the effective functioning of the Board while retaining full responsibility for the direction and control of the Group. The Board delegate specific responsibilities to the following Committees, namely :-

1. Audit Committee,
2. Nominating Committee,
3. Remuneration Committee;
4. Risk Management Committee; and
5. Tender Committee.

The Committees are guided and operate within clearly defined terms of reference. All these Committees are mainly led by Independent Non-Executive Directors of the Board. Management and third parties are invited to attend or are co-opted to such committees as and when required. These Committees have the authority to examine particular issue and report to the Board their recommendations and the Board also review the minutes of the Board Committee meetings. The ultimate responsibility for the decision lies with the Board. Other committees may be formed from time to time as dictated by business imperatives and/or to promote operational efficiency.

The Nomination Committee has been entrusted with the responsibilities of reviewing the composition and mixture of the Board and to review candidates for appointment to the Board. The progress related to succession planning of the Group will be monitored by the management and reported to the Nominating Committee.

1 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES *cont'd*

1.3 Ethical Standard through Code of Conducts

Code of Conducts and Ethics

The Board of Directors is guided by the Director Code of Conducts and Ethics ("the Code") which formalizes the standard ethical values and behavior that is expected of its directors at all times. The Code sets out the principles in relation to sincerity, integrity, responsibility and corporate social responsibility. The Code is formulated to enhance the standard of corporate governance and corporate behavior of directors based on trustworthiness and values that can be accepted and to uphold the spirit of responsibility and social responsibility in line with legislation, regulations and guidelines for administering the Group. A summary of the Code is made available in the Company's website at www.meda.com.my.

Whistle Blowing Policy

As part of the Company's continuous effort to ensure that good corporate governance practices are being adopted, the Board has formalized a set of Whistle Blowing Policy to provide an avenue for stakeholders of the Company to raise concerns related to possible breach of business conduct, non-compliance with laws and regulatory requirements as well as other malpractices.

Whistle Blowing Policy was established to provide a platform and to act as a mechanism for parties to channel their complaints or to provide information on fraud, wrongdoings or non-compliance to any rules or procedures by the employees or management of the Company. The policy outlines the scope and procedures a concern may be properly raised, distinguishes a concern from a personal grievance an allows the whistleblower the opportunity to raise outside their management line and in confidence. The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retribution. Any concerns raised will be investigated and a report and update are provided to the Board, through Audit Committee.

A summary of the Whistle Blowing Policy is made available in the Company's website at www.meda.com.my.

1.4 Strategies Promoting Sustainability

The Board views the commitment to sustainability and environmental, social and governance performance as part of its broader responsibility to clients, shareholders and communities in which it operates.

The Board also reviews the sustainability of the strategic direction to ensure the Group achieves the targets in line with fast changing business landscape. In addition, the Board reviews the Group's funding requirements and treasury matters on a continuing basis including approval of financial arrangements.

Details of the sustainability effort are set out in the Corporate Social Responsibility statement of this Annual Report.

1.5 Access to Information and Advice

The Directors have full and timely access to information concerning the Group. The Directors are provided with the relevant agenda and Board papers in sufficient time prior to scheduled Board /Board Committee meetings to enable them to have an overview of matters to be discussed, or reviewed at the meetings and to seek further clarifications, if any. The Board papers include reports on the Group's financial, operational and corporate developments and proposals.

When deemed necessary, Board members whether as a full Board or in their individual capacity may seek independent professional advice on specific issue at the Group's expense, to enable them to discharge their duties effectively.

1 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES *cont'd*

1.6 Company Secretaries

All Directors have access to the advice and services of the Company Secretary who has the relevant working experience and whose appointment and removal is a matter for the Board as a whole. The Company Secretary attends all Board and Board Committee meetings and ensures that there is a quorum for all the meetings. She is also responsible for ensuring that all the meetings are convened in accordance with the Board procedures and relevant terms of references.

The decisions made by the Board at the Board meetings are conveyed to the respective Management for their action by the Company Secretary after each Board meeting.

The minutes of the meetings are prepared to include amongst others, pertinent issues, substance of enquires and responses, recommendations and decisions made by the Directors. The minutes of the meetings are properly kept in line with the relevant statutory requirements of the Companies Act, 1965.

1.7 Board Charter

The Board had adopted a Charter, which outlines the composition of the Board together with the roles and responsibilities of the Board, Chairman, Managing Director and the Board Committees including the process and procedures for convening of Board Meeting.

The Charter is made available in the Company's website at www.meda.com.my.

2 STRENGTHEN COMPOSITION

The strength of the Board lies in the composition of its members, who have a wide range of expertise, extensive experience and diverse backgrounds. The Board currently consists of six (6) members. There are three (3) Independent Non-Executive Directors and three (3) Non Independent Executive Directors, one of which is also the Chief Operating Officer following the retirement of En. Mohd Nor bin Ibrahim on 26 May 2015. The current Board composition complies with the Main Market Listing Requirements ("MMLR") of Bursa Securities that requires at least two (2) or one-third (1/3) of the Board, whichever is the higher are independent directors.

The Board has maintained its mix of Directors from diverse professional background with a wide range of experience and expertise in the field of business, legal, economics, finance and accounting. The Board comprises Directors from different professional backgrounds and collectively bring with them depth and diversity in experience and expertise to the Group's operation. The Directors' wide-ranging experience and expertise provide the Group with the strategic thinking which is vital to ensure the successful direction of the Group.

The Board as a policy will select candidate as a Director who will best serve the Company regardless of gender and thus do not consider it necessary to set any target nor undertake any specific measures to recruit women candidates specifically. The Nominating Committee will consider female candidate as new Director of the Company as and when the opportunity arises.

A brief profile of each Director is set out in Profile of Directors of this Annual Report.

2.1 Nominating Committee ("NC")

The NC is charged with the responsibility of overseeing the selection and assessment of directors. The chair of the NC is headed by an Independent Director.

The NC comprise exclusively of Independent Non-Executive Directors.

The members of the Committee are:

1. Dato' Seri Dr. Mohd Ariff bin Araff (Chairman)
2. Ooi Giap Ch'ng
3. Chin Wing Wah *(Appointed on 26 May 2015)*
4. Mohd Nor Bin Ibrahim *(Retired on 26 May 2015)*

2 STRENGTHEN COMPOSITION *cont'd*

2.1 Nominating Committee ("NC") *cont'd*

The NC reviews and oversees the overall composition of the Board and Board Committees in terms of appropriate size, skills and experience, the balance between Executive Directors, Non-Executive and Independent Directors, and the mixture of skills and core competencies required through annual review.

The NC is also empowered by the Board to deliberate and to present recommendations to the Board on appointments of new Directors.

The NC meets as and when required, and at least once a year. For the financial year ended 31 December 2015, the NC met once and the meeting attendance was as follows:-

Name of Nominating Committee Member	No. of meeting attended *
Dato' Seri Dr. Mohd Ariff bin Araff	1/1
Ooi Giap Ch'ng	1/1
Chin Wing Wah (Appointed on 26 May 2015)	Not applicable
Mohd Nor Bin Ibrahim (Retired on 26 May 2015)	1/1

* *Number of meetings/number of meeting held while in office*

The Company Secretary is also the secretary to the NC.

2.2 Develop, Maintain and Review Criteria for Recruitment Processes and Annual Assessment of Directors

a) *Appointment Process*

The NC is empowered to identify, evaluate and recommend to the Board of candidates for new appointments to the Board. In the process the NC shall take into consideration, the following criteria:-

i) Size, composition, mix of skills, experience, competencies and other qualities of the existing Board members,

ii) The candidate's skills, knowledge, expertise and experience, competence and capability, professionalism, probity, personal and financial integrity and reputation and commitment (including time commitment) to effectively discharge his/her role as Director and, in the case of a candidate for the position of Independent Non-Executive Director, the independence as defined in the Listing Requirements [for the purpose to bring out independence and objectivity in judgement on issues considered and thence, the ability to discharge responsibilities as expected from an Independent Non-Executive Director.]

iii) Directorships of not more than five (5) public listed companies ("PLC") (as prescribed under paragraph 15.06 of the MMLR) to ensure Directors have sufficient time to fulfill their roles and responsibilities effectively.

The Board Recruitment Process shall involve the following stages :-

i) Identification of candidate;
ii) Evaluation of suitability of candidates;
iii) Meeting up with candidates;
iv) Final deliberation by NC; and
v) Recommendation to Board.

2 STRENGTHEN COMPOSITION *cont'd*

2.2 Develop, Maintain and Review Criteria for Recruitment Processes and Annual Assessment of Directors *cont'd*

b) Re-election of Directors

The Articles of Association ("the Articles") of the Company provides that at every Annual General Meeting ("AGM") of the Company, one third (1/3) of the Directors for the time being and those appointed during the financial year shall retire from office and shall be eligible for re-election. Any new Director appointed by the Board during the year is required to stand for election at the next AGM. The Directors to retire in each year are the Directors who have longest in office since their last election. To assist shareholders in their decision, sufficient information such as personal profile, meeting attendance and shareholdings in Meda of each Director standing for re-election are furnished in the Profile of Directors contained in the Annual Report.

Directors over seventy (70) years of age are subjected to re-appointments at annual general meeting for shareholders' approval in accordance with Section 129(6) of the Companies Act, 1965.

The NC will review and assess annually the retiring Directors who seek for re-election and re-appointment at the AGM of the Company and thereafter submit its recommendation to the Board on the proposed re-election and re-appointment of Directors for consideration before tabling the same for shareholders' approval.

At the forthcoming 16th Annual General Meeting, Dato' (Dr.) Teoh Seng Foo and Mr. Ooi Giap Ch'ng are due for retirement pursuant to Article 96(1) of the Articles of the Company and Dato' Seri Dr. Mohd Ariff Bin Araff, who is over the age of seventy (70) had expressed his intention to seek re-appointment as Director of the Company pursuant to Section 129 of the Companies Act, 1965 at the forthcoming AGM.

c) Annual Assessment

The NC meets at least once a year and during the meeting the NC conducted the Board Performance evaluation via questionnaires which covers Board and Board Committees effectiveness assessment together with Directors' self and peer assessment. The NC assessed the effectiveness of the Board and Board Committees in terms of composition, conduct, accountability and responsibility of the Board and Board Committees in terms of reference. The Directors self and peer assessment was conducted to evaluate the mix of skills, experience and the individual's Director's ability to contribute and exercise independent judgement towards the effective functioning of the Board. The NC also evaluates the independence of the Independent Directors based on the criteria of "Independence" as prescribed in the MMLR of the Bursa Securities.

The NC, pursuant to the annual review that was carried out, was satisfied that the size of the Board is optimum, well-balanced with appropriate mix of skills and experience in the composition of the Board and its Committees.

2.3 Remuneration Policies and Procedures

The Board has established a Remuneration Committee ("RC") comprises mainly of Independent Non Executive Director. The primary function of the RC is set up to review and to recommend to the Board the remuneration packages and other terms of employment of the executive directors. The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively. The determination of the remuneration for the Non-Executive Directors will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decision in respect of his individual remuneration package. The Board recommends the Directors' fees payable to Non-Executive Directors on a yearly basis to the shareholders for approval at the AGM.

2 STRENGTHEN COMPOSITION *cont'd*

2.3 Remuneration Policies and Procedures *cont'd*

The members of the Committee are:-

1. Dato' (Dr) Teoh Seng Foo (Chairman/Executive)
2. Ooi Giap Ch'ng (Independent Non-Executive)
3. Chin Wing Wah (Independent Non-Executive)

During the financial year ended 31 December 2015, the Committee met once. Details of the attendance of the members of the RC were as follows:-

Name of Remuneration Committee Member	No. of meeting attended *
Dato' (Dr) Teoh Seng Foo	1/1
Ooi Giap Ch'ng	1/1
Chin Wing Wah	1/1

* *Number of meetings/number of meeting held while in office*

Details of Director Remuneration

Details of the remuneration paid to all Directors of the Company by the Group who have served during the financial year ended 31 December 2015 are as follows:-

	Salary (RM'000)	Fees (RM'000)	Benefits in kind (RM'000)	Statutory Contribution (RM'000)	Total (RM'000)
Executive	1,247,000	-		147,880	1,394,880
Non-Executive	-	195,000	-	-	195,000

The number of Directors whose total remuneration fall within the following bands:

Range of Remuneration	Number of Directors Executive	Number of Directors Non-Executive
Below RM50,000	-	3
RM50,001 to RM100,000	-	1
RM200,001 to RM250,000	1	-
RM400,001 to RM450,000	1	-
RM550,001 to RM600,000	1	-

3 REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

The Independent Non-Executive Director should be persons of caliber and integrity, who collectively provide skills and competencies to ensure the effectiveness of the Board. The criteria for independence set out in the MMLR also form the basis for evaluation of independence of non-executive director. Independence broadly encapsulates independence from management and the absence of conflict of interest which could interfere with the Independent Director's judgement and ability to contribute to the Board's deliberations, or which could interfere with the Director's ability to act in the best interest of the Company.

3 REINFORCE INDEPENDENCE *cont'd*

3.1 Annual Assessment of Independence *cont'd*

The Board through NC conducted annual assessment on the independence of the Independent Directors of the Board, including new appointments, using the peer evaluation questionnaire for assessing the performance of the Independent Directors. The Board has determined from the annual assessment carried out that all the three Independent Non-Executive Directors who had served on the Board remain objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees.

3.2 Tenure of Independent Directors

The Board believes that valuable contribution can be obtained from Directors who have, over a period of time, developed valuable insight of the Company and its business. Their experiences would enable them to discharge their duties and responsibilities independently and effectively in the decision making process of the Board notwithstanding their tenure on the Board. Hence subject to assessment of the NC, the Board may recommend and provide justifications for an independent Director who has served a consecutive or cumulative term of nine (9) years to remain as an independent Director, subject to shareholders' approval.

3.3 Shareholders' Approval for Re-Appointment of Independent Directors

Pursuant to Code 2012 the tenure of an independent director should not exceed a cumulative term of nine (9) years.

However, through the recommendation of the NC the Board have assessed, reviewed and determined that the independence of Mr. Ooi Giap Ch'ng, who has served on the Board for more than 11 years, remain objective and independent based on the following justifications/ aspects contributed by Mr. Ooi Giap Ch'ng, as a member of the Board and Board Committees:-

a. he has fulfilled the criteria under the definition of Independent Director pursuant to the MMLR;
b. he has not transacted or entered into any transactions with, nor provided any services to the Group within the scope and meaning set forth in Paragraph 5 of Practice Note 13 of the MMLR;
c. he has ensured effective check and balance in the proceedings of the Board and the Board Committees;
d. he has actively participated in Board deliberations, provided objectivity in decision making and an independent voice to the Board and contributed in preventing Board domination by any single party;
e. his vast legal experience would enable him to provide the Board with a diverse set of experience, expertise and independent judgement to better manage and run the Company;
f. he has devoted sufficient time and attention to his responsibilities as an Independent Non-Executive Director of the Company;
g. he has exercised his due care in the interest of the Company and shareholders during his tenure as an Independent Non-Executive Director of the Company.

In line with Code 2012, the tenure of an independent Director should not exceed a cumulative term of nine (9) years. An Independent Non-Executive Director may continue to serve on the Board subject to redesignation of the Independent Non-Executive Director to Non-Independent Non-Executive Director.

As such, the Company would be seeking shareholders' approval at the coming AGM to recommend Mr. Ooi Giap Ch'ng, who has served as Independent Non-Executive Director for a cumulative term of more than nine (9) years to continue to serve as Independent Non-Executive Director.

3.4 Separation of Position of the Chairman and the Managing Director

There is a clear and distinct division of the responsibilities between the Chairman and the Managing Director to ensure that there is an appropriate balance of power and role, responsibility and accountability at Board level.

STATEMENT ON CORPORATE GOVERNANCE

cont'd

3 REINFORCE INDEPENDENCE *cont'd*

3.4 Separation of Position of the Chairman and the Managing Director *cont'd*

The Chairman is responsible for the smooth running of the Board and encourages active participation by Board members and provides reasonable time for discussion of issues raised at meetings. Decisions reached at meeting reflect the consensus of the whole Board and the views of any individual of group.

The Managing Director is primarily responsible for the day-to-day operations of the Group, which includes implementation of policies, and strategies adopted by the Board. The Managing Director is responsible for communicating matters relating to the Group's business to the Board. The Managing Director's knowledge of the Group's business and affairs contributes significantly towards the attainment of the Group's goals and objectives. The Managing Director and the senior management team remain accountable to the Board for the authority that is delegated.

3.5 Composition of the Board

The Board's composition consists of six (6) members, comprising one (1) Independent Non-Executive Chairman, three (3) Non-Independent Executive Directors and two (2) Independent Non-Executive Directors.

The Board recognizes the need for the composition to reflect a range of skill mix, expertise and diversity in respect of the age, gender and ethnicity. High level of professional skills and appropriate personal qualities are pre-requisite for directorships. The qualifications for Board membership are the ability to make informed business decisions and recommendations, as entrepreneurial talent for contributing to the creation of shareholder value, relevant experience, the ability to appreciate the wider and wiser picture, ability to ask probing operational related questions, high ethical standards, sound practical sense and total commitment to furthering the interests of shareholders and to ensure the achievement of the Company's goals.

The Board comprises Directors from different professional backgrounds and collectively bring with them depth and diversity in experience and expertise to the Group's operation. The Directors' wide-ranging experience and expertise provide the Group with the strategic thinking which is vital to ensure successful direction of the Group.

The Independent Non-Executive Director provides for effective check and balance in the functioning of the Board as well as ensuring corporate accountability as they provide an essential source of impartial and professional advice and judgement.

Generally, the Executive Directors are responsible for making and implementing operational and corporate decisions. Non-Executive Directors play key supporting roles, contributing their knowledge and experience towards the formulation of policies and in the decision-making process. They do not engage in day-to-day management of the Company and do not participate in any business dealings and are not involved in any other relationship with the Company. This is to facilitate the Non-Executive Directors to discharge their duties and responsibilities effectively, void of conflict of interest situations.

4 FOSTER COMMITMENT

4.1 Time Commitment

The Board schedules at least four (4) meetings a year at quarterly intervals. Board meetings are also held when warranted by situations such as to deliberate urgent proposals or matters that require the expeditious direction of the Board.

4 FOSTER COMMITMENT *cont'd*

4.1 Time Commitment *cont'd*

During the financial year under review, the Board met five (5) times and the attendance record for each Director is as follows :-

Name of Directors	Total Attendance *	% of Attendance
Dato' Seri Dr. Mohd Ariff bin Araff	5/5	100
Dato' (Dr.) Teoh Seng Foo	4/5	80
Dato' Teoh Seng Kian	5/5	100
Ooi Giap Ch'ng	5/5	100
Chin Wing Wah	5/5	100
An Siew Chong	5/5	100
Mohd Nor bin Ibrahim *(Retired on 26 May 2015)*	3/3	100

* *Number of meetings attended/number of meetings held while in office*

An annual meeting calendar is prepared and circulated in advance of each new year to all Directors to facilitate the Directors' planning. The calendar provides Directors with scheduled dates for meetings of the Board and Board Committees and AGM.

To ensure the Directors have sufficient time to fulfil their roles and responsibilities effectively, the Board has agreed that one of the criteria determine its potential candidates is that they must not hold more than five (5) directorships in public listed companies.

Under its Board Charter, the Board has required its Directors to notify the Chairman before accepting any new directorships.

4.2 Directors Training and Induction

All existing Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Securities and are encouraged to attend the continuous education programmes and seminars to keep abreast with the latest developments in the market place and to further enhance their business acumen and professionalism in discharging their duties and responsibilities towards the group as well as new regulations and statutory requirements.

A dedicated training budget for Directors' continuing training is provided each year to ensure the Directors are well equipped with the relevant skills and knowledge to meet the challenges ahead.

During financial year ended 31 December 2015, the Directors attended various seminars and courses to keep abreast with general economic, industry and technical developments as well as changes in legislation and regulations affecting the Group's operations. In addition, Directors education also includes briefings by the External Auditors and the Company Secretary on the relevant updates on statutory and regulatory requirements from time to time during the Audit Committee meetings and Board meetings.

4 FOSTER COMMITMENT *cont'd*

4.2 Directors Training and Induction *cont'd*

Talks, seminars and training programmes attended by Directors in 2015 are as follows :-

Name of Directors	Particulars of Training/ Seminar Attended
Dato' Seri Dr. Mohd Ariff bin Araff	Lead the Change : Getting Women on Boards Board Chairman Series Part 2 - Leadership Excellence from the Chair
Dato' (Dr.) Teoh Seng Foo	Teambuilding 2015 – One Mission One Identity Best Practices in Inspecting and Identifying Building Defects and Maintenance Finding Opportunity in Adversity
Dato' Teoh Seng Kian	Advocacy Sessions on Management Discussion & Analysis for CEO & CFO of Listed Issuers Best Practices in Inspecting and Identifying Building Defects and Maintenance CG Breakfast Series with Directors : How to Maximize Internal Audit
Ooi Giap Ch'ng	Workshop on Enhance Understanding of Risk Management & Internal Control for Chief Financial Officers, Internal Auditors and Risk Officers
Chin Wing Wah	Best Practices in Inspecting and Identifying Building Defects and Maintenance The 2016 Budget Seminar
An Siew Chong	Advocacy Sessions on Management Discussion & Analysis for CEO & CFO of Listed Issuers

The Nominating Committee reviewed the list of training programmes attended by the Directors during the financial year ended 31 December 2015 and was satisfied that the trainings attended by the Directors were appropriate and relevant to the Company's needs.

The Company Secretary keeps a complete record of the trainings attended by the Directors and from time to time, the Company Secretary will forward relevant training brochures to the Directors for considerations.

5 UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

Financial Reporting

The Board is committed to present a balanced and meaningful assessment of the Group's financial position and prospects in the public disclosure of its financial results. These results are present through the quarterly financial results, audited financial statement and Annual Report. The Board is assisted by the Audit Committee, oversees the financial reporting of the Group. The Audit Committee reviews the Group's annual and quarterly financial statement and appropriateness of the Group's accounting policies and changes to these policies, as and when they come into force, to ensure that the Group's financial reporting comply with accounting standards and regulatory requirements.

Statement of Directors' Responsibility of the Financial Statements

As required by the Companies Act, 1965, the Directors have taken care to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the accounting period and of income statement and cashflow for the period then ended.

In preparing the financial statements, the Directors have adopted and consistently applied suitable accounting policies and made reasonable and prudent judgement and estimates. The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The Directors are also responsible for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that ae free from material misstatement, whether due to fraud or error.

The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Company's position and prospects in the Directors' Report and the Financial Statements of this annual report.

5.2 Suitability and Independence of External Auditors

The Board through the Audit Committee maintains a transparent and professional relationship with the Group's external auditors. The Audit Committee meets with the external auditor at least twice a year to discuss their audit plan and audit findings in relation to the Group's financial results. The Audit Committee will have a private session with the External Auditors without the presence of Executive Directors and Management to discuss the audit findings and any other observations they may have during the audit process. An assurance is provided by the External Auditors via their report to the Audit Committee, confirming their independence through the conduct of the audit engagement in accordance with the terms of the relevant professional and regulatory requirement.

The External Auditors are invited to the AGM of the Company and are available to answer shareholders' queries on the conduct of the statutory audit.

The Audit Committee of the Board comprises three (3) Independent Non-Executive Director. The composition of the Audit Committee is in compliance with the MMLR and the Code 2012 which require all Audit Committee members to be Non-Executive Directors with majority of them being independent directors.

Further details on the Audit Committee together with the AC's activities for financial year ended 2015 can be found on pages 29 to 32.

6 RECOGNISE AND MANAGE RISK

6.1 Sound Framework To Manage Risk

The Board has ultimate responsibility to review the Company's risks, approving the risk management framework and policy and overseeing the Company's strategic risk management and internal control framework.

The Company has in place an on going framework to identify, evaluate and manage significant risks that may affect the achievement of the business objectives of the Group. The Board through Risk Management Committee reviews the key risks identified and measures are taken to mitigate any weaknesses in the control environment.

6.2 Internal Audit Function

The Board acknowledges its responsibility for the Group's system of internal control and its effectiveness as well as reviewing its adequacy and integrity to safeguard shareholders' investment and the Group's assets.

The Group has established Internal Audit Function which reports directly to Audit Committee.

The Statement on Risk Management and Internal Control set out on pages 33 to 35. of this Annual Report provides an overview of the state of internal controls within the Group.

7 ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Board acknowledges that timely, complete and accurate disclosure is important to an orderly and fair market for the trading of securities. The Company is guided by the Corporate Disclosure Policy issued by the Bursa Securities and the Board adheres strictly to the disclosure framework to provide investors and the public with accurate and complete information on a timely basis. The Board ensures that confidential information is handled properly by authorized personnel to avoid leakage and improper use of such information.

While the Board endeavor to keep all its shareholders as much informed as possible, the Group as mentioned earlier, has always abided by the legal and regulatory framework governing the release the materials and price-sensitive information.

7.2 Leverage on Information Technology for Effective Dissemination of Information

As stated above, the Company is also committed in providing accurate and complete information on a timely basis. Such information is disseminated through various disclosures and announcements made to the Bursa Securities through the quarterly financial results, audited financial statements and Annual Reports.

The Company's website at www.meda.com.my which is accessible by the general public also facilitates effective dissemination of latest and up-to-date information to the investors and general public.

The Board has identified Mr. Chin Wing Wah, the Chairman of Audit Committee to whom concerns may be conveyed where it could be appropriate for the concerns to be dealt with by the Chairman and the Managing Director. The Chairman of Audit Committee may be contacted at tel: 603-74528888.

8 STRENGTHEN RELATIONSHIP WITH SHAREHOLDERS

8.1 Shareholder Participation at General Meeting

The Board regards the AGM and other general meetings as an opportunity to communicate directly with shareholders and stakeholders and encourages attendance and participation in dialogue.

The Board reports on the progress and performance of the Group to shareholders at each AGM. At such meetings, shareholders have the opportunity to raise questions to the Directors present at the meeting. Notice of AGM and related papers thereto are being sent to the shareholders at least 21 days before the meeting to facilitate easy review by the shareholders.

Each shareholder can vote in person or by appointing proxy to attend and vote on his behalf. Separate issues are tabled in separate resolutions at general meetings, voting is carried systematically and motions carried through are properly recorded.

8.2 Encouraging Poll Voting

In line with recommendation from Code 2012, the Board has poll voting facilitators and verifiers on standby to facilitate poll voting in the event such is demanded by shareholders present. Shareholders will be briefed on the voting procedures by the Share Registrar while the results of the poll will be verified and announced by independent scrutineer. For the last AGM held shareholders had opted for voting by a show of hands instead of poll voting.

8.3 Effective Communication and Proactive Engagement

The Company recognizes the importance of communicating with its shareholders and does this through annual reports, AGMs and the Company's website.

However, any information that may be regarded as sensitive and material information about the Group is only to be released publicly, communicated to all its stakeholders simultaneously, usually through press release or regulatory filing like the release of financial results to the Bursa Securities on quarterly, annual and adhoc basis, after prior review and approval by the Board.

The Company's website at www.meda.com.my also provides easy access to the investors and general public on up-to-date corporate announcements, quarterly financial results, annual reports and where appropriate, circulars and press releases and other information pertaining to the Group.

Annual General Meeting

In respect of items on special business, the notice of meeting will be accompanied by a full explanation of the effects of the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman declares the number of proxy votes received both for and against each separate resolution.

COMPLIANCE WITH THE CODE

The Board has taken necessary practical and appropriate steps to comply with the requirement of the MMLR of Bursa Securities in relation to applications of principles and adoption of best practices of good corporate governance as set out in Code 2012. The Group will continue to review its governance principles and recommendations in its pursuit of achieving the highest level of transparency, accountability an integrity.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In Respect of the Audited Financial Statements

The Directors are legally required to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year end of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have used appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgement and estimates, and that all accounting standards which they consider applicable have been followed during the preparation of the financial statements.

The Directors are responsible for ensuring that the Group keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with applicable approved accounting standards.

The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group, and to detect and prevent fraud and other irregularities.

AUDIT COMMITTEE REPORT

MEMBERSHIP AND MEETINGS

The Audit Committee had five (5) meetings during the year ended 31 December 2015. The members of the Audit Committee and the record of their attendances are as follow:

	Number of Audit Committee Meetings		
Composition of Audit Committee Members	**Held**	**Attended**	**%**
Chin Wing Wah – Chairman	5	5	100
Ooi Giap Ch'ng	5	5	100
Dato'Seri Dr. Mohd Ariff Bin Araff *(Appointed on 26 May 2015)*	2	2	100
Mohd Nor Bin Ibrahim *(Retired on 26 May 2015)*	3	3	100

The Chief Operating Officer, Financial Controller, Group Accountant and Internal Auditors attended the meetings to brief the Audit Committee on the activities involving theirs areas of responsibilities.

The external auditors were present at two (2) Audit Committee meetings during the financial year. The Audit Committee met twice with representatives of the external auditors separately, without the present of management.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Board from amongst its Directors (except alternate directors) which fulfils the following requirements shall appoint the Committee:-

a) The audit committee must be composed of no fewer than three (3) members;

b) All the audit committee members must be non-executive directors, with a majority of them being independent directors; and

c) All members of the Committee should be financially literate and at least one member of the audit committee:

   i. Must be a member of the Malaysian Institute of Accountants; or

   ii. If he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and

      I. He must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act 1967,or
      II. He must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967

   iii. Fulfils such other requirements as prescribed or approved by the Exchange.

The members of the Committee shall select a Chairman from among their number who shall be an independent director.

The Board shall within three (3) months of a vacancy occurring in the Committee which result in the number of members reduced below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

The Board shall review the term of office and performance of the Committee and each of its members at least once every three (3) years.

AUDIT COMMITTEE REPORT

cont'd

TERMS OF REFERENCE OF THE AUDIT COMMITTEE *cont'd*

Authority

The Committee shall, in accordance with the procedure determined by the Board and at the cost of the Company:

a) Have authority to investigate any matter within its terms of reference;
b) Have the resources, which are required to perform its duties;
c) Have full and unrestricted access to any information pertaining to the Company;
d) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
e) Be able to obtain independent professional or other advice; and
f) Be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Functions

The functions of the Committee shall include the following:

a) to review the following and report the same to the Board

  i. With the external auditor, the audit plan;
  ii. With the external auditor, his evaluation of the system of internal controls;
  iii. With the external auditors, his audit report;
  iv. The assistance given by the employees of the Company to the external auditor;
  v. The adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  vi. The internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  vii. The quarterly results and year-end financial statements, prior to the approval by the Board, focusing particularly on:
    I. Changes in or implementation of major accounting policy changes
    II. Significant and unusual events
    III. Compliance with accounting standards and other legal requirements
  viii. Any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  ix. Any letter of resignation from the external auditors of the Company; and
  x. Whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment.

b) To consider the nomination of a person or persons as auditors together with such other functions as may be agreed to by the Audit Committee and the Board of Directors.

Meetings

Meetings of the Committee shall be held not less than four (4) times a year. The external auditors may request a meeting if they consider that one is necessary and shall have the right to appear and be heard at any meeting of the Committee. The Chairman shall convene a meeting whenever any member of the Committee requests for a meeting by giving not less than three (3) clear days notice thereof unless such requirement is waived by all members. Written notice of the meeting together with the agenda shall be given to the members and external auditors where applicable. The quorum for a meeting for the Committee shall be two (2), provided always that the majority members present must be independent directors.

The Chairman of the Committee should engage on a continuous basis with senior management, such as Chief Operating Officer, Financial Controller, Group Accountant, Internal Auditors and the External Auditors in order to be kept informed of matters affecting the company.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE *cont'd*

Meetings *cont'd*

The Committee meet with the external auditors without Executive Board members and Management present at least twice a year.

Other Board members and employees may attend any particular meeting only at the Committee's invitation.

The Chairman shall not have a casting vote.

Reporting procedures

The Secretary shall maintain minutes of the proceedings of the meetings of the Committee and circulate such minutes to all members of the Board.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The Audit Committee is empowered to carry out the following duties in accordance with its terms of reference:

- Reviewed the external auditors' scope of work and audit plans for the financial year. Prior to the audit, representatives from the external auditors presented their audit strategy and plan.
- Reviewed with the external auditors the results of the audit and the audit report.
- Reviewed the Group's internal audit plan.
- Assessed the effectiveness of the system of internal control of the Group by reviewing the internal audit reports and management responses and ensuring significant findings are adequately addressed by management.
- Reviewed the audited financial statements of the Company prior to submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 1965 and the applicable Financial Reporting Standards in Malaysia ("FRS"), the approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board.
- Reviewed the Group's compliance in particular the quarterly and year-end financial statements with the Listing Requirements of the Bursa Malaysia Securities Berhad, FRS and other relevant legal and regulatory requirements.
- Reviewed pertinent issues of the Group, which had a significant impact on the results of the Group.
- Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval. The review and discussions were conducted with the Managing Director, Chief Operating Official and Financial Controller.
- Reviewed and report to the Board the extent of the Group's compliance with the provisions set out under Part 2 Guideline BB of the Malaysian Code on Corporate Governance for preparing the Corporate Governance Statement and Statement on Internal Control pursuant to the Bursa Malaysia Securities Berhad Listing Requirements.
- Discussed Policy and Procedures on Auditors' Independence before recommending the policy for the Board's approval.
- Assessed auditors' independence for current financial year 2015.

AUDIT COMMITTEE REPORT

cont'd

TRAINING

Listed below are the trainings, which the members attended to keep abreast of latest developments:

Training Programme / Course	Date
Lead the Change : Getting Women on Boards	8.5.2015
Board Chairman Series Part 2 - Leadership Excellence from the Chair	27.7.2015
Best Practices in Inspecting and Identifying Building Defects and Maintenance	13-14.8.2015
Workshop on Enhance Understanding of Risk Management & Internal Control for Chief Financial Officers, Internal Auditors and Risk Officers	6.10.2015
The 2016 Budget Seminar	1.12.2015

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION DURING THE YEAR ENDED 31 DECEMBER 2015

The internal audit function of the Group is outsourced to independent consulting firm. The independent consulting firm acts as internal auditor and reports directly to the Audit Committee. The internal auditor has undertaken independent and systematic reviews of the system of internal controls to provide reasonable assurance that such system continues to operate effectively and efficiently. In attaining such objectives, the following activities carried out by internal auditor in 2015:

a) Reviewed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the major subsidiaries and recommended possible improvements to the internal control process;
b) Ascertained the extent of compliance with established policies, procedures and statutory requirements;
c) Appraised the policies, procedures and management control to ensure that the activities were properly managed and to promote effective controls at reasonable cost;
d) Identified opportunities to improve the operations and processes within the Group;
e) Recommended improvements to the existing systems of controls to minimize wastage, extravagance and fraud and to enhance efficiencies by way of issuing audit reports to the appropriate level of management capable of achieving satisfactory results and ensured corrective actions were taken; and
f) Follow-up visits carried out to ensure weaknesses identified have been or are being addressed. Periodic audit reports and status report on follow up actions were tabled to the Audit Committee and Board during its quarterly meetings.

The total cost incurred by the Internal Audit Department in relation to the conduct of the internal audit functions of the Group during the financial year 2015 amounted to RM45,800.00.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") is pleased to provide the following Statement on Risk Management and Internal Control, which outlines the features of internal controls within Meda Inc Berhad and subsidiaries ("the Group") to safeguard shareholders' investment and the Group's assets for the financial year ended 31 December 2015 pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), Malaysian Code on Corporate Governance 2012 ("MCCG 2012") and *"Statement on Internal Control and Risk Management: Guidelines for Directors of Listed Issuers"*.

RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROLS

The Board of Directors acknowledges its responsibility to maintain a sound system of internal control and risk management practices within the Group in accordance with the Malaysian Code on Corporate Governance 2012. The Board's responsibility includes the establishment of appropriate control and framework as well as reviewing the adequacy and integrity of the system in managing the Group's business risks. A sound system of internal control is important to safeguard the shareholders' investment and the Group's assets. The system of internal control, due to its inherent limitations, is designed to manage and control risk rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement or loss or the occurrence of unforeseeable circumstances.

RISK MANAGEMENT

The Board confirms that there is an on-going process of identifying, assessing and responding to risks to achieve the objectives of the Group for the financial year under review. The process is in place for the financial year under review and up to the date of issuance of the Statement on Risk Management and Internal Control.

The process of identifying, evaluating, monitoring and managing significant risks is embedded in various business processes and procedures of respective operational functions and management team. The management has been vested responsibility for managing risks and internal controls associated with the operations of the Group and for ensuring compliance with the applicable laws and regulations. Any significant issues and controls implemented were discussed at management meetings and quarterly Audit Committee meetings.

The key elements of the Group's risk management framework include:

- Senior executive management team to identify and evaluate all present and potential risks faced by operating units of the Group, and to formulate actions plans to manage or mitigate those identified risks.
- To determine the risk appetite for business units of the Group, and ensure that risks are managed and maintained at acceptable levels.
- Continuous monitoring of existing as well as new business activities taking into cognizance changes in the business environment to update key risks and reviewing the appropriateness of the mitigation action plans.
- The Risk Management Committee to update the Board on the Group's risk profile and to report any new significant risks once a year.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to Sterling Business Alignment Consulting Sdn Bhd ("Sterling"), an independent professional services firm to perform regular and systematic review of the risk management and internal control system of the Group. The Audit Committee acknowledges that an independent and adequately resourced internal audit function is required to provide assurance on the effectiveness of the internal control system in addressing the risks identified. The internal auditor reports directly to the Audit Committee on quarterly basis. The Audit Committee is chaired by an Independent Non-Executive Director and its members comprise of Non-Executive Directors.

The internal auditor primarily acts as an assurance unit highlighting significant audit findings, areas for improvement, management comment on the audit findings and subsequently monitors the implementation of its recommended corrective actions.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL AUDIT FUNCTION *cont'd*

The Board confirms that the Group has an adequate and conducive control environment for it to accomplish its business objectives. The Group's internal control system encompasses the Board and its various Board Committees with its specific Terms of Reference, Executive Management that is accountable for all its actions and also various monitoring and review procedures that is embedded in the Group's processes. The Board reviews these control processes regularly to ensure that an effective system of internal control is maintained within the Group.

During the financial year under review, the internal auditor reviewed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the key subsidiaries and recommended possible improvements to the internal control systems. This is to provide reasonable assurance that such system continues to operate satisfactorily and effectively within the Group. Follow-up visits were also carried out to ensure weaknesses identified have been or are being addressed. Periodic audit reports and status report on follow up actions were tabled to the Audit Committee and Board during its quarterly meetings.

For the financial year ended 31 December 2015, the following subsidiaries of the Group were audited by Sterling:-

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
1st Quarter (Jan 2015 – Mar 2015)	May 2015	Meda Inc Berhad	• Project Management • Contracts Management
2nd Quarter (Apr 2015 – Jun 2015)	Aug 2015	The Arc, Cyberjaya (Maju Puncakbumi Sdn Bhd)	• Leasing and Operations Management
3rd Quarter (Jul 2015 – Sep 2015)	Nov 2015	ZKP Development Sdn Bhd (The Summit Plaza, Bukit Mertajam)	• Front Office and Cash Handling • Purchasing
4th Quarter (Oct 2015 – Dec 2015)	Feb 2016	Cemerlang Land Sdn Bhd	• Sales Administration

During the financial year under review, Sterling has presented their status report: follow-up actions on previously reported audited findings in respect of the following subsidiaries of the Group:-

Name of Entities audited by Sterling	Date of Follow up Status Report
ZKP Development Sdn Bhd (The Summit Plaza, Bukit Mertajam)	13 May 2015
Xperential Dynamic Sdn Bhd (The Summit Hotel, USJ)	13 May 2015
Maju Puncakbumi Sdn Bhd (The Arc, Cyberjaya)	19 Aug 2015
ZKP Development Sdn Bhd (The Summit Plaza, Bukit Mertajam)	19 Aug 2015
Meda Inc. Berhad	26 Nov 2015
Maju Puncakbumi Sdn Bhd (The Arc, Cyberjaya)	26 Nov 2015
ZKP Development Sdn Bhd (The Summit Plaza, Bukit Mertajam)	26 Nov 2015
Meda Inc. Berhad	29 Feb 2016
Maju Puncakbumi Sdn Bhd (The Arc, Cyberjaya)	29 Feb 2016

For the financial year ended 31 December 2015, RM 45,800 was incurred for the outsourced internal audit function.

The Board continuously takes measures to strengthen the internal control environment. For the financial period under review, there were no material losses, incurred as a result of weaknesses in the internal control system that would require disclosure in this Annual Report. The Board will continue to improve and enhance the existing system of internal control to ensure its adequacy and relevance in safeguarding the shareholders' interests and the Group's assets.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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OTHER KEY ELEMENTS OF INTERNAL CONTROL

The control environment of the Group comprises the following elements:

- Group Vision, Mission and Strategic Objectives which are communicated to employees;
- Human resource policy and management system with defined authorities and responsibilities as well as segregation of duties;
- The Group's organization structure that is aligned to business and operational requirements;
- Board participation at the macro perspective in the performance monitoring of all divisions under the Group;
- Emphasize on the quality and competency of employees through continuing education, training and development schemes and programme;
- Delegation of responsibilities to committees of the Board, management and operating units including authorization levels for all aspects of business;
- Budgeting process with approval both at the respective operating units level and by the key personnel management;
- Proper identification of accountabilities and segregation of duties in terms of purchases of goods and services and capital expenditure for each level of management within the Group;
- Operational Meeting which involves the Managing Director and/or the Chief Executive Officer / Executive Director and key management team, are held in order to identify and address any problems encountered by the Group for adequate actions to be taken;
- An internal audit function carries out quarterly internal audit to ascertain the adequacy of and to monitor the effectiveness of operational and financial procedures. The internal audit also reviews and assesses risks faced by the Group and reports directly to the Audit Committee;
- Reporting of financials, operations and legal issues to the Board on a quarterly basis. Budgets for the financial year are also reviewed on a yearly basis and major variances are followed up and remedial actions are taken where necessary;
- Regular internal audit visits to monitor compliance with policies and procedures to assess the integrity of both financial and non-financial information provided; and
- Follow-up visits are then subsequently conducted by the internal auditor to ensure proper implementation of agreed action plans by the respective process owners.

ASSURANCE FROM THE MANAGEMENT

The Board had received assurance from the senior executive management team that the Group's risk management and internal control is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in the annual report for the year ended 31 December 2015 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

CONCLUSION

Pertaining the adequacy and effectiveness of the risk management and internal control system, the Chief Operating Officer had provided the assurance to the Board that the systems are adequately and effectively implemented. The Board is satisfied that the existing system of internal control is adequate and properly implemented and there are no major weaknesses at the existing level of operations of the Group. Because of the changing circumstances and conditions, the effectiveness of an internal control system may vary over time.

The Board continually evaluates and takes measures to strengthen the internal control systems. This statement is made in accordance with the minutes of the Board Meeting held on 29 Jan 2016.

OTHER INFORMATION

In Compliance with the Listing Requirements of Bursa Malaysia Securities Berhad

SHARE BUYBACK

During the year ended 31 December 2015, the Company bought back 1,427,000 of its own ordinary shares of RM 0.50 each at the total consideration of RM 800,458. The shares bought back were held as treasury shares in accordance with Section 67A of the Companies Act 1965.

None of the shares purchased were being cancelled during the year.

Details of the movement of treasury shares during the year were as follows:-

Monthly breakdown	No. of Shares Purchased/ (sold)	Purchase/Sale Price Per Share (RM) Lowest	Highest	Average Price Per Share RM	Total RM
Shares bought back					
February	30,000	0.60	0.60	0.60	18,000
April	10,000	0.61	0.61	0.61	6,100
June	84,000	0.58	0.60	0.59	49,651
July	6,000	0.59	0.59	0.59	3,510
August	491,000	0.54	0.59	0.55	272,294
September	806,000	0.56	0.58	0.56	450,903
	1,427,000	0.54	0.61	0.56	800,458

As at 31 December 2015, the total treasury shares held by the Company was 10,734,900 shares.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

No warrant A, B and C were exercised during the financial year ended 31 December 2015. The total number of warrants exercised up to 31 December 2015 for Warrant A and Warrant B are 28,050,500 and 17,563,850 respectively.

The Company did not issue any convertible securities.

AMERICAN DEPOSITORY RECEIPT (“ADR”) OR GLOBAL DEPOSITORY RECEIPT (“GDR”) PROGRAMME

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2015.

SANCTIONS AND/OR PENALTIES

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by any relevant regulatory bodies during the financial year ended 31 December 2015.

OTHER INFORMATION

In Compliance with the Listing Requirements of Bursa Malaysia Securities Berhad

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NON-AUDIT FEES

Other than the following, there were no non-audit fees paid to the external auditors for the financial year 31 December 2015: -

Auditors	Services Amount Paid	(RM'000)
Messrs Baker Tilly Monteiro Heng	Review of the Statement on Risk Management and Internal Control	6
Messrs Baker Tilly Monteiro Heng	Review of the Supplementary Information on the Disclosure of Realised and Unrealised Profits or losses	6
		12

VARIATION IN RESULTS

There were no material variations between the audited results for the financial year ended 31 December 2015 and the unaudited results released for the financial quarter ended 31 December 2015.

PROFIT GUARANTEE

There was no shortfall in the profit guarantee received by the Company during the financial year.

MATERIAL CONTRACTS

Other than as disclosed in Note 31 Significant Related Party Disclosure, there were no material contracts subsisting as at 31 December 2015 or if not then subsisting, entered into since the end of the previous financial year by the Company or its subsidiaries which involved the interests of Directors or substantial shareholders.

REVALUATION POLICY ON LANDED PROPERTIES

It is the policy of the Group to revalue landed properties by registered independent valuers at regular intervals of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued landed properties materially differ from the market values.

Investment properties are revalued annually by registered independent valuers having appropriate recognized professional qualifications and recent experience in the location and category of the properties being valued.

RECURRENT RELATED PARTY TRANSACTION OF A REVENUE NATURE

There were no recurrent related party transaction of a revenue nature which requires shareholders' mandate during the financial year ended 31 December 2015.

UTILISATION OF PROCEEDS

The Company did not implement any fund raising exercise during the year.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are set out in Note 8 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year, net of tax		
- Continuing operations	(33,842)	(387)
- Discontinued operations	(21,877)	-
	(55,719)	(387)
Attributable to:-		
Owners of the Company	(55,719)	(387)
Non-controlling interests	-	-
	(55,719)	(387)

DIVIDENDS

No dividend was paid or declared by the Company since the end of the previous financial year.

The directors do not recommend any dividends in respect of the financial year ended 31 December 2015.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that 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 adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount 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.

DIRECTORS' REPORT

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CURRENT ASSETS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised 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 that they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors, other than as disclosed in Note 26 to the financial statements, the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

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, in the opinion of the directors, 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.

WARRANTS

Warrants A

By virtue of a Deed Poll executed on 11 August 2011 for the 80,000,000 Warrants A issued in connection with a Private Placement, each Warrants A entitles the registered holder the right at any time during the exercise period to subscribe in cash for 1 new ordinary share at an exercise price of RM0.50 each and will be expiring on 15 August 2021.

During the financial year, no Warrants A was exercised.

Warrants B

By virtue of a Deed Poll executed on 23 March 2012 for the 114,021,616 free warrants ("Warrants B") issued in connection with the bonus issue, each Warrants B entitles the registered holder the right at any time during the exercise period to subscribe in cash for 1 new ordinary share at an exercise price of RM0.60 each at a step-up mechanism whereby the exercise price will be adjusted upwards by RM0.10 at the expiry of every 2 anniversary years from the date of issuance on the basis of 1 free warrant for every 4 existing shares held and will expire on 23 April 2022.

During the financial year, no Warrants B was exercised.

Warrants C

By virtue of a Deed Poll executed on 7 August 2014 for the 48,421,408 free new detachable warrants ("Warrants C") pursuant to the free warrants issued, each Warrants C entitles the registered holder the right at any time during the exercise period to subscribe in cash for 1 new ordinary share at an exercise price of RM0.80 per ordinary shares each from the date of issuance on the basis of 1 free warrant for every 10 existing shares held and will expire on 24 August 2024.

During the financial year, no Warrants C was exercised.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company has not issued any shares and debentures.

TREASURY SHARES

During the financial year, the Company repurchased 1,427,000 of its issued ordinary shares from the open market at the average price of RM0.56 per share. The total consideration paid for the repurchase including the transaction costs was RM800,458. The shares repurchased are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia.

As at 31 December 2015, the Company held 10,734,900 treasury shares out of its 492,555,292 issued ordinary shares. Such treasury shares are held at a carrying amount of RM7,318,995 and further relevant details are disclosed in Note 15 to the financial statements.

DIRECTORS

The directors in office since the date of the last report and the date of this report are:-

Dato' Seri Dr. Mohd Ariff Bin Araff
Dato' (Dr.) Teoh Seng Foo
Dato' Teoh Seng Kian
Ooi Giap Ch'ng
Chin Wing Wah
An Siew Chong
Mohd Nor Bin Ibrahim - retired on 26 May 2015

DIRECTORS' REPORT

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DIRECTORS' INTERESTS

According to the register of directors' shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of directors who held office at the end of the financial year in shares in the Company and its related corporations during the financial year ended 31 December 2015 were as follows:-

	Number of ordinary shares of RM0.50 each			
	At 1.1.2015	**Acquired**	**Disposed**	**At 31.12.2015**
The Company				
Direct Interests				
Dato' (Dr.) Teoh Seng Foo	20,210,000	-	-	20,210,000
Dato' Teoh Seng Kian	54,110,324	-	-	54,110,324
Chin Wing Wah	1,020,200	-	-	1,020,200
Deemed Interests				
Dato' (Dr.) Teoh Seng Foo #	6,128,000	-	-	6,128,000

	Number of Warrants A Issued Pursuant To Deed Poll Executed on 11 August 2011			
	At 1.1.2015	**Acquired**	**Disposed**	**At 31.12.2015**
The Company				
Direct Interests				
Dato' (Dr.) Teoh Seng Foo	867,700	-	-	867,700
Dato' Teoh Seng Kian	2,373,700	-	-	2,373,700
Chin Wing Wah	580,000	-	-	580,000
Deemed Interests				
Dato' (Dr.) Teoh Seng Foo #	893,300	-	-	893,300

	Number of Warrants B Issued Pursuant To Deed Poll Executed on 23 March 2012			
	At 1.1.2015	**Acquired**	**Disposed**	**At 31.12.2015**
The Company				
Direct Interests				
Dato' (Dr.) Teoh Seng Foo	5,687,500	-	-	5,687,500
Dato' Teoh Seng Kian	2,501,500	-	-	2,501,500

DIRECTORS' INTERESTS *cont'd*

	Number of Warrants C Issued Pursuant To Deed Poll Executed on 7 August 2014			
	At 1.1.2015	Granted	Exercised/ (Disposed)	At 31.12.2015
The Company				
Direct Interests				
Dato' (Dr.) Teoh Seng Foo	2,243,000	-	-	2,243,000
Dato' Teoh Seng Kian	5,658,032	-	-	5,658,032
Chin Wing Wah	102,020	-	-	102,020
Deemed Interests				
Dato' (Dr.) Teoh Seng Foo #	612,800	-	-	612,800

Indirect interest held through his spouse, Cheam Shaw Fin.

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 6A of the Companies Act, 1965 in Malaysia, Dato' (Dr.) Teoh Seng Foo and Dato' Teoh Seng Kian are deemed to have interest in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year held any interest in the shares of the Company and its related corporations.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 26 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company or any of its related corporations a party to any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SIGNIFICANT EVENTS

Significant events that occurred during and after the financial year are disclosed in Note 35 to the financial statements.

AUDITORS

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

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

DATO' (DR.) TEOH SENG FOO
Director

DATO' TEOH SENG KIAN
Director

Kuala Lumpur

Date: 31 March 2016

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	30,816	49,821	212	226
Investment properties	6	46,191	115,976	-	-
Land held for property development	7(a)	51,135	51,135	-	-
Investments in subsidiaries	8	-	-	121,204	97,204
Trade and other receivables	9	-	3,112	-	2,981
Total non-current assets		128,142	220,044	121,416	100,411
Current assets					
Property development costs	7(b)	51,615	85,112	-	-
Inventories	10	6,151	10,600	-	-
Trade and other receivables	9	55,038	58,025	92,004	111,033
Prepayments		114	201	-	4
Tax recoverable		578	-	-	-
Cash and short-term deposits	11	2,449	5,763	109	23
		115,945	159,701	92,113	111,060
Assets and a disposal group classified as held for sale	12	83,444	-	-	-
Total current assets		199,389	159,701	92,113	111,060
TOTAL ASSETS		327,531	379,745	213,529	211,471

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

cont'd

		Group		Company	
		2015	**2014**	**2015**	**2014**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	13	246,278	246,278	246,278	246,278
Share premium	14	12,880	12,880	12,880	12,880
Treasury shares	15	(7,319)	(6,518)	(7,319)	(6,518)
Warrants reserve	16	8,889	8,889	8,889	8,889
Revaluation reserve	17	6,054	6,011	-	-
Accumulated losses		(110,480)	(54,718)	(57,045)	(56,658)
TOTAL EQUITY		156,302	212,822	203,683	204,871
Non-current liabilities					
Loans and borrowings	18	24,986	48,395	-	-
Deferred tax liabilities	19	3,711	4,877	-	-
Total non-current liabilities		28,697	53,272	-	-
Current liabilities					
Trade and other payables	20	83,252	83,317	9,846	6,600
Provisions	21	5,916	736	-	-
Loans and borrowings	18	41,952	19,577	-	-
Tax payable		1,606	10,021	-	-
		132,726	113,651	9,846	6,600
Liabilities and a disposal group classified as held for sale	12	9,806	-	-	-
Total current liabilities		142,532	113,651	9,846	6,600
TOTAL LIABILITIES		171,229	166,923	9,846	6,600
TOTAL EQUITY AND LIABILITIES		327,531	379,745	213,529	211,471

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
			(Restated)		
CONTINUING OPERATIONS					
Revenue	22	85,650	93,111	-	-
Cost of sales	23	(71,415)	(64,452)	-	-
GROSS PROFIT		14,235	28,659	-	-
Other income		17,371	3,238	3,304	3,600
Distribution expenses		(3,173)	(2,123)	-	-
Administrative expenses		(30,623)	(14,661)	(4,303)	(5,770)
Other expenses		(26,866)	(13,660)	-	-
OPERATING LOSS		(29,056)	1,453	(999)	(2,170)
Finance income	24	638	-	612	-
Finance costs	25	(3,638)	(2,113)	-	-
LOSS BEFORE TAXATION	26	(32,056)	(660)	(387)	(2,170)
Income tax expense	27	(1,786)	(436)	-	-
LOSS FOR THE FINANCIAL YEAR FROM CONTINUING OPERATIONS		(33,842)	(1,096)	(387)	(2,170)
Loss for the financial year from discontinued operation, net of tax	12(c)	(21,877)	(1,997)	-	-
LOSS FOR THE FINANCIAL YEAR		(55,719)	(3,093)	(387)	(2,170)
OTHER COMPREHENSIVE (LOSS)/ INCOME					
- (reversal)/amortisation of revaluation reserve	17	(43)	53	-	-
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		(55,762)	(3,040)	(387)	(2,170)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2015

cont'd

	Note	Group 2015 RM'000	Group 2014 RM'000 (Restated)	Company 2015 RM'000	Company 2014 RM'000
Loss attributable to:-					
Owners of the Company					
- From continuing operations		(33,842)	(1,096)	(387)	(2,170)
- From discontinued operations		(21,877)	(1,997)	-	-
		(55,719)	(3,093)	(387)	(2,170)
Non-controlling interests		-	-	-	-
		(55,719)	(3,093)	(387)	(2,170)
Total comprehensive loss attributable to:-					
Owners of the Company					
- From continuing operations		(33,885)	(1,043)	(387)	(2,170)
- From discontinued operations		(21,877)	(1,997)	-	-
		(55,762)	(3,040)	(387)	(2,170)
Non-controlling interests		-	-	-	-
		(55,762)	(3,040)	(387)	(2,170)
Basic loss per ordinary share (sen):-					
- From continuing operations	28(i)	(7.01)	(0.23)		
- From discontinued operations	28(i)	(4.53)	(0.42)		
		(11.54)	(0.65)		
Diluted loss per ordinary share (sen):-					
- From continuing operations	28(ii)	(7.01)	(0.23)		
- From discontinued operations	28(ii)	(4.53)	(0.42)		
		(11.54)	(0.65)		

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2015

		← Attributable to owners of the Company →						
			← Non-distributable →					
		Share Capital	Share Premium	Warrant Reserve	Revaluation Reserve	Treasury Shares	Accumulated Losses	Total Equity
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
At 1 January 2014		237,695	11,115	9,007	6,064	(3,417)	(46,836)	213,628
Total comprehensive loss for the financial year								
Loss for the financial year		-	-	-	-	-	(3,093)	(3,093)
Amortisation of revaluation reserve	17	-	-	-	(53)	-	53	-
Total comprehensive loss		-	-	-	(53)	-	(3,040)	(3,093)
Transactions with owners								
Exercise of Warrants		8,583	1,765	(118)	-	-	-	10,230
Arising from shares buy-back	15	-	-	-	-	(3,101)	-	(3,101)
Dividends paid on shares	29	-	-	-	-	-	(4,842)	(4,842)
Total transactions with owners		8,583	1,765	(118)	-	(3,101)	(4,842)	2,287
At 31 December 2014		246,278	12,880	8,889	6,011	(6,518)	(54,718)	212,822
Total comprehensive loss for the financial year								
Loss for the financial year		-	-	-	-	-	(55,719)	(55,719)
Reversal of amortisation of revaluation reserve	17	-	-	-	43	-	(43)	-
Total comprehensive loss		-	-	-	43	-	(55,762)	(55,719)
Transactions with owners								
Arising from shares buy-back	15	-	-	-	-	(801)	-	(801)
Total transactions with owners		-	-	-	-	(801)	-	(801)
At 31 December 2015		246,278	12,880	8,889	6,054	(7,319)	(110,480)	156,302

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2015

cont'd

		Attributable to owners of the Company					
			Non-distributable				
	Note	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Treasury Shares RM'000	Accumulated Losses RM'000	Total Equity RM'000
Company							
At 1 January 2014		237,695	11,115	9,007	(3,417)	(49,646)	204,754
Total comprehensive loss for the financial year		-	-	-	-	(2,170)	(2,170)
Transactions with owners							
Exercise of Warrants		8,583	1,765	(118)	-	-	10,230
Arising from shares buy-back	15	-	-	-	(3,101)	-	(3,101)
Dividends paid on shares	29	-	-	-	-	(4,842)	(4,842)
Total transactions with owners		8,583	1,765	(118)	(3,101)	(4,842)	2,287
At 31 December 2014		246,278	12,880	8,889	(6,518)	(56,658)	204,871
Total comprehensive loss for the financial year		-	-	-	-	(387)	(387)
Transactions with owners							
Arising from shares buy-back	15	-	-	-	(801)	-	(801)
Total transactions with owners		-	-	-	(801)	-	(801)
At 31 December 2015		246,278	12,880	8,889	(7,319)	(57,045)	203,683

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000 (Restated)	Company 2015 RM'000	Company 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:-					
Loss before taxation					
- Continuing operations		(32,056)	(660)	(387)	(2,170)
- Discontinued operations		(21,873)	(1,997)	-	-
		(53,929)	(2,657)	(387)	(2,170)
Adjustments for:-					
Allowance for impairment loss:-					
- amount owing by subsidiaries		-	-	363	-
- other receivables and deposits		2,014	26	-	-
- trade receivables		1,729	161	-	-
Deposit written off		3,169	-	-	-
Depreciation for property, plant and equipment		3,538	2,227	75	74
Impairment of goodwill on consolidation		-	5,977	-	-
Impairment loss of investment properties		2,200	-	-	-
Interest expenses		3,671	2,125	-	-
Inventories written down		2,456	-	-	-
Net loss arising from fair value adjustment of investment properties		18,176	-	-	-
Net loss arising from fair value adjustment of property, plant and equipment		636	-	-	-
Net loss on financial assets measured at amortised costs		-	386	-	385
Property, plant and equipment written off		1,087	96	-	96
Provision for foreseeable losses		135	-	-	-
Provision for liquidated and ascertained damages		351	261	-	-
Provision for onerous contract		4,729	-	-	-
Finance income		(638)	-	(612)	-
Gain on disposal of property, plant and equipment		(503)	(4)	-	-
Interest income		(251)	(717)	-	-
Reversal of allowance for impairment loss no longer required for other receivables		(10)	(30)	-	-
Reversal of provision for liquidated and ascertained damages		(35)	(82)	-	-
Operating cash flows before working capital changes		(11,475)	7,769	(561)	(1,615)

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2015

cont'd

	Note	Group 2015 RM'000	Group 2014 RM'000 (Restated)	Company 2015 RM'000	Company 2014 RM'000
Changes In Working Capital:-					
Property development costs		18,689	(4,152)	-	-
Inventories		(586)	1,027	-	-
Receivables		(1,365)	15,302	(434)	(1,752)
Payables		5,578	(18,018)	1,549	129
		10,841	1,928	554	(3,238)
Interest paid		(105)	(94)	-	-
Interest received		251	717	-	-
Tax refund		-	3,674	-	-
Tax paid		(8,197)	(7,528)	-	-
Net Operating Cash Flows		2,790	(1,303)	554	(3,238)
CASH FLOWS FROM INVESTING ACTIVITIES:-					
Addition in investment properties		-	(72)	-	-
Addition in land under property development		-	(23,890)	-	-
Investment in subsidiaries		-	-	-	2,189
Purchase of property, plant and equipment (Note B)		(2,026)	(9,681)	(61)	(104)
Proceeds from disposal of property, plant and equipment		1,490	6	-	-
Withdrawal of deposit held as security		264	745	-	-
Net Investing Cash Flows		(272)	(32,892)	(61)	2,085

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2015

cont'd

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
			(Restated)		
CASH FLOWS FROM FINANCING ACTIVITIES:-					
Dividends paid		-	(4,842)	-	(4,842)
(Advances to)/repayment from subsidiaries		-	-	394	(1,579)
Proceeds from issuance of shares via exercise of warrants		-	10,230	-	10,230
Interest paid		(3,566)	(2,031)	-	-
Purchase of treasury shares		(801)	(3,101)	(801)	(3,101)
Drawdown of bank loans		1,500	40,368	-	-
Net repayment to:-					
- bank loans		(2,194)	(4,550)	-	-
- finance lease liabilities		(432)	(385)	-	-
Net Financing Cash Flows		(5,493)	35,689	(407)	708
NET CHANGE IN CASH AND CASH EQUIVALENTS		(2,975)	1,494	86	(445)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		(9,148)	(10,642)	23	468
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	11	(12,123)	(9,148)	109	23

A. SUMMARY OF EFFECTS ON ACQUISITIONS OF A SUBSIDIARY

Group

2014

On 18 April 2014, a wholly-owned subsidiary of the Group, namely MIB Construction Sdn. Bhd. had acquired 52 ordinary shares of RM1 each of Temasek Merdu Sdn. Bhd. ("TMSB") (*formerly known as Meda ZCH Joint Venture Sdn. Bhd.*), representing 52% equity interest in TMSB for a purchase consideration of RM52 from ZCH Properties Sdn. Bhd..

2015

On 24 November 2015, MIB Construction Sdn. Bhd. had purchased the remaining 48 ordinary shares of RM1 each of Temasek Merdu Sdn. Bhd. ("TMSB") (*formerly known as Meda ZCH Joint Venture Sdn. Bhd.*), representing 48% equity interest in TMSB for a purchase consideration of RM48 from ZCH Properties Sdn. Bhd.. The Company's effective ownership in Temasek Merdu Sdn. Bhd. increased from 52% to 100% as result of the additional shares purchased.

B. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

Group and Company

During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:-

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Purchase of property, plant and equipment	2,193	9,956	61	104
Financed by way of finance lease arrangements	(167)	(275)	-	-
Cash payments on purchase of property, plant and equipment	2,026	9,681	61	104

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Meda Inc. Berhad ("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 registered office of the Company and its principal place of business are located at No. C-07-01, Capital 3, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 31 March 2016.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

2.3 Use of estimates and judgement

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 to the financial statements.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency at the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2. BASIS OF PREPARATION *cont'd*

2.5 Adoption of amendments/improvements to FRSs

The Group and the Company have adopted the following amendments/improvements to FRSs that are mandatory for the current financial year:-

Amendments/improvements to FRSs	
FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 8	Operating Segments
FRS 13	Fair Value Measurement
FRS 116	Property, Plant and Equipment
FRS 119	Employee Benefits
FRS 124	Related Party Disclosures
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the above amendments/improvements to FRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below:-

Amendments to FRS 1 First-time Adoption of Financial Reporting Standards

Amendments to FRS 1 relate to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

Amendments to FRS 2 Share-based Payment

Amendments to FRS 2 clarify the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

Amendments to FRS 3 Business Combinations

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

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

Amendments to FRS 8 Operating Segments

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

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

2. BASIS OF PREPARATION *cont'd*

2.5 Adoption of amendments/improvements to FRSs *cont'd*

Amendments to FRS 13 Fair Value Measurement

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

The amendments also clarify that the scope of the portfolio exception of FRS 13 includes all contracts accounted for within the scope of FRS 139 or FRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in FRS 132.

Amendments to FRS 116 Property, Plant and Equipment

Amendments to FRS 116 clarify the accounting treatment for the accumulated depreciation when an asset is revalued. They clarify that:-

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and

- the accumulated depreciation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to FRS 119 Employee Benefits

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

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

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

Amendments to FRS 124 Related Party Disclosures

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

Amendments to FRS 138 Intangible Assets

Amendments to FRS 138 clarify the accounting treatment for the accumulated amortisation when an asset is revalued. They clarify that:-

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and

- the accumulated amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

2. BASIS OF PREPARATION *cont'd*

2.5 Adoption of amendments/improvements to FRSs *cont'd*

Amendments to FRS 140 Investment Property

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

2.6 New FRS and amendments/improvements to FRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new FRS and amendments/improvements to FRSs that have been issued, but yet to be effective:-

		Effective for financial periods beginning on or after
New FRS		
FRS 9	Financial Instruments	1 January 2018
Amendments/Improvements to FRSs		
FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
FRS 7	Financial Instruments: Disclosures	1 January 2016
FRS 10	Consolidated Financial Statements	Deferred/ 1 January 2016
FRS 11	Joint Arrangements	1 January 2016
FRS 12	Disclosure of Interests in Other Entities	1 January 2016
FRS 101	Presentation of Financial Statements	1 January 2016
FRS 116	Property, Plant and Equipment	1 January 2016
FRS 119	Employee Benefits	1 January 2016
FRS 127	Separate Financial Statements	1 January 2016
FRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2016
FRS 138	Intangible Assets	1 January 2016

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

FRS 9 Financial Instruments

Key requirements of FRS 9:-

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

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

2. BASIS OF PREPARATION *cont'd*

2.6 New FRS and amendments/improvements to FRSs that have been issued, but yet to be effective *cont'd*

FRS 9 Financial Instruments *cont'd*

Key requirements of FRS 9:- *cont'd*

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

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

Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to FRS 5 introduce specific guidance on when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution is discontinued.

Amendments to FRS 7 Financial Instruments: Disclosures

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

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

Amendments to FRS 11 Joint Arrangements

Amendments to FRS 11 clarify that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in FRS 3, it shall apply the relevant principles on business combinations accounting in FRS 3, and other FRSs, that do not conflict with FRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets/ liabilities and recognition of acquisition-related costs as expenses. The amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

Amendments to FRS 101 Presentation of Financial Statements

Amendments to FRS 101 improve the effectiveness of disclosures. The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to FRS 116 Property, Plant and Equipment

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

2. BASIS OF PREPARATION *cont'd*

2.6 New FRS and amendments/improvements to FRSs that have been issued, but yet to be effective *cont'd*

Amendments to FRS 119 Employee Benefits

Amendments to FRS 119 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to FRS 127 Separate Financial Statements

Amendments to FRS 127 allow a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to FRS 138 Intangible Assets

Amendments to FRS 138 introduce a rebuttable presumption that the revenue-based amortisation method is inappropriate. This presumption can be overcome only in the following limited circumstances:-

- when the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or

- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to FRS 10 Consolidated Financial Statements and FRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in FRS 10 and those in FRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in FRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to FRS 10 Consolidated Financial Statements, FRS 12 Disclosures of Interests in Other Entities and FRS 128 Investments in Associates and Joint Ventures

These amendments address the following issues that have arisen in the application of the consolidation exception for investment entities:-

- Exemption from presenting consolidated financial statements:-
  the amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

- Consolidation of intermediate investment entities:-
  the amendments clarify that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

- Policy choice for equity accounting for investments in associates and joint ventures:-
  the amendments allow a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

2. BASIS OF PREPARATION *cont'd*

2.7 MASB Approved Accounting Standards, MFRSs

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

The MFRS framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Int 15 *Agreements for the Construction of Real Estate* ("Transitioning Entities"). The Transitioning Entities are given an option to defer the adoption of MFRS framework and shall apply the MFRS framework for annual periods beginning on or after 1 January 2018. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRS framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRS framework. As such, the Group and the Company will prepare their first MFRSs financial statements using the MFRS framework for financial year ended 31 December 2018. The main effects arising from the transition to the MFRS framework are discussed below.

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

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:-

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract; and
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

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

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

2. BASIS OF PREPARATION *cont'd*

2.7 MASB Approved Accounting Standards, MFRSs *cont'd*

MFRS 141 Agriculture

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

The Group does not expect any impact on the financial statements arising from the adoption of this standard.

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

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

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately. The Group does not expect any impact on the financial statements arising from the adoption of this standard.

2.8 Change in method of computation for depreciation rate of property, plant and equipment

In the previous financial years, the freehold hotel buildings of the Group was depreciated on straight-line basis by allocating its depreciable amounts over the remaining useful lives of 99 years. With effect from 1 January 2015, depreciation of this freehold hotel building has been computed based on the useful lives of 50 years. This change in method reflects more accurately the depreciation method of the freehold hotel buildings. The effect of the change in method of computation has been applied prospectively, commencing in the current financial year ended 31 December 2015. This change has not resulted in any changes in the depreciation amount of the freehold hotel buildings using the revaluation model and revalued in the current financial year. It is impracticable to estimate the effect of this change in estimate in future financial years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

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

(a) Subsidiaries and business combination

Subsidiaries are entities over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.1 Basis of consolidation *cont'd*

(a) Subsidiaries and business combination *cont'd*

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group losses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:-

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date.

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

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

Upon the loss of control of subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.1 Basis of consolidation *cont'd*

(c) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investments in subsidiaries are measured at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.12(b) to the financial statements.

3.3 Financial instruments

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

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:-

(i) Financial assets

<u>Financial assets at fair value through profit or loss</u>

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.3 Financial instruments *cont'd*

(a) Subsequent measurement *cont'd*

(i) Financial assets *cont'd*

Loans and receivables

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

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a) to the financial statements. Gains and losses are recognised in profit or loss through the amortisation process.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a) to the financial statements. Gains and losses are recognised in profit or loss through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available-for-sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a) to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.3 Financial instruments *cont'd*

(a) Subsequent measurement *cont'd*

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company themselves purchase or sell an asset). Trade date accounting refers to:-

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.3 Financial instruments *cont'd*

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the 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 other comprehensive income 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, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.4 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment (other than freehold land and hotel buildings) are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition of measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are 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. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.17 to the financial statements.

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 of property, plant and equipment.

(b) Subsequent cost

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.4 Property, plant and equipment *cont'd*

(c) Depreciation

Freehold land has unlimited useful life and therefore is not depreciated. Asset under construction or capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The principal annual rates used for this purpose are as follows:-

Hotel buildings	2%
Buildings	2%
Leasehold land and buildings	2%
Renovation	10% - 33 1/3%
Furniture, fittings, office and other equipment	2.5% - 50%
Motor vehicles	20%
Show village and sales office	10% - 20%

The residual values, depreciation method and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revisions of the residual values and useful lives are included in profit or loss for the financial year in which the changes arise.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

(d) Derecognition

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

3.5 Revaluation of assets

Freehold land and hotel buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on buildings and any accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the freehold land and buildings does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to those assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

(b) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3.7 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value.

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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.7 Investment properties *cont'd*

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.17 to the financial statements.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis and comprises the original cost of purchase plus the cost of bringing the inventories to their present location and condition.

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

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

3.9 Property development activities

(a) Land held for property development

Land held for property development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current assets and is stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

Cost comprises the cost of land and all related costs incurred on activities necessary to prepare the land for its intended use. Where the Group had previously recorded the land at a revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 201 *Property Development Activities*.

Land held for property development will be reclassified to property development costs when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

(b) Property development costs

Property development costs consist of the cost of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

3.9 Property development activities *cont'd*

(b) Property development costs *cont'd*

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the percentage of completion method.

The stage of completion is determined by the proportion of property development costs incurred for the work performed up to the reporting date over the estimated total property development costs to completion. Under this method, profits are recognised as the property development activity progresses.

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

Any foreseeable loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately in profit or loss. Property development costs not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value. Upon the completion of the development, the unsold completed development properties are transferred to inventories.

Borrowing costs incurred on the property development project are capitalised and included as part of property development costs in accordance with the accounting policy on borrowing costs in Note 3.17 to the financial statements.

(c) Property development work-in-progress

The Group's property development segments undertake development of commercial and housing units for sale to customers. Property development work-in-progress represents the gross unbilled amount expected to be collected from purchasers for development work performed to date.

Property development work-in-progress is presented as part of contract assets as accrued billings in the statements of financial position when revenue recognised in the profit or loss exceeds progress billings to purchasers. If progress billings exceeds revenue recognised to date, then the difference is presented as progress billings which is part of the contract liabilities in the statements of financial position.

3.10 Non-current assets or disposal groups 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. The criteria for held for sale classification is regarded as met only when:-

- the asset or disposal group is available for immediate sale in its present condition;
- the management is committed to a plan to sell the asset and the asset or disposal group is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.10 Non-current assets or disposal groups held for sale *cont'd*

Any impairment loss on the disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property that is measured at fair value, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment losses.

Property, plant and equipment once classified as held for sale are not amortised or depreciated.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

3.11 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

3.12 Impairment of assets

(a) Impairment and uncollectibility of financial assets

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables and held-to-maturity investments

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial 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 through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.12 Impairment of assets *cont'd*

(a) Impairment and uncollectibility of financial assets *cont'd*

Loans and receivables and held-to-maturity investments *cont'd*

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that has been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from customers for contract work, deferred tax assets, assets arising from employee benefits, investment properties measured at fair value, biological assets and non-current assets or disposal groups classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.12 Impairment of assets *cont'd*

(b) Impairment of non-financial assets *cont'd*

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its 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 or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

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

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.13 Share capital

(a) Ordinary shares

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

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.14 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3.15 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3.16 Revenue and other income

(a) Property development

Revenue from sale of properties is accounted for by the stage of completion method in respect of the property units sold. The stage of completion method is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

No profit is recognised where development is in its initial stage or has not reached a stage of completion where it is possible to determine the financial outcome of the development with reasonable accuracy.

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

(b) Sale of hotel rooms, food and beverages and other ancillary services

Revenue from services rendered in respect of sale of hotel rooms, food and beverages and other ancillary services is recognised in profit or loss upon rendering of services.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.16 Revenue and other income *cont'd*

(c) Sale of fresh fruit bunches

Revenue from sales of fresh fruit bunches is the consideration receivable and is recognised in profit or loss upon delivery of goods and customers' acceptance.

(d) Collection from car park operations

Collection from car park operations is recognised on receipt basis except for season parking of which accrual basis is used.

(e) Interest income

Interest income is recognised using the effective interest method.

(f) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. Rental income from sub-leased properties are recognised as other income. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Inter-company sales are excluded from the revenue of the Group.

3.17 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.18 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.18 Income tax *cont'd*

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised 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.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3.7 to the financial statements, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.19 Discontinued operations

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:-

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statements of profit or loss and other comprehensive income is re-presented as if the operation has been discontinued from the start of the comparative period.

3.20 Operating segment

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

3.21 Fair value measurements

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

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

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

3.22 Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.23 Contingencies

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

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:-

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:-

(a) Classification between operating lease and finance lease for leasehold land

The Group classifies a lease as a finance lease or an operating lease based on the criterion of the extent to which significant risks and rewards incident to ownership of the underlying asset lies. As a lessee, the Group recognises a lease as a finance lease if it is exposed to significant risks and rewards incident to ownership of the underlying asset. In applying judgements, the Group considers whether there is significant economic incentive to exercise a purchase option and any optional renewal periods. A lease is classified as a finance lease if the lease term is for at least 75% of the remaining economic life of the underlying asset, the present value of lease payments is at least 90% of the fair value of the underlying asset, or the identified asset in the lease is a specialised asset which can only be used by the leasee without major modifications. All other leases that do not result in a significant transfer of risks and rewards are classified as operating leases.

The Group has developed certain criteria based on FRS 117 Leases in making judgement whether a leasehold land should be classified either as operating lease or finance lease.

If the leasehold land meets the criteria of the finance lease, the lease will be classified as property, plant and equipment if it is for own use or will be classified as investment property if it is to earn rentals or for capital appreciation or both. Judgements are made on the individual leasehold land to determine whether the leasehold land qualifies as operating lease or finance lease.

The Group has classified the leasehold land with leases period more than 50 years as finance leases as it has met the criteria of a finance lease under FRS 117.

(b) Control over an investee

As disclosed in Note 8 to the financial statements, the Group holds a 40% equity interest in Nusarhu Sdn. Bhd. (“NSB”) and the remaining 60% equity interest was held by its trustee.

In applying judgement, the Group assesses and concludes that it has the power to direct the relevant activities of NSB. The Group is able to appoint, remove and set compensation of the key management personnel of NSB and actively dominates the decision-making process of NSB through its board representations. Accordingly, NSB has been treated as a subsidiary of the Group.

4. **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS** *cont'd*

(c) Revenue recognition on property development projects

The Group recognises property development projects in profit or loss by using the percentage of completion method.

The percentage of completion is determined by the proportion that property development and contract costs incurred for work performed to date over to the estimated total property development and contract costs. Estimated losses are recognised in full when determined.

In addition, significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the property development costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of the assets arising from property development activities are disclosed in Note 7(b) to the financial statements.

(d) Investment properties

As several of the Group's directors are professionals who are experienced in the property development industry, periodic assessments are made on the current market values of the Group's property assets. In determining the fair values of these properties, the management takes into consideration valuations carried out by professional valuers, replacement costs and transaction prices of similar assets in comparable locations.

The carrying amounts of the Group's investment properties are disclosed in Note 6 to the financial statements.

(e) Disposal group classified as held for sale

As disclosed in Note 12 to the financial statements, on 3 December 2015, the Board of Directors have obtained the shareholders' approval to dispose ZKP Development Sdn. Bhd. ("ZKP"). The Board of Directors considered that the subsidiary met the criteria to be classified as disposal group classified as held for sale at that date for the following reasons:-

- ZKP is available for immediate sale and can be sold to a potential buyer in its current condition;

- The Board of Directors had entered into a conditional share sale agreement for the proposed disposal of 100% equity interest in ZKP comprising 8,750,000 ordinary shares of RM1.00 each in ZKP to Casa Andaman Sdn. Bhd. for a cash consideration of RM10,294,871 dated 24 July 2015; and

- The Board of Directors expect the sale to be completed not more than 12 months from the date when all the conditions precedent are fulfilled or waived in accordance with the provision in the share sale agreement.

(f) Depreciation and useful lives of property, plant and equipment

As disclosed in Note 3.4 to the financial statements, the Group and the Company review the residual values, useful lives and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Group's and the Company's property, plant and equipment are disclosed in Note 5 to the financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS *cont'd*

(g) Impairment of financial assets

The Group and the Company recognise impairment losses for loans and receivables using the incurred loss model. At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that loans and receivables are impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

The carrying amounts of the Group's and the Company's financial assets are disclosed in Note 33(a) to the financial statements.

(h) Impairment of non-financial assets

The Group and the Company assess impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may be recoverable i.e. the carrying amount of the asset is more than the recoverable amount. Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use.

(i) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be measured based on quoted prices in active markets, their fair value are measured using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The information on the fair value measurements of financial assets and liabilities are disclosed in Note 33 (c) to the financial statements.

(j) Impairment of investment in subsidiaries

The Company carried out the impairment test based on a variety estimation including the value-in-use of the cash generating unit. Estimating a value-in-use amount requires the Company to make an estimation of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The management determined the recoverable amount of the investment in subsidiaries based on the individual assets' value in use and the probability of the realisation of the assets. The present value of the future cash flows to be generated by the asset is the asset's value in use, and it is assumed to be the same as the net worth of the asset as at reporting date. An impairment loss is recognised immediately in the profit or loss if the recoverable amount is less than the carrying amount.

(k) Write-down of obsolete or slow moving inventories

The Group writes down their obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amounts of the Group's inventories are disclosed in Note 10 to the financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS *cont'd*

(l) Measurement of income taxes

Significant judgement is required in determining the Group's and the Company's estimation for current and deferred taxes because the ultimate tax liability for the Group as a whole is uncertain. When the final outcome of the tax payable is determined with the tax authorities, the amounts might be different from the initial estimates of the tax payable. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group and the Company will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise.

The income tax expense of the Group and the Company are disclosed in Note 27 to the financial statements.

(m) Provisions

The Group uses a "best estimate" as the basis for measuring a provision. Management evaluates the estimates based on the Group's historical experience and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances.

The Group measures the provision for onerous contract for the Guaranteed Rental Return scheme based on the probability estimate of the outflows required to settle the obligation and the probability estimate of the inflows such as future tenancy expected are used.

If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates made.

The carrying amounts of the Group's provision are disclosed in Note 21 to the financial statements.

(n) Provision for liquidated and ascertained damages

Provision for liquidated and ascertained damages ("LAD") is in respect of projects undertaken by certain subsidiaries and is recognised for expected LAD claims based on the terms of the applicable sale and purchase agreements. Significant judgement is required in determining the amount of provision for LAD to be made. The Group evaluates the amount of provision required based on past experience, industry norm and the results from continuous dialogues held with the affected purchasers who are seeking indulgence and extension of time to complete the affected projects and waive their LAD claim.

(o) Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of business.

5. PROPERTY, PLANT AND EQUIPMENT

Group 2015	Freehold Land and Hotel Buildings RM'000	Freehold Land and Buildings RM'000	Leasehold Land and Buildings RM'000	Renovation RM'000	Furniture, Fittings, Office and Other Equipment RM'000	Motor Vehicles RM'000	Show Village and Sales Office RM'000	Capital Work In Progress RM'000	Total RM'000
Cost/valuation									
At 1 January 2015									
- At cost	-	5,500	26,002	3,639	15,505	3,033	838	112	54,629
- At valuation	27,919	-	-	-	-	-	-	-	27,919
	27,919	5,500	26,002	3,639	15,505	3,033	838	112	82,548
Additions	-	-	-	341	1,685	167	-	-	2,193
Disposals/write-off	-	-	-	(312)	(2,751)	(1,332)	-	(112)	(4,507)
Net loss arising from fair value adjustment	(14,919)	-	-	-	-	-	-	-	(14,919)
Transfer to disposal group classified as held for sale (Note 12)	(13,000)	-	-	(1,882)	(10,286)	(103)	-	-	(25,271)
At 31 December 2015	-	5,500	26,002	1,786	4,153	1,765	838	-	40,044
Representing:-									
- At cost	-	5,500	26,002	1,786	4,153	1,765	838	-	40,044
- At valuation	-	-	-	-	-	-	-	-	-
	-	5,500	26,002	1,786	4,153	1,765	838	-	40,044
Accumulated depreciation and impairment loss									
At 1 January 2015	14,009	9	3,831	1,446	11,302	1,292	838	-	32,727
Depreciation for the financial year	274	110	1,160	528	936	530	-	-	3,538
Disposals/write-off	-	-	-	(122)	(1,508)	(803)	-	-	(2,433)
Net loss arising from fair value adjustment	(14,283)	-	-	-	-	-	-	-	(14,283)
Transfer to disposal group classified as held for sale (Note 12)	-	-	-	(1,184)	(9,034)	(103)	-	-	(10,321)
At 31 December 2015	-	119	4,991	668	1,696	916	838	-	9,228
Carrying amount									
At 31 December 2015									
- At cost	-	5,381	21,011	1,118	2,457	849	-	-	30,816
- At valuation	-	-	-	-	-	-	-	-	-
	-	5,381	21,011	1,118	2,457	849	-	-	30,816

5. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Group 2014	Freehold Land and Hotel Buildings RM'000	Freehold Land and Buildings RM'000	Leasehold Land and Buildings RM'000	Renovation RM'000	Furniture, Fittings, Office and Other Equipment RM'000	Motor Vehicles RM'000	Show Village and Sales Office RM'000	Capital Work In Progress RM'000	Total RM'000
Cost/valuation									
At 1 January 2014									
- At cost	-	-	26,002	2,466	12,734	2,744	838	112	44,896
- At valuation	27,919	-	-	-	-	-	-	-	27,919
	27,919	-	26,002	2,466	12,734	2,744	838	112	72,815
Additions	-	5,500	-	1,358	2,809	289	-	-	9,956
Disposals/write-off	-	-	-	(185)	(38)	-	-	-	(223)
At 31 December 2014	27,919	5,500	26,002	3,639	15,505	3,033	838	112	82,548
Representing:-									
- At cost	-	5,500	26,002	3,639	15,505	3,033	838	112	54,629
- At valuation	27,919	-	-	-	-	-	-	-	27,919
	27,919	5,500	26,002	3,639	15,505	3,033	838	112	82,548
Accumulated depreciation and impairment loss									
At 1 January 2014	13,735	-	3,605	1,251	10,441	755	838	-	30,625
Depreciation for the financial year	274	9	226	293	888	537	-	-	2,227
Disposals/write-off	-	-	-	(98)	(27)	-	-	-	(125)
At 31 December 2014	14,009	9	3,831	1,446	11,302	1,292	838	-	32,727
Carrying amount									
At 31 December 2014									
- At cost	-	5,491	22,171	2,193	4,203	1,741	-	112	35,911
- At valuation	13,910	-	-	-	-	-	-	-	13,910
	13,910	5,491	22,171	2,193	4,203	1,741	-	112	49,821

5. **PROPERTY, PLANT AND EQUIPMENT** *cont'd*

Company	Furniture, Fittings, Office and Other Equipment RM'000	Renovation RM'000	Total RM'000
2015			
Cost			
At 1 January 2015	361	-	361
Additions	61	-	61
At 31 December 2015	422	-	422
Accumulated depreciation			
At 1 January 2015	135	-	135
Depreciation for the financial year	75	-	75
At 31 December 2015	210	-	210
Carrying amount			
At 31 December 2015	212	-	212
2014			
Cost			
At 1 January 2014	291	185	476
Additions	104	-	104
Write-off	(34)	(185)	(219)
At 31 December 2014	361	-	361
Accumulated depreciation			
At 1 January 2014	106	78	184
Depreciation for the financial year	54	20	74
Write-off	(25)	(98)	(123)
At 31 December 2014	135	-	135
Carrying amount			
At 31 December 2014	226	-	226

(i) Property, plant and equipment transferred to the assets as held for sale amounting to RM14,950,000 relate to assets that are used by ZKP Development Sdn. Bhd. as stated in Note 12 to the financial statements.

(ii) The freehold land and hotel buildings of the Group are stated at valuation based on an independent professional valuation on the open market value basis on 16 July 2015 and 30 December 2015.

5. **PROPERTY, PLANT AND EQUIPMENT** *cont'd*

(iii) Had the revalued assets been carried at cost less accumulated depreciation and impairment losses, the carrying amounts would have been as follows:-

	Group	
	2015	**2014**
	RM'000	**RM'000**
Freehold land and hotel buildings	-	13,126

(iv) The legal titles for the freehold land and hotel buildings have yet to be transferred to the Group.

(v) The freehold and leasehold land and buildings of the Group at the carrying amount of RM25.441 million (2014: RM26.700 million) are charged to financial institutions as securities for banking facilities granted to the Group as stated at Note 18 to the financial statements.

(vi) Leased assets are pledged as securities for the related finance lease liabilities as disclosed in Note 18 to the financial statements.

(vii) Included in property, plant and equipment of the Group are assets acquired under finance lease arrangements with carrying amount as follows:-

	Group	
	2015	**2014**
	RM'000	**RM'000**
Motor vehicles	792	1,645

(viii) Included in property, plant and equipment of the Group are fully depreciated assets which are still in use, with a cost as follows:-

	Group	
	2015	**2014**
	RM'000	**RM'000**
Renovation	866	655
Furniture, fittings, office and other equipment	9,032	8,810
Motor vehicles	194	299
Show village and sales office	838	838
	10,930	10,602

(ix) Leasehold land consisting of land with unexpired lease period of more than 50 years.

5. PROPERTY, PLANT AND EQUIPMENT *cont'd*

(x) Fair value of freehold land and hotel buildings are categorised as follows:-

	Group	
	2015	**2014**
	Level 2	**Level 2**
	RM'000	**RM'000**
At fair value		
Freehold land and hotel buildings	-	13,910

Level 2 fair value

Level 2 fair values of buildings have been derived using the sales comparison approach. Sales prices of comparable buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable buildings.

6. INVESTMENT PROPERTIES

	Group	
	2015	**2014**
	RM'000	**RM'000**
A. Investment properties stated at fair values represent:-		
Shop lots at 10 Semantan Avenue, Kuala Lumpur		
At 1 January	9,790	9,790
Add: Net gain arising from fair value adjustments	10	-
Less: Impairment loss	(2,200)	-
At 31 December	7,600	9,790
A 5-storey shopping complex together with a 10-storey office tower known as The Summit, Bukit Mertajam Plaza		
At 1 January	67,768	67,768
Less: Net loss arising from fair value adjustments	(18,359)	-
Less: Transfer to a disposal group classified as held for sale (Note 12)	(49,409)	-
At 31 December	-	67,768
Retail shop lots at Bandar Bukit Mertajam, Seksyen 4 Daerah Seberang Perai Tengah, Pulau Pinang		
At 1 January	1,993	1,993
Less: Net loss arising from fair value adjustments	(885)	-
At 31 December	1,108	1,993

6. INVESTMENT PROPERTIES *cont'd*

	Group 2015 RM'000	Group 2014 RM'000
B. Investment properties under construction stated at cost represent:-		
4 institutional blocks together with a badminton academy complex, Cyberjaya		
At 1 January	36,425	36,353
Add: Addition during the financial year	-	72
Add: Net gain arising from fair value adjustments	1,058	-
At 31 December	37,483	36,425
	46,191	115,976

(i) The Group's investment properties with carrying amount of RM38.59 million (2014: RM106.186 million) are held under freehold interests.

(ii) The Group's investment properties with carrying amount of RM7.6 million (2014: RM9.790 million) are held under leasehold period of 99 years.

(iii) All the land titles for the investment properties under The Summit Bukit Mertajam Plaza have yet to be registered under the subsidiaries' name.

(iv) The investment properties with carrying amount of RM37.483 million (2014: RM36.425 million) were charged as securities for banking facilities granted to the Group are disclosed in Note 18 to the financial statements.

(v) The investment properties were revalued by the directors on 16 July 2015, 17 November 2015, 30 December 2015 and 15 January 2016 based on independent professional valuations on the open market value basis.

(vi) The investment properties currently under construction are carried at cost and the fair value of the property is unable to be determined as there are uncertainties in estimating its fair value. The investment property under construction at cost will be carried at cost until its fair value becomes readily determinable or when the construction is completed, whichever is earlier.

(vii) Fair value of investment properties are categorised as follows:-

	Group 2015 Level 2 RM'000	Group 2014 Level 2 RM'000
Assets carried at fair value		
Investment properties	8,708	79,551

Policy on transfer between levels

The fair value on an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There are no Level 1 investment properties or transfers between Level 1 and Level 2 during the financial year ended 31 December 2015 or 31 December 2014.

6. INVESTMENT PROPERTIES *cont'd*

(vii) Fair value of investment properties are categorised as follows:- *cont'd*

Level 2 fair value

Level 2 fair values of buildings have been derived using the sales comparison approach. Sales prices of comparable buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable buildings.

(viii) The following are recognised in profit or loss in respect of the investment properties:-

	Group	
	2015	**2014**
	RM'000	**RM'000**
Discontinued operations		
Rental income	2,894	2,954
Direct operating expenses:-		
- income generating investment properties	(2,793)	(2,623)

7. PROPERTY DEVELOPMENT ACTIVITIES

(a) Land held for property development

Group	**Long Term Leasehold Land RM'000**	**Freehold Land RM'000**	**Development Rights RM'000**	**Development Expenditures RM'000**	**Total RM'000**
2015					
At cost					
At 1 January 2015/ At 31 December 2015	25,292	576	-	25,267	51,135
2014					
At cost					
At 1 January 2014	21,236	576	2,197	17,590	41,599
Add/(less):					
- Transfer from/(to) property development costs	4,056	-	(2,197)	7,677	9,536
At 31 December 2014	25,292	576	-	25,267	51,135

The development rights included in land held for property development and property development cost were acquired from Kumpulan Prasarana Rakyat Johor Sdn. Bhd. ("KPRJ"), the registered land owner of one of the Group's development projects known as Aman Larkin Project.

The freehold and long term leasehold land have been charged as securities for banking facilities granted to the Group as stated in Note 18 to the financial statements.

The leasehold land consisting of land with unexpired lease period of more than 50 years.

7. **PROPERTY DEVELOPMENT ACTIVITIES** *cont'd*

(b) Property development costs

Group	Long Term Leasehold Land RM'000	Freehold Land RM'000	Development Rights RM'000	Development Expenditures RM'000	Total RM'000
2015					
At cost					
At 1 January 2015	15,026	50,444	6,408	79,679	151,557
Add:					
- Incurred during the financial year	10	-	-	61,152	61,162
Less:					
- Transfer to inventories	(96)	-	-	(1,882)	(1,978)
- Transfer to assets held for sale (Note 12)	(5,441)	(5,014)	-	(4,353)	(14,808)
- Phased out projects	(1,904)	-	-	(37,068)	(38,972)
	(7,441)	(5,014)	-	(43,303)	(55,758)
At 31 December 2015	7,595	45,430	6,408	97,528	156,961
Accumulated development expenditures recognised in profit or loss					
At 1 January 2015	1,651	26,555	6,408	31,831	66,445
Add:					
- Development expenditures recognised during the financial year	344	-	-	77,529	77,873
Less:					
- Phased out projects	(1,904)	-	-	(37,068)	(38,972)
At 31 December 2015	91	26,555	6,408	70,228	105,346
Carrying amount					
At 31 December 2015	7,504	18,875	-	25,236	51,615

7. **PROPERTY DEVELOPMENT ACTIVITIES** *cont'd*

(b) **Property development costs** *cont'd*

Group	Long Term Leasehold Land RM'000	Freehold Land RM'000	Development Rights RM'000	Development Expenditures RM'000	Total RM'000
2014					
At cost					
At 1 January 2014	19,002	39,897	4,211	255,487	318,597
Add:					
- Incurred during the financial year	80	23,890	-	63,350	87,320
Less:					
- Transfer to inventories	-	(13)	-	(227)	(240)
- Transfer (to)/from land held for property development	(4,056)	-	2,197	(8,831)	(10,690)
- Phased out projects	-	(13,330)	-	(230,100)	(243,430)
	(4,056)	(13,343)	2,197	(239,158)	(254,360)
At 31 December 2014	15,026	50,444	6,408	79,679	151,557
Accumulated development expenditures recognised in profit or loss					
At 1 January 2014	556	34,958	4,013	212,464	251,991
Add:					
- Development expenditures recognised during the financial year	1,095	4,927	2,395	50,621	59,038
Less:					
- Transfer to land held for property development	-	-	-	(1,154)	(1,154)
- Phased out projects	-	(13,330)	-	(230,100)	(243,430)
At 31 December 2014	1,651	26,555	6,408	31,831	66,445
Carrying amount					
At 31 December 2014	13,375	23,889	-	47,848	85,112

7. **PROPERTY DEVELOPMENT ACTIVITIES** *cont'd*

(b) **Property development costs** *cont'd*

(i) The long term leasehold land and freehold land which are under property development amounting to RM26,379,000 (2014: RM37,264,000) have been charged as securities for banking facilities granted to the Group as disclosed in Note 18 to the financial statements.

(ii) Included in the development expenditure are borrowing costs capitalised during the financial year amounting to RM 238,000 (2014: RM1,253,000).

(iii) The leasehold land consisting of land with unexpired lease period of more than 50 years.

8. **INVESTMENTS IN SUBSIDIARIES**

	Company	
	2015	**2014**
	RM'000	**RM'000**
At Cost		
At 1 January/At 31 December	157,304	157,304
Less: Accumulated impairment loss		
At 1 January	(60,100)	(57,911)
Add: Impairment loss	-	(2,189)
At 31 December	(60,100)	(60,100)
Loans that are part of net investments	24,000	-
Carrying amount		
At 31 December	121,204	97,204

Loans that are part of net investments represent amounts owing by subsidiaries which are non-trade in nature, unsecured and non-interest bearing. The settlement of the amounts are neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long-term source of capital to the subsidiaries. As these amounts are, in substance, a part of the Company's net investment in the subsidiaries, it is stated at cost less accumulated impairment loss, if any.

8. INVESTMENTS IN SUBSIDIARIES *cont'd*

The Company's ownership interest in the subsidiaries which are all incorporated in Malaysia and their respective principal activities are as follows:-

Name of company	Ownership interest 2015 %	Ownership interest 2014 %	Principal activities
Direct subsidiaries			
ZKP Development Sdn. Bhd. ("ZKP")	100	100	Property investment, operation of a hotel and car park.
Falcon Pavillion Sdn. Bhd. ("FP")	100	100	Investment holding.
Cemerlang Land Sdn. Bhd. ("CL")	100	100	Property development.
Meda Project Management Sdn. Bhd. ("MPM")	100	100	Project management services.
MIB Construction Sdn. Bhd. ("MIBC")	100	100	Building contractor.
Nandex Land Sdn. Bhd. ("NL")	100	100	Property development.
Sri Lingga Sdn. Bhd. ("SLSB")	100	100	Property development and cultivation of oil palm.
Golden Sceptre (MM2H) Sdn. Bhd. ("GS")	100	100	Provision of services in relation to Malaysia My Second Home Programme.
Xperential Dynamics Sdn. Bhd. ("XD")	100	100	Provision of adventure facilities, design and installation, management training and consultancy services, operation of a hotel and car park.
Pesona Alfa Sdn. Bhd. ("PASB")	100	100	Investment holding.
Gaya Pustaka Sdn. Bhd. ("GP")	100	100	Property investment.
Virtue Property Sdn. Bhd. ("VP")	100	100	Property investment.
Purple Heights Sdn. Bhd. ("PH")	100	100	Property development.
Indirect subsidiaries			
Subsidiary of MIBC			
Temasek Merdu Sdn. Bhd. ("TMSB") (formerly known as Meda ZCH Joint Venture Sdn. Bhd.) *	100	52	Dormant.
Subsidiary of PASB			
Maju Puncakbumi Sdn. Bhd. ("MPSB") **	100	100	Property development.

8. INVESTMENTS IN SUBSIDIARIES *cont'd*

The Company's ownership interest in the subsidiaries which are all incorporated in Malaysia and their respective principal activities are as follows:- *cont'd*

Name of company	Ownership interest 2015 %	2014 %	Principal activities
Indirect subsidiaries *cont'd*			
Subsidiary of SLSB			
Nusarhu Sdn. Bhd. ("NSB") ***	40	40	Dormant.

* *On 24 November 2015, MIB Construction Sdn. Bhd. had purchased the remaining 48 ordinary shares of RM1 each of Temasek Merdu Sdn. Bhd. ("TMSB") (formerly known as Meda ZCH Joint Venture Sdn. Bhd.), representing 48% equity interest in TMSB for a purchase consideration of RM48 from ZCH Properties Sdn. Bhd.. The Company's effective ownership in Temasek Merdu Sdn. Bhd. increased from 52% to 100% as result of the additional shares purchased.*

** *In previous financial year, one of the subsidiary of the Group, PASB had increased its investment in MPSB from RM1,240,000 to RM5,000,000.*

*** *The Group consolidated 100% of NSB as the remaining 60% was held by their trustee.*

9. TRADE AND OTHER RECEIVABLES

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Non-current:-					
Trade and non-trade					
Trade receivables	(i)	-	131	-	-
Other receivables		-	2,981	-	2,981
Total trade and other receivabes (non-current)		-	3,112	-	2,981
Current:-					
Trade					
Trade receivables	(i)	24,763	35,750	-	-
Less: Impairment for trade receivables (current)	(i)	(1,960)	(4,432)	-	-
		22,803	31,318	-	-
Accrued billings in respect or property development projects		18,365	15,657	-	-
		41,168	46,975	-	-

9. TRADE AND OTHER RECEIVABLES *cont'd*

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Current:-					
Non-trade					
Other receivables		24,157	20,544	6,472	6,032
Less: Impairment loss		(15,729)	(13,725)	(5,343)	(5,343)
		8,428	6,819	1,129	689
Amount owing by subsidiaries	(ii)	-	-	94,587	117,284
Less: Impairment loss		-	-	(7,458)	(7,095)
		-	-	87,129	110,189
Deposits	(iii)	5,442	4,231	3,746	155
		13,870	11,050	92,004	111,033
Total trade and other receivables (current)		55,038	58,025	92,004	111,033
Total trade and other receivables (non-curent and current)		55,038	61,137	92,004	114,014

(i) Trade receivables

(a) The trade receivables are non-interest bearing and the normal credit terms offered by the Group in respect of trade receivables are 7 days (2014: 7 days) from the date of invoices and 21 days (2014: 21 days) for property buyers. Other credit terms are assessed and approved on a case by case basis.

(b) Included in trade receivables are amounts of RM65,085 (2014: RM208,806) due from companies in which certain directors of the Company have substantial financial interests.

The amounts due by these companies are trade in nature, unsecured, interest-free, repayable on demand and are expected to be settled in cash.

(c) Ageing analysis of trade receivables are as follows:-

	Group 2015 RM'000	Group 2014 RM'000
Neither past due nor impaired	18,645	16,396
Past due but not impaired		
Past due 1 to 30 days	213	1,804
Past due 31 to 60 days	770	353
Past due 61 to 90 days	638	5,404
Past due 91 to 120 days	555	587
Past due more than 121 days	1,855	6,741
	4,031	14,889
Impaired	2,087	4,596
	24,763	35,881

9. TRADE AND OTHER RECEIVABLES *cont'd*

(i) Trade receivables *cont'd*

(c) Ageing analysis of trade receivables are as follows:- *cont'd*

Receivables that are neither past due nor impaired

The trade receivables from property development segment is due within 21 days as stipulated in sale and purchase agreements. The retention sums which are included in the trade receivables are due upon the expiry of the defect liability period stated in the sale and purchase agreements.

Other trade receivables are collectible within 7 days.

Receivables that are past due but not impaired

The Group has not made any allowance for impairment for receivables that are past due as there has not been a significant change in the credit quality of these receivables and the amounts due are still recoverable.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The Group has policies in place to ensure that credit is extended only to customers with acceptable credit history and payment track records. Allowances for impairment are made on specific trade receivables when there is objective evidence that the Group will not be able to collect the amounts due.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date are as follows:-

	Group	
	2015	**2014**
	RM'000	**RM'000**
Individually impaired		
Trade receivables		
- nominal amounts	2,087	4,596
Less: Impairment loss	(1,960)	(4,432)
	127	164

Trade receivables are individually determined to be impaired at the reporting date which are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables is as follows:-

	Group	
	2015	**2014**
	RM'000	**RM'000**
At 1 January	4,432	4,271
Add: Charge for the year	1,729	161
Less: Transfer to a disposal group classified as held for sale	(4,201)	-
At 31 December	1,960	4,432

9. TRADE AND OTHER RECEIVABLES *cont'd*

(ii) Amount owing by subsidiaries

Amount owing by subsidiaries represents advances and payments made on behalf which are unsecured, interest free, repayable on demand and are expected to be settled in cash.

(iii) Deposits

Included in deposits is an amount of RM3.6 million paid for the acquisition of 100% equity interest in BCM Holdings Sdn. Bhd. ("BCM") as disclosed in Note 35 to the financial statements.

In previous financial year, included in deposits is an amount of RM3.169 million paid for the acquisition of a piece of freehold land located at Tempat Sungai Sekamat, Mukim Cheras, District of Hulu Langat, State of Selangor. The acquisition was cancelled and the deposits were written off during the financial year.

10. INVENTORIES

	Group	
	2015	**2014**
	RM'000	**RM'000**
At lower of cost and net realisable value:-		
Completed development properties	6,151	10,306
Food and beverages	-	133
Room supplies and consumables	-	161
	6,151	10,600
Recognised in profit or loss:-		
Inventories recognised as cost of sales	673	2,206
Write-down to net realisable value		
- From continuing operations	1,845	-
- From discontinued operations	611	-
	2,456	-

(i) Completed development properties of RM3.363 million (2014: RM5.271 million) are pledged as security to secure banking facilities granted to the Group as disclosed in Note 18 to the financial statements.

(ii) Include in inventories are borrowing costs capitalised in the property development costs during the financial year as follows:-

	Group	
	2015	**2014**
	RM'000	**RM'000**
Borrowing costs capitalised	48	2

(iii) During the financial year, the Group recognised inventories written down to net realisable value in profit or loss, as result of declined in the market value of the completed development properties.

11. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	823	2,943	109	23
Housing Development Accounts ("HDA")	1,555	2,684	-	-
Short-term deposits placed with licensed banks	71	136	-	-
	2,449	5,763	109	23

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:-

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Short-term deposits placed with licensed banks	71	136	-	-
Less: Pledged deposits	-	(136)	-	-
	71	-	-	-
Cash and bank balances	823	2,943	109	23
Housing Development Accounts ("HDA")	1,555	2,684	-	-
Less: Housing Development Accounts held as security value	(200)	(328)	-	-
Bank overdrafts	(14,372)	(14,447)	-	-
	(12,123)	(9,148)	109	23

(i) Bank balances

The housing development accounts of the Group are maintained pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 in Malaysia. These accounts, which consist of monies received from purchasers, are for the payment of property development costs incurred and are restricted from use in other operations. The surplus monies, if any, will be released to the respective subsidiaries upon the completion of the property development projects and after all property development costs have been fully settled.

Included in bank balances held under Housing Development Accounts is an amount of RM200,000 (2014: RM328,000) pledged to licensed bank to secure banking facilities as stated in Note 18 to the financial statements.

(ii) Short-term deposits placed with licensed banks

The deposits placed with licensed banks bear interest rates of 3.25% (2014: 3.05%) per annum.

12. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

	Group	
	2015	2014
	RM'000	RM'000
Assets held for sale and assets of a disposal group classified as held for sale:-		
At 1 January	-	-
Addition:-		
Transfer from land held under property development costs	14,808	-
Transfer from a disposal group classified as held for sale	68,636	-
At 31 December	83,444	-
Liabilities of a disposal group classified as held for sale:-		
At 1 January	-	-
Addition:-		
Transfer from a disposal group classified as held for sale	9,806	-
At 31 December	9,806	-

(a) Assets classified as held for sales

(i) Disposal of land held under property development costs

On 5 May 2015, a wholly-owned subsidiary of the Company, Maju Puncakbumi Sdn. Bhd. ("MPSB"), had entered into a Master En-Bloc Purchase Agreement with PR1MA Corporation Malaysia ("PR1MA") for the proposed disposal of approximately 4.29 acres of freehold land located at Pekan Tanjung Kling Seksyen II, District of Malacca Tengah, State of Malacca for a land cost of RM6,807,200.

The net carrying amount of the freehold land is at RM5,510,465.

(ii) Disposal of land held under property development costs

On 11 September 2015, a wholly-owned subsidiary of the Company, Nandex Land Sdn. Bhd. ("NLSB"), had entered into a Master En-Bloc Purchase Agreement with PR1MA Corporation Malaysia ("PR1MA") and Aturan Prisma Sdn. Bhd. for the proposed disposal of approximately 85.98 acres of leasehold land located at Sungai Siput, District of Kuala Kangsar, State of Perak Darul Ridzuan for a land cost of RM15,003,956.

The net carrying amount of the leasehold land is at RM9,297,911.

12. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS *cont'd*

(b) Assets/(liabilities) of a disposal group classified as held for sale

On 3 December 2015, the Board of Directors have obtained the shareholders' approval to dispose a subsidiary, ZKP Development Sdn. Bhd. ("ZKP"). The assets and liabilities related to ZKP Development Sdn. Bhd. have been presented as held for sale. The completion date for the transaction is expected not more than 12 months from the date when all the conditions precedent are fulfilled or waived in accordance with the provision in the share sale agreement.

Assets of a disposal group classified as held for sale

	Note	31.12.2015 RM'000
Property, plant and equipment	5	14,950
Investment properties	6	49,409
Trade and other receivables		1,252
Inventories		2,579
Other assets		446
		68,636

Liabilities of a disposal group classified as held for sale

Trade and other payables	5,643
Tax payables	4,163
	9,806

In accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the assets and liabilities held for sale of the above disposal group had been written down to their fair value less costs to sell.

This is a non-recurring fair value which has been measured using observable inputs, being the prices for recent sales of similar businesses and similar properties and is therefore within Level 2 of the fair value hierarchy.

The asset classified as held for sale on the Company's statement of financial position as at 31 December 2015 is as follows:-

	Company 31.12.2015 RM'000
Asset:-	
At cost	
Investment in a subsidiary	27,647
Less: Impairment loss	(27,647)
Carrying amount	-

12. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS *cont'd*

(c) Discontinued operations

(i) During the financial year, the Group had disposed two of its hotel operations which was previously reported in the hotel operations segment. The decision is consistent with the Group's strategy to focus on its core property development businesses.

As disclosed in Note 12(b) above, the Group had also proposed to dispose its subsidiary.

The segments were not discontinued operations as at 31 December 2014 and the comparative consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operations separately from continuing operations.

(ii) Analysis of the result of discontinued operations and the result recognised on the re-presented of disposal group are as follows:-

	2015 RM'000	**2014 RM'000**
Revenue	20,932	31,759
Cost of sales	(9,476)	(15,155)
Gross profit	11,456	16,604
Other income	241	37
Distribution, administrative and operating expenses	(33,537)	(18,626)
Loss from operations of discontinued operations	(21,840)	(1,985)
Finance costs	(33)	(12)
Loss before taxation of discontinued operations	(21,873)	(1,997)
Income tax expenses	(4)	-
Loss after tax from discontinued operations	(21,877)	(1,997)

12. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS *cont'd*

(c) Discontinued operations *cont'd*

(iii) The following items have been (credited)/charged in arriving at loss before tax:-

	2015 RM'000	2014 RM'000
After charging:-		
Auditors' remunerations:-		
- current year	28	28
- underaccrual in prior year	1	5
Depreciation	826	961
Net loss arising from fair value adjustment:-		
- property, plant and equipment	636	-
- investment properties	18,359	-
Impairment loss on trade receivables	-	161
Inventories written down	611	-
Rental of:-		
- equipment	4	5
- premises	3,522	7,949
- motor vehicles	-	6
Staff costs:-		
- salaries, allowance and bonus	5,085	6,857
- defined contribution plan	597	838
- other employee benefits	168	689
And crediting:-		
Gain on disposal of property, plant and equipment	(132)	-
Interest income	(18)	(16)

(iv) Cash flows generated from/(used in) discontinued operations:-

	2015 RM'000	2014 RM'000
Net cash flows used in operating activities	(3,110)	(3,333)
Net cash flows used in investing activities	(134)	(580)
Net cash flows from financing activities	395	1,083
	(2,849)	(2,830)

13. SHARE CAPITAL

	Group and Company			
	2015		2014	
	Number of Shares	Amounts	Number of Shares	Amounts
	Unit '000	RM'000	Unit '000	RM'000
Ordinary shares of RM0.50 each				
Authorised:-				
At 1 January/At 31 December	1,000,000	500,000	1,000,000	500,000
Issued and fully paid up:-				
At 1 January	492,555	246,278	475,390	237,695
Exercise of Warrants A	-	-	691	346
Exercise of Warrants B	-	-	16,474	8,237
At 31 December	492,555	246,278	492,555	246,278

The holders of ordinary shares (except treasury 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 Company has not issued any shares and debentures.

14. SHARE PREMIUM

	Group and Company	
	2015	2014
	RM'000	RM'000
At 1 January	12,880	11,115
Exercise of Warrants A	-	118
Exercise of Warrants B	-	1,647
At 31 December	12,880	12,880

Share premium comprises the premium paid on the subscription of shares in the Company over and above the par value of the shares. The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965 in Malaysia.

15. TREASURY SHARES

	Group and Company			
	2015		2014	
	Number of Shares Unit'000	Amounts RM'000	Number of Shares Unit'000	Amounts RM'000
At 1 January	9,308	6,518	5,072	3,417
Shares purchased during the financial year	1,427	801	4,236	3,101
At 31 December	10,735	7,319	9,308	6,518

The details of shares purchased during the financial year were as follows:-

Shares Purchased	Number of shares Unit'000	Total consideration RM'000
February 2015	30	18
April 2015	10	6
June 2015	84	49
July 2015	6	4
August 2015	491	273
September 2015	806	451
	1,427	801

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia.

At the Annual General Meeting held on 26 May 2015, the shareholders approved the Company to buy back the Company's own shares based on the following terms:-

(i) The maximum aggregate number of shares to be held or purchased by the Company must not exceed 10% of the total issued and paid-up shares capital of the Company at any point in time.

(ii) The share buy-back will be financed through internally generated funds and/or external borrowings. The funds to be allocated by the Company for the share buyback will be made wholly out of retained profits and/or the share premium account. The account to be utilised shall not exceed the total audited retained profits or share premium account, or both, of the Company.

(iii) The Company may retain the shares purchased as treasury shares, or to cancel the shares purchased or a combination of both as defined under Section 67A of the Companies Act, 1965 in Malaysia. The purchased shares held as treasury shares may either be distributed as share dividends, resold on Bursa Malaysia Securities Berhad in accordance with the relevant rules of Bursa Malaysia Securities Berhad or subsequently cancelled. The distribution of treasury shares as share dividends may be applied as a reduction of retained profits or share premium account of the Company subject to applicable prevailing laws.

All the shares purchased during the financial year were retained as treasury shares in accordance with Section 67A of the Companies Act, 1965 in Malaysia.

There was no resale, cancellation or distribution of treasury shares during the financial year.

16. WARRANTS RESERVE

	Group and Company	
	2015	**2014**
	RM'000	**RM'000**
At 1 January	8,889	9,007
Exercise of Warrants A	-	(118)
At 31 December	8,889	8,889

Warrants A

On 11 August 2011, the Company increased its issued and paid up share capital to RM223.47 million by way of private placement of 20,000,000 ordinary shares of RM0.50 each, attached together with the private placement of 80,000,000 free detachable warrants in the Company on the basis of 4 free warrants for 1 placement share subscribed.

The Company had recognised the warrant reserve by debiting the share premium account and crediting the warrants reserve.

Fair value of warrants and assumptions

Fair value of Warrants A at issuance date (16 August 2011)	:	RM0.1711
Share price	:	RM0.365 (as at 16 August 2011)
Exercise price	:	RM0.50
Expiry date	:	15 August 2021 (10 years)
Volatility	:	Historical volatility of 1 year (253 trading days) of 66.81%
Dividend	:	No dividend
Interest rate	:	3.7% per annum (as extracted from Bloomberg as at 16 August 2011)

Warrants B

By virtue of a Deed Poll executed on 23 March 2012 for the 114,021,616 free warrants ("Warrants B") issued in connection with the bonus issue, each Warrants B entitles the registered holder the right at any time during the exercise period to subscribe at an exercise price of RM0.60 per ordinary share of RM0.50 each at a step-up mechanism whereby the exercise price will be adjusted upwards by RM0.10 at the expiry of every 2 anniversary years from the date of issuance on the basis of 1 free warrant for every 4 existing shares held.

Warrants C

By virtue of a Deed Poll executed on 7 August 2014 for the 48,421,408 free new detachable warrants ("Warrants C") pursuant to the free warrants issued, each Warrants C entitles the registered holder the right at any time during the exercise period to subscribe in cash for 1 new ordinary share at an exercise price of RM0.80 per ordinary shares each from the date of issuance on the basis of 1 free warrant for every 10 existing shares held and will be expiring on 24 August 2024.

17. REVALUATION RESERVE

	Group	
	2015	2014
	RM'000	RM'000
At 1 January	6,011	6,064
Add: Reversal of amortisation of revaluation reserve	43	-
Less: Amortisation of revaluation reserve	-	(53)
At 31 December	6,054	6,011

The revaluation reserve relates to the revaluation surplus arising from the property, plant and equipment and from the investment properties upon the transferred of property, plant and equipment to investment properties.

Upon the subsequent disposal of investment properties, the revaluation reserves included in equity may be transferred to retained earnings.

18. LOANS AND BORROWINGS

		Group	
		2015	2014
	Note	RM'000	RM'000
Non-current:-			
Secured			
Bank loans			
- fixed	(ii)	1,298	1,469
- floating	(ii)	22,434	45,386
Finance lease liabilities	(iii)	1,254	1,540
		24,986	48,395
Current:-			
Secured			
Bank loans			
- fixed	(ii)	171	165
- floating	(ii)	26,987	4,564
Finance lease liabilities	(iii)	422	401
Bank overdrafts	(iv)	14,372	14,447
		41,952	19,577
Total loans and borrowings:-			
Bank loans			
- fixed	(ii)	1,469	1,634
- floating	(ii)	49,421	49,950
Finance lease liabilities	(iii)	1,676	1,941
Bank overdrafts	(iv)	14,372	14,447
		66,938	67,972

18. LOANS AND BORROWINGS *cont'd*

(i) The loans and borrowings at the end of the reporting period bore interest rates as follows:-

	Group			
	Effective Interest Rate		Interest Rate	
	2015	2014	2015	2014
	%	%	%	%
Bank loans				
- fixed	3.75	3.75	3.75	3.75
- floating	8.10 to 8.35	8.10 to 8.35	BLR+1.25 to 1.50	BLR+1.25 to 1.50
	4.95	4.95	BLR-1.90	BLR-1.90
Finance lease liabilities	4.30 to 6.98	4.30 to 6.98	2.31 to 5.75	2.33 to 5.75
Bank overdrafts	8.85	8.85	BLR+2.0	BLR+2.0

(ii) **Bank loans**

	Group	
	2015	2014
	RM'000	RM'000
Current liabilities		
- not later than one year	27,158	4,729
Non-current liabilities		
- later than one year but not later than five years	17,652	44,025
- later than five years	6,080	2,830
	23,732	46,855
	50,890	51,584

The bank loans are secured by way of:-

(a) first and second legal charges over the entire land held for property development of the Group as disclosed in Note 7(a) to the financial statements;

(b) first legal charges over certain of the Group's land under development, included in property development costs as disclosed in Note 7(b) to the financial statements;

(c) first legal charges over certain investment properties of the Group as disclosed in Note 6 to the financial statements;

(d) first and second legal charges over the Group's freehold and leasehold land and buildings (Note 5) and investment properties (Note 6);

(e) first legal charges over the Group's completed development properties as disclosed in Note 10 to the financial statements;

18. LOANS AND BORROWINGS *cont'd*

(ii) **Bank loans** *cont'd*

The bank loans are secured by way of:- *cont'd*

(f) joint and several guarantees by certain directors of the Company;

(g) memorandum of charge over the Housing Development Account as disclosed in Note 11 to the financial statements;

(h) corporate guarantees by the Company; and

(i) corporate guarantees by a company in which the directors of the Company have interests.

Term loan 1 of the subsidiary of RM20,000,000 (2014: RM20,000,000) bear interest at 8.1% (2014: 8.1%) per annum and is repayable by monthly instalments of RM404,094 over five years commencing from 25 months from the day of first drawdown.

Term loan 2 of the subsidiary of RM16,000,000 (2014: RM16,000,000) bear interest at 8.1% (2014: 8.1%) per annum and is repayable by way of redemption of units sold with the redemption rate fixed at 30% of the selling price of the units over 48 months from the first drawdown.

Term loan 3 of the subsidiary of RM4,275,000 (2014: RM3,000,000) bear interest at 4.95% (2014: 4.95%) per annum and is repayable by monthly instalments of RM18,750 over 20 years from the day of first drawdown.

Term loan 4 of the subsidiary of RM1,469,000 (2014: RM1,633,000) bear interest at 3.75% (2014: 3.75%) per annum and is repayable by monthly instalment of RM18,847 inclusive interest over 91 months.

Term loan 5 of the subsidiary of RM Nil (2014: RM1,311,000) had been fully repaid in current year.

Bridging loan 1 of the subsidiary of RM4,116,000 (2014: RM5,485,000) bear interest at 8.35% (2014: 8.35%) per annum and is repayable by way of redemption of units sold with the redemption rate fixed at 30% of the selling price of the units over 48 months from the first drawdown.

Bridging loan 2 of the subsidiary of RM3,280,000 (2014: RM3,280,000) bear interest at 8.35% (2014: 8.35%) per annum and is repayable by way of redemption of units sold with the redemption rate fixed at 30% of the selling price of the units over 48 months from the first drawdown.

Bridging loan 3 of the subsidiary of RM1,750,000 (2014: RM875,000) bear interest at 8.35% (2014: 8.35%) per annum and is repayable by way of redemption of units sold with the redemption rate fixed at 30% of the selling price of the units over 48 months from the first drawdown.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

18. LOANS AND BORROWINGS *cont'd*

(iii) **Finance lease liabilities**

Future minimum lease payments under finance lease together with the present value of net minimum lease payments are as follows:-

	Group	
	2015	**2014**
	RM'000	**RM'000**
Minimum lease payments:-		
Not later than one year	491	486
Later than one year and not later than 5 years	1,095	1,325
Later than 5 years	287	387
	1,873	2,198
Less: Future interest charges	(197)	(257)
Present value of minimum lease payments	1,676	1,941
Present value of minimum lease payments payables:-		
Not later than one year	422	401
Later than one year and not later than 5 years	979	1,153
Later than 5 years	275	387
	1,676	1,941
Less: Amount due within 12 months	(422)	(401)
Amount due after 12 months	1,254	1,540

The obligations under finance lease are as follows:-

(a) interest rates are fixed at the inception of the finance lease arrangement;

(b) certain finance lease arrangements of the Group are secured by joint and several guarantee by the directors of the Company; and

(c) the finance lease liabilities are effectively secured on the rights of the assets under finance lease arrangement as disclosed in Note 5 to the financial statements.

(iv) **Bank overdrafts**

The bank overdrafts of the Group are secured by way of:-

(a) first legal charges over the Group's land held for property development as disclosed in Note 7(a) to the financial statements;

(b) corporate guarantees by the Company;

(c) joint and several guarantees by several directors of the Company; and

(d) corporate guarantees by a company in which the directors of the Company have interests.

19. DEFERRED TAX LIABILITIES

(i) The deferred tax asset and liabilities are made up of the following:-

	Group	
	2015	2014
	RM'000	RM'000
At 1 January	4,877	8,261
Recognised in profit or loss (Note 27)		
- current year	(1,134)	(3,374)
- prior year	(32)	(10)
	(1,166)	(3,384)
At 31 December	3,711	4,877
Presented after appropriate offsetting as follows:-		
Deferred tax asset	-	(56)
Deferred tax liabilities	3,711	4,933
	3,711	4,877

(ii) The deferred tax asset and liabilities as at the end of the financial year comprise the following:-

	Group				
	Revaluation of assets	Property, plant and equipment/ Investment properties	Provisions	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Deferred tax asset					
At 1 January 2014	-	-	-	(8)	(8)
Recognised in profit or loss	-	-	(56)	8	(48)
At 31 December 2014	-	-	(56)	-	(56)
Recognised in profit or loss	-	-	56	-	56
At 31 December 2015	-	-	-	-	-
Deferred tax liabilities					
At 1 January 2014	2,602	4,875	-	792	8,269
Recognised in profit or loss	(2,602)	58	-	(792)	(3,336)
At 31 December 2014	-	4,933	-	-	4,933
Recognised in profit or loss	-	(1,222)	-	-	(1,222)
At 31 December 2015	-	3,711	-	-	3,711

19. DEFERRED TAX LIABILITIES *cont'd*

(iii) Unrecognised deferred tax assets have not been recognised for the following items:-

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Taxable/(deductible) temporary differences	7,465	7,582	(165)	20
Unabsorbed tax losses	81,110	50,835	4,095	4,386
Provisions	5,916	502	-	-
At 31 December	94,491	58,919	3,930	4,406
Potential deferred tax assets not recognised at 24% (2014: 24%)	22,678	14,141	943	1,057

20. TRADE AND OTHER PAYABLES

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Current:					
Trade					
Trade payables	(i)	22,555	40,948	495	495
Non-trade					
Other payables	(ii)	50,465	28,112	678	668
Deposits	(iii)	5,276	2,423	1,539	-
Accruals		3,899	8,746	337	337
Accrued costs to completion of projects	(iv)	1,057	3,088	-	-
Amount owing to subsidiaries	(v)	-	-	6,797	5,100
		60,697	42,369	9,351	6,105
Total trade and other payables (current)		83,252	83,317	9,846	6,600

(i) Trade payables

Trade payables are non-interest bearing and the normal credit terms available to the Group in respect of trade payables range from 14 to 120 days (2014: 14 to 120 days) from the date of invoices and progress billings.

20. TRADE AND OTHER PAYABLES *cont'd*

(ii) Other payables

(a) All the above amounts are unsecured, interest-free and are to be settled in accordance with the normal credit terms ranging from 14 to 60 days (2014: 14 to 60 days) from the date of invoices.

(b) Included in other payables are amounts of RM686,421 (2014: RM966,040) due to companies in which certain directors of the Company have substantial financial interests. The amounts due are unsecured, interest-free, repayable on demand and are expected to be settled in cash.

(iii) Deposits

Included in deposits is an amount of RM1,539,561 (2014: RM Nil) received from Casa Andaman Sdn. Bhd. for the proposed disposal of 100% equity interest in ZKP Development Sdn. Bhd. ("ZKP") as discussed in Note 35 to the financial statements.

(iv) Accrued costs to completion of projects

Accrued costs to completion of projects represent development costs identified to be incurred for completed projects.

(v) Amount owing to subsidiaries

Amount owing to subsidiaries are unsecured, non-interest bearing, repayable upon demand and are expected to be settled in cash.

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 33(b)(ii) to the financial statements.

21. PROVISIONS

Group	Provision for liquidated and ascertained damages RM'000	Provision for foreseeable losses RM'000	Provision for onerous contracts RM'000	Total RM'000
Current				
At 1 January 2014	557	-	-	557
Recognised in profit or loss	261	-	-	261
Reversed during the financial year	(82)	-	-	(82)
At 31 December 2014	736	-	-	736
Recognised in profit or loss	351	135	4,729	5,215
Reversed during the financial year	(35)	-	-	(35)
At 31 December 2015	1,052	135	4,729	5,916

(i) Provision for liquidated and ascertained damages is recognised in respect of the delayed projects undertaken by certain subsidiaries. The provision has been recognised for the expected liquidated ascertained damages claims based on the applicable terms and conditions stated in the sale and purchase agreements.

21. PROVISIONS *cont'd*

(ii) Provision for foreseeable losses is in respect of the foreseeable losses of property development costs recognised immediately in profit or loss on a property development project of a subsidiary.

(iii) One of the subsidiary of the Company had entered into a non-cancellable guaranteed rental return scheme for the leaseback services apartments from the buyers for a period of 3 to 4 years. Provision for onerous contract is recognised in respect of the unavoidable costs of meeting the obligation under the contract exceed the economic benefits expected to be received.

22. REVENUE

	Group	
	2015	**2014**
	RM'000	**RM'000**
		(Restated)
Continuing operations		
Revenue of development/completed properties	84,945	92,157
Sale of fresh fruit bunches	705	954
	85,650	93,111

23. COST OF SALES

	Group	
	2015	**2014**
	RM'000	**RM'000**
		(Restated)
Continuing operations		
Costs of development/completed properties sold	71,061	63,992
Costs of sales for fresh fruit bunches	354	460
	71,415	64,452

24. FINANCE INCOME

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unwinding of discount on trade and other receivables	638	-	612	-

25. FINANCE COSTS

	Group 2015 RM'000	Group 2014 RM'000 (Restated)
Interest expense on:-		
- Bank loans	2,294	764
- Finance lease liabilities	72	82
- Bank overdrafts	1,272	1,267
	3,638	2,113

26. LOSS BEFORE TAXATION

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at loss before tax:-

	Group 2015 RM'000	Group 2014 RM'000 (Restated)	Company 2015 RM'000	Company 2014 RM'000
After charging:-				
Allowance of impairment loss on:-				
- amount owing by subsidiaries	-	-	363	-
- other receivables and deposits	2,014	26	-	-
- trade receivables	1,729	-	-	-
Auditors' remuneration:-				
- current year	197	198	70	70
- under accrual in prior years	16	7	-	-
Non-statutory audit fees	34	35	34	35
Deposits written off	3,169	-	-	-
Depreciation of property, plant and equipment	2,712	1,266	75	74
Directors' remuneration:-				
- fees	195	195	195	195
- salaries, bonuses and allowances	1,227	1,124	775	1,064
- others	262	270	215	270
Impairment of goodwill on consolidation	-	5,977	-	-
Impairment loss of investment properties	2,200	-	-	-
Inventories written down	1,845	-	-	-
Net loss on financial assets measured at amortised cost	-	386	-	385
Property, plant and equipment written off	1,087	96	-	96
Provision for foreseeable losses	135	-	-	-
Provision for liquidated and ascertained damages	351	261	-	-
Provision for onerous contract	4,729	-	-	-

26. LOSS BEFORE TAXATION *cont'd*

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at loss before tax:- *cont'd*

	Group		Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
Rental of:-				
- equipment	9	15	7	7
- motor vehicles	23	44	89	89
- premises	22,161	8,057	-	103
Staff costs:-				
- salaries, overtime and allowance	3,327	3,737	918	1,640
- defined contribution plan	399	389	114	198
- other employee benefits	518	415	328	298
And crediting:-				
Gain on disposal of property, plant and equipment	(371)	(4)	-	-
Interest income	(233)	(701)	-	-
Net gain arising from fair value adjustment of investment properties	(183)	-	-	-
Rental income	(11,902)	(2,006)	-	-
Rental of motor vehicles	-	(6)	-	-
Reversal of allowance for impairment loss no longer required for other receivables	(10)	(30)	-	-
Reversal of provision for liquidated and ascertained damages	(35)	(82)	-	-

27. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 December 2015 and 2014 are as follows:-

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Statements of profit or loss and other comprehensive income					
Continuing operations					
Current income tax:-					
- Current income tax charge		(3,862)	(5,440)	-	-
- Adjustment in respect of prior years		910	1,552	-	-
		(2,952)	(3,888)	-	-
Deferred tax:-					
- Current deferred tax charge	19	1,134	3,374	-	-
- Adjustment in respect of prior years	19	32	10	-	-
		1,166	3,384	-	-
Real property gain tax:-					
- Adjustment in respect of prior years		-	68	-	-
Income tax expense attributable to continuing operations		(1,786)	(436)	-	-
Income tax expense attributable to discontinued operations	12(c)	(4)	-	-	-
Income tax recognised in profit or loss		(1,790)	(436)	-	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 25% (2014: 25%) of the estimated assessable profit for the financial year. The domestic corporate tax rate would be reduced to 24% from the current year's rate of 25% with effect from the year of assessment 2016.

27. INCOME TAX EXPENSE *cont'd*

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:-

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Loss before tax from continuing operations	(32,056)	(660)	(387)	(2,170)
Loss before tax from discontinued operations	(21,873)	(1,997)	-	-
Accounting loss before tax	(53,929)	(2,657)	(387)	(2,170)
Tax at Malaysian statutory income tax rate of 25% (2014: 25%)	13,482	664	97	543
Effect of changes in tax rate	(356)	(82)	5	(13)
Adjustments:-				
Income not subject to tax	281	122	-	-
Non-deductible expenses	(7,598)	(800)	(216)	(220)
(Originations)/reversal of deferred tax assets not recognised	(8,537)	(1,970)	114	(310)
Adjustment in respect of prior years	938	1,630	-	-
Income tax expense	(1,790)	(436)	-	-

28. LOSS PER ORDINARY SHARE

(i) Basic loss per ordinary share

Basic loss per share are based on the loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:-

	Group	
	2015 RM'000	2014 RM'000
Loss attributable to owners of the Company:-		
- Continuing operations	(33,842)	(1,096)
- Discontinued operations	(21,877)	(1,997)
	(55,719)	(3,093)

	2015 Units'000	2014 Units'000
Weighted average number of ordinary shares for basic loss per share	482,739	480,064

28. LOSS PER ORDINARY SHARE *cont'd*

(i) Basic loss per ordinary share *cont'd*

Basic loss per share are based on the loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:- *cont'd*

	Group 2015 Sen	Group 2014 Sen
Basic loss per ordinary share		
- Continuing operations	(7.01)	(0.23)
- Discontinued operations	(4.53)	(0.42)
	(11.54)	(0.65)

(ii) Diluted loss per ordinary share

Diluted loss per share are based on the loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The diluted loss per ordinary shares are equals to the basic loss per share because the outstanding warrants are anti-dilutive.

29. DIVIDENDS

	Group and Company 2015 RM'000	Group and Company 2014 RM'000
Recognised during the financial year:-		
Dividends on ordinary shares:-		
Single-tier final dividend of 1 sen per ordinary shares of RM0.50 each in respect of financial year ended 31 December 2013	-	4,842

The directors do not recommend any dividends in respect of the financial year ended 31 December 2015 and 31 December 2014.

30. CAPITAL AND OTHER COMMITMENTS

(a) Capital commitments

	Group	
	2015	2014
	RM'000	RM'000
Capital expenditure approved and contracted but not provided for:-		
- acquisition of land	-	28,521

In the previous financial year, two wholly-owned subsidiaries of the Company, namely Purple Heights Sdn. Bhd. and Virtue Property Sdn. Bhd. together with Global Jubilee Sdn. Bhd. ("Global") had entered into a Sale and Purchase agreement with Natwest Trading Sdn. Bhd. ("the Vendor") for the acquisition of a piece of freehold land at Tempat Sungai Sekamat, Mukim Cheras, District of Hulu Langat, State of Selangor for a total purchase consideration of RM34.304 million. In current financial year, the acquisition was cancelled and the deposits were written off.

(b) Operating lease commitments – as lessee

Future minimum rentals payables under non-cancellable operating lease at the reporting date but not recognised as liabilities are as follows:-

	Group	
	2015	2014
	RM'000	RM'000
Not later than one year	22,874	24,370
More than one year and not later than five years	25,743	54,767
More than five years	-	150
	48,617	79,287

The Group leases a number of hotel buildings, office buildings and leaseback of serviced apartments from purchasers under operating leases. These non-cancellable leases have remaining lease terms of between 2016 and 2020 years. All lease include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

(c) Operating lease commitments – as lessor

The Group leases out certain of its investment properties and sublease serviced apartment from the house buyers of completed development properties projects. The future minimum lease receivables under non-cancellable leases are as follows:-

	Group	
	2015	2014
	RM'000	RM'000
Not later than 1 year	9,434	6,989
Later than 1 year but not later than 5 years	5,099	1,258
	14,533	8,247

31. RELATED PARTIES

(a) Identification of related parties

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 operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:-

(i) Directors;
(ii) Subsidiaries;
(iii) Entities in which certain directors of the Company and his brothers have substantial financial interests;
(iv) Entities in which subsidiaries' director have substantial financial interests; and
(v) Key management personnel of the Group's and the Company's comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:-

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Hotel and related services rendered	27	57	24	56
Rental of motor vehicles	-	-	89	89
Administrative fees received from subsidiaries	-	-	(3,300)	(3,600)

(c) Compensation of key management personnel

The remuneration of key management during the year financial is as follows:-

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Key management personnel:-				
- short-term employee benefits	1,167	1,064	775	1,064
- defined contribution plan	147	132	100	132
	1,314	1,196	875	1,196

Key management personnel comprise persons including the directors of the Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

32. SEGMENT INFORMATION

The Group prepared the following segment in accordance with FRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Chief Operating Officer ("COO") for the purpose of making decisions about resource allocation and performance assessment.

a. General Information

The Group's operations comprise the following business segments:-

Property development	:	Development of residential and commercial properties and agricultural lots.
Others	:	Business involved in cultivation of oil palm, project management services, building contractor, rental collection from investment properties and operation of car park in commercial properties.

The inter-segment transactions have been entered into the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

b. Measurement of Reportable Segments

Segment profit

Segment performance is used to measure performance as Group's Chief Operating Officer believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal reports that are reviewed by the Group's Chief Operating Officer.

Segment liabilities

Segment liabilities are not included in the internal reports that are reviewed by the Group's Chief Operating Officer, hence no disclosures are made on segment liabilities.

32. SEGMENT INFORMATION *cont'd*

2015	Property Development RM'000	Others RM'000	Discontinued Operations RM'000	Adjustments and Elimination RM'000		Consolidated RM'000
Revenue						
External sales	85,650	-	20,932	-		106,582
Inter-segment sales	-	-	-	-	A	-
Total	85,650	-	20,932	-		106,582
Results						
Include in the measure of segment loss are:-						
Segment results	(14,610)	418	(1,678)	4,395	B	(11,475)
Unallocated items	(14,062)	(5,077)	(20,282)	-	C	(39,421)
Finance income	-	638	-	-		638
Finance costs	(3,544)	(94)	(33)	-		(3,671)
Segment loss						(53,929)
Income tax expense						(1,790)
Loss for the financial year						(55,719)
Assets						
Segment assets #	184,583	209,612	68,636	(135,878)	D	326,953
Tax assets						578
Total assets						327,531
Other segment information						
Capital expenditure	714	239	1,240	-		2,193
Depreciation	(1,370)	(1,342)	(826)	-		(3,538)

32. SEGMENT INFORMATION *cont'd*

2015	Property Development RM'000	Others RM'000	Discontinued Operations RM'000	Adjustments and Elimination RM'000	Consolidated RM'000
Other segment information					
Non cash items other than depreciation:-					
Allowance of impairment loss on:-					
- trade receivables	(1,700)	(29)	-	-	(1,729)
- other receivables and deposits	(1,049)	(965)	-	-	(2,014)
Deposit written off	(1,601)	(1,568)	-	-	(3,169)
Impairment loss of investment properties	-	(2,200)	-	-	(2,200)
Inventories written down	(1,845)	-	(611)	-	(2,456)
Net loss arising from fair value adjustment of investment properties	(875)	1,058	(18,359)	-	(18,176)
Net loss arising from fair value adjustment of property, plant and equipment	-	-	(636)	-	(636)
Property, plant and equipment written off	(770)	(317)	-	-	(1,087)
Provisions	(5,215)	-	-	-	(5,215)
Gain on disposal of property, plant and equipment	85	286	132	-	503
Interest income	233	-	18	-	251
Reversal of allowance for impairment loss no longer required for other receivables	10	-	-	-	10
Reversal of provision for liquidated and ascertained damages	35	-	-	-	35

32. SEGMENT INFORMATION *cont'd*

2014	Property Development RM'000	Others RM'000	Discontinued Operations RM'000	Adjustments and Elimination RM'000		Consolidated RM'000
Revenue						
External sales	92,157	954	31,759	-		124,870
Inter-segment sales	-	12,268	57	(12,325)	A	-
Total	92,157	13,222	31,816	(12,325)		124,870
Results						
Include in the measure of segment loss are:-						
Segment results	22,779	(115)	(942)	(13,953)	B	7,769
Unallocated items	(313)	(905)	(1,106)	(5,977)	C	(8,301)
Finance costs	(2,005)	(108)	(12)	-		(2,125)
Segment loss						(2,657)
Taxation						(436)
Loss for the financial year						(3,093)
Assets						
Segment assets #	211,992	190,947	89,062	(112,256)	D	379,745
Tax assets						-
Total assets						379,745
Other segment information						
Capital expenditure	9,136	391	501	-		10,028
Depreciation	(835)	(431)	(961)	-		(2,227)

NOTES TO THE FINANCIAL STATEMENTS

cont'd

32. SEGMENT INFORMATION *cont'd*

2014	Property Development RM'000	Others RM'000	Discontinued Operations RM'000	Adjustments and Elimination RM'000	Consolidated RM'000
Other segment information					
Non cash items other than depreciation:-					
Allowance of impairment loss on:-					
- trade receivables	-	-	(161)	-	(161)
- other receivables and deposits	-	(26)	-	-	(26)
Impairment of goodwill	-	-	-	(5,977)	(5,977)
Net loss on financial assets measured at amortised cost	-	(386)	-	-	(386)
Property, plant and equipment written off	-	(96)	-	-	(96)
Provision for liquidated and ascertained damages	(261)	-	-	-	(261)
Gain on disposal of property, plant and equipment	-	4	-	-	4
Gain on disposal of Interest income	701	-	16	-	717
Reversal of allowance for impairment loss no longer required for other receivables	-	30	-	-	30
Reversal of provision for liquidated and ascertained damages	82	-	-	-	82

Note: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

\# *Segment assets comprise total current and non-current assets, less tax recoverable.*

Reconciliation of reportable segment revenue, profit or loss, assets, and other material items are as follows:-

A Inter-segment revenues are eliminated on consolidation.

B Reconciliation of segment results

	Group 2015 RM'000	Group 2014 RM'000
Elimination of inter-segment unrealised profits	-	(12,325)
Elimination of inter-group transactions	4,395	(1,628)
	4,395	(13,953)

32. SEGMENT INFORMATION *cont'd*

Reconciliation of reportable segment revenue, profit or loss, assets, and other material items are as follows:- *cont'd*

C Reconciliation of profit or loss

	Group	
	2015	**2014**
	RM'000	**RM'000**
Impairment of goodwill on consolidation	-	(5,977)

D Reconciliation of segment assets

	Group	
	2015	**2014**
	RM'000	**RM'000**
Inter-segment assets	(135,878)	(112,256)

Geographical information

The Group operates principally in Malaysia and has not ventured into any operations outside Malaysia during the financial year. Hence, no geographical segment is presented.

Information about major customers

Information about major customers are not presented as major customers for the Group mainly derived from the property development segment and hotel operations which does not exceed 10% of total revenue of the Group.

33. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:-

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets				
Loans and receivables				
Trade and other receivables	55,038	61,137	92,004	114,014
Cash and short-term deposits	2,449	5,763	109	23
	57,487	66,900	92,113	114,037
Financial liabilities				
Financial liabilities at amortised cost				
Trade and other payables	83,252	83,317	9,846	6,600
Loans and borrowings	66,938	67,972	-	-
	150,190	151,289	9,846	6,600

33. FINANCIAL INSTRUMENTS *cont'd*

(a) Categories of financial instruments *cont'd*

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates or near the reporting date.

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Trade and other receivables

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

As at the end of the reporting period, the maximum exposure to credit risk arising from trade and other receivables is represented by their carrying amounts in the statements of financial position.

The carrying amount of trade and other receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 9 to the financial statements.

<u>Financial assets that are neither past due nor impaired</u>

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. A significant portion of these trade receivables are regular customers that have been transacting with the Group.

Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. Impairment are made on specific receivables when there is objective evidence that the Group will not be able to collect all amounts due.

33. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(i) Credit risk *cont'd*

Trade and other receivables *cont'd*

Intercompany balances

The Company provides unsecured loans and advances to its subsidiaries. The Company monitors the results of the subsidiaries in determining the recoverability of these intercompany balances.

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Credit risk concentration profile

The Group's trade receivables credit risk is concentrated in Malaysia.

The Group determines the credit risk concentration of its trade receivables by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the reporting date are as follows:-

	Group			
	2015		2014	
	RM'000	%	RM'000	%
Property development	39,141	95%	44,241	94%
Others	2,027	5%	2,865	6%
	41,168	100%	47,106	100%

Other financial assets

For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM65.262 million (2014: RM66.031 million) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 33(b)(ii) to the financial statements. As at the reporting date, there was no indication that the subsidiaries would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

33. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's treasury department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:-

		Contractual cash flows			
	Carrying Amount RM'000	On demand or within 1 year RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Group					
2015					
Financial liabilities					
Trade and other payables	83,252	83,252	-	-	83,252
Loans and borrowings					
- finance lease liabilities	1,676	491	1,095	287	1,873
- bank overdrafts	14,372	15,644	-	-	15,644
- term loans (fixed)	1,469	226	905	584	1,715
- term loans (floating)	49,421	29,645	17,582	6,219	53,446
	150,190	129,258	19,582	7,090	155,930
Group					
2014					
Financial liabilities					
Trade and other payables	83,317	83,317	-	-	83,317
Loans and borrowings					
- finance lease liabilities	194	486	1,325	387	2,198
- bank overdrafts	14,447	15,726	-	-	15,726
- term loans (fixed)	1,634	226	905	810	1,941
- term loans (floating)	49,950	4,945	47,032	2,047	54,024
	151,289	104,700	49,262	3,244	157,206

33. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(ii) Liquidity risk *cont'd*

Maturity analysis *cont'd*

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:- *cont'd*

		Contractual cash flows			
	Carrying Amount	On demand or within 1 year	2 to 5 years	More than 5 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Company					
2015					
Financial liabilities					
Trade and other payables	9,846	9,846	-	-	9,846
Financial guarantee contracts	-	65,262	-	-	65,262
	9,846	75,108	-	-	75,108
Company					
2014					
Financial liabilities					
Trade and other payables	6,600	6,600	-	-	6,600
Financial guarantee contracts	-	66,031	-	-	66,031
	6,600	72,631	-	-	72,631

(iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates.

The Group manages the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. The Management does not enter into interest rate hedging transactions as the cost of such instruments outweighs the potential risk of interest rate fluctuation.

The information on maturity dates and effective interest rate of financial assets and liabilities are disclosed in their respective notes.

33. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(iii) Interest rate risk *cont'd*

Sensitivity analysis for interest rate risk

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets at fair value through profit or loss and equity. Therefore a change in interest rates at the reporting date would not affect profit or loss and equity.

Cash flow sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables, in particular foreign currency rates, held constant on the Group's and the Company's total equity and profit for the financial year.

	Change in basis point RM'000	Effect on profit for the financial year RM'000	Effect on equity RM'000
Group			
31 December 2015	+50	(319)	(319)
	-50	319	319
31 December 2014	+50	(322)	(322)
	-50	322	322

(c) Fair value measurement

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:-

	Note
Financial assets	
Trade and other receivables	9
Amount owing by subsidiaries	9
Cash and short-term deposits	11
Financial liabilities	
Loans and borrowings	18
Amount owing to subsidiaries	20
Trade and other payables	20

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The carrying amounts of cash and cash equivalents, short term receivables, payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

33. FINANCIAL INSTRUMENTS *cont'd*

(c) Fair value measurement *cont'd*

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:-

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between Level 1 and Level 2 during the financial year (2014: no transfer in either directions).

Other than those carrying amounts with reasonable approximation of fair value, the fair value of other financial assets and liabilities together with the carrying amount shown in the statements of financial position are as follows:-

	2015		2014	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Group				
Financial assets				
Non-current				
Trade and other receivables	-	-	3,112	3,112
Financial liabilities				
Finance lease liabilities	1,676	1,664	1,941	1,930
Bank loans - fixed	1,469	1,198	1,634	1,320
Company				
Financial asset				
Non-current				
Other receivables	-	-	2,981	2,981

The fair value of trade and other receivables and fixed bank loans are estimated by discounted the future cash flows using the current interest rates for similar risk profiles and are measured at Level 3 under the measurement hierarchy.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rates for similar types of lending, borrowing or leasing arrangements at the reporting date.

33. FINANCIAL INSTRUMENTS *cont'd*

(c) Fair value measurement *cont'd*

Level 3 fair value

Fair value of financial instruments not carried at fair value

The fair value of amount owing by subsidiaries, bank borrowings, finance lease liabilities and amount owing to subsidiaries are determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.

34. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2015 and 31 December 2014.

The directors monitor and are determined to maintain an optimal gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratio is calculated as total debts divided by total equity. The gearing ratio at as reporting date are as follows:-

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade and other payables	83,252	83,317	9,846	6,600
Total loans and borrowings	66,938	67,972	-	-
Total debts	150,190	151,289	9,846	6,600
Total equity	156,302	212,822	203,683	204,871
Gearing ratio	96%	71%	5%	3%

There was no change in the Group's and Company's approach to capital management during the financial year.

The Company is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

35. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

(i) Proposed acquisition of a subsidiary

On 3 December 2015, the Board of Directors had announced that the shareholders had approved a plan on the proposed acquisition of 100% equity interest in BCM Holdings Sdn. Bhd. ("BCM") ("the Vendor"), for an aggregate purchase consideration of RM180 million subject to the terms and conditions set out in the conditional share sale agreement dated 25 June 2015. The transaction is expected to be completed by the second quarter of the year 2016.

35. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR *cont'd*

(ii) Proposed disposal of a subsidiary

On 3 December 2015, the Board of Directors had announced that the shareholders had approved a plan on the proposed disposal of 100% equity interest in ZKP Development Sdn. Bhd. ("ZKP"), for a cash consideration of RM10,294,871 upon and subject to the terms and conditions stipulated in the conditional share sale agreement dated 24 July 2015 entered into between the Company and Casa Andaman Sdn. Bhd..

The assets and liabilities related to ZKP have been presented as held for sale. The completion date for the transaction is expected not more than 12 months from the date when all the conditions precedent are fulfilled or waived in accordance with the provision in the share sale agreement. Further details are disclosed in Note 12 to the financial statements.

(iii) Proposed disposal of land held for development

On 5 May 2015, a wholly-owned subsidiary of the Company, Maju Puncakbumi Sdn. Bhd. ("MPSB"), had entered into a Master En-Bloc Purchase Agreement with PR1MA Corporation Malaysia ("PR1MA") for the proposed disposal of approximately 4.29 acres of freehold land located at Pekan Tanjung Kling Seksyen II, District of Malacca Tengah, State of Malacca for a land cost of RM6,807,200. Further details are disclosed in Note 12 to the financial statements.

On 11 September 2015, a wholly-owned subsidiary of the Company, Nandex Land Sdn. Bhd. ("NLSB"), had entered into a Master En-Bloc Purchase Agreement with PR1MA Corporation Malaysia ("PR1MA") and Aturan Prisma Sdn. Bhd. for the proposed disposal of approximately 85.98 acres of leasehold land located at Sungai Siput, District of Kuala Kangsar, State of Perak Darul Ridzuan for a land cost of RM15,003,956. Further details are disclosed in Note 12 to the financial statements.

SUPPLEMENTARY INFORMATION

On the Disclosure of Realised and Unrealised Profits or Losses

On 25 March 2010, Bursa Malaysia Securities Berhad issued a directive pursuant to paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

The following analysis of realised and unrealised profits or losses included in the accumulated losses of the Group and the Company as at 31 December 2015 and 31 December 2014 is presented in accordance with the directive of Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total accumulated losses of the Company and its subsidiaries				
- Realised	(88,631)	(30,945)	(57,045)	(56,658)
- Unrealised	3,086	5,511	-	-
	(85,545)	(25,434)	(57,045)	(56,658)
Less: Consolidation adjustments	(24,935)	(29,284)	-	-
Total accumulated losses	(110,480)	(54,718)	(57,045)	(56,658)

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

STATEMENT BY DIRECTORS

We, **DATO' (DR.) TEOH SENG FOO** and **DATO' TEOH SENG KIAN**, being two of the directors of MEDA INC. BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 44 to 133 are drawn up in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year ended.

The supplementary information set out on page 134 has been prepared in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

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

DATO' (DR.) TEOH SENG FOO
Director

DATO' TEOH SENG KIAN
Director

Kuala Lumpur

Date: 31 March 2016

STATUTORY DECLARATION

I, **AN SIEW CHONG**, being the director primarily responsible for the financial management of MEDA INC. BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 44 to 133 and the supplementary information set out on page 134 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.

AN SIEW CHONG

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 31 March 2016.

Before me,

ZULKIFLA MOHD DAHLIM
Commissioner for Oaths
Licence No. W541

INDEPENDENT AUDITORS' REPORT

To the Members of Meda Inc. Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Meda Inc. Berhad, which comprise the statements of financial position as at 31 December 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 44 to 133.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 134 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

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Ong Teng Yan
No. 3076/07/17(J)
Chartered Accountant

Kuala Lumpur

Date: 31 March 2016

ANALYSIS OF SHAREHOLDINGS

As at 25 March 2016

ORDINARY SHARES OF RM0.50 EACH

Authorised Share Capital	:	RM500,000,000.00
Issued and Fully Paid-up Share Capital	:	RM246,277,646*
No. of Shareholders	:	9,968
Voting Rights	:	Every member present in person or by proxy and represented by attorney shall have one (1) vote and upon a poll, every such member shall have one (1) vote for every share held.

* *inclusive of 14,371,100 treasury shares*

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

Size of shareholdings	No. of Shareholders	Total Shareholdings	% of issued capital
1 – 99	53	1,347	0.00
100 – 1,000	7,272	7,210,978	1.51
1,001 – 10,000	2,050	8,576,992	1.79
10,001 – 100,000	464	14,201,195	2.97
100,001 – 23,909,208 (+)	127	379,841,380	79.43
23,909,208 and above (++)	2	68,352,300	14.29
Total	**9,968**	**478,184,192**	**100.00**

Remarks : + *Less than 5% of issued shares excluding treasury shares*
++ *5% and above of issued shares excluding treasury shares*

DIRECTORS' SHAREHOLDINGS

Name of Directors	No. of shares held Direct Interest (%) (A)	No. of shares held Indirect Interest (%) (B)	Total Interest (%) (A + B)
Dato' Seri Dr. Mohd Ariff Bin Araff	-	-	-
Dato' (Dr.) Teoh Seng Foo	20,210,000 (4.23)	6,128,000 (1.28) (1)	26,338,000 (5.51)
Dato' Teoh Seng Kian	54,110,324 (11.32)	-	54,110,324 (11.32)
Ooi Giap Ch'ng	-	-	-
Chin Wing Wah	1,020,200 (0.21)	-	1,020,200 (0.21)
An Siew Chong	-	-	-

SUBSTANTIAL SHAREHOLDERS

According to the register required to be kept under Section 69L of the Companies Act, 1965, the substantial shareholders (beneficial owners only) of the Company are as follows:-

Name of Substantial Shareholders	No. of shares held Direct Interest (%) (A)	No. of shares held Indirect Interest (%) (B)	Total Interest (%) (A + B)
Dato' (Dr.) Teoh Seng Foo	20,210,000 (4.23)	6,128,000 (1.28) (1)	26,338,000 (5.51)
Teoh Seng Aun	70,596,988 (14.76)	-	70,596,988 (14.76)
Dato' Teoh Seng Kian	54,110,324 (11.32)	-	54,110,324 (11.32)
Dato' Tiong Kwing Hee	71,817,600 (15.02)	-	71,817,600 (15.02)
One Sierra Sdn Bhd	51,540,200 (10.78)	-	51,540,200 (10.78)

Notes :

(1) *Indirect interest held through his spouse, Datin Cheam Shaw Fin*

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	Shareholdings	%
1.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for One Sierra Sdn Bhd	38,785,100	8.1109
2.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tiong Kwing Hee (MGN-TKH0013M)	29,567,200	6.1832
3.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tiong Kwing Hee (DHG)	17,948,900	3.7536
4.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Seng Aun (STG)	17,682,000	3.6977
5.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Seng Foo (Margin)	16,880,000	3.5300
6.	Pan Joy Marketing Sdn Bhd	14,108,600	2.9505
7.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chen Sau Mou	13,685,400	2.8620
8.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Seng Kian (Margin)	13,407,300	2.8038
9.	One Sierra Sdn Bhd	12,755,100	2.6674
10.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wawasan Fokus Sdn Bhd	12,419,292	2.5972
11.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wawasan Fokus Sdn Bhd	12,032,900	2.5164
12.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Seng Aun	11,933,900	2.4957
13.	Energy Junction Sdn Bhd	10,843,100	2.2676
14.	Koperasi Permodalan Felda Malaysia Berhad	10,447,000	2.1847
15.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – Ambank (M) Berhad for Tiong Kwing Hee (Smart)	10,000,000	2.0912

ANALYSIS OF SHAREHOLDINGS

As at 25 March 2016

cont'd

THIRTY (30) LARGEST SHAREHOLDERS *cont'd*

No.	Name	Shareholdings	%
16.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kim Seng (8056704)	9,785,000	2.0463
17.	Teoh Seng Kian	9,134,000	1.9101
18.	Icon Advantage Sdn Bhd	8,560,100	1.7901
19.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Seng Kian (DHG)	8,389,000	1.7543
20.	M&A Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Seng Kian (M&A)	8,360,000	1.7483
21.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Teoh Seng Kian (MY1919)	8,000,000	1.6730
22.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Teoh Seng Aun (MY1941)	8,000,000	1.6730
23.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Seng Aun (MGN-TSA0002M)	8,000,000	1.6730
24.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chen Sau Mou	8,000,000	1.6730
25.	Teoh Seng Aun	7,646,500	1.5991
26.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tiong Kwing Hee (8068389)	7,584,500	1.5861
27.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – Ambank (M) Berhad for Teoh Seng Aun (Smart)	7,500,000	1.5684
28.	Pelaburan Mara Berhad	7,209,000	1.5076
29.	Cheam Shaw Fin	6,128,000	1.2815
30.	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Seng Aun (M&A)	5,732,000	1.1987
	Total	**360,523,892**	**75.3944**

ANALYSIS OF WARRANTHOLDINGS

As at 25 March 2016

WARRANTS 2011/2021 (WARRANTS A)

Number of Outstanding Warrants	:	51,949,500
Exercise Price of Warrants	:	RM0.50 for each warrant exercise
Exercise Period of Warrants	:	16 August 2011 to 15 August 2021
Voting Rights at Meeting of Warrantholders	:	Every warrantholder present in person or proxy shall have one (1) vote and upon a poll, every warrantholder shall have one (1) vote for each warrant held in the meeting of the warrantholders.

DISTRIBUTION SCHEDULE OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	Total Warrantholdings	% of outstanding warrants
1 – 99	8	282	0.00
100 – 1,000	480	196,800	0.38
1,001 – 10,000	212	792,605	1.53
10,001 – 100,000	89	3,356,630	6.46
100,001 – 2,597,474 (*)	45	20,720,324	39.89
2,597,475 and above (**)	5	26,882,859	51.75
TOTAL	**839**	**51,949,500**	**100.00**

Remarks :   *   *Less than 5% of outstanding warrants*
**   *5% and above of outstanding warrants*

DIRECTORS' WARRANTHOLDINGS

Name of Directors	No. of warrants held Direct Interest (%) (A)	No. of warrants held Indirect Interest (%) (B)	Total Interest (%) (A + B)
Dato' Seri Dr. Mohd Ariff Bin Araff	-	-	-
Dato' (Dr.) Teoh Seng Foo	867,700 (1.67)	893,300 (1.72) [1]	1,761,000 (3.39)
Dato' Teoh Seng Kian	2,373,700 (4.57)	-	2,373,700 (4.57)
Ooi Giap Ch'ng	-	-	-
Chin Wing Wah	580,000 (1.12)	-	580,000 (1.12)
An Siew Chong	-	-	-

Notes :

[1] *Indirect interest held through his spouse, Datin Cheam Shaw Fin*

ANALYSIS OF WARRANTHOLDINGS

As at 25 March 2016

cont'd

THIRTY (30) LARGEST WARRANTHOLDERS

No.	Name	Warrantholdings	%
1.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kim Seng	9,388,500	18.0724
2.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wawasan Fokus Sdn Bhd	6,115,100	11.7712
3.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for One Sierra Sdn Bhd	5,160,000	9.9327
4.	Chen Sau Mou	3,555,477	6.8441
5.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kim Seng (Margin)	2,663,782	5.1276
6.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tiong Kwing Hee (DHG)	1,633,732	3.1448
7.	Teo Boon Tong	1,600,000	3.0799
8.	Teoh Seng Aun	1,373,210	2.6434
9.	HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd for Chooi Giap Kee	1,085,800	2.0901
10.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tiong Kwing Hee (8088854)	971,000	1.8691
11.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tiong Kwing Hee (8068389)	800,000	1.5400
12.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Seng Foo (Margin)	767,000	1.4764
13.	Teoh Seng Kian	761,900	1.4666
14.	Cheam Shaw Fin	612,800	1.1796
15.	HLIB Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Chu Sai Boon (CCTS)	605,400	1.1654
16.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Teoh Seng Kian (SFC)	598,700	1.1525
17.	Teo Boon Tong	590,400	1.1365
18.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Wing Wah (8057372)	580,000	1.1165
19.	Teoh Seng Kian	572,900	1.1028
20.	Dan Yoke Pyng	545,000	1.0491
21.	Tang Suan Faa	507,000	0.9759
22.	Energy Junction Sdn Bhd	500,000	0.9625
23.	Hong Lee Ching	500,000	0.9625
24.	PM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tang Teck Sun (B)	445,000	0.8566
25.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Teoh Seng Kian (MY1919)	400,000	0.7700
26.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Teoh Seng Aun (MY1941)	400,000	0.7700
27.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Teoh Seng Aun (SFC)	387,400	0.7457
28.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chu Sai Boon	360,000	0.6930
29.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hasnishah Bin Idris	320,700	0.6173
30.	Neoh Guan Kie	310,000	0.5967
	Total	**44,110,801**	**84.9109**

ANALYSIS OF WARRANTHOLDINGS

As at 25 March 2016

cont'd

WARRANTS 2012/2022 (WARRANTS B)

Number of Outstanding Warrants	:	96,457,766
Exercise Price of Warrants	:	RM0.60 only for each new share at a step-up mechanism adjusted upwards by RM0.10 at the expiry of every two (2) anniversary years from 24 April 2012 in accordance with the Memorandum of the Deed Poll, where applicable, that is :- 1. RM0.60 from 24 April 2012 to 23 April 2014 2. RM0.70 from 24 April 2014 to 23 April 2016 3. RM0.80 from 24 April 2016 to 23 April 2018 4. RM0.90 from 24 April 2018 to 23 April 2020 5. RM1.00 from 24 April 2020 to 23 April 2022
Exercise Period of Warrants	:	24 April 2012 to 23 April 2022
Voting Rights at Meeting of Warrantholders	:	Every warrantholder present in person or proxy shall have one (1) vote and upon a poll, every warrantholder shall have one (1) vote for each warrant held in the meeting of the warrantholders.

DISTRIBUTION SCHEDULE OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	Total Warrantholdings	% of outstanding warrants
1 – 99	210	7,242	0.01
100 – 1,000	10,098	3,036,976	3.15
1,001 – 10,000	1,104	3,227,526	3.35
10,001 – 100,000	351	15,033,947	15.59
100,001 – 4,822,887 (*)	151	75,152,075	77.91
4,822,888 and above (**)	0	0	0.00
TOTAL	**11,914**	**96,457,766**	**100.00**

Remarks : * *Less than 5% of outstanding warrants*
** *5% and above of outstanding warrants*

DIRECTORS' WARRANTHOLDINGS

Name of Directors	No. of warrants held Direct Interest (%) (A)	No. of warrants held Indirect Interest (%) (B)	Total Interest (%) (A + B)
Dato' Seri Dr. Mohd Ariff Bin Araff	-	-	-
Dato' (Dr.) Teoh Seng Foo	5,687,500 (5.90)	-	5,687,500 (5.90)
Dato' Teoh Seng Kian	2,501,500 (2.59)	-	2,501,500 (2.59)
Ooi Giap Ch'ng	-	-	-
Chin Wing Wah	-	-	-
An Siew Chong	-	-	-

ANALYSIS OF WARRANTHOLDINGS
As at 25 March 2016

cont'd

THIRTY (30) LARGEST WARRANTHOLDERS

No.	Name	Warrantholdings	%
1.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tiong Kwing Hee (DHG)	4,334,000	4.4932
2.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wawasan Fokus Sdn Bhd	3,932,000	4.0764
3.	Teoh Seng Foo	3,770,000	3.9084
4.	Chen Sau Mou	2,764,525	2.8660
5.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kwong Ming Kwei (08KW032ZQ-008)	2,723,900	2.8239
6.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kim Seng	2,210,500	2.2917
7.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for One Sierra Sdn Bhd	2,000,000	2.0734
8.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Boon Guat (028)	1,945,500	2.0169
9.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Seng Foo (Margin)	1,917,500	1.9879
10.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tiong Kwing Hee (8068389)	1,896,125	1.9658
11.	Maybank Nominees (Tempatan) Sdn Bhd Chua Eng Ho Wa'a @ Chua Eng Wah	1,867,400	1.9360
12.	Cheam Shaw Fin	1,532,000	1.5883
13.	Lee Yong Wah	1,269,400	1.3160
14.	Lim Chin Aik	1,250,000	1.2959
15.	Neoh Guan Kie	1,164,000	1.2067
16.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Teoh Seng Kian (SFC)	1,122,500	1.1637
17.	Tang Suan Faa	1,060,000	1.0989
18.	One Sierra Sdn Bhd	1,000,000	1.0367
19.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Teoh Seng Aun (SFC)	843,500	0.8745
20.	Lam Yen Ling	759,200	0.7871
21.	Teoh Seng Kian	729,000	0.7558
22.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lai Ee Fong (E-TSA)	725,400	0.7520
23.	Wong Yoke Sum	690,200	0.7155
24.	Tee Kim Gek	660,000	0.6842
25.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Kim Tan	612,100	0.6346
26.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Teoh Seng Kian (MY1919)	600,000	0.6220
27.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Teoh Seng Aun (MY1941)	600,000	0.6220
28.	Low Chee Hong	600,000	0.6220
29.	Soo Ai Wah	600,000	0.6220
30.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chu Sai Boon (CCTS)	586,000	0.6075
	Total	**45,764,750**	**47.4450**

ANALYSIS OF WARRANTHOLDINGS

As at 25 March 2016

cont'd

WARRANTS 2014/2024 (WARRANTS C)

Number of Outstanding Warrants	:	48,421,408
Exercise Price of Warrants	:	RM0.80 only payable in respect of each new ordinary share or such adjusted price, as in accordance with the Memorandum of the Deed Poll, if applicable.
Exercise Period of Warrants	:	25 August 2014 to 24 August 2024
Voting Rights at Meeting of Warrantholders	:	Every warrantholder present in person or proxy shall have one (1) vote and upon a poll, every warrantholder shall have one (1) vote for each warrant held in the meeting of the warrantholders.

DISTRIBUTION SCHEDULE OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	Total Warrantholdings	% of outstanding warrants
1 – 99	115	2,741	0.01
100 – 1,000	9,631	1,632,934	3.37
1,001 – 10,000	472	1,393,466	2.88
10,001 – 100,000	91	3,181,048	6.57
100,001 – 2,421,069 (*)	48	31,207,179	64.45
2,421,070 and above (**)	3	11,004,040	22.73
TOTAL	**10,360**	**48,421,408**	**100.00**

Remarks : * *Less than 5% of outstanding warrants*
** *5% and above of outstanding warrants*

DIRECTORS' WARRANTHOLDINGS

Name of Directors	No. of warrants held Direct Interest (%) (A)	No. of warrants held Indirect Interest (%) (B)	Total Interest (%) (A + B)
Dato' Seri Dr. Mohd Ariff Bin Araff	-	-	-
Dato' (Dr.) Teoh Seng Foo	2,243,000 (4.63)	612,800 (1.27) (1)	2,855,800 (5.90)
Dato' Teoh Seng Kian	5,658,032 (11.68)	-	5,658,032 (11.68)
Ooi Giap Ch'ng	-	-	-
Chin Wing Wah	102,020 (0.21)	-	102,020 (0.21)
An Siew Chong	-	-	-

Notes :

(1) *Indirect interest held through his spouse, Datin Cheam Shaw Fin*

ANALYSIS OF WARRANTHOLDINGS

As at 25 March 2016

cont'd

THIRTY (30) LARGEST WARRANTHOLDERS

No.	Name	Warrantholdings	%
1.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for One Sierra Sdn Bhd	3,681,900	7.6039
2.	Teoh Seng Aun	3,662,700	7.5642
3.	Chen Sau Mou	3,659,440	7.5575
4.	Teoh Seng Kian	2,416,000	4.9895
5.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chen Sau Mou	2,236,540	4.6189
6.	TA Nominees (Temptan) Sdn Bhd Pledged Securities Account for Wawasan Fokus Sdn Bhd	2,075,020	4.2853
7.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tiong Kwing Hee (DHG)	1,794,890	3.7068
8.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Teoh Seng Aun (MY1941)	1,583,390	3.2700
9.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Seng Aun (STG)	1,418,200	2.9289
10.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Teoh Seng Kian (MY1919)	1,390,730	2.8721
11.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Seng Foo (Margin)	1,390,000	2.8706
12.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wawasan Fokus Sdn Bhd	1,307,369	2.7000
13.	Energy Junction Sdn. Bhd.	1,082,900	2.2364
14.	Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Too Hooi Seong (L Garden-CL)	1,000,000	2.0652
15.	Majestic Wizard Sdn Bhd	913,120	1.8858
16.	Teoh Seng Foo	853,000	1.7616
17.	M&A Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Seng Kian (M&A)	786,000	1.6232
18.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tiong Kwing Hee (8068389)	758,450	1.5664
19.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kim Seng	713,000	1.4725
20.	One Sierra Sdn Bhd	634,810	1.3110
21.	Cheam Shaw Fin	612,800	1.2656
22.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Seng Kian (DHG)	593,300	1.2253
23.	Allaincegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kim Seng	530,000	1.0946
24.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Ong Chin Sean (MP0180)	525,500	1.0853
25.	Khor Chin Par	501,100	1.0349
26.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Teoh Seng Kian (SFC)	449,000	0.9273
27.	M&A Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Seng Aun (M&A)	423,200	0.8740
28.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – Ambank (M) Berhad for Teoh Seng Aun (SMART)	400,000	0.8261
29.	Maybank Nominees (Tempatan) Sdn Bhd Chua Eng Ho Wa'a @ Chua Eng Wah	393,000	0.8116
30.	Tiong Kwing Hee	355,500	0.7342
	Total	**38,140,859**	**78.7687**

LIST OF PROPERTIES

	Lot No./Location	Description	Built-Up/ Land Area	Tenure	Approximate Age of Building (Year)	Net Book Value as at 31.12.15 (RM'000)
1	Lot 2020, Geran 61288, Bandar Bukit Mertajam, Seksyen 4, Daerah Seberang Perai Tengah, Pulau Pinang	Shopping Mall, office tower and hotel	4.25 acres	Freehold	18	64,963
2	Lot PT Nos, 893 -1373, 1621 - 1638, 1648 - 1757 1759, 1760, 1762 - 1784, 1826, 1827, 1829 1427 - 1429, 676 - 892, 1271 - 1306, 1374- 1376, 1382, 1384, 1396, 1397, 1400, 1409, 1410, 1411, 1413, 1415, 1416, 1423, 1428, 1429, 1437,1443, 1494, 1830 - 1832, 2059 - 2108, Mukim of Kuala Linggi and Lot PT Nos. 1313, 1314, 1318, 1332, 1361, 1367, 1392, 1393, 1408, 1413, 1422 - 1426 Mukim of Kuala Sungei Baru, all held under District of Alor Gajah, State of Melaka.	Orchard land, mixed development and resort under development	576.25 acres	Freehold & Leasehold 99 years	N/A	71,195
3	H.S. (D) 28787 PT 41469 Mukim Dengkil, Daerah Sepang, Negeri Selangor	Land under mixed development	14.58 acres	Freehold	N/A	37,683
4	H.S. (D) 61545 PT 47 Pekan Tanjong Kling Sek. II Daerah Melaka Tengah Negeri Melaka	Land under mixed development	83160 sq. metres	Freehold	N/A	23,200
5	H.S. (D) 11073 PT 9 Mukim Damansara District of Petaling State of Selangor	Commercial shop offices	8541 sq. feet	Freehold	N/A	5,381

LIST OF PROPERTIES

cont'd

	Lot No./Location	Description	Built-Up/ Land Area	Tenure	Approximate Age of Building (Year)	Net Book Value as at 31.12.15 (RM'000)
6	Mukim of Kuala Lumpur, District of Kuala Lumpur, Federal Territory of Kuala Lumpur	Retail Lots	2.25 acres	Leasehold 99 years	N/A	8,551
7	15 retails shoplots at Bandar Bukit Mertajam, Seksyen 4 Daerah Seberang Perai Tengah, Pulau Pinang. H.S. (D) No. 182. P. T. 15	Retail Shoplots	593 sq. metres	Freehold	18	1,190
8	H.S.(D) 15024 PT No. 13677 H.S.(D) 15026 PT No. 13679 Mukim of Sungai Siput, District of Kuala Kangsar, Perak Darul Ridzuan.	Land under mixed development	256.04 acres	Leasehold 99 years	N/A	13,375
						225,538

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 16th Annual General Meeting of the Company will be held at Ballroom 1, Level 5, The Summit Hotel Subang USJ, Persiaran Kewajipan, USJ 1, 47600 UEP Subang Jaya, Selangor Darul Ehsan on Thursday, 12 May 2016 at 10:00 a.m.

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2015 together with the Directors' and Auditors' Reports thereon. ***[Please refer to Explanatory Notes]***

2. To approve the payment of Directors' fees. ***[Ordinary Resolution 1]***

3. To re-elect the following Directors who retire in accordance with Article 96(1) of the Company's Articles of Association:-

   (a) Dato' (Dr.) Teoh Seng Foo ***[Ordinary Resolution 2]***
   (b) Mr. Ooi Giap Ch'ng ***[Ordinary Resolution 3]***

4. To consider and if thought fit, to pass resolution pursuant to Section 129(6) of the Companies Act, 1965 to re-appoint Dato' Seri Dr. Mohd Ariff Bin Araff as Director of the Company to hold office until the next Annual General Meeting of the Company. ***[Ordinary Resolution 4]***

5. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorize the Directors to fix their remuneration. ***[Ordinary Resolution 5]***

6. As **SPECIAL BUSINESS**, to consider and if thought fit, to pass the following Ordinary and Special Resolutions:-

   ORDINARY RESOLUTION 6
   PROPOSED RETENTION OF INDEPENDENT DIRECTOR ***[Ordinary Resolution 6]***

   To retain Mr. Ooi Giap Ch'ng 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 7
   AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 ***[Ordinary Resolution 7]***

   "That, subject to the Companies Act, 1965 and the Articles of Association of the Company and approvals from the Securities Commission and Bursa Malaysia Securities Berhad and other relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the capital of the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF ANNUAL GENERAL MEETING

cont'd

ORDINARY RESOLUTION 8 ***[Ordinary Resolution 8]***
PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

"That, subject to the provisions of the Companies Act, 1965, the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad and any applicable laws, rules, orders, requirements, regulations and guidelines for the time being in force or as may be amended, modified or re-enacted from time to time and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to purchase such number of ordinary shares of RM0.50 each in the Company as may be determined by the Directors of the Company ("Directors") from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company provided that the total aggregate number of shares purchased pursuant to this resolution shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company at any point in time of the said purchase(s); and that the Directors of the Company shall allocate an amount of funds not exceeding the retained profits or share premium, or both, of the Company for the Proposed Renewal of Authority for Share Buy-Back.

That upon completion of the purchase by the Company of its own Shares, the Directors are authorised to decide at their discretion to cancel all or part of the Shares so purchased and/or to retain all or part of the Shares so purchased as treasury shares of which may be distributed as dividends to shareholders and/or to resell on the market of Bursa Malaysia Securities Berhad and/or to retain part thereof as treasury shares and cancel the remainder.

That the Directors be and are hereby authorised and empowered to do all acts and things and to take all such steps and to enter into and execute all commitments, transactions, deeds, agreements, arrangements, undertakings, indemnities, transfers, assignments and/or guarantees as they may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Renewal of Authority for Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, as may be required or imposed by any relevant authority or authorities.

And that the Directors be and are hereby empowered immediately upon the passing of this Ordinary Resolution until the conclusion of the next annual general meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed either unconditionally or subject to conditions; or the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or the earlier revocation or variation of their authority through a general meeting whichever is the earliest, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date."

SPECIAL RESOLUTION ***[Special Resolution]***
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

"That the alterations, modifications, variations and additions to the Articles of Association of the Company as set out in Annexure I enclosed with the Annual Report 2015 be and are hereby approved."

7. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

TAN SHIM CHIENG (MAICSA 7013540)
Secretary

Petaling Jaya
19 April 2016

Notes:

(a) In respect of deposited securities, only members whose names appear in the Record of Depositors on 4 May 2016 ("General Meeting Record of Depositors") are entitled to attend, speak and vote at the Company's 16th Annual General Meeting to be held on 12 May 2016.

(b) A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. 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.

(c) A proxy need not be a member of the Company and Section 149(1) of the Companies Act, 1965 shall not apply. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy.

(d) In the case of a corporate body, the proxy appointed must be in accordance with the Articles of Association and the instrument appointing a proxy shall be given under the company's common seal or under the hand of an officer or attorney of the corporation duly authorized.

(e) Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respects of each omnibus account it holds.

(f) The Form of Proxy must be deposited at the Company's Registrar, Boardroom Corporate Services (KL) Sdn Bhd, Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof.

(g) Any alteration in the Form of Proxy must be initialed.

EXPLANATORY NOTES

1. To receive the Audited Financial Statements

This Agenda 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 and hence is not put forward for voting.

2. Ordinary Resolution 6
- Proposed Retention of Independent Director

The proposed Ordinary Resolution No. 6, if passed, will allow the independent director to be retained and continue acting as independent director to fulfill the requirements of Paragraph 3.04 of the Main Market Listing Requirements and in line with the recommendation Nos. 3.2 and 3.3 of the Malaysian Code on Corporate Governance 2012. The full details of the justification and recommendations for the retention is set out in the Statement of Corporate Governance in the Annual Report 2015 on page 21.

3. ***Ordinary Resolution 7***
   - Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965

   The proposed Ordinary Resolution No. 7, if passed, will authorize the directors to issue shares up to 10% of the issued and paid-up capital of the Company for the time being for such purposes as the directors consider would be in the best interest of the Company. The purpose for the renewal of a general mandate is to avoid any delay and cost in convening a general meeting to specifically approve such an issue of shares for any possible fund raising activities (excluding placing of shares) for the purpose of funding future investment projects, additional working capital etc.

   This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

   The Company did not issue any new shares pursuant to the mandate granted to the directors at the last Annual General Meeting held on 26 May 2015 which will lapse at the conclusion of the forthcoming Annual general Meeting.

4. ***Ordinary Resolution 8***
   - Proposed Renewal of Authority for Share Buy-Back

   The proposed Ordinary Resolution 8, if passed, will prepare our Company with a further option to utilize our financial resource more efficiently. It is also intended to stabilize the supply and demand as well as the Company's shares prices.

   The mandate shall continue to be in force until the date of the next Annual General Meeting of the Company unless earlier revoked or varied by ordinary resolution of the Company in a general meeting and is subject to annual renewal.

   Further information on this resolution is set out in the Share Buy-Back Statement dated 19 April 2016, despatched together with this Annual Report.

5. ***Special Resolution***
   - Proposed Amendments to the Article of Association

   The proposed Special Resolution, if passed, will be incorporated into the Company's Articles of Association.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and /or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection,use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including) any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and /or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/ or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and /or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ANNEXURE I

DETAILS OF THE PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

	EXISTING ARTICLES		PROPOSED AMENDMENTS
2	New definition	2	Words: **"clear day"** — Meaning: **Exclusive of the day of notice and exclusive of the day on which the meeting is to be held**
118A	New provision	118A	**All or any of the members of the Board or any committee of the Board may participate in a meeting of the Board or that committee by means of a telephone conference, video conference or any other similar electronic communication equipment which allows all persons to participate in the meeting. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or to be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled, or if there is no such group, where the chairman of the meeting then is.**
120	A director may at any time and the Secretary shall on the requisition of any such director summon a meeting of the directors.	120	A director may at any time and the Secretary shall on the requisition of any such director summon a meeting of the directors. **The Directors may also hold a meeting of directors at two (2) or more venues within or outside Malaysia using any technology that enable the Directors as a whole to participate for the meeting; and that all information and documents for the meeting must be made available to all Directors prior to or at the meeting. Such participation shall be deemed to be present in person. The minutes of the proceedings of such meeting is sufficient evidence of the proceedings to which it relates.**
123	No director may vote in respect of any other contract or proposed contract or arrangement in which he is directly or indirectly interested nor any contract or proposed contract or arrangement with any other company in which he is interested either as an officer of that other company or as a holder of shares or other securities in that other company.	123	No director may vote in respect of any other contract or proposed contract or arrangement in which he is directly or indirectly interested nor any contract or proposed contract or arrangement with any other company in which he is interested either as an officer of that other company or as a holder of shares or other securities in that other company **but the director may be counted in the quorum present at any meeting.**

ANNEXURE I

cont'd

	EXISTING ARTICLES		PROPOSED AMENDMENTS
130	A resolution in writing signed or approved by letter, telegram, telex or telefax by all the directors who may be present in Malaysia and who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the directors duly called and constituted; provided that where a director is not so present but has an alternate who is so present, then such resolution shall also be signed by such alternate. All such resolutions shall be described as "Directors Circular Resolutions", and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's Minute Book. Any such resolution may consist of several documents in like form, each signed by one (1) or more directors or their alternates.	130	A resolution in writing signed or approved by letter, telegram, telex, telefax **or other written electronic means** by all the directors who may be present in Malaysia and who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the directors duly called and constituted; provided that where a director is not so present but has an alternate who is so present, then such resolution shall also be signed by such alternate. All such resolutions shall be described as "Directors' Circular Resolutions", and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's Minute Book. Any such resolution may consist of several documents in like form, each signed by one (1) or more directors or their alternates. **Any such document may be accepted as sufficiently signed by a Director if transmitted to the Company by any technology purporting to include a signature and/or electronic or digital signature of the Director.**
168A	New provision	168A	**Any notice required by a court of law or otherwise required or allowed to be given by the Company to the members or any of them, and not expressly provided for by these Articles or which cannot for any reason be served in the manner referred to in Articles 163 and 164 shall be deemed sufficiently given if given by advertisement, and any notice required to be or which may be given by advertisement, shall be deemed to be duly served once advertised in either Bahasa Melayu or English newspaper.**

MEDA INC
(507785-P)
(Incorporated in Malaysia)

Form of **Proxy**

Number of Shares Held

I/We ____ NRIC No./Passport No./Company No. ______________________

of ____

being a member/members of MEDA INC. BERHAD hereby appoint:-

FIRST PROXY

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

If you wish to appoint a second proxy, this section must also be completed, otherwise it should be deleted.

SECOND PROXY

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 16th Annual General Meeting of the Company to be held at Ballroom 1, Level 5, The Summit Hotel Subang USJ, Persiaran Kewajipan, USJ 1, 47600 UEP Subang Jaya, Selangor Darul Ehsan on Thursday, 12 May 2016 at 10:00 a.m. and at any adjournment thereof.

Resolutions		First Proxy		Second Proxy	
		For	Against	For	Against
Ordinary Resolution 1	Payment of Directors' fees				
Ordinary Resolution 2	Re-election of Dato' (Dr.) Teoh Seng Foo as Director				
Ordinary Resolution 3	Re-election of Mr. Ooi Giap Ch'ng as Director				
Ordinary Resolution 4	Re-appointment of Dato' Seri Dr. Mohd Ariff Bin Araff as Director				
Ordinary Resolution 5	Re-appointment of Auditors				
Ordinary Resolution 6	Proposed Retention of Independent Director				
Ordinary Resolution 7	Authority pursuant to Section 132D of the Companies Act, 1965 for Directors to issue shares				
Ordinary Resolution 8	Proposed Renewal of Authority for Share Buy-Back				
Special Resolution	Proposed Amendments to the Articles of Association				

* *Please indicate with an "X" in the appropriate space how you wish your proxy to vote. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit or, at his discretion, abstain from voting.*

Dated this______________ day of ________________ 2016

____
* Signature/Common Seal of Shareholder
(Delete if not applicable)*

NOTES:

(a) In respect of deposited securities, only members whose names appear in the Record of Depositors on 4 May 2016 ("General Meeting Record of Depositors") are entitled to attend, speak and vote at the Company's 16th Annual General Meeting to be held on 12 May 2016.

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(e) Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respects of each omnibus account it holds.

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(g) Any alteration in the Form of Proxy must be initialed.

Fold This Flap For Sealing

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AFFIX
POSTAGE
STAMP

The Company's Registrar

MEDA INC. BERHAD
(Co. No. 507785-P)
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia

1st Fold Here

www.meda.com.my

No. C-07-01, Capital 3,
Oasis Square, No. 2 Jalan PJU 1A/7A,
Ara Damansara, 47301 Petaling Jaya,
Selangor Darul Ehsan, Malaysia

T | 03 7452 8888 F | 03 7452 8899