



**Malpac Holdings Berhad**  
(197424-V)

# ANNUAL REPORT 2016



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# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-Sixth Annual General Meeting of the Company will be held at Dewan Tuanku Ja'afar, Royal Sungei Ujong Club, 2A, Jalan Dato' Kelana Ma'amor, 70000 Seremban, Negeri Sembilan Darul Khusus on Wednesday, 16 November 2016 at 10.00 a.m. for the following purposes:-

## AGENDA

1. To receive the Audited Financial Statements for the financial period ended 30 June 2016 together with the Reports of the Directors and Auditors thereon.

**Please see  
Note 2**

2. To approve the payment of Directors' Fees for the financial period ended 30 June 2016.

**Resolution 1**

3. To re-elect the following Directors who retire pursuant to Article 80 and 82 of the Company's Articles of Association:-

(i) Mr. Kan Ah Chun

**Resolution 2**

(ii) Encik Johari Low Bin Abdullah **Please see note 3**

**Resolution 3**

(iii) Mr. Gan Teck Chong @ Gan Kwan Chong

**Resolution 4**

4. To appoint Auditors and to authorise the Directors to fix their remuneration.

**Resolution 5**

Notice of Nomination pursuant to Section 172(11) of the Companies Act 1965, a copy of which is annexed hereto and marked "Annexure A" has been received by the Company for the nomination of Messrs Baker Tilly Monteiro Heng who have given their consent to act, for appointment as Auditors, and of the intention to move the following motion to be passed as an Ordinary Resolution:-

"THAT Messrs Baker Tilly Monteiro Heng be and are hereby appointed as Auditors of the Company in place of the retiring auditors, Messrs Baker Tilly AC, and to hold office until the conclusion of the next Annual General Meeting AND THAT the Directors be authorised to fix their remuneration."

5. To consider and if thought fit, to pass the following Resolutions in accordance with Section 129(6) of the Companies Act, 1965:-

**Please see  
Note 4**

(i) "THAT Mr. Chew Loy Chee, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting of the Company."

**Resolution 6**

(ii) "THAT Mr. Tan Chon Sing @ Tan Kim Tieng, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting of the Company."

**Resolution 7**

## AS SPECIAL BUSINESS

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

## NOTICE OF ANNUAL GENERAL MEETING (Continued)

### 6. ORDINARY RESOLUTION AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

Please see  
Note 5

“THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and approval of any other governmental and/or regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised and empowered pursuant to Section 132D of the Companies Act, 1965 to issue and allot shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the issued and paid-up share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting.”

Resolution 8

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

Please see  
Note 6

“THAT, subject always to the Companies Act, 1965, the provisions of the Articles of Association of the Company, Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

Resolution 9

- (i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;
- (ii) an amount not exceeding the Company’s audited retained profits or/and share premium account at the time of purchase(s) will be allocated by the Company for the purchase of own shares; and
- (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends.

AND THAT the authority conferred by this resolution will commence immediately upon the passing of this Ordinary Resolution and will, subject to renewal thereat, expire at the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution (unless earlier revoked or varied by an Ordinary Resolution of the shareholders of the Company in a general meeting) but shall not prejudice the completion of purchase(s) by the Company before that aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant authorities;



## NOTICE OF ANNUAL GENERAL MEETING (Continued)

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary or expedient to implement, finalise and give full effect to the aforesaid purchase(s) with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be required or imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares or to resell the shares or distribute the shares as dividends) in accordance with the Companies Act, 1965, the provisions of the Articles of Association of the Company and the requirements and/or guidelines of Bursa Securities for the Main Market and all other relevant governmental and/or regulatory authorities.”

### 8. ORDINARY RESOLUTIONS

#### CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS

Please see  
Note 7

(i) “THAT subject to the passing of Resolution 3 above, approval be and is hereby given to Encik Johari Low Bin Abdullah who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company.”

Resolution 10

(ii) “THAT approval be and is hereby given to Encik Muhayuddin Bin Musa who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company.”

Resolution 11

### 9. SPECIAL RESOLUTION

#### PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

Please see  
Note 8

“THAT the amendments to the Company’s Articles of Association as set out in Annexure B (“Proposed Amendments”) on page 8 of the 2016 Annual Report be and are hereby approved.

Resolution 12

THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities.”

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

By Order of the Board,

**WONG WAI FOONG**  
**NG BEE LIAN**  
**YAP SIT LEE**

(MAICSA 7001358)  
(MAICSA 7041392)  
(MAICSA 7028098)

Company Secretaries  
(Kuala Lumpur 25 October 2016)

## NOTES:-

### 1. APPOINTMENT OF PROXY

- (a) A proxy need not be a Member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- (b) To be valid, the form of proxy, duly completed must be deposited at the Registered Office at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.
- (c) A Member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote at the meeting except where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, in which event it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.
- (d) Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (e) Where a Member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proxies shall not be valid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
- (f) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
- (g) Only members whose names appear in the Record of Depositors as at 7 November 2016 will be entitled to attend, vote and speak at the meeting or appoint proxy(ies) to attend, vote and speak on their behalf.

### 2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

The Audited Financial Statements is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this item on the Agenda is not put forward for voting by shareholders of the Company.

### 3. RE-ELECTION OF INDEPENDENT DIRECTOR

In line with the Recommendation 3.1 of the Malaysian Code on Corporate Governance 2012, the Nomination Committee and the Board of Directors had undertaken the annual assessment on the independence of Encik Johari Low Bin Abdullah who is seeking for re-election as director pursuant to Article 80 and Article 82 of the Company's Article of Association, at the forthcoming Twenty-Sixth Annual General Meeting. The annual assessment had been disclosed in the Corporate Governance Statement of the Company's 2016 Annual Report.

### 4. RE-APPOINTMENT OF DIRECTORS PURSUANT TO SECTION 129(6) OF THE COMPANIES ACT, 1965

The proposed Resolution 6 and Resolution 7, if passed, will authorise the continuity in office of the Directors (who are over the age of 70 years) until the next Annual General Meeting.

### 5. AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

The proposed Resolution 8 is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). As at the date of this Notice, the Company did not allot and issue any shares pursuant to the mandate granted to the Directors at the Twenty-Fifth Annual General Meeting held on 21 May 2015 as there were no requirement for such fund raising activities.

The proposed Resolution 8, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to further placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the issued and paid-up share capital of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

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

The proposed Resolution 9, if passed, will allow the Company to purchase its own shares through Bursa Securities up to ten per centum (10%) of the issued and paid-up share capital of the Company. Please refer to the Statement to Shareholders dated 25 October 2016 in relation to the Proposed Renewal of Authority for Share Buy-Back for further details.

## 7. CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to the Malaysian Code on Corporate Governance 2012, it is recommended that approval of shareholders be sought in the event the Company intends to retain an Independent Director who has served in that capacity for more than nine years.

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

- (i) they had fulfilled the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa") and therefore were able to bring independent and objective judgment to the Board;
- (ii) their long tenure with the Company had neither impaired nor compromised their independent judgement. They were free from any business or other relationships which could interfere with their exercise of independent judgement;
- (iii) they provided effective check and balance in the proceeding of the Board and the Board Committees;
- (iv) they continued to remain objective and are able to exercise independent judgement in expressing their views and in participating in deliberations and decision making of the Board and Board Committees in the best interest of the Company;
- (v) they exhibited high commitment and devoted sufficient time and attention to their responsibilities as independent Directors of the Company; and
- (vi) they had met with the attendance requirements for Board Meetings pursuant to the MMLR. During the financial period under review, they had each attended all the seven Board meetings held. This testified their dedication in discharging the responsibilities expected of an Independent Director.

The proposed Resolutions 10 and 11, if passed, will enable Encik Johari Low Bin Abdullah and Encik Muhayuddin Bin Musa to continue to act as Independent Non-Executive Directors of the Company.

## 8. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY ("PROPOSED AMENDMENTS")

The proposed Resolution 12, if passed, will approve the amendments to the Articles of Association of the Company. The Proposed Amendments are to align the Company's Articles of Association with Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Please refer to Annexure B on page 8 of the 2016 Annual Report for full details of the Proposed Amendments.

## STATEMENT ACCOMPANYING NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market)

Directors who are standing for re-appointment at the Twenty-Sixth Annual General Meeting are as follows:-

1. Mr Chew Loy Chee
2. Mr Tan Chon Sing @ Tan Kim Tieng

The profiles of the above Directors are set out in the section entitled "Profiles of Directors" on pages 10 of the 2016 Annual Report.

## ANNEXURE A

Lim Hong Liang  
No. 35, Jalan Medang Tanduk  
Bukit Bandaraya, Bangsar  
59100 Kuala Lumpur

Date: 10 October 2016

The Directors  
Malpac Holdings Berhad  
Unit 30-01, Level 30, Tower A,  
Vertical Business Suite  
Avenue 3, Bangsar South  
No.8, Jalan Kerinchi  
59200 Kuala Lumpur

Dear Sirs,

**RE: NOTICE OF NOMINATION OF MESSRS BAKER TILLY MONTEIRO HENG AS AUDITORS IN PLACE OF THE RETIRING AUDITORS, MESSRS BAKER TILLY AC**

Pursuant to Section 172(11) of the Companies Act 1965, I, being the a shareholder of Malpac Holdings Berhad ("the Company"), hereby give notice of my intention to nominate Messrs Baker Tilly Monteiro Heng for appointment as Auditors of the Company in place of the retiring auditors, Messrs Baker Tilly AC and propose the following Ordinary Resolution for tabling at the forthcoming Annual General Meeting of the Company:

"THAT Messrs Baker Tilly Monteiro Heng be and are hereby appointed as Auditors of the Company in place of the retiring auditors, Messrs Baker Tilly AC, and to hold office until the conclusion of the next Annual General Meeting AND THAT the Directors be authorised to fix their remuneration."

Yours faithfully



**Lim Hong Liang**



## ANNEXURE B

### PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF MALPAC HOLDINGS BERHAD

The details of the Proposed Amendments to the Articles of Association are as follows:-

Article	Existing Provision	Amended Provision
123	<p>The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and reports as are referred to in the Section. The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the Directors' and Auditors' reports to each Stock Exchange upon which the Company is listed shall not exceed four (4) months. A copy of each such document shall not less than twenty-one (21) days before the date of the meeting (or such shorter period as may be agreed in any year of the receipt of notice of the meeting pursuant to Article 142), be sent to every Member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each such document as may be required by the Stock Exchange upon which the Company's shares may be listed, shall at the same time be likewise sent to each Stock Exchange provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application at the Company's office.</p>	<p>The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and reports as are referred to in the Section. A copy of each such document shall not less than twenty-one (21) days before the date of the meeting (or such shorter period as may be agreed in any year of the receipt of notice of the meeting pursuant to Article 142), be sent to every Member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. Nothing in this Article shall require a copy of these documents to be sent to any person of whose address the Company is not aware but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application at the Company's office. For avoidance of doubt, the Company shall be entitled to send the copy of every balance sheet, profit and loss account (including every document required by law to be annexed thereto) and the auditors' report to the Members via CD-ROM or other electronic means.</p>

# CORPORATE INFORMATION

## Board Of Directors

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

## Chief Executive Officer

Mr Ang Poo Guan

## Audit Committee

Chairman: Encik Johari Low Bin Abdullah  
Members: Mr Tan Chon Sing @ Tan Kim Tieng  
Encik Muhayuddin Bin Musa

## Remuneration Committee

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

## Nomination Committee

Chairman: Encik Johari Low Bin Abdullah  
Members: Mr Tan Chon Sing @ Tan Kim Tieng  
Encik Muhayuddin Bin Musa

## Investment Committee

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

## Risk Management Committee

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

## Company Secretary

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

## Registered Office

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

## Principal Place Of Business

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

## Auditors

Baker Tilly AC  
Chartered Accountants (AF. 001826)  
Baker Tilly MH Tower  
Level 10, Tower 1, Avenue 5  
Bangsar South City  
59200 Kuala Lumpur

## Tax Consultant

Baker Tilly AC Tax Consultants Sdn Bhd  
Baker Tilly MH Tower  
Level 10, Tower 1, Avenue 5  
Bangsar South City  
59200 Kuala Lumpur

## Solicitors

Logan Sabapathy & Co  
Weng & Co  
Leong & Partners

## Share Registrar

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

## Principal Bankers

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

## Stock Exchange Listing

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

## Website

[www.malpac.com.my](http://www.malpac.com.my)

## PROFILE OF BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT

### ENCIK MUHAYUDDIN BIN MUSA

Chairman

Encik Muhayuddin Bin Musa, Malaysian, male, aged 53, was appointed to the Board of Malpac Holdings Berhad as an Independent and Non-Executive Director on 9 March 2005 and re-designated as Independent & Non-Executive Chairman on 14 August 2012. He is the Chairman of the Remuneration Committee and member of the Nomination and Risk Management Committees of the Company. He graduated with a Bachelor of Commerce (Hons) degree from the Carleton University, Ottawa, Canada.

He started his career as a Financial Officer with Lembaga Letrik Negara ('LLN') (1985 – 1987). Thereafter, he joined the banking industry and has held various positions in both local and foreign banks. Subsequently, in 1993 he joined Federal Furniture Holdings (M) Berhad as Corporate Affairs Manager and Managing Director of a subsidiary of Federal Furniture Holdings (M) Berhad.

En Muhayuddin is currently the Executive Director/Chief Executive Officer of Computer Forms (Malaysia) Berhad, a post he continues to hold till today since 1998.

Encik Muhayuddin attended all of the seven (7) Board Meetings held in the financial period ended 30 June 2016.

### MR CHEW LOY CHEE

Deputy Chairman

Mr Chew Loy Chee, Singaporean/Malaysian Permanent Resident, male, aged 79, is a Non-Independent and Non-Executive Director of Malpac Holdings Berhad. He was appointed to the Board as Deputy Chairman on 31 May 1990.

He was engaged in the commercial banking sector for twenty years prior to being involved in the stockbroking industry and was a member of the KLSE (now known as Bursa Malaysia) from 1976 to 2001. He was a senior partner of Chew & Teo, a former member firm of the KLSE (now known as Bursa Malaysia) from 1976 to March 1987. The firm was converted into a private limited company known as Seremban Securities Sdn. Bhd. (SSSB) in April 1987. The name of SSSB was changed to Malpac Securities Sdn. Bhd. in July 1996 and to Malpac Management Sdn. Bhd. in November 2001. He has been a director of the Company from 1987 till now.

He also sits on the Board of several other companies within the Malpac Group and currently holds a dealer's representative licence under the Securities Industry Act, 1983.

Mr. Chew attended all of the seven (7) Board Meetings held in the financial period ended 30 June 2016.

### MR TAN CHON SING @ TAN KIM TIENG

Mr Tan Chon Sing @ Tan Kim Tieng, Malaysian, male, aged 77, is a Non-Independent and Non-Executive Director of Malpac Holdings Berhad. He was appointed to the Board on 15 May 1990. He is a member of the Nomination, Investment and Audit Committees of the Company.

He graduated from Nanyang University in 1963 with a Bachelor of Commerce degree and was a banker for eleven years before joining the stockbroking industry in 1976 as Manager in Chew & Teo, a former member firm of the KLSE (now known as Bursa Malaysia). He was admitted as a member of KLSE in 1987 (now known as Bursa Malaysia) and appointed as a Director of Seremban Securities Sdn. Bhd. (SSSB). The name of SSSB was changed to Malpac Securities Sdn. Bhd. in July 1996 and to Malpac Management Sdn. Bhd. in November 2001. He has been a director of the Company from 1987 till now.

His directorship in other public listed company is in Three-A Resources Bhd. He also sits on the Board of several other companies within the Malpac Group as well as a few other private limited companies. He currently holds a dealer's representative licence under the Securities Industry Act, 1983.

Mr Tan attended all of the seven (7) Board Meetings held in the financial period ended 30 June 2016.

## PROFILE OF BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT (Continued)

### MR GAN TECK CHONG @ GAN KWAN CHONG

Mr Gan Teck Chong @ Gan Kwan Chong, Malaysian, male, aged 69, is a Non-Independent and Non-Executive Director of Malpac Holdings Berhad. He was appointed to the Board on 15 May 1990. He has been in the stockbroking business for more than twenty years. He commenced his career as a remisier with Chua & Co., Melaka, and joined Chew & Teo, a former member firm of the KLSE (now known as Bursa Malaysia), in 1976 as Assistant Manager. He was admitted as a member of the KLSE (now known as Bursa Malaysia) and a partner of Chew & Teo in 1979. The firm was converted into a private limited company known as Seremban Securities Sdn. Bhd. (SSSB) in April 1987. The name of SSSB was changed to Malpac Securities Sdn. Bhd. in July 1996 and to Malpac Management Sdn. Bhd. in November 2001. He has been a director of the Company from 1987 till now.

He also sits on the Board of several other companies within the Malpac Group and currently holds a dealer's representative licence under the Securities Industry Act, 1983.

Mr Gan attended all of the seven (7) Board Meetings held in the financial period ended 30 June 2016.

### MR LIM HONG LIANG

Mr Lim Hong Liang, Malaysian, male, aged 57, is a Non-Independent and Executive Director of Malpac Holdings Berhad. He was appointed to the Board on 16 October 1990. He is the Chairman of the Remuneration, Investment and Risk Management Committees and a member of the Remuneration Committee of the Company.

He holds a Bachelor of Commerce (Accounting) and Master of Commerce from University of New South Wales, Sydney. Before joining Malpac, he was employed in the commercial banking sector for six years.

He is a director of a public listed company, APB Resources Berhad and also sits on the Board of few other companies within the Malpac Group as well as several other private limited companies.

Mr Lim attended all of the seven (7) Board Meetings held in the financial period ended 30 June 2016.

### MR KAN AH CHUN

Mr Kan Ah Chun, Malaysian, male, aged 63, is a Non-Independent and Executive Director of Malpac Holdings Berhad. He was appointed to the Board on 10 September 1996. He is a member of the Investment Committee of the Company.

After graduating from University of Malaya with a Bachelor of Science (Hons) Degree in 1977, he was attached to the teaching profession from 1978 to 1982. He then joined a commercial bank until 1996 when he joined Malpac Securities Sdn. Bhd.

He also sits on the Board of a company within the Malpac Group as well as several other private limited companies.

Mr Kan attended six (6) of the seven (7) Board Meetings held in the financial period ended 30 June 2016.

### ENCIK JOHARI LOW BIN ABDULLAH

Encik Johari Low Bin Abdullah, Malaysian, male, aged 66, was appointed to the Board of Malpac Holdings Berhad as an Independent and Non-Executive Director on 9 May 2007. He is also the Chairman of the Audit and Nomination Committees and a member of the Remuneration and Risk Management Committees of the Company.

Encik Johari is a Fellow Member of The Institute of Chartered Accountants (England & Wales), the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He is also a member of Mensa International.

He was previously an auditor with Coopers Lybrand London and Deloitte Kuala Lumpur, Executive Director of Ambank Group, Group Managing Director of Berjaya Group Berhad, CEO of KFC Holdings (M) Berhad and Deputy Chairman of Anglo Eastern Plantations PLC. He is currently the Chairman of the Rockwills International Group, a leading estate planning group in Malaysia.

Encik Johari attended all of the seven (7) Board Meetings held in the financial period ended 30 June 2016.

## PROFILE OF BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT (Continued)

### NONE OF THE DIRECTORS HAS:

- Any family relationship with any other Director and/or major shareholder of Malpac Holdings Berhad.
- Any conflict of interest with Malpac Holdings Berhad.
- Any conviction for offences within the past 5 years other than traffic offences.

### PROFILE OF KEY SENIOR MANAGEMENT

#### MR ANG POO GUAN

Chief Executive Officer

Mr Ang Poo Guan, Malaysian, male, aged 67, was appointed as Chief Executive Officer of Malpac Holdings Berhad on 1 March 2002. He also holds directorships in a few subsidiary companies of the Group. He is a member of the Investment Committee of the Company.

He graduated from the University of Malaya in 1972 with a Bachelor of Agric. Sc. (Hon.) degree. He joined a plantation management company for a short stint before joining an agricultural development bank in 1973. In 1980 he joined a foreign commercial bank where he rose to the position of Senior Vice President. In 1996, he left the banking sector to join Malpac Management Sdn. Bhd., a subsidiary of Malpac Holdings Berhad, where he was appointed Chief Executive Officer cum Director. He is also a director of several private limited companies.

Mr Ang attended all of the seven (7) Board Meetings held in the financial period ended 30 June 2016.

Mr Ang does not have any family relationship with any director and/or major shareholder of Malpac Holdings Berhad, nor has he any conflict of interest with the Company. He has no convictions for any offences within the past ten years.



# CHAIRMAN'S STATEMENT

## *Dear Shareholders,*

On behalf of the Board of Directors, I am pleased to present to you our Annual Report & Audited Financial statement for the financial period ended 30 June 2016 (FY2015). We would like to highlight to all shareholders that the Group has changed the financial year end from 31 December to 30 June from this year onwards.

## **ECONOMIC REVIEW**

FY2015 was a challenging year for Malaysia due to global political and economic situations. Domestic demand is expected to be weak and commodities prices shall remain sluggish. Global economic recovery remains fragile, underpinned by the fact that central banks worldwide have extended the post crisis low-interest and expansionary policies for a much longer period.

## **OVERVIEW OF BUSINESSES AND OPERATIONS**

### **Our Businesses**

Malpac Holdings Berhad ("MHB") is an investment holding company whereby the Group, through its subsidiaries, is principally engaged in investment of oil palm plantation and palm oil milling. The Group is also currently exploring diversification into high end residential property business locally and abroad as part of the growth strategies to diversifying the Group's revenue.

### **Material Litigation**

As highlighted in the past five years' annual reports, one of the Group's subsidiaries, Malpac Capital Sdn Bhd ("MCSB"), has been involved in a material litigation pertaining to a sale and purchase agreement involving the Group's plantation assets in Teluk Intan ("the Legal Suit"). As reported previously, the agreement involved the proposed disposal of assets of more than 25% of Group's net assets. Consequently the Board's view, with legal advice taken, was that such a proposed disposal required the approval of MHB's shareholders. In order to comply with the relevant court order(s) made in the Legal Suit, an EGM was held in July 2014 for this purpose but failed to secure the required shareholders' approval ("the Shareholders' Decision"). The Shareholders' Decision at the EGM effectively meant that the earlier orders of the courts could not be carried through or given effect to by reason of the provisions of Section 132C of Companies Act 1965 and Chapter 10 of the Bursa Main Market Listing Requirements.

MCSB has sought to bring the aforesaid subsequent material development, namely the fact of the Shareholders' Decision, to the attention of the courts in the Legal Suit. However, in the latest development in the Legal Suit, we regret to inform that the High Court and the Court of Appeal appear to have taken the view that at this stage MCSB is not entitled to raise the issue of section 132C of the Companies Act 1965.

We respect your votes and the Shareholders' Decision during the July 2014 EGM and we will continue to take all feasible steps to vindicate our legal rights and remedies in relation to the Shareholders' Decision. In this regard, MCSB has applied to the Federal Court for leave to appeal against the Court of Appeal's decision in the Legal Suit (which upheld the High Court's decision to grant certain supplementary orders applied for by the plaintiff purchasers notwithstanding the Shareholders' Decision), and concurrently MHB has also filed a civil suit against MCSB and the plaintiff purchasers in the Kuala Lumpur High Court to address the legal implications of the Shareholders' Decision, and to seek various relief which is premised upon and with a view towards upholding the integrity of the Shareholders' Decision as well as the provisions of Section 132C of the Companies Act 1965 and Chapter 10 of the Bursa Main Market Listing Requirements. You will be kept informed of new developments in this regard.

### REVIEW OF FINANCIAL PERFORMANCE

#### Plantation Revenue

As a result of the above said material litigation, the plaintiff purchasers continue to withhold the Group's plantation income despite the fact that the legal suit is still ongoing. Pending the outcome of ongoing litigation, recognition of the plantation income has been suspended and the accumulated amount withheld to date by the plaintiff purchasers is in excess of RM 40 million.

#### Other Operating Income

Other operating income which principally comprised of income from quoted securities, investments and fixed deposits recorded a total income of RM 6.272 million in FY2015 for the Group. Due to the change in the current financial year end from 31 December 2015 to 30 June 2016, there were no comparative financial information available for the previous 18-month. Net loss recorded for the period is RM 5.205 million or loss per share of 6.94 sen.

### REVIEW OF BUSINESS AND OPERATIONS

The Group has reported zero plantation revenue since July 2011 due to the withholding of the monthly plantation income due to us by the plaintiff purchasers in the legal suit and the matter is now under appeal.

In the worst case scenario should the Group lose in the current legal suit after all legal avenues have been exhausted, the Group faces the grim prospects of falling under the ambit of the provisions of Chapter 8.03A of Bursa's Listing Requirements in respect of insignificant level of operation.

### PROSPECT

The Group is actively looking into new business opportunities, we are currently reviewing several propositions on residential property opportunities locally and abroad.

### DIVIDEND

The Board of Directors does not recommend the payment of any dividend for the year under review.

### APPRECIATION

On behalf of the Board of Directors, I would like to express my appreciation to all the directors, management and staff for their strong commitment and contribution towards the continued success of the Group. My appreciation also goes to our valued shareholders, bankers and business partners for their continued support and confidence in the Group.

**Muhayuddin Bin Musa**  
*Chairman*

# AUDIT COMMITTEE REPORT

## OBJECTIVE

The Audit Committee was established to act as a Committee of the Board of Directors to fulfil its fiduciary responsibilities in accordance with the Terms of Reference of the Audit Committee and to assist the Board in reviewing the adequacy and integrity of the Group's financial administration and reporting and internal control. The Terms of Reference of the Audit Committee are available for viewing in the Company's website, [www.malpac.com.my](http://www.malpac.com.my)

## MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee comprises the following members:-

Chairman	Attendance
<b>Johari Low Bin Abdullah</b> [Senior Independent Non-Executive Director] [Fellow Member of the Institute of Chartered Accountant (England & Wales), Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants]	7/7
Members	Attendance
<b>Muhayuddin Bin Musa</b> [Independent Non-Executive Director]	7/7
<b>Tan Chon Sing @ Tan Kim Tieng</b> [Non-Independent Non-Executive Director]	7/7

## Authority

The Audit Committee is empowered to, in accordance with the procedures determined by the Board of Directors and at the cost of the Company:-

- Investigate any matters within its term of reference.
- Have full access to all information in relation to the Company and its subsidiaries.
- Have direct communication channels with the External Auditors and Internal Auditors.
- To convene meetings with the Internal Auditors without the presence of Executive Directors and employees of the Company, whenever deemed necessary.
- To convene meetings with the External Auditors at least twice a year without the presence of the Executive Directors and management staff.
- Obtain independent professional or other advice as necessary.

Notwithstanding anything to the contrary hereinbefore stated, the Committee does not have executive powers and shall report to the Board of Directors on matter considered and its recommendations thereon, pertaining to the Group.

## AUDIT COMMITTEE REPORT (Continued)

### Meetings

The Committee will meet at least four times in a year. The quorum for the meeting shall consist of two members of which majority of members present must be Independent directors. The Directors, employees, auditors or others may attend meetings upon the invitation of the Audit Committee.

The Chairman and the members attended all the seven (7) meetings held during the financial period ended 30 June 2016.

The Company Secretary shall be the Secretary to the Audit Committee.

### Minutes

The Secretary shall maintain minutes of the proceedings of the meeting and circulate such minutes to all members of the Audit Committee. The Chairman of the Committee shall report on each meeting to the Board of Directors.

### WORK OF THE AUDIT COMMITTEE

The Audit Committee has discharged its functions during the financial period ended 30 June 2016 as follows:-

- Reviewed with the internal auditors and reported to the Board on the following matters:
  - o the internal audit's audit plan, scope of work and its finding at half year basis, and to highlight to the Board on any material finding.
  - o the adequacy of the internal controls procedures and operational controls.
  - o the major findings of internal audit reports and their recommendations relating thereto as well as the management response to ensure that appropriate and adequate remedial action were taken by the Management.
- Reviewed with the external auditors and report to the Board on the following matters:
  - o the audit planning memorandum.
  - o evaluation of the system of internal control
  - o the audit review reports and highlighted all significant issues.
  - o the audited financial statements and recommended the adoption of the financial statements.
  - o the related party transactions and any conflicts of interest that may arise within the Company and the Group.
- Reviewed the quarterly unaudited results and audited financial statements which were recommended for the Board's adoption prior to the announcement/submission to Bursa Securities focusing particularly on:-
  - o Changes in or implementation of major accounting policy.
  - o significant and unusual events.
  - o Compliance with accounting standards and other legal requirements
  - o Compliance with Bursa Securities' MMLR, Companies Act, 1965 and other regulatory requirements
- Reviewed the progress and status of the on-going material litigation including engaging in discussions with the Company's solicitors.
- Meeting with the External Auditors in the absence of the Executive Directors.
- Assessed the suitability and independence of the External Auditors and make recommendations to the Board for their re-appointment.
- Reviewed the Audit Committee Report and Statement on Risks Management and Internal Control prior to its inclusion in the Annual Report.
- Evaluated the audit fees payable to the internal auditors and external auditors.
- Reviewed and to ensure the recurrent related party transactions entered into by the Company and/or the Group and the disclosures of such transactions in the quarterly financial results.

### WORK OF THE INTERNAL AUDIT FUNCTION

The Board recognizes the importance of the internal audit function and the independent status required for carrying out their function effectively. For the financial period ended 30 June 2016, the internal audit function of the Company was outsourced to an external service provider, namely, IA Essential Sdn. Bhd.

During the financial period, the outsourced internal audit function assisted the Audit Committee in discharging its duties and responsibilities by executing independent reviews to ensure the adequacy and effectiveness of the internal control systems of the Group.

The work done of the internal audit function for the financial period ended 30 June 2016 included the following:-

- a) Conducting internal audit reviews in accordance with the internal audit plan approved by the Audit Committee;
- b) Reporting the results of internal audit and making recommendations for improvements to the Audit Committee on a periodic basis.

During the financial period, three (3) internal audit reports were issued on various units of the Group covering bank balances, investments and capital expenditure. The internal audits conducted did not reveal any weaknesses in the internal control system that would result in material losses, contingencies or uncertainties which are necessary to be disclosed in the Annual Report.

The cost incurred for the internal audit function in respect of the financial period was RM22,564.86.



# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") is pleased to disclose below the manner and the extent of which it has applied the principles and complied with recommended best practices set out in the Malaysian Code on Corporate Governance ("MCCG 2012") and governance standards prescribed in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") throughout the financial period ended 30 June 2016.

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### 1.1 Board's Roles and Responsibilities

The Board assumes full responsibilities for the overall performance of the Group by adopting a strategic plan and overseeing the conduct of the business in order to ensure that the business is being properly managed. The Board focuses on its financial performance and crucial business decisions, like identifying principal risks and their management, succession planning for senior management, developing and implementing shareholder communications policy, system for internal control and compliance with laws and regulations.

The Board has adopted a Board Charter whereby it provides guidance for the existing and prospective Board members and its Committees on their fiduciary duties and responsibilities. The Charter will be reviewed and updated periodically to ensure consistency with the Board's strategic plan. The Charter is made available at the Company's website at [www.malpac.com.my](http://www.malpac.com.my).

During the financial period ended 30 June 2016, the Board carried out its principal responsibilities as follows:

- Reviewing the strategic plan for the Group;
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- Identifying principal risks of the Group's business activities and ensure the implementation of appropriate systems to manage these risks;
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- Ensuring that the Group adheres to high standards of ethics and corporate behavior.

In addition, the Board has also delegated certain responsibilities to several Board Committees such as the Audit Committee, Nomination Committee, Remuneration Committee, Investment Committee and Risk Management Committee which operate within defined Terms of Reference.

In the normal course of events, day to day management of the Company will be in the hands of Management and under the stewardship of the Chief Executive Officer.

### 1.2 Code of Ethics and Conduct

A formal Code of Ethics has been designed to guide the Group's Directors towards achieving high standards of behavior in our business dealings.

For employees, they are required to observe and adhere to a Standard of Conduct which sets out the Code of Ethics, the Misuse of Position, confidentiality rules and Breach of Discipline. The Standard of Conduct aims to instill good conduct, integrity and ensure good corporate practices among the Group's employees.

### 1.3 Whistleblowing Policy

The Group has put in place a Whistleblowing policy and this policy forms an integral part of the Group's commitment towards providing a safe and ethical work environment, thus resulting in improving the overall effectiveness and success of the Group.

Recognizing that upholding these ethical standards requires confidence on the part of all directors, employees and stakeholders, and any issues of concern can be addressed transparently, fairly and truthfully and remedial action can be taken promptly.

The Policy can be viewed on the Company's website.

### 1.4 Access to Information, Advice and Company Secretary

Board members are provided with all relevant papers and reports in advance of each Board and Committee Meeting in accordance with the agenda for discussion. This ensures that Directors have sufficient time to appreciate issues deliberated at meetings and expedites the decision making process. Senior management is invited to attend Board or Committee Meetings to present the financial performance, reports or other proposals affecting the business areas as at when and where necessary.

The Directors have direct access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed and the regulatory requirements are met.

The Directors are also given access to seek independent professional advice when necessary at the Company's expense.

### 1.5 Qualified and Competent Company Secretaries

The Company Secretaries of the Company are qualified company secretaries under Section 139A of the Companies Act 1965. The Company Secretaries play an advisory role to the Board, particularly with regard to the Company's constitution and Board policies and procedures as well as compliance with relevant rules and regulations.

The Company Secretaries records, prepares and circulates the minutes of the meetings of the Board and Board Committees and ensures that the minutes are properly kept at the registered office of the Company and produced for inspection, if required.

## 2. STRENGTHEN COMPOSITION

### 2.1 Board Composition and Balance

There is a balance of power and authority in the Board with two executive non-independent directors, three non-executive non-independent directors and two non-executive independent directors. The Company is in compliance with the Listing Requirements of Bursa Malaysia which requires one-third of the Board members as independent non-executive directors.

All board members have extensive professional and business experience. Essentially, this meets the prerequisites of an effective board where the intimate business knowledge of the executive directors is combined with the broader views and objectivity that non-executive directors bring into the Board's deliberation and decision-making process.

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

Both Independent Directors have served the Board for a cumulative term of more than nine (9) years. The Board has made a critical assessment of the performance and concluded that their level of independence, objectivity and integrity will no way be compromised notwithstanding their long service. As such both of them will be recommended to the Shareholders on the continuation in office as Independence Directors at the forthcoming AGM.

The Board supports the initiative to include woman representation on the Board to achieve a more gender diversified Board. Candidates that are competent, possess leadership qualities and suitable qualification with specialized knowledge that meet the Group's needs will be considered for appointment to the Board in the future.

### 2.2 Board Committees

#### 2.2.1 Audit Committee

The Group's financial reporting and internal control system are overseen by the Audit Committee, which comprises of two (2) independent non-executive Directors and one (1) non-independent and non-executive Director. The composition, terms of reference and summary of the activities of the Audit Committee during the financial year are disclosed in the Audit Committee Report.

The Audit Committee meets quarterly. Additional meetings are held as and when required. For financial period ended 30 June 2016, seven meetings were held.

The Audit Committee's meetings are always held before the Board's meetings. This is to ensure that all critical issues highlighted can be brought to the Board on a timely basis.

#### 2.2.2 Nomination Committee ("NC")

The NC consists entirely of Non-Executive Directors with majority being Independent Directors. The NC is chaired by a Senior Independent Director and the members are as follows:

- (i) Johari Low Bin Abdullah – Chairman [Senior Independent Non-Executive Director]
- (ii) Tan Chon Sing @ Tan Kim Tieng
- (iii) Muhayuddin Bin Musa

The NC is to assist the Board in assessing the effectiveness of the Board as a whole and Board Committees, and assessing the contributions of each individual Director including the Chief Executive Officer (CEO) on an annual basis.

The NC, with the guide of the nomination and election process, is also responsible for nominating the right candidates with the required skills, experience and attributes for recommendation to and appointment by the Board wherever the need arises. Details of the nomination and election process can be found at the Company's website.

The NC is also tasked to recommend suitable orientation, educational and training programmes to continuously train and equip the existing Directors.

The NC held one meeting in the financial period ended 30 June 2016 for the purpose of making an assessment of the board, board committee and individual directors the following criteria has been used in the assessment process:

##### Board of Directors

- Quality and Composition with the mix of skills and experience
- Board Roles and Responsibilities

##### Board Committee

- Quality and Composition
- Skills and Competencies

During the financial period ended 30 June 2016, the NC, in discharging its functions and duties, carried out the following activities:

- Assessed the effectiveness of the Board as a whole and the contribution of each individual Director;
- reviewed the size, composition and the required mix of skills of the Board and Board Committee;
- reviewed the re-election and re-appointment of retiring Directors to the Board; and
- annual assessment of the Independent Directors.

## STATEMENT ON CORPORATE GOVERNANCE (Continued)

Based on the reviews and assessment, the NC has observed that the composition of the Board was well-constructed with Directors possessing the right mix of skills and experience and supportive of the continuous growth of the Group. The Committee also observed that the Board Committees were appropriately structured to meet the role they were required to play.

### 2.2.3 Remuneration Committee

The Committee consists mainly of Non-Executive Directors with majority being Independent Directors. The members of the Remuneration Committee are:-

- (i) Muhayuddin Bin Musa - Chairman
- (ii) Johari Low Bin Abdullah
- (iii) Lim Hong Liang

The Remuneration Committee is responsible for recommending to the Board the remuneration packages of the Executive Directors, whilst the Board as a whole determines the remuneration of the Non-Executive Directors. Individual Directors do not participate in discussions or decisions concerning their own remuneration packages.

The Remuneration Committee met once during the financial period under review and all members registered full attendance.

### 2.2.4 Investment Committee

The Committee consists of two Executive Directors, a Non-Executive Director and the Group CEO.

The members of the committee are as follows:-

- |                                    |                   |
|------------------------------------|-------------------|
| (i) Lim Hong Liang - Chairman      | (iii) Kan Ah Chun |
| (ii) Tan Chon Sing @ Tan Kim Tieng | (iv) Ang Poo Guan |

The role of the Investment Committee is to assist the Board in assessing and approving all significant investment matters which include the capital budget, investment transactions and proposals on new investment capital. The significant issues and actions deliberated and decided in the Committee are tabled in the Board for review and approval.

The Investment Committee shall meet as and when required and shall report to the board on its proceeding on all matters within its duties and responsibilities.

There were six (6) meetings held during the financial period ended 30 June 2016.

### 2.2.5 Risk Management Committee

The Committee consists mainly of Non-Executive Directors with majority being Independent Directors. The members of the Risk Management Committee are:-

- (i) Lim Hong Liang - Chairman
- (ii) Johari Low Bin Abdullah
- (iii) Muhayuddin Bin Musa

The role of the Risk Management Committee is to identify, evaluate and manage various risks and monitor these risks constantly to ensure that risks are actively updated and effectively managed.

The Risk Management Committee meets as and when required or at least once a year.

## STATEMENT ON CORPORATE GOVERNANCE (Continued)

### 2.3 Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors shall retire from office, at least once in three (3) years. Retiring directors can offer themselves for re-election. Directors who are appointed by the Board during the financial period are subject to re-election by the shareholders at the next Annual General Meeting held following their appointments. Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

### 2.4 Directors' Training

All the Directors have completed the Mandatory Accreditation Programme and attended various training programmes under the Continuing Education Programmes pursuant to the requirements of Bursa Securities Listing Requirements. All Directors have attended at least one training course each that the Board considered relevant to the discharge of their duties as a director. The Board encourages its Directors to attend talks, workshops, seminars and conferences to update and enhance their skills and knowledge to keep abreast with the changing business developments relevant to the industry within which the Group operates.

During the financial period ended 30 June 2016, the board members attended the following programmes:-

Director	Courses/Seminars/Workshop attended
Tan Chon Sing @ Tan Kim Tieng	<ul style="list-style-type: none"> <li>Breaches of Bursa Trading Rules, Penalties for Non-Compliance</li> <li>NeuroInvesting and Behavioral Trading</li> <li>AMLATFPUAA in the Capital Market</li> <li>Asean Stock Markets and Trends</li> </ul>
Chew Loy Chee	<ul style="list-style-type: none"> <li>Breaches of Bursa Trading Rules, Penalties for Non-Compliance</li> <li>NeuroInvesting and Behavioral Trading</li> </ul>
Gan Teck Chong @ Gan Kwan Chong	<ul style="list-style-type: none"> <li>Breaches of Bursa Trading Rules, Penalties for Non-Compliance</li> <li>NeuroInvesting and Behavioral Trading</li> <li>AMLATFPUAA 2001: The Law &amp; Policy from a Capital Market</li> <li>AMLATFPUAA 2001: Complexity &amp; Its impact on Investment Banking</li> </ul>
Lim Hong Liang Kan Ah Chun	2015 PLC Director's Training <ul style="list-style-type: none"> <li>Crisis Communications</li> <li>How to Avoid Business Heart Attacks</li> </ul>
Muhayuddin Bin Musa	2015 PLC Director's Training <ul style="list-style-type: none"> <li>Crisis Communications</li> <li>How to Avoid Business Heart Attacks</li> <li>Lead The Change: Getting Women on Boards</li> </ul>
Johari Low Bin Abdullah	<ul style="list-style-type: none"> <li>The New Economy and Social media marketing</li> </ul>
Johari Low Bin Abdullah (As one of the speakers of the training)	2015 PLC Director's Training <ul style="list-style-type: none"> <li>Crisis Communications</li> <li>How to Avoid Business Heart Attacks</li> <li>Succession is a Candy Jar</li> <li>Succession is a Durian Tree</li> <li>3 Massive Mistakes Entrepreneurs Make</li> <li>Corporate Crisis Communications and How to avoid a business heart attack</li> </ul>

### 2.5 DIRECTORS' REMUNERATION

The remuneration policy of the Company for Executive Directors is structured to link rewards to corporate and individual performance. As for Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non-executive concerned. Details of remuneration received/receivable by Directors from the Company and the Group for the financial period ended 30 June 2016 are as follows:-



## STATEMENT ON CORPORATE GOVERNANCE (Continued)

	Fee (RM)	Salaries, EPF & Allowance (RM)	Other Emoluments & Benefits (RM)	Total (RM)
Company				
Executive Directors	36,000	36,000	187,188	507,388
Non-Executive Directors	54,000	54,000	87,000	583,320
Group				
Executive Directors	36,000	284,200	273,113	593,313
Non-Executive Directors	54,000	442,320	228,050	724,370

The Board recommends Directors' fee of RM36,000 for Executive Directors and RM54,000 for Non-Executive Directors to be payable for the financial period ended 30 June 2016 subject to shareholders' approval at the forthcoming AGM.

The number of Directors whose remuneration falls into the respective bands is as follows:-

Range of Remuneration (RM)	Executive Directors	Non-Executive Directors
1 – 50,000	-	-
100,001 – 150,000	-	2
150,001 – 200,000	1	2
200,001 – 250,000	-	1
300,001 – 350,000	1	-

The details of the individual Director's remuneration are not disclosed in the report as the Board considers the above disclosures satisfy the accountability and transparency aspect of the Code.

### 3. REINFORCE INDEPENDENCE

#### 3.1 Annual Assessment of Independence

The Board through the Nomination Committee assesses the independence of the NEDs annually. This is in line with Recommendation 3.1 of MCCG 2012, as one of the factors in determining the NEDs eligibility to stand for re-election.

Based on the assessment carried out during the financial period ended 30 June 2016, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company as well as ability to resolve problems based on clarity and understanding of all subject matters during deliberations at Board meetings.

#### 3.2 Tenure of Independent Director

Recommendation of the Code states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years, however, the Nomination Committee and Board have assessed and concluded that notwithstanding the length of service put in by both Directors, they have at all time been able to exercise a high level of objectivity and integrity with sound independent judgments in discharging their duties and responsibilities.

Furthermore, the Board is satisfied that Encik Muhayuddin Bin Musa and Encik Johari Low Bin Abdullah actively participated in Board's and Board Committee's discussions and provided an independent view to the Board. Their vast experiences enable them to provide the Board with a diverse set of experience and expertise. The Board is of the view that their continued service is still needed and their independence and objectivity will not be compromised.

As such, the NC has assessed and recommended to the Board on the continuation in office of the two (2) Independent Directors and to seek shareholders' approval at the forthcoming AGM.

## STATEMENT ON CORPORATE GOVERNANCE (Continued)

### 3.3 Role of Chairman & CEO

The Chairman of the Company is an Independent Non-Executive Director (“NED”). The role of the Chairman and Chief Executive Officer (“CEO”) are held by different individuals. The Chairman’s main responsibility is to lead and manage the Board in order to ensure its effectiveness.

The CEO is responsible for leading the management team, implementation of the decision approved by the Board, the CEO is also responsible for planning the future direction of the Group for the Board’s consideration and approval.

### 3.4 Board Composition

The Board consists of seven (7) members of whom two (2) are Independent NEDs, three (3) are Non-Independent NEDs and two (2) are Non-Independent Executive Directors. The present composition of the Board complies with Paragraph 15.02(1) of the MMLR of Bursa Securities whereby at least one-third (1/3) of the Board must be made up of Independent Directors.

## 4. FOSTER COMMITMENT

### 4.1 Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at the Board and Board Committee meetings for the financial period ended 30 June 2016, as set out in the table below:

	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	Investment Committee Meeting	Risk Management Committee Meeting
Muhayuddin Bin Musa	7/7	7/7	1/1	1/1	-	1/1
Chew Loy Chee	7/7	-	-	-	-	-
Lim Hong Liang	7/7	-	-	1/1	6/6	1/1
Tan Chon Sing @ Tan Kim Tieng	7/7	7/7	1/1	-	6/6	-
Gan Teck Chong @ Gan Kwan Chong	7/7	-	-	-	-	-
Kan Ah Chun	6/7	-	-	-	6/6	-
Johari Low Bin Abdullah	7/7	7/7	1/1	1/1	-	1/1

The Board meets at least once in every quarterly and on other occasions, as and when necessary, to inter-alia approve quarterly financial results, statutory financial statement, the annual report and business plans and budgets as well as to review the performance of the Company and its operating subsidiaries. Board papers are circulated to the Board members prior to the Board meetings so as to provide the Directors with relevant and timely information to enable them to have a proper deliberation on issues raised during Board meetings.

All Directors have complied with the minimum requirement of 50% attendance at Board meetings as stipulated in the MMLR of Bursa Securities.

### 4.2 Number of Directorship of Each Director

To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, the Directors must not hold a directorship at more than five (5) PLCs (as prescribed in Paragraph 15.06 of the MMLR of Bursa Securities) and must be able to commit sufficient time to the Company matters.

The Directors are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment.

## 5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

### 5.1 Compliance with Applicable Financial Reporting Standards

The Board is responsible for ensuring that the financial statement prepared for each financial year presents a true and fair view of the state of affairs of the Company and Group. The Board ensures that the Group's financial statements are drawn up in accordance with the provision of the Companies Act, 1965 and applicable approved accounting standards. The Board is assisted by the Audit Committee in reviewing the appropriateness of the Company's and Group's accounting policies and the changes to these policies as well as ensures the financial statements comply with the accounting standards and other regulatory requirements. The Statement of Director's responsibilities is set out on page 29 of this Annual Report.

### 5.2 Assessment of Suitability and Independence of External Auditors

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

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

## 6. RECOGNISE AND MANAGE RISKS

- 6.1 The Board has established a Risk Management Committee to assess the various types of risks which might have an impact on the profitable operation of the Group's interest. This includes investment risk, market price, credit, legal and interest rate risks.

The Board also has overall responsibilities for corporate governance and the development of sound internal control system for the Group to achieve its objectives within the acceptable risk profile as well as safeguarding shareholders' interest and the Group's assets.

The Statement on Risk Management and Internal Control is set out on page 27. It provides an overview of the state of risk management and internal control within the Group

## 7. ENSURE TIMELY AND HIGH-QUALITY DISCLOSURE

### 7.1 Corporate Disclosure Policy

The Board is committed to ensuring that communications to the investing public, regarding the business and the financial performance of the Company, are accurate, timely, informative, factual and consistent.

## STATEMENT ON CORPORATE GOVERNANCE (Continued)

The Company is guided by the Corporate Disclosure Guide issued by Bursa Securities with the consultation of the Company Secretary and/or any other professional advisers.

### **7.2 Leverage on Information Technology for Effective Dissemination of Information**

The Board recognizes the importance of accountability to its shareholders and investors through timely and proper communications. The Board ensures timely release of financial results and its quarterly financial results, annual report and all its announcements can be accessed from the Company's corporate website at [www.malpac.com.my](http://www.malpac.com.my) or Bursa's website at [www.bursamalaysia.com](http://www.bursamalaysia.com)

## **8. INVESTORS RELATIONS & SHAREHOLDERS COMMUNICATION**

### **8.1 Encourage shareholder participation at General Meeting**

Notice of the AGM which is contained in the Annual Report is sent out at least twenty-one (21) days prior to the date of the meeting. The AGM serves as a principal forum for dialogue and interaction with all shareholders who are encouraged to participate in a question and answer session. The Chairman of the meeting or the CEO will facilitate the discussion with the shareholders and provide further information in response to shareholders' queries.

### **8.2 Poll Voting**

With effect from 1 July 2016, all resolutions put forth at the AGM for a vote shall be decided by poll.

### **8.3 Communications with Shareholders and Investors**

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

## **9. CORPORATE SOCIAL RESPONSIBILITY**

The Group is committed towards adopting and engaging in Corporate Social Responsibility. The Group, its directors and staff have participated in various corporate events in support of various causes (such as blood donation drives and charity event donations) during the financial period and will continue to do so in the future. The Group has also embarked on a programme to conserve energy and reduce paper consumption.

## **COMPLIANCE STATEMENT**

The Board is satisfied that the Company has in the financial period ended 30 June 2016 complied with the principles and recommendations of the MCCG 2012 except where it was specifically stated otherwise.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Board Responsibility

The Board affirms its responsibilities for a sound system of internal control, quality risk management practices and for reviewing the Group's adequacy and integrity in these systems. The principal function of the internal control system is intended to identify and to manage significant risks faced by the Group's business operations, which may impede the achievement of the Group's objective. The Board ensures that the effectiveness and integrity of the risk management and internal control system are reviewed on an ongoing basis and is of the view that the system in place is sound and sufficient to safeguard the Group's assets.

The Board also acknowledges that these systems are designed to ensure that risks are identified and managed at acceptable levels rather than to eliminate such risks. Hence, systems can only provide reasonable but not absolute assurance against financial losses or uncertainties.

## Risk Management

The Board regards risk management as an integral part of the Group's business operations and has established a Risk Management Committee ("RMC") that comprises the Executive Non-Independent Director and Non-Executive Independent Directors. The RMC identifies and communicates to the Audit Committee and the Board the present and potential critical risks the Group faces, their changes and the management action plans to manage these risks.

The RMC has established a risk assessment process to identify, evaluate and manage the significant risks faced by the Group. Keys risks identified are scored for the likelihood of the risks occurring and magnitude of its impact. Risk assessment, monitoring and review of the various risks faced by the Group are a continuous process within the key operating units with the RMC playing a pivotal oversight function. The RMC convenes on an annual basis to review the key risks profiles and report to the Audit Committee. Periodic reviews were also conducted by RMC to determine the existence of a new risk and whether the risks previously identified remain relevant.

## Internal Control

The outsourced internal auditors are engaged to assist the Board and Audit Committee in providing an independent assessment of adequacy, efficiency and effectiveness of the Group's internal control system. They have on a semi-annual basis assessed the adequacy and effectiveness of the Group's system of internal control and compliance frameworks and have subsequently reported their findings to the Audit Committee. The Audit Committee reviewed the internal audit reports and informed the Board on the adequacy and effectiveness of the Group's system of internal control.

The Group's system of risk management and internal control mainly applies to its operating units and does not cover the dormant companies.

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

- Organization structure with clearly defined lines of authority and the appropriate levels of delegation.
- Policies and procedures are clearly communicated to all staff members.
- Quarterly financial reports are provided to Directors and discussed at Audit Committee and Board meetings;
- The RMC would discuss the possible risk areas on the Group's operational and management issues as and when necessary and report to Audit Committee;
- Internal audit function outsourced to an independent advisory firm with its audit plan approved by the Audit Committee to assess the adequacy of internal control, the extent of compliance with policy and procedures as well as advising management on areas for improvement;



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

- The Audit Committee convenes meeting on a quarterly basis to deliberate on the findings and recommendation for improvements by the Internal Auditors and External Auditors. The Audit Committee reviews the action taken to rectify the findings in a timely manner and to evaluate the effectiveness and adequacy of the Group's internal control system;
- The CEO oversees the Group's operations and internal controls and reports to the Board on the key risks; and
- All major decisions are subject to detailed appraisal and review. The Board receives comprehensive information covering all decisions within the group on a quarterly basis.

The Board, together with the management will, when necessary put in place appropriate action plans to further enhance the Group's risks management and internal control system.

For the financial period ended 30 June 2016 under review, the Board is satisfied with the adequacy and effectiveness of the Group's system of risk management and internal control. No major weaknesses or uncertainties, which could result in material losses, were identified nor would require separate disclosure.

### **Adequacy and Effectiveness of the Group's Risk Management and Internal Control System**

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

### **Review of the Statement by External Auditors**

The external auditors, Messrs Baker Tilly AC, have performed a limited assurance engagement on this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial period ended 30 June 2016 and reported to the Board that based on the procedures performed, nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Controls intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

## STATEMENT OF DIRECTORS' RESPONSIBILITY

This statement is made pursuant to paragraph 15.26(a) of Listing Requirements of Bursa Malaysia.

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and of the Company for the financial period ended 30 June 2016.

In preparing the financial statements, the Directors have:

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

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

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

## OTHER INFORMATION

### 1. Material contracts

There were no material contracts entered into by the Company and/or its subsidiaries which involve Directors' and major shareholders' interests, either still subsisting at the financial period ended 30 June 2016 or which were entered into since the end of the previous financial year.

### 2. Non-audit fees

There were no non-audit fees paid to the external auditors for the financial period ended 30 June 2016.

### 3. Recurrent related party transactions of revenue nature

There were no recurrent related party transactions of revenue nature during the financial period ended 30 June 2016.

### 4. Utilisation of proceeds raised from corporate proposal

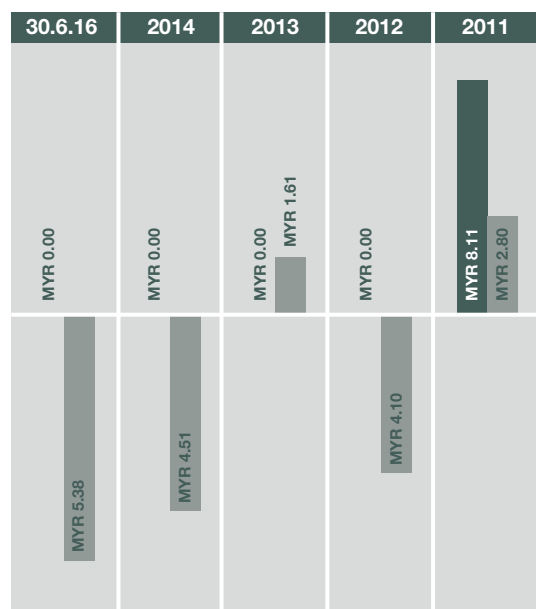
There was no corporate proposal involving the raising of funds during the financial period ended 30 June 2016.

## 5-YEAR FINANCIAL HIGHLIGHTS

		18 months ended				
		30.06.16 (RM)	2014 (RM)	2013 (RM)	2012 (RM)	2011 (RM)
<b>A STATEMENT OF COMPREHENSIVE INCOME</b>						
1	Revenue	-	-	-	-	8,114,757
2	EBITDA	(1,965,352)	(2,151,548)	3,989,389	(1,732,753)	5,047,916
3	(Loss)/Profit before tax	(5,382,532)	(4,507,835)	1,608,703	(4,101,201)	2,804,900
4	(Loss)/Profit after tax	(5,205,872)	(4,502,299)	1,460,242	(4,104,524)	760,832
5	Net (loss)/profit attributable to equity holders	(5,205,872)	(4,502,299)	1,460,242	(4,104,524)	760,832
<b>B STATEMENT OF FINANCIAL POSITION</b>						
1	Total assets	194,930,148	200,572,287	204,455,605	201,821,666	206,523,671
2	Total liabilities	8,348,897	8,785,163	8,166,182	6,992,485	7,589,966
3	Shareholders' equity	186,581,252	191,787,124	196,289,423	194,829,181	198,933,705
<b>C FINANCIAL INDICATORS</b>						
1	Return on equity (%)	(2.79)	(2.35)	0.74	(2.11)	0.38
2	Return on total assets (%)	(2.67)	(2.24)	0.71	(2.03)	0.37
3	Earnings/(Loss) per share (sen)	(6.93)	(6.00)	1.95	(5.47)	1.00
4	Net assets per share (RM)	2.49	2.56	2.62	2.60	2.65
5	Price earning (PE) ratio (times)	(23.09)	(30.00)	78.37	(29.24)	130.00
6	Share price as at the financial period/year end (RM)	1.60	1.80	1.63	1.60	1.30

## 5-YEAR FINANCIAL HIGHLIGHTS (Continued)

### MHB 5yr Revenue and PBT from 2011 - 30.06.2016 (millions)



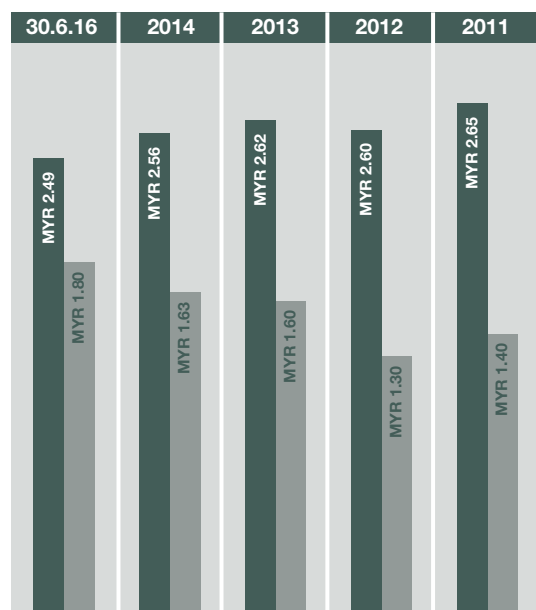
■ Revenue ■ Profit/(Loss) before tax

### MHB 5yr ROE and ROA from 2011 - 30.06.2016



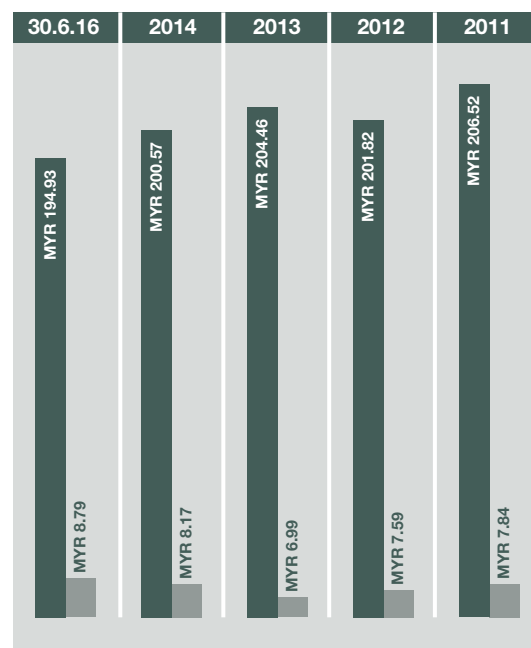
■ Return on equity (%) ■ Return on total assets (%)

### MHB 5yr net assets per share and FY end share price from 2011 - 30.06.2016



■ Net assets per share (RM)  
■ Share price as at the financial period/year end (RM)

### MHB 5yr Total Assets Vs Total Liabilities from 2011 - 30.06.2016 (millions)



■ Total assets ■ Total liabilities

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# DIRECTORS' REPORT

The directors hereby present their report and the audited financial statements of the Group and of the Company for the financial period ended 30 June 2016.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 12 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial period.

## CHANGE OF FINANCIAL YEAR END

The Company has changed its financial year end from 31 December to 30 June. The financial statements are thus prepared for a period of 18 months, from 1 January 2015 to 30 June 2016.

## RESULTS

	Group RM	Company RM
Loss for the financial period, attributable to owners of the parent	<u>5,205,872</u>	<u>17,259</u>

## DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year and the directors do not recommend any dividend payment for the current financial period.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period.

## 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 provision for doubtful debts and have satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

## 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 which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which 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 method 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 or of the Company which has arisen since the end of the financial period which secures the liability of any other person; and
- (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial period.

No contingent or other liability 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 period which, in the opinion of the directors, 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 which would render any amount stated in the financial statements misleading.

### ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:

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

### ISSUE OF SHARES AND DEBENTURES

No shares or debentures were issued during the financial period.

### DIRECTORS OF THE COMPANY

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

CHEW LOY CHEE  
TAN CHON SING @ TAN KIM TIENG  
GAN TECK CHONG @ GAN KWAN CHONG  
LIM HONG LIANG  
KAN AH CHUN  
MUHAYUDDIN BIN MUSA  
JOHARI LOW BIN ABDULLAH

## DIRECTORS' REPORT (Continued)

### DIRECTORS' INTERESTS

The interests of the directors in office at the end of the financial period in the shares of the Company and of its related corporations during the financial period according to the registers required to be kept under Section 134 of the Companies Act, 1965, are as follows:

Direct Interest	Number of Ordinary Shares of RM1 each			
	At 1.1.2015	Bought	Sold	At 30.06.2016
Chew Loy Chee	3,152,188	-	-	3,152,188
Tan Chon Sing @ Tan Kim Tieng	10,315,393	-	-	10,315,393
Gan Teck Chong @ Gan Kwan Chong	3,917,303	-	-	3,917,303
Lim Hong Liang	13,366,008	885,000	-	14,251,008
Kan Ah Chun	2,180,260	99,700	-	2,279,960
<b>Deemed Interest</b>				
Chew Loy Chee *	360,000	-	-	360,000
Tan Chon Sing @ Tan Kim Tieng *	2,209,300	-	-	2,209,300
Gan Teck Chong @ Gan Kwan Chong *	2,940,300	1,520,500	-	4,460,800
Lim Hong Liang **	3,691,900	-	-	3,691,900

\* Deemed interested through spouse

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

By virtue of their interests in the shares of the Company, Tan Chon Sing @ Tan Kim Tieng, Gan Teck Chong @ Gan Kwan Chong and Lim Hong Liang are also deemed interested in the shares of the subsidiaries during the financial period to the extent the Company has an interest.

None of the other directors holding office at the end of the financial period held any interest in the ordinary shares of the Company or its related corporations during the financial period.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in 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 period, was the Company a party to any arrangements whose object is 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 DURING AND SUBSEQUENT TO FINANCIAL PERIOD END

Details of significant events during and subsequent to financial period end are disclosed in Note 30 and 31 to the financial statements.

### AUDITORS

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

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

**TAN CHON SING @ TAN KIM TIENG**

**GAN TECK CHONG @ GAN KWAN CHONG**

## STATEMENT BY DIRECTORS

— Pursuant to Section 169(15) of the Companies Act, 1965 —

We, the undersigned, being two of the directors of Malpac Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 39 to 94, are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016 and of their financial performance and cash flows for the financial period then ended.

The supplementary information set out on page 95 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors date 5 October 2016.

**TAN CHON SING @ TAN KIM TIENG**

**GAN TECK CHONG @ GAN KWAN CHONG**

## STATUTORY DECLARATION

— Pursuant to Section 169(16) of the Companies Act, 1965 —

I, Lim Hong Liang, being the director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 39 to 94 and the supplementary information as set out on page 95, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at  
Kuala Lumpur in the Federal Territory  
on 5 October 2016

**LIM HONG LIANG**

Before me

**TAN KIM CHOOI (W661)**  
Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALPAC HOLDINGS BERHAD (Incorporated in Malaysia)

## Report on the Financial Statements

We have audited the financial statements of Malpac Holdings Berhad, which comprise the statements of financial position as at 30 June 2016 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 period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 39 to 94.

### 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 Malaysian Financial Reporting Standards, International 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 30 June 2016 and of their financial performance and cash flows for the financial period then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

### Emphasis of Matter

Without qualifying our opinion, we draw your attention to Note 30 to the financial statements, which discloses the material litigation, as we have considered the importance of the matter which is fundamental to the understanding of the financial statements.

# INDEPENDENT AUDITORS' REPORT (Continued)

===== TO THE MEMBERS OF MALPAC HOLDINGS BERHAD (Incorporated 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 in Malaysia 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 95 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 AC**  
AF 001826  
Chartered Accountants

Kuala Lumpur  
5 October 2016

**Lee Kong Weng**  
2967/07/17 (J)  
Chartered Accountant

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	Note	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM
Revenue		-	-
Other income		6,271,797	3,801,805
Administrative expenses		(8,522,987)	(6,304,757)
Other operating expenses		(3,131,342)	(2,004,883)
<b>Loss before tax</b>	4	(5,382,532)	(4,507,835)
Tax credit	7	176,660	5,536
<b>Loss for the financial period/year, attributable to owners of the parent</b>		(5,205,872)	(4,502,299)
<b>Loss per share attributable to owners of the parent:</b>			
Basic loss per share (sen)	8	(6.9)	(6.0)
Diluted loss per share (sen)	8	(6.9)	(6.0)

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	30.6.2016 RM	31.12.2014 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	56,127,793	56,925,523
Investment properties	10	1,138,500	1,179,000
Prepaid land lease payments	11	28,852,263	31,325,314
Other investments	13	11,999,044	14,018,010
		98,117,600	103,447,847
<b>Current assets</b>			
Receivables and deposits	14	682,109	187,304
Tax recoverable		16,707	22,000
Other investments	13	7,894,387	6,807,239
Short term cash investments	15	87,767,202	89,591,800
Deposits, cash and bank balances	16	452,143	516,097
		96,812,548	97,124,440
<b>Total Assets</b>		194,930,148	200,572,287
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	17	75,000,000	75,000,000
Reserves	18	111,581,252	116,787,124
<b>Total Equity</b>		186,581,252	191,787,124
<b>Liabilities</b>			
<b>Non-current liability</b>			
Provisions	21	295,716	271,737
<b>Current liabilities</b>			
Payables, deposits and accruals	20	4,694,229	4,982,469
Provisions	21	3,358,951	3,530,824
Tax payable		-	133
		8,053,180	8,513,426
<b>Total Liabilities</b>		8,348,896	8,785,163
<b>Total Equity and Liabilities</b>		194,930,148	200,572,287

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	Share Capital RM	Non- distributable Share Premium RM	Distributable Retained Earnings RM	Total Equity RM
<b>At 1 January 2014</b>	75,000,000	24,366,593	96,922,830	196,289,423
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	(4,502,299)	(4,502,299)
<b>At 31 December 2014/ 1 January 2015</b>	75,000,000	24,366,593	92,420,531	191,787,124
Loss for the financial period, representing total comprehensive loss for the financial period	-	-	(5,205,872)	(5,205,872)
<b>At 30 June 2016</b>	75,000,000	24,366,593	87,214,659	186,581,252

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	Note	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM
<b>Cash Flows from Operating Activities</b>			
Loss before tax		(5,382,532)	(4,507,835)
Adjustments for:-			
Amortisation of prepaid land lease payments		2,473,051	1,648,701
Depreciation of investment properties		40,500	27,000
Depreciation of property, plant and equipment		903,628	680,586
Distribution income from unit trusts		(4,718,399)	(2,924,335)
Dividend income		(656,493)	(400,344)
Gain on remeasurement arising from decognition of a subsidiary		(16,753)	-
(Gain)/Loss on redemption of short term cash investments		(137,410)	6,885
Gain on disposal of financial assets at fair value through profit or loss		(137,931)	(168,429)
Gain on disposal of property, plant and equipment		(56,000)	(53,000)
Interest income		(490,783)	(287,158)
Net fair value loss on financial instruments:			
- Short term cash investments		-	64,177
- Financial assets at fair value through profit or loss		3,114,090	1,980,883
Property, plant and equipment written off		17,252	-
Provisions		562,444	945,306
Operating loss before working capital changes		(4,485,336)	(2,987,563)
Increase in receivables		(494,805)	(79,322)
(Decrease)/Increase in payables		(287,040)	294,868
Cash used in operations		(5,267,181)	(2,772,017)
Tax refunded		198,897	108,839
Tax paid		(16,950)	(12,911)
Utilisation of provision		(710,338)	(621,278)
Net cash used in operating activities carried down		(5,795,572)	(3,297,367)

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOW (Continued)

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	Note	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM
Net cash used in operating activities brought down		(5,795,572)	(3,297,367)
<b>Cash Flows from Investing Activities</b>			
Distribution income received		4,718,399	2,924,335
Dividends received		656,493	400,344
Interest received		490,783	287,158
Net cash outflow from derecognition of a subsidiary	12	(84,574)	-
Interest in property venture		(2,000,000)	-
Proceeds from disposal/redemption of:			
- Financial assets at fair value through profit or loss		3,125,989	3,490,629
- Property, plant and equipment		56,000	53,000
- Short term cash investments		54,618,909	23,313,790
Purchase of:			
- Financial assets at fair value through profit or loss		(3,070,330)	(3,375,439)
- Property, plant and equipment		(123,150)	(194,701)
- Short term cash investments		(52,656,901)	(23,524,335)
Net cash from investing activities		5,731,618	3,374,781
<b>Net (decrease)/increase in cash and cash equivalents</b>		(63,954)	77,414
Cash and cash equivalents at beginning of the financial period/year		516,097	438,683
<b>Cash and cash equivalents at end of the financial period/year</b>	16	452,143	516,097

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	Note	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM
Revenue		-	-
Other income		2,454,627	1,321,510
Administrative expenses		(2,625,463)	(1,816,081)
Other operating expenses		(23,320)	(7,809)
<b>Loss before tax</b>	4	(194,156)	(502,380)
Tax credit	7	176,897	-
<b>Loss for the financial period/year</b>		(17,259)	(502,380)

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	30.6.2016 RM	31.12.2014 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	28,650	54,492
Investment in subsidiaries	12	166,981,515	166,981,515
		<hr/> 167,010,165	<hr/> 167,036,007
<b>Current assets</b>			
Receivables and deposits	14	441,137	400,632
Tax recoverable		-	9,750
Short term cash investments	15	42,093,148	42,194,297
Deposits, cash and bank balances	16	259,756	141,460
		<hr/> 42,794,041	<hr/> 42,746,139
<b>Total Assets</b>		<hr/> 209,804,206	<hr/> 209,782,146
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	17	75,000,000	75,000,000
Reserves	18	132,947,500	132,964,759
<b>Total Equity</b>		<hr/> 207,947,500	<hr/> 207,964,759
<b>Liabilities</b>			
<b>Non-current liability</b>			
Provisions	21	171,757	174,635
<b>Current liabilities</b>			
Payables, deposits and accruals	20	329,629	387,992
Provisions	21	1,355,320	1,254,760
		<hr/> 1,684,949	<hr/> 1,642,752
<b>Total Liabilities</b>		<hr/> 1,856,706	<hr/> 1,817,387
<b>Total Equity and Liabilities</b>		<hr/> 209,804,206	<hr/> 209,782,146

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.



# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	Share Capital RM	Non- distributable Share Premium RM	Distributable Retained Earnings RM	Total Equity RM
<b>At 1 January 2014</b>	75,000,000	24,366,593	109,100,546	208,467,139
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	(502,380)	(502,380)
<b>At 31 December 2014/ 1 January 2015</b>	75,000,000	24,366,593	108,598,166	207,964,759
Loss for the financial period, representing total comprehensive loss for the financial period	-	-	(17,259)	(17,259)
<b>At 30 June 2016</b>	75,000,000	24,366,593	108,580,907	207,947,500

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	Note	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM
<b>Cash Flows from Operating Activities</b>			
Loss before tax		(194,156)	(502,380)
Adjustments for:			
Depreciation of property, plant and equipment		14,537	13,087
Distribution income from unit trusts		(2,274,756)	(1,439,726)
Gain on redemption of short term cash investments		(136,634)	(17,428)
Impairment losses on amounts due from subsidiaries		6,499	7,809
Interest income		(637)	(625)
Net fair value loss on financial instruments:			
- Short term cash investments		-	136,270
Property, plant and equipment written off		16,821	-
Provisions		97,682	98,535
Operating loss before working capital changes		(2,470,644)	(1,704,458)
Increase in receivables		(47,004)	(32,102)
(Decrease)/Increase in payables		(58,363)	215,090
Cash used in operations		(2,576,011)	(1,521,470)
Tax refunded		186,647	-
Net cash used in operating activities		(2,389,364)	(1,521,470)
<b>Cash Flows from Investing Activities</b>			
Distribution income received		2,274,756	1,439,726
Interest received		637	625
Proceeds from redemption of:			
- Short term cash investments		15,111,969	1,510,000
Purchase of:			
- Short term cash investments		(14,874,186)	(1,439,726)
- Property, plant and equipment		(5,516)	(10,577)
Net cash from investing activities		2,507,660	1,500,048
<b>Net increase/(decrease) in cash and cash equivalents</b>		118,296	(21,422)
Cash and cash equivalents at beginning of the financial period/year		141,460	162,882
<b>Cash and cash equivalents at end of the financial period/year</b>	16	259,756	141,460

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

===== 30 JUNE 2016 =====

## 1. CORPORATE INFORMATION

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

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

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

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 12. There have been no significant changes in the nature of these activities during the financial period.

The financial statements were authorised for issue by the Board of Directors in accordance with a Board of Directors' resolution dated 5 October 2016.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

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

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

The preparation of financial statements in conformity with MFRSs 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 2(c).

### **New MFRSs, Amendments/Improvements to MFRSs**

#### **(i) Adoption of Amendments/Improvements to MFRSs**

The Group and the Company had adopted the following amendments/improvements to MFRSs that are mandatory for the current financial period:

#### Amendments/Improvements to MFRSs

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

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 JUNE 2016

## 2. BASIS OF PREPARATION (CONT'D)

### (a) Statement of compliance (cont'd)

#### New MFRSs, Amendments/Improvements to MFRSs (cont'd)

##### (i) Adoption of Amendments/Improvements to MFRSs (cont'd)

The adoption of the above amendments/improvements to MFRSs 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.

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

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

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
<u>Amendments/Improvements to MFRSs</u>		
MFRS 2	Share-based Payment	1 January 2018
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	Deferred/1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interest in Other Entities	1 January 2016
<u>Amendments/Improvements to MFRSs</u>		
MFRS 14	Regulatory Deferral Accounts	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016
MFRS 127	Separate financial statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	Deferred/1 January 2016
MFRS 138	Intangible Assets	1 January 2016
MFRS 141	Agriculture	1 January 2016

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

#### MFRS 9 Financial Instruments

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

## 2. BASIS OF PREPARATION (CONT'D)

### (a) Statement of compliance (cont'd)

#### **New MFRSs, Amendments/Improvements to MFRSs (cont'd)**

#### **(ii) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)**

##### **MFRS 9 Financial Instruments (cont'd)**

###### Classification and measurement

MFRS 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 statement of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statement of financial position.

###### Impairment

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

###### Hedge accounting

MFRS 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.

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

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

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

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.

## 2. BASIS OF PREPARATION (CONT'D)

### (a) Statement of compliance (cont'd)

#### New MFRSs, Amendments/Improvements to MFRSs (cont'd)

#### (ii) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

##### MFRS 15 Revenue from Contracts with Customers (cont'd)

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

##### MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

##### Amendments to MFRS 7 Financial Instruments: Disclosures

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

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

##### Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 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 MFRS 107 Statement of Cash Flows

Amendments to MFRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.



## 2. BASIS OF PREPARATION (CONT'D)

### (a) Statement of compliance (cont'd)

#### **New MFRSs, Amendments/Improvements to MFRSs (cont'd)**

#### **(ii) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)**

##### **Amendments to MFRS 112 Income Taxes**

Amendments to MFRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

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

Amendments to MFRS 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.

##### **Amendments to MFRS 119 Employee Benefits**

Amendments to MFRS 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 MFRS 127 Separate Financial Statements**

Amendments to MFRS 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.

### **(b) Functional and presentation currency**

The financial statements of the Group and the Company are presented in Ringgit Malaysia ("RM") which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

## 2. BASIS OF PREPARATION (CONT'D)

### (c) Significant accounting estimates and judgements

The significant areas of estimation uncertainty and critical judgements in applying accounting principles that have significant effect on the amounts recognised in the financial statements are described as follows:

(i) Classification of financial assets

The Group has classified its investments as available-for-sale and fair value through profit or loss financial assets. In applying the accounting policy, the Group assesses its nature and the intention at initial recognition.

(ii) Operating lease commitments – the Group as lessor

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

(iii) Revenue recognition

The Group had suspended the recognition of income from the oil palm plantation and the lease rental from oil mill with effect from 1 July 2011 following the Ipoh High Court judgements as mentioned in Note 30. The Group has determined that there is a significant uncertainty as to the probability that the economic benefits associated with the plantation and oil mill flow to the Group.

(iv) Useful lives of property, plant and equipment (Note 9) – The cost of property, plant and equipment depreciated on a straight line method over the assets' estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 50 years based on past experience with similar assets. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(v) Impairment loss on receivables (Note 14) – The Group assesses at each reporting date whether there is any objective evidence that a receivable is impaired. Allowances are applied where events or changes in circumstances indicate that the balances may not be collectable. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables at the reporting date.

(vi) Provision for legal fee (Note 21) – The provision is made for legal services in respect of the Group's litigation case as mentioned in Note 30. The amount of provision is determined using the best estimate of the management based on their past experience on similar cases. It is reasonably possible, that outcomes within the next financial year that are different from assumptions would require a material adjustment to the provision made.

(vii) Provision for retirement gratuity (Note 21) – The provision is determined based on the number of years of service of the employees and directors at the reporting date and their salaries over the past years. The retirement gratuity payable is vested upon the employees and directors reaching their retirement age. The provision is discounted at a rate of 4.27% to 5.48% (31.12.2014: 4.35% to 5.65%).

(viii) Provision for unutilised leave (Note 21) – The provision is made based on the employees' salaries over the past years and the unutilised leave at the end of the financial period/year and will be reversed once the leave is utilised.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of consolidation

##### (i) Subsidiaries

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

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

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

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

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

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

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

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

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

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

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

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

### (a) Basis of consolidation (cont'd)

#### (ii) Accounting for business combinations (cont'd)

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

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

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

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

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

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

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

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

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

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

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

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

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

#### (iii) Non-controlling interests

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

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

### (a) Basis of consolidation (cont'd)

#### (iii) Non-controlling interests (cont'd)

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

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

#### (iv) Changes in group composition

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

Upon the loss of control of a subsidiary, the Group derecognised the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit 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 equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

#### (v) Transactions eliminated on consolidation

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

### (b) Revenue

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

#### (i) Interest income

Interest income is recognised using the effective interest method.

#### (ii) Dividend income and distribution income

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

#### (iii) Rental income

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

#### (iv) Oil palm plantation

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

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(c) Employee benefits****(i) Short term employee benefits**

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

**(ii) Defined contribution plans**

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

**(iii) Retirement gratuity scheme**

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

**(d) Leases****(i) Operating Lease – The Group as Lessee**

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

**(ii) Operating Lease – The Group as Lessor**

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

**(e) Tax expense**

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

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

### (e) Tax expense (cont'd)

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

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

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

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

### (f) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the assets' carrying amount or recognised as separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. All other property, plant and equipment are depreciated on the straight line basis to write off the cost of the property, plant and equipment over their estimated useful lives.

The principal annual rates used for this purpose are:

Buildings	2%
Plant and machinery	10%
Office equipment	10% - 12%
Computer equipment	20%
Motor vehicles	20%

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

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

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



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

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

The carrying amounts of non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less cost to sell and the value in use, which is measured by reference to discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to. An impairment loss is recognised whenever the carrying amount of an item of asset exceeds its recoverable amount. An impairment loss is recognised as expense in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

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

### (h) Financial assets

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

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

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

#### (i) Financial assets at FVTPL

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

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

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

#### (ii) Loans and receivables

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

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

### (h) Financial assets (cont'd)

#### (ii) Loans and receivables (cont'd)

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

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

#### (iii) Held-to-maturity

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

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

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

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

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

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

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

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

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

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

### (i) Fair value estimation of available-for-sale financial assets

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

### (j) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

### (j) Impairment of financial assets (cont'd)

#### (iii) Available-for-sale financial assets carried at cost

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

### (k) Cash and cash equivalents

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

### (l) Share capital

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

### (m) Financial liabilities

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

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

#### (i) Other financial liabilities

The Group's and the Company's other financial liabilities include other payables and accruals.

Other payables and accruals are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

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

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

### (n) Provisions

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

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. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

### (o) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 24, including the factors used to identify the reportable segments and the measurement basis of segment information.

### (p) Fair value measurement

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

===== 30 JUNE 2016 =====

## 4. LOSS BEFORE TAX

Loss before tax is arrived at after charging/(crediting):

	Group		Company	
	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM
Auditors' remuneration				
Statutory audit				
- current financial year	42,000	45,000	22,000	23,000
- overprovision in prior financial year	(3,000)	-	(1,000)	-
Amortisation of prepaid land lease payments (Note 11)	2,473,051	1,648,701	-	-
Depreciation of property, plant and equipment (Note 9)	903,628	680,586	14,537	13,087
Depreciation of investment properties (Note 10)	40,500	27,000	-	-
Employee benefits expense (Note 5)	1,803,505	1,274,830	1,312,294	921,702
Non-executive directors remuneration (Note 6)	673,320	464,880	583,320	390,880
Impairment losses on amounts due from subsidiaries (Note 14)	-	-	6,499	7,809
Net fair value loss on financial instruments:				
- Financial assets at fair value through profit or loss	3,114,090	1,980,883	-	-
- Short term cash investments	-	64,177	-	136,270
Property, plant and equipment written off	17,252	-	16,821	-
Provision for legal fee	400,000	830,000	-	-
Rental of premises	327,446	212,880	305,046	193,680
Interest on obligation (Note 21)	28,364	10,420	15,844	6,754
Direct operating expenses from investment properties (including repair and maintenance) that generate rental income	6,517	15,586	-	-
Direct operating expenses from investment properties (including repair and maintenance) that did not generate rental income	24,661	7,793	-	-
Dividend income	(656,493)	(400,344)	-	-
Distribution income from unit trusts	(4,718,399)	(2,924,335)	(2,274,756)	(1,439,726)

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 JUNE 2016

## 4. LOSS BEFORE TAX (CONT'D)

Loss before tax is arrived at after charging/(crediting) (cont'd):

	Group		Company	
	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM
Interest income from:				
- Financial assets at fair value through profit or loss	(482,529)	(277,615)	-	-
- Short term deposits with licensed banks	(3,417)	(6,022)	(89)	-
- Short term cash investments	(3,068)	-	-	-
- Others	(1,769)	(3,521)	(548)	(625)
(Gain)/Loss on disposal/ redemption of:				
- Short term cash investments	(137,410)	6,885	(136,634)	(17,428)
- Financial assets at fair value through profit or loss	(137,931)	(168,429)	-	-
- Property, plant and equipment	(56,000)	(53,000)	-	-
Gain on remeasurement arising from decognition of a subsidiary	(16,753)	-	-	-
Rental income on investment property	(15,300)	(39,600)	-	-

## 5. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM
Salaries and other emoluments	1,375,096	971,313	1,031,086	713,813
Employees Provident Fund	225,465	144,988	173,232	110,804
Other employee benefits	202,944	158,529	107,976	97,085
	1,803,505	1,274,830	1,312,294	921,702

Included in employee benefits expense of the Group and of the Company are the following:



# NOTES TO THE FINANCIAL STATEMENTS (Continued)

===== 30 JUNE 2016 =====

## 5. EMPLOYEE BENEFITS EXPENSE (CONT'D)

	Group		Company	
	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM
Executive directors remuneration (excluding benefits in kind) (Note 6)	557,388	367,670	507,388	327,670
Provision for retirement gratuity *	121,738	86,062	76,341	74,174
Provision for unutilised leave (Net)	12,342	6,871	5,497	9,006

\* Included provision for retirement gratuity of the Group and of the Company for executive directors of the Company amounting to RM 27,188 (31.12.2014: RM15,470).

## 6. DIRECTORS' REMUNERATION

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

	Group		Company	
	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM
<b>Executive Directors:</b>				
Salaries and other emoluments	494,200	328,200	444,200	288,200
Fees	36,000	24,000	36,000	24,000
Retirement gratuity benefits	27,188	15,470	27,188	15,470
Total executive directors' remuneration (excluding benefits in kind) (Note 5)	557,388	367,670	507,388	327,670
Estimated monetary value of benefits in kind	35,925	23,950	-	-
Total executive directors' remuneration (including benefits in kind)	593,313	391,620	507,388	327,670
<b>Non-executive Directors:</b>				
Allowance and other emoluments	592,320	410,880	502,320	336,880
Fees	54,000	36,000	54,000	36,000
Retirement gratuity benefits	27,000	18,000	27,000	18,000
Total non-executive directors' remuneration (excluding benefits in kind) (Note 4) carried down	673,320	464,880	583,320	390,880

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 JUNE 2016

## 6. DIRECTORS' REMUNERATION (CONT'D)

	Group		Company	
	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM
Total non-executive directors' remuneration (excluding benefits in kind) (Note 4) brought down	673,320	464,880	583,320	390,880
Estimated monetary value of benefits in kind	51,050	34,850	-	-
Total non-executive directors' remuneration (including benefits in kind)	724,370	499,730	583,320	390,880
Total directors' remuneration	1,317,683	891,350	1,090,708	718,550

## 7. TAX CREDIT

	Group		Company	
	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM
<b>Current tax expense:</b>				
Malaysian income tax:				
- current financial year	241	741	-	-
- overprovision in prior financial period/year	(176,901)	(6,277)	(176,897)	-
Tax credit recognised in profit or loss	(176,660)	(5,536)	(176,897)	-

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

===== 30 JUNE 2016 =====

### 7. TAX CREDIT (CONT'D)

The reconciliation of the tax amount at statutory income tax rate of the Group's and of the Company's tax credit are as follows:

	Group		Company	
	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM
Loss before tax	(5,382,532)	(4,507,835)	(194,156)	(502,380)
Tax at the Malaysian statutory income tax rate of 24% (31.12.2014: 25%)	(1,291,800)	(1,127,000)	(46,600)	(125,600)
Non-taxable income	(1,341,400)	(795,200)	(578,700)	(330,200)
Non-deductible expenses	1,637,341	1,116,941	601,500	455,200
Deferred tax assets not recognised during the financial period/year	996,100	806,000	23,800	600
Overprovision of income tax expense in prior financial period/year	(176,901)	(6,277)	(176,897)	-
Tax credit recognised in profit or loss	(176,660)	(5,536)	(176,897)	-

Domestic income tax is calculated at the Malaysian Statutory tax rate of 24% (31.12.2014: 25%) of the estimated assessable profit for the financial period/year.

### 8. LOSS PER SHARE

#### (a) Basic

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

	Group	
	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM
Loss for the financial period/year, attributable to owners of the parent	(5,205,872)	(4,502,299)
Number of ordinary shares in issue	75,000,000	75,000,000
Basic loss per share (sen)	(6.9)	(6.0)

#### (b) Diluted

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

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

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# 9. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Motor vehicle RM	Computer equipment RM	Plant and machinery RM	Others * RM	Total RM
<b>Cost</b>							
At 1 January 2015	53,367,232	2,216,000	1,532,785	15,968	3,656,887	333,012	61,121,884
Additions	-	-	117,105	-	-	6,045	123,150
Disposals	-	-	(164,586)	-	-	-	(164,586)
Written off	-	-	-	-	-	(45,632)	(45,632)
At 30 June 2016	53,367,232	2,216,000	1,485,304	15,968	3,656,887	293,425	61,034,816
<b>Accumulated depreciation</b>							
At 1 January 2015	-	214,108	850,087	7,208	2,984,447	140,511	4,196,361
Depreciation charge for the financial period	-	66,480	396,458	3,985	394,552	42,153	903,628
Disposals	-	-	(164,586)	-	-	-	(164,586)
Written off	-	-	-	-	-	(28,380)	(28,380)
At 30 June 2016	-	280,588	1,081,959	11,193	3,378,999	154,284	4,907,023
<b>Net carrying amount</b>							
At 30 June 2016	53,367,232	1,935,412	403,345	4,775	277,888	139,141	56,127,793

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# 9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold land RM	Buildings RM	Motor vehicle RM	Computer equipment RM	Plant and machinery RM	Others * RM	Total RM
<b>Cost</b>							
At 1 January 2015	53,367,232	2,216,000	1,527,285	24,189	3,656,887	324,263	61,115,856
Additions	-	-	184,124	1,828	-	8,749	194,701
Disposals	-	-	(178,624)	-	-	-	(178,624)
Written off	-	-	-	(10,049)	-	-	(10,049)
At 31 December 2014	53,367,232	2,216,000	1,532,785	15,968	3,656,887	333,012	61,121,884
<b>Accumulated depreciation</b>							
At 1 January 2014	-	169,788	792,551	14,108	2,618,758	109,243	3,704,448
Depreciation charge for the financial year	-	44,320	236,160	3,149	365,689	31,268	680,586
Disposals	-	-	(178,624)	-	-	-	(178,624)
Written off	-	-	-	(10,049)	-	-	(10,049)
At 31 December 2014	-	214,108	850,087	7,208	2,984,447	140,511	4,196,361
<b>Net carrying amount</b>							
At 31 December 2014	53,367,232	2,001,892	682,698	8,760	672,440	192,501	56,925,523

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

===== 30 JUNE 2016 =====

## 9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Motor vehicle RM	Computer equipment RM	Others * RM	Total RM
<b>Cost</b>				
At 1 January 2015	8,651	6,672	120,511	135,834
Additions	-	-	5,516	5,516
Written off	-	-	(44,893)	(44,893)
At 30 June 2016	8,651	6,672	81,134	96,457
<b>Accumulated depreciation</b>				
At 1 January 2015	5,928	2,857	72,557	81,342
Depreciation charge for the financial period	1,485	1,638	11,414	14,537
Written off	-	-	(28,072)	(28,072)
At 30 June 2016	7,413	4,495	55,899	67,807
<b>Net carrying amount</b>				
At 30 June 2016	1,238	2,177	25,235	28,650
<b>Cost</b>				
At 1 January 2014	8,651	14,893	111,762	135,306
Additions	-	1,828	8,749	10,577
Written off	-	(10,049)	-	(10,049)
At 31 December 2014	8,651	6,672	120,511	135,834
<b>Accumulated depreciation</b>				
At 1 January 2014	4,630	11,879	61,795	78,304
Depreciation charge for the financial year	1,298	1,027	10,762	13,087
Written off	-	(10,049)	-	(10,049)
At 31 December 2014	5,928	2,857	72,557	81,342
<b>Net carrying amount</b>				
At 31 December 2014	2,723	3,815	47,954	54,492

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

Included in property, plant and equipment of the Group are plant and machinery with net carrying amount of RM19 (31.12.2014: RM143,018) which is part of the subject of the litigation as disclosed in Note 30.

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 JUNE 2016

## 10. INVESTMENT PROPERTIES

	Group 30.6.2016 RM	31.12.2014 RM
<b>Cost</b>		
At beginning/end of the financial period/year	1,350,000	1,350,000
<b>Accumulated depreciation</b>		
At beginning of the financial period/year	171,000	144,000
Charge for the financial period/year	40,500	27,000
At end of the financial period/year	211,500	171,000
Net carrying amounts	1,138,500	1,179,000
Estimated fair value	1,525,000	1,470,000

The investment properties with a net carrying amount of RM1,138,500 (31.12.2014: RM1,179,000) are registered under the name of a third party company which is holding the assets in trust for the Group.

The Group's investment properties consist of 3 units of condominiums in Damansara Heights.

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

## 11. PREPAID LAND LEASE PAYMENT

	Group 30.6.2016 RM	31.12.2014 RM
<b>Cost</b>		
At beginning/end of the financial period/year	46,163,622	46,163,622
<b>Accumulated amortisation</b>		
At beginning of the financial period/year	14,838,308	13,189,607
Charge for the financial period/year	2,473,051	1,648,701
At end of the financial period/year	17,311,359	14,838,308
<b>Net carrying amount</b>	28,852,263	31,325,314
Amounts to be amortised:		
- Not later than one year	1,648,701	1,648,701
- Later than one year but not later than five years	6,594,804	6,594,804
- Later than five years	20,608,758	23,081,809

The prepaid land lease payments have a remaining tenure of 17 years (2014: 19 years). The prepaid lease payments are registered under the name of its former subsidiary, Radiant Response Sdn. Bhd. ("RRSB"). RRSB is holding the assets in trust for the Company. The above leasehold land is part of the subject under litigation as disclosed in Note 30.



# NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 JUNE 2016

## 12. INVESTMENT IN SUBSIDIARIES

	<b>Company</b>	
	<b>30.6.2016 RM</b>	<b>31.12.2014 RM</b>
Unquoted shares, at costs		
At beginning/end of the financial period/year	167,215,233	167,215,233
Less: Accumulated impairment loss		
At beginning/end of the financial period/year	(233,718)	(233,718)
	<u>166,981,515</u>	<u>166,981,515</u>

Details of the subsidiaries are as follows:

Name of Company	Principal Place of Business/ Country of Incorporation	Principal Activities	Proportion of Ownership Interest/Voting rights	
			30.6.2016	31.12.2014
Held by the Company:				
Malpac Capital Sdn. Bhd.	Malaysia	Cultivation of oil palm	100%	100%
Malpac Management Sdn. Bhd.	Malaysia	Dormant	100%	100%
Malpac Assets Management Sdn. Bhd.	Malaysia	Dormant	100%	100%
Malpac Land Sdn. Bhd.	Malaysia	Dormant	100%	100%
Discovery Assets Sdn. Bhd.	Malaysia	Dormant	100%	100%
Precious Way International Limited ^	British Virgin Islands	Investment holding	100%	100%
Held through Malpac Capital Sdn. Bhd.:				
Radiant Response Sdn. Bhd. (“RRSB”) @	Malaysia	Dormant	-	100%

^ Audited by Messrs. Baker Tilly AC for the purpose of consolidation in the financial statements of the Group.

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 JUNE 2016

## 12. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (cont'd):

- @ The subsidiary is part of the subject under litigation as disclosed in Note 30. In the previous financial year, the Company delivered the share certificates for two (2) ordinary shares of RM1.00 each in the subsidiary to the Purchasers' solicitor as stakeholder pursuant to the Federal Court's decision whilst the Company still held the share certificates of the remaining 99,998 ordinary shares of RM1.00 each in the subsidiary. During the financial period, the Purchasers were appointed into the board of directors of RRSB to replace the previous directors of RRSB following the order of the High Court on 17 February 2015 as mentioned in Note 30. Under these circumstances, the directors have deemed that the Group has lost control of the subsidiary. Accordingly, the Group had derecognised RRSB as its subsidiary in its consolidated financial statements and classified the investment as other investment.

### Derecognition of RRSB as subsidiary

Effect of derecognition on the financial position of the Group is as follows:

	30.6.2016 RM
Net assets	83,247
Gain on remeasurement arising from decognition of a subsidiary	16,753
Fair value of interest in RRSB	100,000
Cash and cash equivalents of subsidiary derecognised	(84,574)
Derecognition of subsidiary, net of cash	(84,574)

## 13. OTHER INVESTMENTS

	Note	Group 30.6.2016 RM	31.12.2014 RM
<b>Non-current</b>			
Equity and debt instruments quoted in Malaysia	(a)	11,899,044	14,018,010
Unquoted shares in Malaysia	(b)(i)	100,000	-
<b>Current</b>			
Equity and debt instruments quoted in Malaysia	(a)	5,894,387	6,807,239
Investment in property venture	(b)(ii)	2,000,000	-
		7,894,387	6,807,239
		19,893,431	20,825,249

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

===== 30 JUNE 2016 =====

## 13. OTHER INVESTMENTS (CONT'D)

(a) Equity and debt instruments quoted in Malaysia

Group	30.6.2016		31.12.2014	
	Carrying amount RM	Market value of quoted investments RM	Carrying amount RM	Market value of quoted investments RM
<b>Non-current</b>				
Equity and debt instruments quoted in Malaysia, at fair value	<u>11,899,044</u>	11,899,044	<u>14,018,010</u>	14,018,010
<b>Current</b>				
Equity and debt instruments quoted in Malaysia, at fair value	<u>5,894,387</u>	5,894,387	<u>6,807,239</u>	6,807,239

(b) (i) Unquoted shares in Malaysia

The unquoted shares represent 100,000 ordinary shares held in RRSB. During the financial period, the investment has been classified as other investment as the directors have deemed that the Group has lost control of the subsidiary as mentioned in Note 12.

(ii) Interest in property venture

The interest in property venture represents the Group's participation interest with third parties to acquire a property in the United Kingdom and in which the Group and the third parties are desirous to dispose of the property in the open market within 3 months from the date of the agreement with a further extension of another 3 months which the Group has granted.

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 JUNE 2016

## 14. RECEIVABLES AND DEPOSITS

	Note	30.6.2016 RM	31.12.2014 RM
<b>Group</b>			
<b>Trade receivables</b>			
Loan receivable		2,291,047	2,291,047
Less: Allowance for impairment			
Loan receivable		(2,291,047)	(2,291,047)
Trade receivables, net	(a)	-	-
<b>Other receivables</b>			
Other receivables		3,845	122,492
Deposits		678,264	64,812
Other receivables, net		682,109	187,304
Total trade and other receivables	(b)	682,109	187,304
<b>Company</b>			
<b>Other receivables</b>			
Amounts due from subsidiaries	(b)	479,850	432,846
Deposits		51,270	51,270
		531,120	484,116
Less: Allowance for impairment			
Amounts due from subsidiaries		(89,983)	(83,484)
Total other receivables	(b)	441,137	400,632

### (a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days (31.12.2014: 30 days) credit term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

#### Ageing analysis of trade receivables

Trade ageing analysis of the Group's trade receivables are as follows:

	30.6.2016 RM	31.12.2014 RM
<b>Group</b>		
Impaired	2,291,047	2,291,047

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 JUNE 2016

## 14. RECEIVABLES AND DEPOSITS (CONT'D)

### (a) Trade receivables (cont'd)

#### Receivables that are impaired

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

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

	30.6.2016 RM	31.12.2014 RM
<b>Group</b>		
At beginning/end of the financial period/year	2,291,047	2,291,047

### (b) Other receivables

Included in deposits of the Group is an amount of RM614,294 (31.12.2014: RM Nil) which represents deposit paid for acquisition of overseas properties which are still under construction.

Amounts due from subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand by cash.

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

	30.6.2016 RM	31.12.2014 RM
<b>Company</b>		
At beginning of the financial period/year	83,484	75,675
Provision for the financial period/year (Note 4)	6,499	7,809
At end of the financial period/year	89,983	83,484

## 15. SHORT TERM CASH INVESTMENTS

	30.6.2016 RM	31.12.2014 RM
<b>Group</b>		
Cash management fund with investment management companies	87,767,202	89,591,800
<b>Company</b>		
Cash management fund with investment management companies	42,093,148	42,194,297

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

===== 30 JUNE 2016 =====

## 16. DEPOSITS, CASH AND BANK BALANCES

	30.6.2016 RM	31.12.2014 RM
<b>Group</b>		
Short term deposits with licensed banks	271,372	101,218
Cash at banks and on hand	180,771	414,879
	<u>452,143</u>	<u>516,097</u>
<b>Company</b>		
Short term deposits with licensed banks	150,000	-
Cash at banks and on hand	109,756	141,460
	<u>259,756</u>	<u>141,460</u>

The short-term deposits of the Group bear effective interest at a rate of 2.25% to 3.35% (31.12.2014: 3.10% to 3.35%) per annum with maturity period of 5 days to 3 months (31.12.2014: 1 month to 3 months).

## 17. SHARE CAPITAL

	Group/Company 30.6.2016 RM	31.12.2014 RM
Authorised:		
200,000,000 ordinary shares of RM1 each	<u>200,000,000</u>	<u>200,000,000</u>
Issued and fully paid:		
75,000,000 ordinary shares of RM1 each	<u>75,000,000</u>	<u>75,000,000</u>

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

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

===== 30 JUNE 2016 =====

## 18. RESERVES

	30.6.2016 RM	31.12.2014 RM
<b>Group</b>		
<b>Non-distributable</b>		
Share premium	24,366,593	24,366,593
<b>Distributable</b>		
Retained earnings	87,214,659	92,420,531
	<u>111,581,252</u>	<u>116,787,124</u>
<b>Company</b>		
<b>Non-distributable</b>		
Share premium	24,366,593	24,366,593
<b>Distributable</b>		
Retained earnings	108,580,907	108,598,166
	<u>132,947,500</u>	<u>132,964,759</u>

### (a) Share premium

This reserve comprises premium paid on subscription of shares of the Company above 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.

### (b) Retained earnings

The credit in the Section 108 balance as at 31 December 2013 expired in accordance with the Finance Act 2007. With effect from 1 January 2014, the Company will be able to distribute dividends out of its retained earnings under the single tier system.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 JUNE 2016

### 19. DEFERRED TAX ASSETS

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	30.6.2016 RM	31.12.2014 RM
<b>Group</b>		
Unabsorbed capital allowance	432,500	427,300
Unutilised tax losses	2,356,600	1,380,500
Fair value adjustment in respect of investment securities	6,473,900	3,359,800
Deductible temporary differences arising from expenses	3,526,800	3,471,600
	<u>12,789,800</u>	<u>8,639,200</u>
<b>Company</b>		
Deductible temporary differences arising from expenses	<u>1,516,300</u>	<u>1,417,100</u>

### 20. PAYABLES, DEPOSITS AND ACCRUALS

	<b>Group</b>		<b>Company</b>	
	30.6.2016 RM	31.12.2014 RM	30.6.2016 RM	31.12.2014 RM
Other payables	4,448,266	4,590,221	177,429	177,429
Deposits	1,883	9,628	-	-
Accruals	244,080	382,620	152,200	210,563
	<u>4,694,229</u>	<u>4,982,469</u>	<u>329,629</u>	<u>387,992</u>

Included in other payables of the Group is deposit received from a third party amounting to RM4,100,000 (31.12.2014: RM4,100,000) for the disposal of a subsidiary, Radiant Response Sdn. Bhd. and the leasehold plantation land. The proposed disposal is the subject under litigation as disclosed in Note 30.

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 JUNE 2016

## 21. PROVISIONS

Company	Retirement gratuity RM	Unutilised leave RM	Legal fee RM	Total RM
At 1 January 2015	1,306,737	241,524	2,254,300	3,802,561
Additional provision	150,102	78,899	400,000	629,001
Utilisation of provision	-	(66,557)	(710,338)	(776,895)
At 30 June 2016	1,456,839	253,866	1,943,962	3,654,667
At 1 January 2014	1,256,825	234,653	2,045,578	3,537,056
Additional provision	96,482	46,117	830,000	972,599
Utilisation of provision	(46,570)	(39,246)	(621,278)	(707,094)
At 31 December 2014	1,306,737	241,524	2,254,300	3,802,561

Provisions as at reporting date are shown as follows:

	30.6.2016 RM	31.12.2014 RM
Non-current	295,716	271,737
Current	3,358,951	3,530,824
	3,654,667	3,802,561

Company	Retirement gratuity RM	Unutilised leave RM	Total RM
At 1 January 2015	1,209,635	219,760	1,429,395
Additional provision	92,185	55,856	148,041
Utilisation of provision	-	(50,359)	(50,359)
At 30 June 2016	1,301,820	225,257	1,527,077
At 1 January 2014	1,128,707	210,754	1,339,461
Additional provision	80,928	37,981	118,909
Utilisation of provision	-	(28,975)	(28,975)
At 31 December 2014	1,209,635	219,760	1,429,395

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 JUNE 2016

### 21. PROVISIONS (CONT'D)

Provisions as at reporting date are shown as follows:

	30.6.2016 RM	31.12.2014 RM
<b>Company</b>		
Non-current	171,757	174,635
Current	1,355,320	1,254,760
	<u>1,527,077</u>	<u>1,429,395</u>

#### (a) Retirement gratuity

Provision for retirement gratuity are for employees and directors. The details of the retirement gratuity scheme is disclosed in Note 3(c)(iii). The provision is discounted at a rate of 4.27% to 5.48% (31.12.2014: 4.35% to 5.65%).

The amounts recognised in profit or loss are as follows:

	<b>Group</b>		<b>Company</b>	
	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM
Current service costs	121,738	86,062	76,341	74,174
Interest on obligation (Note 4)	28,364	10,420	15,844	6,754
	<u>150,102</u>	<u>96,482</u>	<u>92,185</u>	<u>80,928</u>

#### (b) Unutilised leave

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

#### (c) Legal fee

The provision is made for legal services in respect of the Group's litigation case as mentioned in Note 30. The amount of provision is determined using the best estimate of the management based on their past experience on similar cases.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

===== 30 JUNE 2016 =====

### 22. RELATED PARTY DISCLOSURES

#### (a) Identity of related parties

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

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

#### (b) Compensation of key management personnel

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

The remuneration of the key management personnel are as follows:

	Group		Company	
	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM	Period from 1.1.2015 to 30.6.2016 RM	Period from 1.1.2014 to 31.12.2014 RM
Salaries and other emoluments	1,464,580	975,330	1,324,580	861,330
Directors' fees	90,000	60,000	90,000	60,000
Retirement gratuity benefits	110,250	72,845	110,250	72,845
Estimated monetary value of benefits-in-kind	98,250	64,683	-	-
	1,763,080	1,172,858	1,524,830	994,175

Included in compensation of key management personnel of the Group and of the Company are directors' remuneration as disclosed in Note 6.

Information regarding outstanding balances arising from related party transactions as at 30 June 2016 is disclosed in Note 14.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 JUNE 2016

### 23. COMMITMENTS

#### (a) Operating lease commitments – as lessee

In addition to the prepaid land lease payments disclosed in Note 11 the Group have entered into non-cancellable operating lease arrangements for the use of buildings. These leases have an average tenure of between 1 and 3 years with option of renewal included in the contracts. There are no restrictions placed upon the Group and the Company by entering into these leases.

Minimum lease payments, including amortisation of prepaid lease payments recognised in profit or loss for the financial period ended 30 June 2016 for the Group and the Company amounted to RM2,800,497 (31.12.2014: RM1,861,581).

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

	Group		Company	
	30.6.2016 RM	31.12.2014 RM	30.6.2016 RM	31.12.2014 RM
Not later than 1 year	46,680	204,080	32,280	193,680
Later than 1 year and not later than 5 years	7,200	129,120	-	129,120
	53,880	333,200	32,280	322,800

### 24. FINANCIAL INSTRUMENTS

#### (a) Categories of financial instruments

The following table analyses the financial assets and liabilities in the statements of financial position by class of financial instruments to which they are assigned, and therefore by the measurement basis.

	30.6.2016 RM	31.12.2014 RM
<b>Group</b>		
<b>Financial assets</b>		
<b>Loans and receivables</b>		
Receivables and deposits	682,109	187,304
Deposits, cash and bank balances	452,143	516,097
<b>Fair value through profit or loss</b>		
Other investments	17,793,431	20,825,249
Short term cash investments	87,767,202	89,591,800
<b>Available-for-sale financial assets</b>		
Other investments	2,100,000	-
	108,794,885	111,120,450

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

===== 30 JUNE 2016 =====

## 24. FINANCIAL INSTRUMENTS (CONT'D)

### (a) Categories of financial instruments (cont'd)

	30.6.2016 RM	31.12.2014 RM
<b>Group</b>		
<b>Financial liabilities</b>		
<b>Financial liabilities at amortised cost</b>		
Payables, deposits and accruals	4,694,229	4,982,469
<b>Company</b>		
<b>Financial assets</b>		
<b>Loans and receivables</b>		
Receivables and deposits	441,137	400,632
Deposits, cash and bank balances	259,756	141,460
<b>Fair value through profit or loss</b>		
Short term cash investments	42,093,148	42,194,297
	42,794,041	42,736,389
<b>Financial liabilities</b>		
<b>Financial liabilities at amortised cost</b>		
Payables, deposits and accruals	329,629	387,992

## 25. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

### (a) Deposits, cash and bank balances, trade and other receivables and payables

The carrying amounts of deposits, cash and bank balances, trade and other receivables and payables are reasonable approximation of fair values due to short term nature of these financial instruments.

### (b) Quoted equity and debt instruments and short term cash investments

The fair value of these financial assets is determined by reference to the quoted closing bid price or redemption price at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

===== 30 JUNE 2016 =====

## 26. FAIR VALUE HIERARCHY

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

	Fair value measurement using			
	Total RM	Level 1 RM	Level 2 RM	Level 3 RM
<b>Group</b>				
<b>Assets measured at fair value</b>				
<b>30.6.2016</b>				
Financial assets at fair value through profit or loss				
- Quoted equity and debt instruments	17,793,431	17,793,431	-	-
- Cash management fund with investment management companies	87,767,202	87,767,202	-	-
<b>31.12.2014</b>				
Financial assets at fair value through profit or loss				
- Quoted equity and debt instruments	20,825,249	20,825,249	-	-
- Cash management fund with investment management companies	89,591,800	42,093,148	-	-
<b>Assets for which fair value is disclosed (Note 10)</b>				
<b>30.6.2016</b>				
Investment properties	1,525,000	-	1,525,000	-
<b>31.12.2014</b>				
Investment properties	1,470,000	-	1,470,000	-

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

===== 30 JUNE 2016 =====

### 26. FAIR VALUE HIERARCHY (CONT'D)

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities (cont'd):

	Fair value measurement using			
	Total RM	Level 1 RM	Level 2 RM	Level 3 RM
<b>Group</b>				
<b>Assets measured at fair value</b>				
<b>30.6.2016</b>				
Financial assets at fair value through profit or loss				
- Cash management fund with investment management companies	42,093,148	42,093,148	-	-
<b>31.12.2014</b>				
Financial assets at fair value through profit or loss				
- Cash management fund with investment management companies	42,194,297	42,194,297	-	-

During the financial period/year ended 30 June 2016 and 31 December 2014, there was no transfer between Level 1 and Level 2 of the fair value measurement hierarchy.

### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, liquidity and credit risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

It is, and has been throughout the financial period/year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken. The Group and the Company do not apply hedge accounting.

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



**27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)****(a) Interest rate risk**

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

The Group's and the Company's exposure to interest rate risk arises primarily from interest bearing financial assets which are deposits placed with licensed banks. The deposits placed with licensed banks are short term in nature and are not held for speculation purpose but are placed to earn better yield than cash at banks. The deposits at fixed rate expose the Group and the Company to fair value interest rate risk.

**(b) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables and the maximum risk associated with recognised financial assets is the carrying amounts as presented in the statements of financial position. For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company do not have any significant exposure to any individual customer at the reporting date.

**(c) Liquidity risk**

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

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

**(d) Market price risk**

Market price risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market prices. The Group and the Company is exposed to equity price risk arising from its investment in quoted shares amounting to RM12,688,029 (31.12.2014: RM14,243,966). These instruments are classified financial assets at FVTPL. The Group and the Company do not have exposure to commodity price risk.

The Group's objective is to manage investment returns and equity price risk using a mix of investment grade shares with steady dividend yield and non-investment grade shares with higher volatility.

Sensitivity analysis for market price risk

At the reporting date, if the FTSE Bursa Malaysia KLCI had been 5% higher/lower, with all other variables held constant, the Group's loss net of tax would have been RM569,771 (31.12.2014: RM766,553) higher/lower, arising as a result of higher/lower fair value gains on held for trading investments in equity instruments.

### 28. CAPITAL MANAGEMENT

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

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

No changes were made in the objectives, policies or processes during the financial period/year ended 30 June 2016 and 31 December 2014.

There were no bank borrowings for the current and previous financial period/year. Accordingly calculation of gross debt equity ratio is not meaningful to the Group and the Company.

The Group and the Company are not subject to any externally imposed capital requirements.

### 29. SEGMENT INFORMATION

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

The Group comprises the following business segments:

- (i) Investment holding
- (ii) Oil palm plantation

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

===== 30 JUNE 2016 =====

### 29. SEGMENT INFORMATION (CONT'D)

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

	Investment holding RM	Oil palm plantation RM	Total RM
<b>30.6.2016</b>			
<b>Results:</b>			
Loss before tax	(2,514,928)	(2,867,604)	(5,382,532)
Income tax expense			176,660
Loss, net of tax			(5,205,872)
<b>Assets:</b>			
Segment assets	165,783,290	29,130,151	194,913,441
Unallocated assets			16,707
Total assets			194,930,148
<b>Liabilities:</b>			
Segment liabilities	2,304,934	6,043,962	8,348,896
<b>Other segment information:</b>			
Additions to non-current assets (excluding deferred tax assets and financial instruments)	123,150	-	123,150
Depreciation and amortisation	549,575	2,867,604	3,417,179
<b>31.12.2014</b>			
<b>Results:</b>			
Loss before tax	(2,493,445)	(2,014,390)	(4,507,835)
Income tax expense			5,536
Profit, net of tax			(4,502,299)
<b>Assets:</b>			
Segment assets	168,552,533	31,997,754	200,550,287
Unallocated assets			22,000
Total assets			200,572,287
<b>Liabilities:</b>			
Segment liabilities	2,430,863	6,354,300	8,785,163
<b>Other segment information:</b>			
Additions to non-current assets (excluding deferred tax assets and financial instruments)	194,701	-	194,701
Depreciation and amortisation	341,897	2,014,390	2,356,287

\* The Group had suspended recognition of income from oil palm plantation and lease rental from oil mill with effect from 1 July 2011 as mentioned in Note 2(c).

## 29. SEGMENT INFORMATION (cont'd)

### Geographical information

The Group's operations are located only in Malaysia.

## 30. MATERIAL LITIGATION

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

On 20 June 2002, the Company obtained its shareholders' approval for the Original Proposed Disposal of RRSB.

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

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

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

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

On 21 April 2007, the Purchasers had filed a writ of summons and statements of claim against MCSB and RRSB seeking for specific performance of the Agreement.

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

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

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

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

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

## 30. MATERIAL LITIGATION (CONT'D)

On 31 July 2014, the Board convened an Extraordinary General Meeting to seek shareholders' approval for the disposal of the additional 99,998 shares in RRSB issued in February 2005 and the Mill. The proposal was rejected by the shareholders. The Group was served a copy of an Application for Supplementary Orders on 3 July 2014 by the Purchasers for the completion of the sale of the plantation and palm oil mill. On 17 February 2015, the High Court allowed the Purchasers' application for supplementary orders and declined and dismissed MCSB's cross application to determine certain threshold and/ or related questions (including the payment by the Purchasers of the Plantation profits of RM36.7 million as at June 2014 as well as the implication of Section 132C of the Companies Act, 1965 in Malaysia).

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

Subsequently, the Group's solicitors had filed applications to the Federal Court for leave to appeal against the Court of Appeal's decision. On 19 August 2016, the Federal Court has fixed the matter for hearing on 17 November 2016.

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

- (a) A declaration that the resolution of the Plaintiff's shareholders dated 20.6.2002 for, inter alia, the Proposed Disposal of 2 RRSB Shares comprising 2 ordinary shares of RM1.00 each in RRSB held by MCSB to the 2nd and 3rd Defendants ("Purchasers") and the repayment by the Purchasers of the Shareholders' Loan of RM30,600,000 ("the 2002 Plaintiff's Shareholders' Resolution") has lapsed and is of no further legal effect;
- (b) Alternatively, a declaration that the Sale and Purchase Agreement between the 1st, 2nd and 3rd Defendants dated 5 April 2002 and the 2002 Plaintiff's Shareholders' Resolution does not cover or apply to the increase of 99,998 new ordinary shares of RM1.00 each in the 4th Defendant dated 7 February 2005 ("the Impugned Shares") and the oil palm mill and plant and machines situated on HS(D) 13127 Lot No. 11644, Mukim Durian Sebatang, Daerah Hilir Perak ("the Mill");
- (c) A declaration that the 1st Defendant has no lawful authority to dispose of or transfer the Impugned Shares and the Mill to the 2nd and 3rd Defendants or their nominees;
- (d) A declaration that any transfer of the Impugned Shares and the Mill by the 1st Defendant to the 2nd and 3rd Defendants shall be in contravention of Section 132C of the Companies Act 1965, in Malaysia and accordingly null and void;
- (e) Alternatively, in the event the 1st Defendant is liable to transfer the Impugned Shares and the Mill to the 2nd and 3rd Defendants notwithstanding Section 132C of the Companies Act 1965, in Malaysia, a declaration that the Plaintiff and its directors shall be relieved of any liability whatsoever under Section 132 of the Companies Act 1965, in Malaysia and/or at law arising or incurred in respect of or attributable to such transfer;
- (f) An order that the 1st Defendant is restrained from transferring and delivering to the 2nd and 3rd Defendants the legal and beneficial ownership of the Impugned Shares and the Mill;
- (g) An order that the 2nd and 3rd Defendants are restrained from receiving the transfer of the legal and beneficial ownership of the Impugned Shares and the Mill;
- (h) A declaration that the appointment of the 2nd and 3rd Defendants as directors of the 4th Defendant is null and void;

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

===== 30 JUNE 2016 =====

### 30. MATERIAL LITIGATION (CONT'D)

- (i) A declaration that all acts purportedly done by the 2nd and 3rd Defendants as directors of the 4th Defendant prior to the date of this Judgement are null and void;
- (j) An order that the 2nd and 3rd Defendants be removed and restrained from acting as directors of the 4th Defendant;
- (k) An order that the Plaintiff shall be at liberty to apply;
- (l) Costs; and
- (m) Such further orders and/or relief as this Honorable Court deems fit and proper.

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

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

Both Case 2 and Case 3 will be heard by the same Judge and further hearings of the cases have been fixed on 10 October 2016, 10 and 11 November 2016, 19 and 20 December 2016, and 6 to 8 February 2017.

As at 30 June 2016, the net carrying amount of the 2 parcels of leasehold land and the palm oil mill were RM28.85 million and RM 19 respectively. Should the decision of the Courts be carried through to completion, the directors expect to realise a gain on disposal of RM24.15 million based on the financial statements of the Group for the financial period ended 30 June 2016.

### 31. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

On 30 March 2016, Precious Way International Ltd., a wholly-owned subsidiary of the Company entered into sales and purchase agreements to acquire overseas properties amounting to RM6,752,513.

### 32. CAPITAL COMMITMENTS

	<b>Group</b>	
	<b>30.6.2016</b>	<b>31.12.2014</b>
	<b>RM</b>	<b>RM</b>
Approved and contracted for:		
- Investment properties	6,138,219	-

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

===== 30 JUNE 2016 =====

## 33. COMPARATIVE FIGURES

- (a) The comparative figures covered a period of 12 months from 1 January 2014 to 31 December 2014 whilst the figures of the current period's financial statements covered a period of 18 months from 1 January 2015 to 30 June 2016. As such, the statements of comprehensive income, statements of cash flows and certain notes to the financial statements are not of comparable periods.
- (b) The following comparative figures have been reclassified to conform with the current financial period's presentation:

Statements of financial position	As reclassified RM	As previously classified RM
<b>Group</b>		
Short term cash investments	89,591,800	-
Deposits, cash and bank balances	516,097	-
Cash and cash equivalents	-	90,107,897
<b>Company</b>		
Short term cash investments	42,194,297	-
Deposits, cash and bank balances	141,460	-
Cash and cash equivalents	-	42,335,757

## SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised retained earnings of the Group and of the Company as at 30 June 2016 and 31 December 2014 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The retained earnings of the Group and of the Company as at reporting date are analysed as follows:

	Group		Company	
	30.6.2016 RM'000	31.12.2014 RM'000	30.6.2016 RM'000	31.12.2014 RM'000
Total retained earnings of the				
Company and its subsidiaries:				
- realised	86,657	91,437	108,581	108,598
- unrealised	218	503	-	-
	86,875	91,940	108,581	108,598
Add: Consolidation adjustments	340	481	-	-
Total retained earnings	87,215	92,421	108,581	108,598

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 purpose.



# LIST OF PROPERTIES HELD

as at 30 JUNE 2016

Location	Description (Building Age)/ Existing Use	Tenure	Land Area/ Built-up Area	Net Book Value (RM'000)	Date of Acquisition
Lot No. 11644 Mukim Durian Sebatang Daerah Hilir Perak Perak Darul Ridzuan	Oil palm estate	Leasehold (expiring 24.7.2034)	1,266.05 hectares	17,964	4.8.2003
Lot No. 6863 Mukim Hutan Melintang Daerah Hilir Perak Perak Darul Ridzuan	Oil palm estate	Leasehold (expiring 24.7.2034)	767.33 hectares	10,888	4.8.2003
Lot P.T.65571 Mukim Tebrau Daerah Johor Bahru Johor Darul Takzim	Vacant commercial land	Freehold	6.74 hectares	37,364	9.9.2003
PTD 58152-58177 HS(D) 216990-217015 PTD 58179-58211 HS(D) 217016-217048 PTD 58213-58331 HS(D) 217049-217167 Mukim of Tebrau Daerah of Johor Bahru Johor Darul Takzim	178 vacant bungalow lots	Freehold	113,369.85 sq. metres	15,118	9.9.2003
Lot 491 Mukim & Daerah Seremban Negeri Sembilan Darul Khusus	Vacant land	Freehold	6.481 acres	679	5.10.2004
Lot 5142 Bandar & Daerah Seremban Negeri Sembilan Darul Khusus	Vacant land	Freehold	34.50 poles	206	5.10.2004
B-6-10, B-9-10, B-12-3A West Wing 10 Semantan No. 10 Jalan Semantan 50490 Kuala Lumpur	3 units of 2-bedroom condominium (7 years)/ Vacant	Leasehold (expiring 3.6.2108)	980 sq. feet per unit	1,139	27.6.2008
No. 16.01 PT No. 200, Seksyen 1 Bandar Tanjong Tokong Daerah Timur Laut Pulau Pinang	A 4-bedroom condominium (6 years)/ For own use	Freehold	6,300 sq. feet	1,935	11.2.2009

# FINANCIAL CALENDAR

Financial Period From 1 January 2015 to 30 June 2016

## RESULTS

First Quarter ended 31 March 2015	Announced On	21 May 2015
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Second Quarter ended 30 June 2015	Announced On	20 August 2015
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Third Quarter ended 30 September 2015	Announced On	18 November 2015
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Fourth Quarter ended 31 December 2015	Announced On	24 February 2016
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Fifth Quarter ended 31 March 2016	Announced On	18 May 2016
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Sixth Quarter ended 30 June 2016	Announced On	30 August 2016
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<b>NOTICE OF ANNUAL GENERAL MEETING</b>		<b>25 October 2016</b>
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<b>TWENTY-SIXTH ANNUAL GENERAL MEETING</b>		<b>16 November 2016</b>
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# ANALYSIS OF SHAREHOLDINGS

as at 28 September 2016

## Share Capital

Authorised share capital	:	RM200,000,000.00
Issued and paid-up capital	:	RM75,000,000.00
Class of shares	:	Ordinary shares of RM1.00 each
Voting rights	:	1 vote per ordinary share
No. of shareholders	:	1,739

## Directors' and Chief Executive Officer's Shareholdings

Name of Directors	Direct Interest	% of Issued Shares	Indirect Interest	% of Issued Shares
Lim Hong Liang	14,251,008	19.00	3,691,900*	4.92
Tan Chon Sing @ Tan Kim Tieng	10,315,393	13.75	2,209,300**	2.95
Gan Teck Chong @ Gan Kwan Chong	3,917,303	5.22	4,460,800**	5.95
Chew Loy Chee	3,152,188	4.20	360,000**	0.48
Kan Ah Chun	2,279,960	3.04	-	-
Muhayuddin Bin Musa	-	-	-	-
Johari Low Bin Abdullah	-	-	-	-
Ang Poo Guan	-	-	168,500**	0.22

Notes:

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

\*\* Indirect interest through family members.

## Size of Shareholdings

Size of Holdings	No. of Holders	% of Holders	No. of Shares Held	% of Issued Shares
Less than 100	12	0.69	361	0.00
100 - 1,000	624	35.88	605,087	0.81
1,001 - 10,000	960	55.21	3,590,900	4.79
10,001 - 100,000	107	6.15	3,042,300	4.06
100,001 - 3,749,999*	31	1.78	26,779,348	35.70
3,750,000 and above**	5	0.29	40,982,004	54.64
	<b>1,739</b>	<b>100</b>	<b>75,000,000</b>	<b>100</b>

\* Less than 5% of issued shares.

\*\* 5% and above of issued shares.

## ANALYSIS OF SHAREHOLDINGS (Continued)

as at 28 September 2016

### Substantial Shareholders

Name of Substantial Shareholders	Direct Interest	% of Issued Shares	Indirect Interest	% of Issued Shares
Lim Hong Liang	14,251,008	19.00	3,691,900*	4.92
Tan Chon Sing @ Tan Kim Tieng	10,315,393	13.75	2,209,300**	2.95
Advance Synergy Capital Sdn Bhd (ASCSB)	8,037,500	10.72	-	-
Advance Synergy Berhad (ASB)	-	-	8,037,500^	10.72
Dato' Ahmad Sebi Bakar	-	-	8,037,500+	10.72
Gan Teck Chong @ Gan Kwan Chong	3,917,303	5.22	4,460,800**	5.95

#### Notes:

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

\*\* Indirect interest through family members.

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

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

### 30 Largest Shareholders

No.	Name of Shareholders	No. Of Shares Held	% of Issued Shares
1.	Lim Hong Liang	14,251,008	19.00
2.	Tan Chon Sing @ Tan Kim Tieng	10,315,393	13.75
3.	Advance Synergy Capital Sdn Bhd	8,037,500	10.72
4.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mary Tan @ Tan Hui Ngoh (STF)	4,460,800	5.95
5.	Gan Teck Chong @ Gan Kwan Chong	3,917,303	5.22
6.	Wawasan Lembaran Sdn Bhd	3,691,900	4.92
7.	Chew Loy Chee	3,152,188	4.20
8.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Siew Lai (Margin)	3,087,600	4.12
9.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Kwee Hock (STA 1)	3,017,800	4.02
10.	Kan Ah Chun	2,279,960	3.04

## ANALYSIS OF SHAREHOLDINGS (Continued)

as at 28 September 2016

### 30 Largest Shareholders (Continued)

No.	Name of Shareholders	No. Of Shares Held	% of Issued Shares
11.	Ng Faai @ Ng Yoke Pei	2,209,300	2.95
12.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Garth Kevin Albuquerque	2,001,000	2.67
13.	Loh Siew Hooi	1,488,000	1.98
14.	Goh Siang Kuan	1,124,400	1.50
15.	Lee Chin Hwa	387,000	0.52
16.	Chin Kian Fong	380,000	0.51
17.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Soh Chee Wen	365,000	0.49
18.	Yap Ah Ngah @ Yap Neo Nya	360,000	0.48
19.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chin Kiam Hsung	344,000	0.46
20.	Goh Ah Peng	289,600	0.39
21.	Tong Seow Mei	225,000	0.30
22.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Phng Hooi Siang @ Fong Hooi Siang	210,000	0.28
23.	Law Chee Pei	209,000	0.28
24.	Tan Akuan	203,000	0.27
25.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chin Kiam Hsung	199,000	0.27
26.	Lim Yee Lin	175,000	0.23
27.	Yeap Lean Khim	168,500	0.22
28.	Tan Kim Tee	160,700	0.21
29.	RHB Nominees (Tempatan) Sdn Bhd RHB Investment Bank Berhad For Omega Securities Sdn Bhd (Unpaid Shares)	158,000	0.21
30.	Chin Kiam Hsung	150,000	0.20
<b>Total</b>		<b>67,017,952</b>	<b>89.36</b>

# PROXY FORM



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

Number of shares held	CDS Account No.

I/ We.....  
(FULL NAME IN BLOCK LETTERS)

NRIC No./Company No. .... of .....  
(FULL ADDRESS)

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

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

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

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

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

or failing \*him/her, the \*Chairman of the meeting as \*my/our proxy to vote for \*me/us and on \*my/our behalf, at the Twenty-Sixth Annual General Meeting of the Company to be held at Dewan Tuanku Ja'afar, Royal Sungei Ujong Club, 2A, Jalan Dato' Kelana Ma'amor, 70000 Seremban, Negeri Sembilan Darul Khusus on Wednesday, 16 November 2016 at 10.00 a.m. and at any adjournment thereof.

No.	Resolution	FOR	AGAINST
1.	To approve the payment of Directors' Fees for the financial period ended 30 June 2016.		
2.	To re-elect Mr Kan Ah Chun as Director.		
3.	To re-elect Encik Johari Low Bin Abdullah as Director.		
4.	To re-elect Mr Gan Teck Chong @ Gan Kwan Chong as Director.		
5.	To appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company in place of the retiring auditors, Messrs Baker Tilly AC and to authorise the Board of Directors to fix their remuneration.		
6.	To re-appoint Mr Chew Loy Chee as Director.		
7.	To re-appoint Mr Tan Chon Sing @ Tan Kim Tieng as Director.		
8.	To grant authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965		
9.	To approve the Proposed Renewal of Authority for Share Buy-Back.		
10.	To approve Encik Johari Low Bin Abdullah to continue to act as an Independent Non-Executive Director.		
11.	To approve Encik Muhayuddin Bin Musa to continue to act as an Independent Non-Executive Director.		
12.	Proposed Amendments to the Articles of Association of the Company		

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

As witness my/our hand(s) this.....day of.....2016

Signature of Member(s) /Common Seal

Contact Number:

## Notes:

- A proxy need not be a Member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- To be valid, the form of proxy, duly completed must be deposited at the Registered Office at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.
- A Member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote at the meeting except where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, in which event it may appoint not more than two(2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.
- Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where a Member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
- Only members whose names appear in the Record of Depositors as at 7 November 2016 will be entitled to attend, vote and speak at the meeting or appoint proxy(ies) to attend, vote and speak on their behalf.

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STAMP

THE COMPANY SECRETARY  
**MALPAC HOLDINGS BERHAD**  
(197424-V)

Unit 30-01, Level 30, Tower A,  
Vertical Business Suite,  
Avenue 3, Bangsar South,  
No.8 Jalan Kerinchi,  
59200 Kuala Lumpur

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