



**Oriental Interest Berhad**  
(272144-M)



**Consolidation and Expansion**

ANNUAL REPORT 2016



## Consolidation and Expansion

The Jigsaw symbolises the growth of a business, expansion and the rise of new opportunities. The jigsaws that are attached together represent Oriental Interest Berhad accomplishments and the jigsaws at the corner represent the myriad of opportunities that lies ahead. As we continue to grow stronger, we set our sights on a bigger picture, a vision of opportunity. To complete the picture, we will continue to connect the jigsaw by consolidating, expanding and diversifying into unexplored areas of the market, to distinguish ourselves from the rest and to develop a reputation for excellence while seeking out new jigsaw pieces.

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# Corporate Information

## Board of Directors

Dato' Wira Lim Teong Kiat, JP  
Independent Non-Executive Chairman

Tunku Mohamad Zulkifli Bin Osman  
Independent Non-Executive Director

Mr. Low Kok Shen  
Executive Director / Chief Executive Officer

Mr. Low Kok Aun  
Executive Director

Mr. Low Kok Kean  
Executive Director

Mr. Low Ping Kun  
Executive Director

Mr. Low Kok Horng  
Non-Independent Non-Executive Director



## Audit & Risk Management Committee

### Chairman

Dato' Wira Lim Teong Kiat, JP

### Member

Tunku Mohamad Zulkifli Bin Osman  
Mr. Low Kok Horng

## Remuneration Committee

### Chairman

Dato' Wira Lim Teong Kiat, JP

### Member

Tunku Mohamad Zulkifli Bin Osman  
Mr. Low Kok Kean

## Nominating Committee

### Chairman

Dato' Wira Lim Teong Kiat, JP

### Member

Tunku Mohamad Zulkifli Bin Osman  
Mr. Low Kok Horng

## Joint Company Secretaries

Ms. Tai Yit Chan (MAICSA 7009143)

Ms. Ong Tze-En (MAICSA 7026537)

## Corporate Head Office

34 & 35, Lengkok Cempaka 2,  
Bandar Amanjaya, 08000  
Sungai Petani, Kedah Darul Aman  
Tel: 04-448 1018 Fax: 04-448 1019

## Registered Office

Lot 6.05, Level 6, KPMG Tower,  
8, First Avenue, Bandar Utama,  
47800 Petaling Jaya,  
Selangor Darul Ehsan  
Tel: 03-7720 1188 Fax: 03-7720 1111

## Registrar

Boardroom Corporate Services  
(KL) Sdn Bhd  
Lot 6.05, Level 6, KPMG Tower,  
8, First Avenue, Bandar Utama,  
47800 Petaling Jaya,  
Selangor Darul Ehsan  
Tel: 03-7720 1188 Fax: 03-7720 1111

## Auditors

KPMG  
Level 18, Hunza Tower  
163E, Jalan Kelawei, 10250 Penang  
Tel: 04-238 2288 Fax: 04-238 2222

## Principal Bankers

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

## Stock Exchange Listing

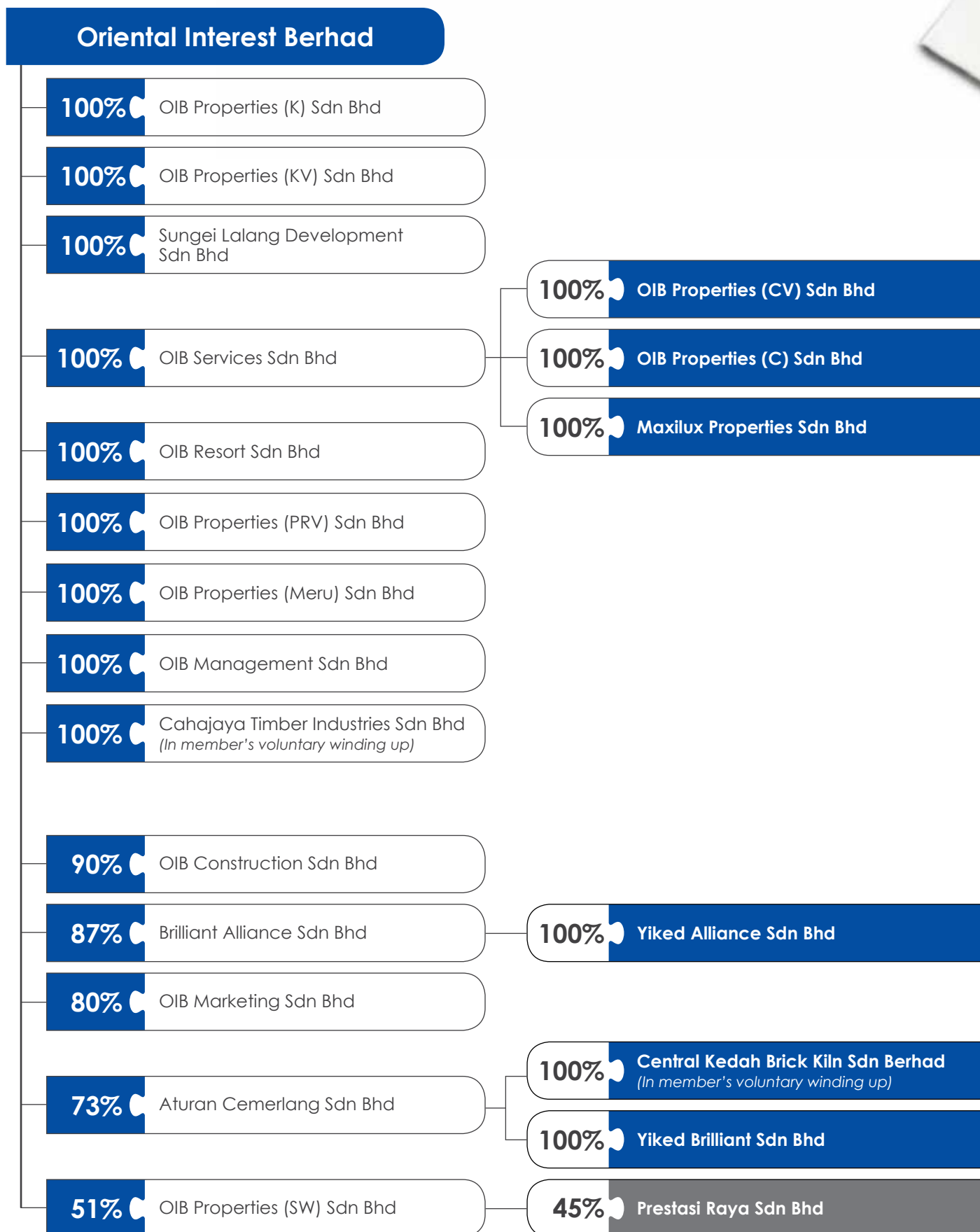
Bursa Malaysia Securities Berhad  
Main Market  
Stock Code : 5827  
Stock Name : OIB

## Official Website

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

# Group Structure

As At 30 September 2016



■ Subsidiary Company ■ Associate

# Corporate Profile

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## Incorporation

Oriental Interest Berhad ("OIB" or "the Company") was incorporated in Malaysia on 3 August 1993 under the Companies Act, 1965 as a private limited company under the name of Oriental Interest Sdn Bhd. The Company was converted to a public limited company on 22 December 1993 and adopted its present name. The principal activities of the Company are investment holding and provision of management services.

OIB was officially listed on the Main Board of the then Kuala Lumpur Stock Exchange (now known as Main Market of Bursa Malaysia Securities Berhad), on 18 October 1994.

The OIB Group, which comprises of 14 subsidiaries and 6 sub-subsidiaries, is actively involved in commercial and residential property development as well as general construction and oil palm cultivation.

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## Property Development and General Construction

Over the past 31 years, OIB Group has established itself as a leading property developer, having completed numerous construction and mixed development projects, delivering more than 23,500 development units with gross development value in excess of RM2.1 billion.

OIB Group has earned a strong reputation amongst buyers for dedication to its development projects and ahead of schedule delivery of quality products, distinguished by creative yet functional design at affordable prices.

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## Oil Palm Cultivation

OIB Group is also involved in oil palm cultivation through two subsidiaries; namely, OIB Properties (K) Sdn Bhd and OIB Properties (SW) Sdn Bhd, on 826.26 acres of agriculture land.

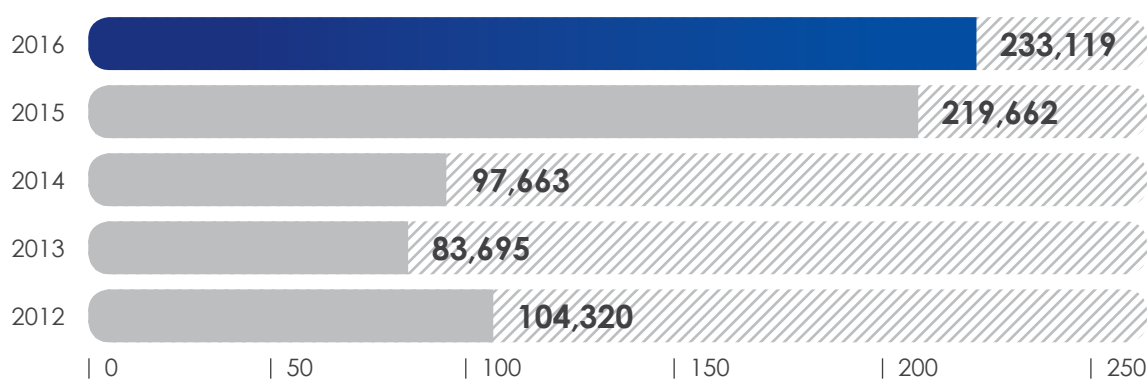
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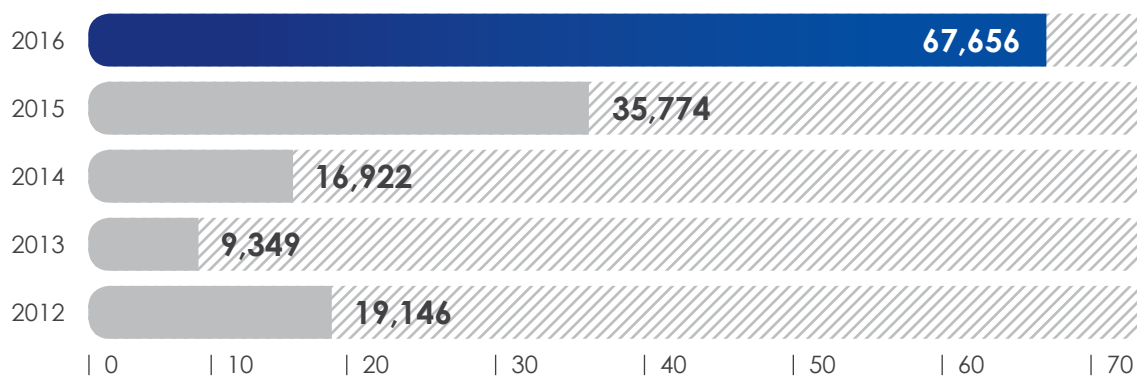
# Financial Highlights

5 Years Results (RM'000)	Year ended 30 June				
	2016	2015	2014	2013	2012
<b>Revenue</b>	233,119	219,662	97,663	83,695	104,320
Profit before tax	67,656	35,774	16,922	9,349	19,146
Taxation	(16,010)	(9,580)	(3,975)	(2,361)	(5,339)
Loss from discontinued operations	–	–	–	(1,035)	–
<b>Profit for the financial year</b>	<b>51,646</b>	<b>26,194</b>	<b>12,947</b>	<b>5,953</b>	<b>13,807</b>
Attributable to:					
Owners of the Company	40,153	19,988	9,210	3,812	9,068
Non-controlling interests	11,493	6,206	3,737	2,141	4,739
<b>Profit for the financial year</b>	<b>51,646</b>	<b>26,194</b>	<b>12,947</b>	<b>5,953</b>	<b>13,807</b>

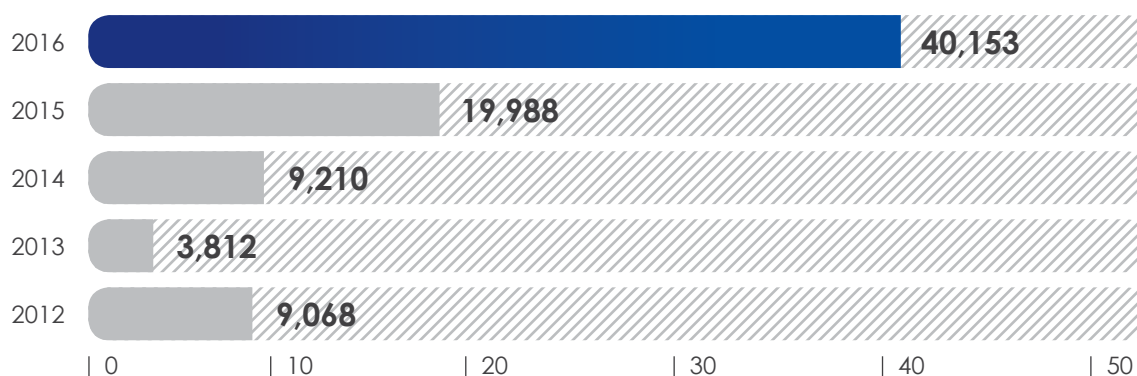
## REVENUE (RM'000)



## PROFIT BEFORE TAX (RM'000)



## PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)





# Profile of Directors

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## Dato' Wira Lim Teong Kiat, JP

Malaysian, male, aged 69, was appointed to the Board of OIB on 13 December 2013 as Independent Non-Executive Chairman. Dato' Wira Lim is a Fellow Member of Institute of Chartered Accountants in England and Wales and has more than 40 years of professional experience in public practice as founding partner of Kiat & Associates. Dato' Wira Lim also chairs the Audit & Risk Management, Nominating and Remuneration Committees.

## Tunku Mohamad Zulkifli Bin Osman

Malaysian, male, aged 52, was appointed to the Board of OIB as Independent Non-Executive Director on 13 December 2013. Tunku Mohamad Zulkifli obtained his Diploma in Law and Advanced Diploma in Law from MARA Institute of Technology (now known as UiTM). Tunku is an active practicing lawyer with more than 26 years of experience in the legal profession, primarily in civil litigations specialising in construction laws, land matters and corporate matters. He is currently a partner of Messrs. Jin-Nge & Co, Advocates & Solicitors, Alor Setar, Kedah.

## Mr. Low Kok Shen

Malaysian, male, aged 38, joined the Board of OIB on 1 September 2016 as Executive Director and Chief Executive Officer. Mr. Low KS graduated from University of Toledo, USA with a Bachelor of Science in Civil Engineering. Mr. Low KS has been involved in managing the day-to-day operations of his family business since 1999. He has more than 17 years of working experience and is principally involved in property development and has successfully completed many property development projects in Kedah. Mr. Low KS also sits on the board of several private limited companies.

## Mr. Low Kok Aun

Malaysian, male, aged 44, joined the Board of OIB on 13 December 2013 as Managing Director, and was redesignated as Executive Director on 1 September 2016. Mr. Low KA graduated from University of Toledo, USA with a Bachelor of Science in Civil Engineering. Upon his return to Malaysia, Mr. Low KA has been managing the day-to-day operations of his family business for more than 20 years. Tapping on his extensive working experience, principally in property development as well as manufacturing of construction and building materials, he was instrumental in the successful completion of many property development projects in Kedah. Mr. Low KA also sits on the board of several other private limited companies.

## Profile of Directors (Cont'd)

### Mr. Low Kok Kean

Malaysian, male, aged 51, joined the Board of OIB as Executive Director on 13 December 2013. A graduate from University of Toledo, USA with a Bachelor of Science in Civil Engineering in 1988, Mr. Low KK has chalked up more than 27 years of working experience in managing businesses across diverse industries. He is currently managing his family business with particular interest in identifying new businesses, strategic planning and business development. Mr. Low KK also sits on the board of several other private limited companies.

### Mr. Low Ping Kun

Malaysian, male, aged 60, joined the Board of OIB as Executive Director on 13 December 2013. Mr. Low PK ventured into business upon completion of his secondary education and possesses over 40 years of entrepreneurship experience. Over the years, he has successfully developed and managed diverse businesses from start-up, spanning various industries from property development and manufacturing of building materials to rubber processing and plantation. Mr. Low PK also sits on the board of several other private limited companies.

### Mr. Low Kok Horng

Malaysian, male, aged 46, was appointed to the Board of OIB as a Non-Independent Non-Executive Director on 4 April 2014. Mr. Low KH graduated from University of Toledo, USA with a Bachelor of Business Administration degree in 1992 and has been involved in his family business ever since then. Mr. Low KH has garnered vast experience in different industries ranging from manufacturing to property investment and property development. He is also holding directorships in several private limited companies.

#### Notes:

- Other than Mr. Low Kok Shen and Mr. Low Ping Kun, who are major shareholders of OIB, none of the Directors has any direct or indirect shareholdings in OIB.
- Other than Mr. Low Kok Kean and Mr. Low Kok Aun being siblings, none of the other Directors has any family relationship, as defined under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, with any other Directors and/or major shareholders of the Company.
- None of the Directors has any conflict of interest with OIB Group.
- None of the Directors holds any directorship in other public companies.
- None of the Directors has been convicted of any offences, other than traffic offences, within the past 5 years.



# Profile of Key Senior Management

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## Ir. Lim Sian Peng

Malaysian, male, aged 51, was appointed as Chief Operating Officer of Construction Division of OIB Group on 1 January 2015. Ir. Lim is a member of the Institution of Engineers, Malaysia and a registered professional engineer of the Board of Engineers Malaysia. A graduate from University of Toledo, USA with a Bachelor of Science in Civil Engineering in 1988, Ir. Lim has more than 27 years of working experience in construction industry.

## Ms. Beh Suan Sim

Malaysian, female, aged 56, was appointed as Chief Operating Officer of Marketing Division of OIB Group on 1 March 2014. Ms. Beh rose from rank and file in the banking industry to her last held position as Regional Manager of MBF Northern Region in 1998 before embarking on property development sector. Ms. Beh's vast experience in banking and property development sectors had contributed greatly to the excellent performance of OIB Group in the past years.

## Mr. Khaw Eng Peng

Malaysian, male, aged 49, is a fellow member of the Association of Chartered Certified Accountants and a member of Malaysian Institute of Accountants. Mr. Khaw was re-designated as Chief Financial Officer on 13 December 2013, concurrent with his resignation as Executive Director from the Board of OIB, a position he held since 5 November 2007. Mr. Khaw joined the audit and compliance services division of Messrs. Coopers & Lybrand (now merged under the firm PricewaterhouseCoopers) in 1993, and later rising to the position of Assistant Audit Manager. In 1996, he left audit practice to join OIB Group as Senior Manager in Finance and Administration Department and was later promoted to Assistant General Manager in 2001. Mr Khaw has been an Independent Director of Kobay Technology Berhad since 30 July 2010.

### Notes:

- None of the Key Senior Management has any family relationship, as defined under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, with any other Directors and/or major shareholders of the Company.
- None of the Key Senior Management has any conflict of interest with OIB Group.
- Saved as disclosed above, none of the Key Senior Management holds any directorship in other public companies.
- None of the Key Senior Management has been convicted of any offences, other than traffic offences, within the past 5 years.

# Chairman's Statement

*On behalf of the Board of Directors ("the Board") of Oriental Interest Berhad ("OIB" or "the Company"), it gives me great pleasure to present to you the Twenty-Third Annual Report of OIB Group with its best ever financial results in respect of the financial year ended 30 June 2016 ("FY2016").*

## FINANCIAL RESULTS

For FY2016, OIB Group reported 89% surge in its pre-tax profit from RM35.774million to RM67.656million; despite only a marginal 6% increase in revenue from RM219.662million to RM233.119million, compared with the preceding financial year. With the record breaking results, total equity attributable to shareholders of OIB has further improved from RM283.880million to RM314.126million.

During FY2016, OIB Group continues with its land bank expansion plan through acquisitions and joint development agreement with land owners in both central and northern regions of Malaysia. Such expansion plan is financed by both term loan from bank and cash flow generated from operating and financing activities. And with the remarkable performance achieved, cash position of the Group had improved from RM39.569million to RM57.371million over the reporting financial year.

### Property Development and General Construction

Property Development segment enhanced its prominent role as key contributor to the results of OIB Group; with its progress billings and pre-tax profit jumped by 32% and 133% respectively, compared with the preceding financial year; mainly due to record billings generated and further improvement in overall projects margin. On the other hand, General Construction segmental billings and pre-tax profit contracted by 37% and 47% respectively over the same comparative financial years owing to exceptional performance in the third quarter of the preceding financial year.

### Oil Palm Cultivation

Revenue and profit before tax from oil palm cultivation activity slid by 17% and 19% respectively compared with the preceding financial year. The reduction was due mainly to decline in yield rate despite of slight improvement in price of crude palm oil.

### Associate

There was still no significant share of results from the only associate, Prestasi Raya Sdn Bhd, during the reporting financial year, because it has yet to launch its development project.

## CORPORATE DEVELOPMENT

Pursuing the direction and business strategies of maintaining sufficient land bank at strategic locations to sustain future business development, OIB Group continues with land bank acquisition in FY2016. In addition to previously disclosed joint development project with a landowner on 108 acres of land in northern region over the next 15 years, with an estimated gross development value of RM671million; OIB Group also acquired 4.3 acres of land in central region for RM20.5million for mixed property development.

On 25 September 2015, OIB announced acquisitions of the remaining 20% equity interest in both Yiked Alliance Sdn Bhd and Yiked Brilliant Sdn Bhd, for consideration of RM3.9million and RM2.0million respectively, making them wholly owned subsidiaries of OIB Group, which will allow OIB Group to reap full benefit of all future earnings in the acquirees.

# Chairman's Statement (Cont'd)

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## CORPORATE DEVELOPMENT (Cont'd)

Whereas, on 22 February 2016, OIB announced the dissolution of two wholly-owned sub-subsidiaries, namely Patriot Furniture Sdn Bhd and Guar Timber Industries Sdn Bhd, to be effective on 11 April 2016, three months after lodgement of statutory returns by the appointed liquidators to the Companies Commission of Malaysia and the Official Receiver.

With approval of shareholders at 2015 Annual General Meeting on 23 November 2015; OIB, on 8 December 2015, announced the completion of the Bonus Issue exercise following the issuance and listing of 54,326,992 new ordinary shares of OIB on the Main Market of Bursa Malaysia Securities Berhad. This had enlarged issued and paid-up share capital of OIB to 144,871,994 ordinary shares.

The Board had, on 1 September 2016, announced the appointment of Mr. Low Kok Shen as Executive Director and Chief Executive Officer of OIB; and simultaneously, Mr. Low Kok Aun was redesignated as Executive Director, from Managing Director.

## DIVIDEND

With the excellent results recorded in FY2015, the Board declared an interim single-tier dividend of 12 sen per ordinary share in respect of FY2015, amounting to RM10.866million, on 10 July 2015, which was paid on 10 August 2015.

Following OIB Group further produced another record breaking results in FY2016, the Board declared an interim single-tier dividend of 8 sen per ordinary share in respect of FY2016, totaling RM11.590million, on 25 July 2016, which was paid on 22 August 2016.

The Board continued to share the joy and reward of excellent results with shareholders through dividend payment was a way of expressing appreciation to shareholders for their continued trust and confidence in the Group.

## CORPORATE GOVERNANCE

The Board continues with its commitment and strong belief in placing the utmost importance in a sound corporate governance framework, which is the basis for the management of business and operational activities within OIB Group. Having this fundamental concept in mind, the Board, through the assistance of various Board committees, practices a transparent and accountable reporting system with the management team; which is conducive to more interactive and constructive suggestions and discussion.

The Board truly believes that this effort will help sustain the business growth of OIB Group and enhancing shareholders' value in the long term. These endeavours are stated in more details in the Statement of Corporate Governance enclosed in this Annual Report.

## CORPORATE SOCIAL RESPONSIBILITY ("CSR")

As a responsible corporate citizen, OIB Group is committed to continue playing its role contributing to society, based fundamentally around the values of integrity and partnership. Although OIB Group has not formally established a CSR framework, the Board is always prepared in readiness to perform its CSR by aligning and embedding its core value with authenticity, transparency and relevance in order to be responsive to meet distinct needs in the workplace, market and communities.

OIB Group's involvement in CSR activities during FY2016 included the following:

- Contribution to various local charitable organisations.
- Construction of public amenities.
- Participate in and support schemes and activities promoted by local governments.
- Organise training programmes for employees' self-development and career advancement.
- Continued to improve working environment for betterment of staff welfare.

# Chairman's Statement (Cont'd)

## PROSPECTS

The property market, particularly the higher-end sub-market, has slowed down and is expected to face a very trying time in the near term mainly due to inflationary effect on living cost, weakening consumers' confidence and uncertain economy outlook, both locally and globally. In addition to stimulus such as government policies and schemes to help low medium income groups to acquire properties, Bank Negara Malaysia had cut interest rate on 13 July 2016. It is hoped that these actions could galvanise the industry growth.

The cost rationalisation exercise across the Board has been successful resulting in increased efficiency and better financial results. Notwithstanding inherent challenging conditions, the Board is confident of continued strong demand for affordable property sub-sector which is the Group's focus. As such, the Board is of the opinion that its existing business strategies aided by responsible execution from its management team will keep the Group on course towards another strong year of performance.

The gradual weakening of Ringgit against most foreign currencies over the reporting financial year has further worsen in recent months. The measures taken to effectively halt the slide remain uncertain and ineffective, and these have caused undue difficulties for entrepreneurs to strategise their business plans, especially on medium to long term basis.

The present situation is generally anticipated to have a serious and wider repercussion in the nation's economy across almost all industries, as inflationary effect is expected to cause upward spiral in the cost structure of many businesses. This, in turn, would have an adverse effect on the purchasing power of the consumers, especially sentiment in the property market that involves heavy financial capital commitment.

Whilst facing tremendous challenges, the Board is cautiously taking steps to manage inherent business risks and steer OIB Group into sub-sectors within the property industry that would yield better return. In light of continued development of existing land bank, coupled with the new strategic acquisitions and smart partnership with landowner, the Board of Directors, with full cooperation of the management, is confident that the results of OIB Group would remain sustainable for the forthcoming financial year.

## APPRECIATION

Finally, my fellow Board members and I wish to express our sincere appreciation to the management and staff for their tireless effort, seamless teamwork, commitment and perseverance in their execution of duties in an efficient and responsible manner. We would also like to thank our shareholders, customers, business associates and the regulatory bodies for their continued support and confidence in OIB Group.

Last but not least, personally, I would like to extend my heartfelt gratitude to all my fellow Board members, and in particular to Mr. Low Kok Aun, who as Managing Director for the past three years was instrumental in OIB Group achieving the remarkable record breaking performance, for their full trust, guidance and co-operation which have enabled the Board to discharge its stewardships duties effectively and professionally in the best interest of the Company and shareholders.

**Dato' Wira Lim Teong Kiat, JP**  
Independent Non-Executive Chairman  
23 September 2016

# Corporate Governance Statement

The Board of Directors (the "Board") of Oriental Interest Berhad recognises the importance of maintaining high standards of corporate governance in managing its business affairs so as to build a sustainable business capable of enhancing shareholder value.

The Board upholds the Principles and Recommendations as promulgated by the Malaysian Code on Corporate Governance 2012 (the "MCCG 2012" or the "Code"). This statement sets out how the Company has applied the 8 Principles of the MCCG 2012 during the financial year following the release of the MCCG 2012 by the Securities Commission in late March 2012 within Oriental Interest Berhad (the "Company") and its subsidiaries (the "Group"). Where a specific Recommendation of the MCCG 2012 has not been observed during the financial year under review, the non-observation, including the reasons thereof, shall be included in this statement.

## Principle 1 – Establish clear roles and responsibilities of the Board and Management

The Board acknowledges its key role in setting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- to review and adopt a strategic plan for the Group including setting performance objectives and approving operating budgets to ensure the strategies promote sustainability;
- to oversee the conduct of the Group's businesses and build sustainable value for shareholders;
- to review procedures to identify principal risks and ensure the implementation of appropriate internal controls and mitigating measures to manage these risks;
- to implement succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing Executive Directors and Senior Management;
- to develop and implement a Corporate Disclosure Policy (including an investor relations programme or shareholder communications policy) for the Group;
- to review the adequacy and the integrity of the Group's internal control system and management information systems;
- to monitor and review management processes aimed at ensuring the integrity of financial and other reporting to ensure that the Group's financial statements are true and fair as well as conform with the accounting standards;
- to monitor and review policies and procedures relating to occupational health and safety and compliance with relevant laws and regulations; and
- to ensure that the Group adheres to high standards of ethics and corporate behaviour.

To ensure the proper discharge of its stewardship role, the Board has established Board Committees, namely the Audit and Risk Management Committee ("ARMC"), Nominating Committee and Remuneration Committee and further entrusted to them, specific responsibilities to oversee the Group's affairs and authority to act on the Board's behalf in accordance with their respective terms of reference. The Chairmen of the relevant Board Committees also report to the Board on key issues deliberated at their respective meetings. The ultimate responsibility for decision making, however, lies with the Board.

### *Board Charter*

The roles and functions of the Board as well as roles delegated to Management are clearly delineated in the Board Charter. Whilst the Board retains full and effective control in directing and supervising the business and affairs of the Company, Management is responsible for day to day operations instituting compliance with laws, regulations, rules, directives and guidelines, including the achievement of the Group's corporate objectives. Such demarcation of roles is clearly set out in the Board Charter which complements and reinforces the supervisory role of the Board.

The Board had formalised its Board Charter according to the latest developments in the Group as well as regulatory requirements. The Board Charter is available for viewing at the Company's website at [www.oibgroup.com](http://www.oibgroup.com).

### *Code of Ethics and Whistle Blower Policy*

The Board had also formalised in writing the Code of Ethics and Code of Conduct in early 2013, setting out the standards of ethics and conduct expected from its Directors, Management and Officers to enhance the standards of corporate governance and corporate behaviour.

The Company had also put in place a whistle blower policy which allows the whistle blower to raise concerns about actual or potential corporate fraud or breach of ethics involving any employee, Senior Management or Director of the Group. Whistle blowing reports are addressed to Designated Officers of the Company, its Senior Independent Director or the Chairman of the ARMC following the form and specific conditions as prescribed under the policy. The policy also affirms that the identity of the whistle blower will be kept confidential and protection will be accorded to the whistleblower against any form of reprisal or retribution.

# Corporate Governance Statement (Cont'd)

## Principle 1 – Establish clear roles and responsibilities of the Board and Management (Cont'd)

### *Code of Ethics and Whistle Blower Policy (Cont'd)*

The Board has the overall responsibility of overseeing the execution of the whistle blower policy and recognises the importance of adhering to the Code of Ethics and Code of Conduct by all Directors, Management and Officers.

Whistle Blower Policy is available for viewing at the Company's website at [www.oibgroup.com](http://www.oibgroup.com).

### *Sustainability of Business*

The Board is mindful of the importance of business sustainability and had incorporated the Sustainability Policy into its corporate strategy, considering its impacts on environmental, social and governance aspects. Additionally, the Company's activities on corporate social responsibilities are disclosed under the Chairman's Statement in this Annual Report.

### *Supply of, and access to, Information*

The Board recognises that the decision making process is highly dependent on the quality of information furnished. As such, all Directors have unrestricted access to any information pertaining to the Group.

The Chairman, with the assistance of the Company Secretaries, ensures that all Directors have full and timely access to information with Board papers distributed in advance of Board meetings. This ensures that Directors have sufficient time to understand and appreciate issues deliberated at the Board meeting and expedites the decision making process.

Prior to the Board and Board Committees meeting, appropriate documents, which include the agenda and reports relevant to the issues of financial, operational, and regulatory compliance matters, are circulated to all Directors. This enables the Directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

Every Director has unrestricted access to the advice and services of the Company Secretaries, who ensure that the Board receives appropriate and timely information for its decision-making; to ensure that Board procedures are followed and all the statutory and regulatory requirements are met. The Company Secretaries ensure that all Board meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained. The Board believes that the current Company Secretaries are capable of carrying out their duties to ensure the effective functioning of the Board.

The Directors meet, review and approve all corporate announcements, including the announcement of quarterly financial results, before releasing them to Bursa Malaysia Securities Berhad ("Bursa Securities").

There is a formal procedure sanctioned by the Board, whether as a full board or in their individual capacity, to take independent professional advice, where necessary, in furtherance of their duties, at the Group's expense.

## Principle 2 – Strengthen Composition of the Board

As at the date of this Statement, the Board comprised of seven (7) members; four (4) Executive Directors, with new appointment of Mr. Low Kok Shen as Executive Director and Chief Executive Director on 1 September 2016, and three (3) Non-Executive Directors, two (2) of whom are Independent. The composition fulfills the requirements set out under the Main Market Listing Requirements ("MMLR") of Bursa Securities, which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent. The profile of each Director is set out under the Profile of Directors in this Annual Report.

The Board has delegated certain responsibilities to Board Committees, which operate within clearly defined terms of references as follows:

### *ARMC*

The ARMC was established to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, timely and accurate financial reporting and development of sound internal controls. The composition and its report are presented under the ARMC Report in this Annual Report. The terms of reference of the ARMC is available for viewing at the Company's website at [www.oibgroup.com](http://www.oibgroup.com).



# Corporate Governance Statement (Cont'd)

## Principle 2 – Strengthen Composition of the Board (Cont'd)

### *Nominating Committee – Selection and Assessment of Directors*

As at the date of this Statement, the members of the Nominating Committee, which comprise wholly of Non-Executive Directors, with a majority being Independent are as follows:

Directors	Number of meetings attended
Dato' Wira Lim Teong Kiat ( <i>Chairman</i> ) <i>Independent Non-Executive Chairman</i>	1/1
Tunku Mohamad Zulkifli Bin Osman <i>Independent Non-Executive Director</i>	1/1
Low Kok Hong <i>Non-Independent Non-Executive Director</i>	1/1

The Nominating Committee is empowered by the Board through clearly defined terms of reference to oversee the assessment of the Board as a whole, Board Committees and each individual Director, nominate to the Board the candidature of Directors and Board Committees' members as well as review the Board's succession plans and training programs. The terms of reference of the Nominating Committee is available for viewing at the Company's website at [www.oibgroup.com](http://www.oibgroup.com).

### *Appointment and annual assessment processes*

In discharging its responsibilities, the Nominating Committee has developed, maintained and reviewed the criteria to be used in the recruitment and annual assessment of Directors. The suitability of candidates is evaluated for recommendation to the Board and the Nominating Committee takes into consideration, inter-alia, the competency, commitment (including time commitment), contribution and performance of the candidates, including, where appropriate, the criteria on assessing the independence of candidates' appointment as Independent Non-Executive Directors.

Following the appointment of new Directors, the Committee shall facilitate an induction programme to provide Directors with a rapid and clear insight into the Group as well as keeping them abreast with development in the market place pertaining to the oversight function of directors. This will enable the Directors to discharge their duties and responsibilities effectively. The necessary information for a better understanding of the business may include, e.g. board minutes, the business/ strategic plan, pertinent management reports, profile of key competitors and significant reports by management consultants on areas of board responsibilities and arranging visits to key sites.

The Committee reviews annually the required mix of skills and experience for Directors and assesses annually the contributions of each individual Director and the effectiveness of the Board Committees and the Board as a whole. Furthermore, the Nominating Committee reviews the size and composition of the Board with particular consideration on the impact on the effective functioning of the Board. In so far as board diversity is concerned, the Board does not have a specific policy on setting targets for women candidates. The evaluation of the suitability of candidates is solely based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company. The results of the assessment would also be used to indicate potential trainings to be provided in the future for enhancement to the Directors' capabilities.

During the year until the date of this Statement, the Committee carried out the following activities:

- Reviewed the term of office and performance of the ARMC.
- Reviewed and assessed the contribution of each Director and the effectiveness of the Board and Board Committees.
- Reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board.
- Reviewed the level of independent of Independent Directors.
- Discussed the character, experience, integrity and competence of the Directors, Managing Director and Chief Financial Officer and to ensure they have the time to discharge their respective roles.
- Noted the training attended by Directors and recommended to the Board for adoption and disclosure in the Corporate Governance Statement for publication of Annual Report.
- Reviewed and recommended re-election of Directors, who retire by rotation under the Articles of Association of the Company, at the forthcoming Annual General Meeting.
- Assessed and recommended the appointment of a new Director.

# Corporate Governance Statement (Cont'd)

## Principle 2 – Strengthen Composition of the Board (Cont'd)

### Re-election

The Articles of Association provide that an election of Directors shall take place each year and, at the Annual General Meeting ("AGM"), one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election. All the Directors shall retire from office once at least in every three years but shall be eligible for re-election.

The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-appointment. A retiring Director is eligible for re-appointment. This provides an opportunity for shareholders to renew their mandates.

The election of each Director is voted on separately. To assist shareholders in their decision, personal profile and shareholding information of each Director standing for election are presented in this Annual Report under Profile of Directors and Analysis of Shareholdings respectively.

### Directors' Training

The Board, through the Nominating Committee, ensures that it recruits to the Board only individuals of sufficient calibre, knowledge and experience to fulfill the duties of a Director appropriately. All Directors have attended and successfully completed the Mandatory Accreditation Programme within the time frame stipulated in the MMLR. The Board encourages its Directors to attend relevant training programmes, seminars and forums to enhance their skills and knowledge on relevant new laws and regulations, changing commercial risk to keep abreast with the development in the economy, industry, technology and business environment within which the Group operates.

The following are the courses and training programs attended by the Directors for the financial year ended 30 June 2016:

Directors	Details of training	Date
Dato' Wira Lim Teong Kiat	National Tax Conference 2015 MIA 2016 Budget Seminar	25 & 26 August 2015 24 November 2015
Tunku Mohamad Zulkifli Bin Osman	Malaysia Legal & Corporate Risk Management & Internal Control: Workshop for Audit Committee	07 & 08 October 2015 07 April 2016
Low Kok Kean Low Ping Kun Low Kok Horng	Fraud Risk Management Half-day Seminar 2016 by MICG	06 June 2016

### Remuneration Committee – Directors' Remuneration

As at the date of this Statement, the members of the Remuneration Committee, which comprises majority of Independent Non-Executive Directors, are as follows:

Directors	Number of meetings attended
Dato' Wira Lim Teong Kiat ( <i>Chairman</i> ) <i>Independent Non-Executive Chairman</i>	1/1
Tunku Mohamad Zulkifli Bin Osman <i>Independent Non-Executive Director</i>	1/1
Low Kok Kean <i>Executive Director</i>	1/1

# Corporate Governance Statement (Cont'd)

## Principle 2 – Strengthen Composition of the Board (Cont'd)

### Remuneration Committee – Directors' Remuneration (Cont'd)

The Remuneration Committee is responsible for recommending and putting in place a structured remuneration framework for all Executive Directors to the Board and to review the remuneration policies and procedures.

The policy adopted by the Committee on Directors' remuneration is to structure remuneration packages necessary to attract, retain and motivate Directors to effectively manage the business of the Group.

The determination of remuneration packages of Non-Executive Directors shall be a matter for the Board as a whole, with individual Directors abstaining from decisions in respect of their individual remuneration.

During the year under review, the Committee carried out the following activities:

- Reviewed and recommended the fee structure and allowances for Directors.
- Reviewed and recommended the annual bonus for Executive Directors to the Board for approval.
- Reviewed remuneration package of Executive Directors to the board for approval.

The Directors' remuneration should be aligned with the business strategy of the company and market rates within the industry and in comparable companies, and to reflect the Board's responsibilities, experience, contributions, ethical values as well as corporate and individual performance. Details of Directors' remuneration for the financial year ended 30 June 2016 are as follows:

Categories	Executive Directors RM'000	Non-Executive Directors RM'000	Total RM'000
Fees	120	135	195
Allowances	13	26	39
Salaries	1,248	–	1,248
Bonuses	756	–	756
Employees' Provident Fund	241	–	241
Estimated Value of Benefits-in-Kind	18	–	18
<b>Total</b>	<b>2,396</b>	<b>161</b>	<b>2,497</b>

### Directors' Remuneration in Bands of RM50,000

Categories	Executive Directors	Non-Executive Directors
RM50,001 – RM100,000	–	3
RM750,001 – RM800,000	2	–
RM800,001 – RM850,000	1	–

## Principle 3 – Reinforce Independence of the Board

There is clear division of responsibilities between the Chairman and the Managing Director ("MD") / Chief Executive Officer ("CEO") to engender accountability and facilitate the division of responsibility, such that no one individual has unfettered powers over decision making. The Independent Non-Executive Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. On the other hand, the MD / CEO is responsible for the executive management of the Group's business covering, inter-alia, the development of a long-term strategic and short-term profit plans, annual operating plan and budget, to ensure that the Group's requirements for growth, profitability and return on capital are achieved. He is supported by the Executive Directors and Management team in implementing the Group's strategic plan and overseeing the operations and business development of the Group.

# Corporate Governance Statement (Cont'd)

## Principle 3 – Reinforce Independence of the Board (Cont'd)

The Board also believes that the current Directors has a balanced mix of skills, experience, expertise and competency to bring the Group forward while discussions are always carried out with candour and vigour, allowing all Directors to express their opinions regardless of their position. The Independent Non-Executive Directors bring to bear objective and independent judgment to the decision-making of the Board and provide a review and challenge on the performance of Management. The Non-Executive Directors contribute in areas such as policy and strategy, performance monitoring as well as improving governance and controls. Together with the Executive Directors who have intimate knowledge of the business, the Board is constituted of individuals who have proper understanding of and competence to deal with, current and emerging business issues.

During the financial year under review, the Nominating Committee has concluded that the Independent Directors have complied with the criteria of independence as set out in the Directors' Assessment Policy, taking into consideration the definition under Paragraph 1.01 of MMLR of Bursa Securities, the Companies Act, 1965 and the MCCG 2012.

The Board Charter and Directors' Assessment Policy have incorporated the requirement as set in the Code restricting the tenure of an Independent Director to a cumulative term of nine (9) years. However, while an Independent Director may continue to serve the Board after having reached the 9-year limit, he or she may be subjected to re-designation as a Non-Independent Non-Executive Director. Further, if the Board intends to retain the Director as Independent after the latter has exceeded the tenure, the Board shall justify the decision and seek shareholders' approval at a general meeting.

## Principle 4 – Foster commitment of Directors

The Board shall meet regularly, at least on a quarterly basis with additional meetings to be held as and when required. Prior notice of meetings will be given to all who are required to attend the meetings. Board Meetings shall be conducted in a business-like manner where all Directors are encouraged to share their views and partake in discussions. All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings.

It is the policy of the Company for Directors to devote sufficient time and effort in carrying out their responsibilities. The Directors have to attend at least half of the meetings held for each financial year in accordance with MMLR of Bursa Securities.

During the financial year under review, four (4) Board meetings were held and details of Directors' attendance are as follows:

Position	Directors	Attendance
Independent Non-Executive	Dato' Wira Lim Teong Kiat (Chairman)	4/4
	Tunku Mohamad Zulkifli Bin Osman	4/4
Executive	Low Kok Aun ( <i>redesignated as Executive Director from Managing Director on 1 September 2016</i> )	4/4
	Low Kok Kean	4/4
	Low Ping Kun	4/4
Non-Independent Non-Executive	Low Kok Horng	3/4

The Board is satisfied with the level of time commitment given by the Directors in fulfilling their roles and responsibilities.

# Corporate Governance Statement (Cont'd)

## Principle 5 – Uphold integrity in financial reporting

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year, primarily through the annual financial statements and quarterly announcements of results to Bursa Securities. The Board is assisted by the ARMC to oversee the Group's financial reporting processes and the quality of its financial reporting. This shall include the Group's financial results and cash flows for the year then ended as well. In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments as well as estimates in accordance with the applicable approved Financial Reporting Standards for entities other than private entities issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 1965.

Key features underlying the relationship of the ARMC with the internal and external auditors are included in the ARMC's terms of reference is available for viewing at the Company's website at [www.oibgroup.com](http://www.oibgroup.com). A summary of the activities of the ARMC during the financial year, including the evaluation of the independent audit process, are set out in the ARMC Report in this Annual Report.

The ARMC shall assess the suitability and independence of the external auditors before deciding to recommend their re-appointment to the Board. This includes reviewing the contracts for provision of non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money. Forbidden contracts include management consulting, strategic decision, internal audit and standard operating policies and procedures documentation. In addition, the ARMC also receives confirmation from external auditors on their independence annually. During the financial year under review, the external auditors confirmed their independence as the external auditor in the ARMC meeting.

Details of the fees paid/payable in respect of the financial year under review to the external auditors are as set out below:

	Company (RM'000)	Group (RM'000)
Statutory financial audit	37	234
Review of various statements by Directors	3	3
<b>Total</b>	<b>40</b>	<b>237</b>

## Principle 6 – Recognise and manage risks

Recognising the importance of risk management, the Board has in the past years formalised a structured Enterprise Risk Management framework to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an ongoing basis. The key features of the Risk Management framework are set out in the Statement on Risk Management and Internal Control of the Group in this Annual Report.

In line with the MMLR of Bursa Securities and MCCG 2012, the Group has established its internal audit function by setting up an in-house internal audit department, to carry out internal audit of the Group. Details of the Company's internal control system and internal audit's scope of work during the financial year under review is provided in the Statement on Risk Management and Internal Control of the Group in this Annual Report.

# Corporate Governance Statement (Cont'd)

## Principle 7 – Ensure timely and high quality disclosure

The Board recognises the need for comprehensive, timely and accurate disclosures of all material Company information to the public so as to ensure a credible and responsible market in which participants conduct themselves with the highest standards of due diligence and investors have access to timely and accurate information to facilitate the evaluation of securities.

The Board had formalised its Investor Relations Policy, which is available for viewing at the Company's website at [www.oibgroup.com](http://www.oibgroup.com) to comply with the disclosure requirements as stipulated in the MMLR of Bursa Securities, and also setting out the protocols for disclosing material information to shareholders and stakeholders.

To ensure thorough public dissemination, the Company has leveraged on information technology including making announcements via Bursa LINK (The Listing Information Network) of Bursa Securities and establishing a dedicated section for corporate information on the Company's website where information on the Company's announcements, financial information, stock information, and the Company's quarterly and annual reports may be accessed.

## Principle 8 – Strengthen relationship between Company and shareholders

### *Shareholder participation at general meeting*

The Annual General Meeting ("**AGM**"), which is the principal forum for shareholders' dialogue, allows shareholders to review the Group's performance via the Company's annual report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating on proposed resolutions as well as the Group's operations in general. In the last AGM, a question and answer session was held where the Chairman invited shareholders to raise questions with responses from the Board.

The Company dispatches its notice of AGM to shareholders at least twenty-one (21) days before the date of the meeting to enable shareholders to go through the annual report and papers supporting the resolutions proposed. Shareholders are invited to ask questions regarding the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. The Board had introduced poll voting for substantive resolutions, or any other resolutions which were deemed necessary, at the AGM, for which notice or circulars have been issued to shareholders, as well as announcing detailed results showing the number of votes cast for and against each resolution.

### *Communication and engagement with shareholders*

The Company recognises the importance of being transparent and accountable to its investors and, as such, has maintained an active and constructive communication policy that enables the Board and Management to communicate effectively with investors, the financial community, and the public generally. The various channels of communications are through the quarterly announcements of financial results to Bursa Securities, relevant announcements and circulars when necessary, AGM, and through the Group's website at [www.oibgroup.com](http://www.oibgroup.com) where shareholders can access corporate information, press releases, and company announcements.

This Statement is issued in accordance with a resolution of the Board dated 23 September 2016.



# Audit and Risk Management Committee Report

As at date of this Report, the members of the Audit and Risk Management Committee ("ARMC"), which comprise wholly of Non-Executive Directors, with a majority being Independent are as follows:

Directors	Number of meetings attended
Dato' Wira Lim Teong Kiat ( <i>Chairman</i> ) <i>Independent Non-Executive Chairman</i>	4/4
Tunku Mohamad Zulkifli Bin Osman <i>Independent Non-Executive Director</i>	4/4
Low Kok Horng <i>Non-Independent Non-Executive Director</i>	3/4

## Summary of activities during the financial year

The ARMC carried out its duties in accordance with its terms of reference during the financial year. The main activities undertaken by the ARMC were as follows:

- Reviewed the external auditors' scope of work and audit plan for the year. Prior to the commencement of audit, representatives from the external auditors presented their audit strategy and plan;
- Reviewed with the external auditors the results of the audit and significant audit/accounting issues;
- Appraised performance of external auditors vis a vis independence, objectivity and competence and made recommendation to the Board of Directors of Oriental Interest Berhad (the "Board") on their re-appointment and fixing their remuneration;
- Met with the external auditors without the presence of Executive Directors and management staff on 21 August 2015 and 12 May 2016 to discuss on major issues of concern to the external auditors;
- Reviewed and approved the internal audit plan to ensure the adequacy of the scope and comprehensive coverage of the activities of the Group;
- Reviewed the reports on internal audit, carried out by in-house internal audit department, which highlighted the audit issues, recommendations and Management's response, including the implementation status of Management agreed actions to address findings highlighted in previous cycles of internal audit;
- Reviewed the Quarterly Risk Management Report submitted by the management and reported accordingly to the Board;
- Reviewed the ARMC Report and Statement on Risk Management and Internal Control and recommended to the Board for approval for inclusion in the Annual Report;
- Reviewed the Group's quarterly unaudited financial results and annual audited financial statements as well as appropriate announcements to the regulatory authorities before recommending to the Board's approval, focussing on changes in or implementation of major accounting policies, significant and unusual events and compliance with applicable accounting standards approved by the Malaysian Accounting Standards Board; and
- Reviewed, periodically, related party transactions and recurrent related party transactions of a revenue or trading in nature on scope, threshold, limit of shareholders' mandate and any conflict of interest situation that might arise from the aforesaid transactions and report to the Board accordingly.

# Audit and Risk Management Committee Report (Cont'd)

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## Internal audit function

The Group's internal audit function is carried out by Internal Audit Department that reports directly to the ARMC. The principal role of the internal audit function is to undertake independent and periodic reviews of the system of internal control so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively. It is the responsibility of the internal audit function to provide the ARMC with independent and objective reports on the state of internal control of the key business units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements. During the financial year under review, internal audit was carried out based on internal audit plans duly approved by the ARMC.

The main activities undertaken by the Internal Auditor were as follows:

- Tabled the annual audit plan to the ARMC for deliberation and approval;
- Visited business premises of the Group and conducted audit procedures on various aspects of business processes in accordance with the audit plan approved by the ARMC;
- Ascertained the extent of compliance with the Group's policies, procedures and statutory requirements;
- Ascertained the adequacy of existing control in safeguarding the Group's assets;
- Reviewed and presented the Quarterly Risk Management Report to the ARMC;
- Presented internal audit report on the findings of the audit conducted, including Management's responses and its recommendations, to the ARMC on a quarterly basis; and
- Followed up on the corrective actions and implementation of recommendations, from findings of previous internal audit reports, undertaken by the Management and updated the ARMC accordingly.

The costs incurred for the internal audit function of the Group for the financial year ended 30 June 2016 amounted to RM185,943.

## Terms of reference of ARMC

The terms of reference of ARMC is available for viewing at the Company's website at [www.oibgroup.com](http://www.oibgroup.com).

# Statement on Risk Management and Internal Control

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## Introduction

Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires the Board of Directors of listed issuers to include in its Annual Report a “statement about the state of internal control of the listed issuer as a group”.

The Board of Directors of Oriental Interest Berhad (the “Board”) is committed to maintaining a sound system of risk management and internal control in the Group and presents the following Statement on Risk Management and Internal Control (the “Statement”), which outlines the nature and scope of risk management and internal control prevailing in the Group during the financial year ended 30 June 2016 under review. The associate has not been considered for the purpose of this Statement.

## Board's Responsibility

The Board affirms its ultimate responsibility for the Group's system of risk management and internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its effectiveness, adequacy and integrity. In view of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of risk management and internal control covers, inter-alia, strategic, financial, operational and compliance aspects of the business.

The Statement has been prepared by taking into account the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (the “Guidelines”). The Board confirms that there is an on-going process for identifying, evaluating and managing the significant risks faced by the Group. The Board, through the Audit and Risk Management Committee (“ARMC”), regularly reviews the results of this process, including mitigating measures taken by Management, to address areas of key risks as identified. This process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company.

## Risk Management

The Board fully supports the contents of the Guidelines and also Recommendation 6.1 of the Malaysian Code on Corporate Governance (“MCCG 2012”) which recommends the establishment of a sound framework to manage risks.

The Group's existing Enterprise Risk Management (“ERM”) was updated and renamed as Risk Management Framework (“RMF”). The RMF was adopted by the ARMC and approved by the Board during the financial year. The RMF requires the Management and the ARMC to identify, evaluate and monitor all relevant and potential significant risks relating to and affecting the industry and market in which the Group operates in. The Management will report to the ARMC on a quarterly basis on the significant risks identified together with the proposed strategies and plans to address them. After deliberation, the ARMC will report to the Board for consideration, on the adequacy of the proposed approach to manage the risks so identified, and seek further direction, as needed. The Internal Audit function reviews the effectiveness and adequacy of control procedures adopted by the Group in mitigating the significant risks identified and reported; any weaknesses noted will be reported to the ARMC. Through these mechanisms, the ARMC and the Board are assured that the significant risks of the Group are reviewed and appropriately managed to an acceptable level.

The Group's sound system of risk management and internal control is founded on a clear understanding and appreciation of the following key elements of the Group's risk management framework:

- A risk management structure which outlines the lines of reporting and establishes the responsibility at different levels, i.e. the Board, ARMC and Management;
- On-going identification and management of principal business risks (present and potential) faced by each business segments in the Group. The risk responses and internal controls that Management has taken and/or is taking are discussed at ARMC meetings;
- Risk appetite and parameters (qualitative and quantitative) for the Group and individual business segment have been articulated so as to gauge acceptability of risk exposure; and
- Preparation of action plans to address risk and control issues on an on-going basis.

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

## Risk Management (Cont'd)

Whilst the Board considers the risk management framework to be robust, the framework is still subject to continuous improvement, taking into consideration better practices and the changing business environment.

## Internal Audit function

The Group's internal audit department reports directly to the ARMC on a quarterly basis. The internal audit function provides the Board with much of the assurance it requires regarding the adequacy and integrity of the system of risk management, internal control and governance of the Group. The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the business segments of the Group. The internal audit function reviews the internal control in the key activities of the Group's businesses based on a detailed annual internal audit plan approved by the ARMC. Opportunity for improvements to the system of internal control are identified and presented to the ARMC via internal audit reports whilst Management formulates the relevant action plans to address the issues noted.

During the financial year under review, internal audit function reviewed the internal controls in the key activities of the Group's business based on internal audit plans duly approved by the ARMC. The findings of the internal audit function, including its recommendations and Management's responses, were reported to the ARMC on a quarterly basis. In addition, the internal audit function also followed up on the implementation of recommendations from findings of previous internal audit reports and updated the ARMC on the implementation status of the agreed action plan.

During the financial year ended 30 June 2016, the Internal Audit function carried out the following activities:

- Operations:
  - Rectification of defect complaints by purchasers;
  - Compliance with Standard Operating Procedures ("SOP") in terms of completeness and timeliness, for materials ordering, purchasing and delivery cycles; and
  - Recoverability of sundry deposits in respect of completed projects.
- Finance
  - Compliance with Goods & Services Tax;
  - Aging and recoverability review on overdue trade receivables; and
  - Completeness and accuracy on revenue recognition in compliance with SOP.

Further details of activities undertaken by the Internal Audit function are set out in the ARMC Report in this Annual Report.

## Internal Control

The key elements of the Group's internal control system described below are relevant across the Group to provide for continuous assurance to be given at increasingly higher levels of Management and, finally, to the Board:

### (a) Lines of responsibility and delegation of authority

The Board has put in place an organisational structure with formally defined lines of responsibility and delegation of authority. Hierarchical reporting is established to ensure a documented and auditable trail of accountability. The procedures include the establishment of limits of authority coupled with internal checks and appropriate segregation of duties. These procedures are relevant across Group's operations and provide for continuous assurance to be given at increasingly higher levels of Management and, finally, to the Board.

### (b) Continuous monitoring and reporting

The then Managing Director (now Executive Director), together with Chief Financial Officer, provide the Board with financial information, including pertinent explanations on the performance of the Group at quarterly intervals.

The management team meets quarterly with the Executive Board to discuss strategic, operational and financial agenda. Updates on operations and other issues are given by the then Managing Director (now Executive Director), as needed, to the Executive Directors during meetings for its oversight of Group operations and activities.

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

## Internal Control (Cont'd)

### (b) Continuous monitoring and reporting (Cont'd)

Where areas of improvement in the system of internal control are identified and implemented by the management, the ARMC shall be informed accordingly.

### (c) Corporate governance practices

The Board of Directors continues observing the previously approved salient corporate governance policies and procedures such as Board Charter, Director Assessment Policy, Code of Conduct and Ethics and Whistle Blower Policy.

### (d) Group's policies and procedures

The Group's policies and procedures are reviewed and revised periodically to meet changing business, operational and regulatory requirements.

### (e) Regular visits to main operating units

Divisional Management visits main operating units regularly.

## Adequacy and effectiveness of the Group's risk management and internal control system

The Board has received assurance in writing from the then Managing Director (now Executive Director) and Chief Financial Officer that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement. Based on this assurance, the input from relevant assurance providers, as well as its review, the Board is of the view that the Group's risk management and internal control system are satisfactory to meet the Group's needs and have not resulted in any material losses, contingencies or uncertainties that require disclosure in the Group's Annual Report. Cognizant of the importance of the Group's risk management and internal control system, the Board continues to take appropriate measures to strengthen the internal control environment and risk management framework.

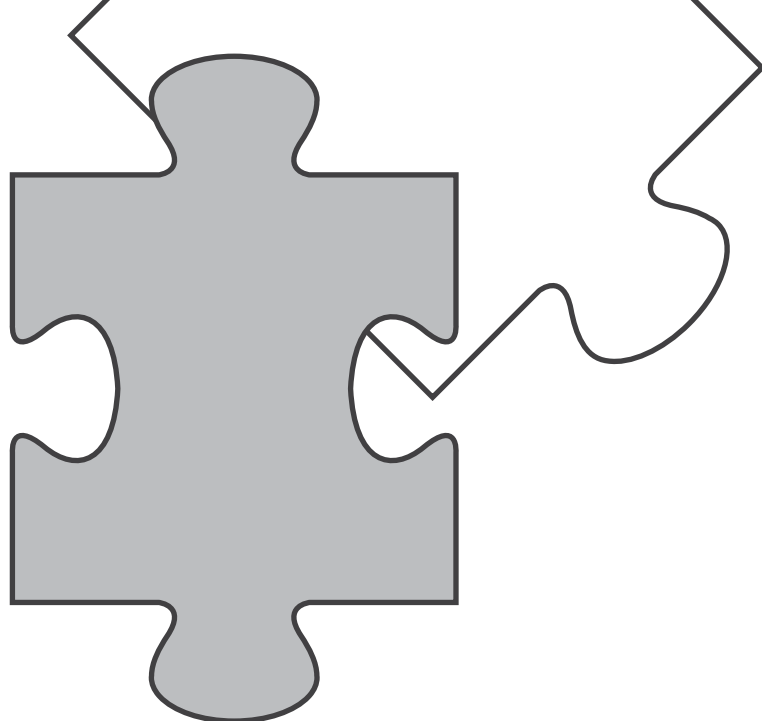
## Review of this Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 30 June 2016, and reported to the Board that nothing has come to their attention that cause them to believe that the Statement intended to be included in the Annual Report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

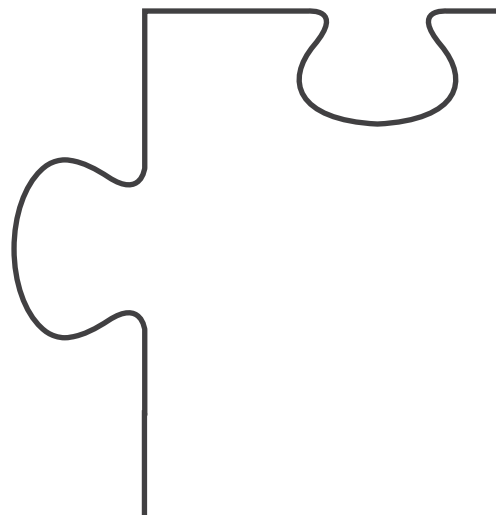
RPG 5 (Revised 2015) does not require the external auditors to consider whether the Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

This Statement is issued in accordance with a resolution of the Board dated 23 September 2016.



# Reports and Financial Statements

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# Directors' Report

For The Financial Year Ended 30 June 2016

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2016.

## Principal activities

The principal activities of the Company are investment holding and provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

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

## Results

	Group RM'000	Company RM'000
Profit for the financial year attributable to :		
Owners of the Company	40,153	10,596
Non-controlling interests	11,493	–
	<u>51,646</u>	<u>10,596</u>

## Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

## Dividends

Since the end of the previous financial year, the Company paid an interim single-tier dividend of 12 sen per ordinary share, totalling RM10,865,400 in respect of the financial year ended 30 June 2015 on 10 August 2015.

The Directors declared an interim single-tier dividend of 8 sen per ordinary share, totalling RM11,589,760 in respect of the financial year ended 30 June 2016 on 25 July 2016 and paid on 22 August 2016.

The Directors do not recommend any final dividend to be paid for the financial year under review.

## Directors of the Company

Directors who served since the date of the last report are :

Dato' Wira Lim Teong Kiat  
Tunku Mohamad Zulkifli Bin Osman  
Low Kok Aun  
Low Kok Kean  
Low Ping Kun  
Low Kok Horng  
Low Kok Shen (appointed on 1 September 2016)

# Directors' Report (Cont'd)

For The Financial Year Ended 30 June 2016

## Directors' interests in shares

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

	Number of ordinary shares of RM1 each			
	1.7.2015	Addition	Disposal	30.6.2016
<b>The Company</b>				
Deemed interest				
Low Kok Aun	65,548,180	39,328,907	(104,877,087) <sup>^</sup>	—
Low Kok Kean	65,548,180	39,328,907	(104,877,087) <sup>^</sup>	—
Low Ping Kun	65,548,180	39,328,907	(19,847,018)	85,030,069

## Immediate and ultimate holding company

### Jupiter Sunrise Sdn Bhd

Deemed interest

Low Kok Aun	500,000	—	(500,000) <sup>^</sup>	—
Low Kok Kean	500,000	—	(500,000) <sup>^</sup>	—
Low Ping Kun	1,000,000	—	—	1,000,000

<sup>^</sup> Cessation of interest pursuant to Section 6A of the Companies Act, 1965.

## Subsidiaries

### Yiked Brilliant Sdn Bhd

Direct interest

Low Kok Aun	1#	—	(1)	—
Low Kok Kean	1#	—	(1)	—

### Yiked Alliance Sdn Bhd

Direct interest

Low Kok Aun	1*	—	(1)	—
Low Kok Kean	1*	—	(1)	—

# Held in trust for Aturan Cemerlang Sdn Bhd

\* Held in trust for Brilliant Alliance Sdn Bhd

By virtue of his interests in the ordinary shares of the Company, Mr. Low Ping Kun is also deemed interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in ordinary shares of the Company and its related corporations during the financial year.

# Directors' Report (Cont'd)

For The Financial Year Ended 30 June 2016

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## Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Company or of its related corporations) by reason of a contract made by the Company or a related company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than those transactions entered in the ordinary course of business as disclosed in Note 33 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## Issue of shares and debentures

During the financial year, the Company increased its issued and paid-up share capital from 90,545,002 to 144,871,994 ordinary shares of RM1 each by way of a bonus issue of 54,326,992 new ordinary shares of RM 1 each on the basis of three (3) new ordinary shares for every five (5) existing ordinary shares held in the Company.

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

There were no debentures issued during the financial year.

## Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

## Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that :

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have 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 :

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

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

# Directors' Report (Cont'd)

For The Financial Year Ended 30 June 2016

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## Other statutory information (Cont'd)

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 June 2016 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## Immediate and ultimate holding company

The Directors regard Jupiter Sunrise Sdn Bhd, a company incorporated in Malaysia, as the immediate and ultimate holding company.

## Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 23 September 2016.

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**Low Kok Aun**

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**Low Kok Kean**

# Statements of Financial Position

As At 30 June 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
<b>ASSETS</b>					
Property, plant and equipment	3	70,840	70,317	–	–
Land held for property development	4	96,250	72,816	–	–
Investment properties	5	28,166	22,100	–	–
Biological assets	6	1,087	1,029	–	–
Investments in subsidiaries	7	–	–	184,597	184,349
Investment in an associate	8	5,216	5,192	–	–
Deferred tax assets	9	4,968	3,729	–	–
<b>Total non-current assets</b>		<b>206,527</b>	175,183	<b>184,597</b>	184,349
Property development costs	10	129,255	102,844	–	–
Inventories	11	6,495	8,581	–	–
Amount due from customer on construction contracts	12	6,450	3,273	–	–
Trade and other receivables	13	102,635	101,314	66,639	64,555
Available-for-sale financial assets	14	493	906	178	278
Tax recoverable		764	1,519	–	–
Cash and cash equivalents	15	57,371	39,569	32,057	2,818
<b>Total current assets</b>		<b>303,463</b>	258,006	<b>98,874</b>	67,651
<b>Total assets</b>		<b>509,990</b>	433,189	<b>283,471</b>	252,000
<b>EQUITY</b>					
Share capital	16	144,872	90,545	144,872	90,545
Reserves	17	169,254	193,335	73,167	127,779
<b>Equity attributable to owners of the Company</b>		<b>314,126</b>	283,880	<b>218,039</b>	218,324
<b>Non-controlling interests</b>		<b>61,242</b>	58,818	–	–
<b>Total equity</b>		<b>375,368</b>	342,698	<b>218,039</b>	218,324

# Statements of Financial Position (Cont'd)

As At 30 June 2016

	Note	Group 2016 RM'000	2015 RM'000	Company 2016 RM'000	2015 RM'000
<b>LIABILITIES</b>					
Loans and borrowings	18	30,337	23,579	–	–
Deferred tax liabilities	9	578	454	–	–
<b>Total non-current liabilities</b>		<b>30,915</b>	24,033	–	–
Loans and borrowings	18	52,913	15,741	46,500	14,500
Trade and other payables	19	47,835	48,779	18,893	19,016
Tax payable		2,959	1,938	39	160
<b>Total current liabilities</b>		<b>103,707</b>	66,458	<b>65,432</b>	33,676
<b>Total liabilities</b>		<b>134,622</b>	90,491	<b>65,432</b>	33,676
<b>Total equity and liabilities</b>		<b>509,990</b>	433,189	<b>283,471</b>	252,000

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



# Statements of Profit or Loss and Other Comprehensive Income

For The Financial Year Ended 30 June 2016

	Note	Group 2016 RM'000	2015 RM'000	Company 2016 RM'000	2015 RM'000
Revenue	20	233,119	219,662	10,243	12,177
Cost of sales	21	(148,390)	(171,334)	–	–
<b>Gross profit</b>		<b>84,729</b>	48,328	<b>10,243</b>	12,177
Other income		4,793	4,731	1,275	1,104
Selling and distribution expenses		(3,746)	(1,517)	–	–
Administrative expenses		(14,379)	(12,136)	(418)	(847)
Other expenses		(2,917)	(3,429)	(135)	(283)
<b>Results from operating activities</b>		<b>68,480</b>	35,977	<b>10,965</b>	12,151
Finance costs	22	(848)	(210)	–	(16)
Share of profit of equity-accounted associate		24	7	–	–
<b>Profit before tax</b>	25	<b>67,656</b>	35,774	<b>10,965</b>	12,135
Taxation	26	(16,010)	(9,580)	(369)	(459)
<b>Profit for the financial year</b>		<b>51,646</b>	26,194	<b>10,596</b>	11,676
<b>Other comprehensive income, net of tax</b>					
Reclassification of fair value reserve upon disposal of available-for-sale financial assets		(15)	(1,019)	(15)	(1,019)
<b>Total comprehensive income for the financial year</b>		<b>51,631</b>	25,175	<b>10,581</b>	10,657

# Statements of Profit or Loss and Other Comprehensive Income (Cont'd)

For The Financial Year Ended 30 June 2016

	Note	Group 2016 RM'000	2015 RM'000	Company 2016 RM'000	2015 RM'000
<b>Profit attributable to :</b>					
Owners of the Company		<b>40,153</b>	19,988	<b>10,596</b>	11,676
Non-controlling interests		<b>11,493</b>	6,206	–	–
<b>Profit for the financial year</b>		<b>51,646</b>	26,194	<b>10,596</b>	11,676
<b>Total comprehensive income attributable to :</b>					
Owners of the Company		<b>40,138</b>	18,969	<b>10,581</b>	10,657
Non-controlling interests		<b>11,493</b>	6,206	–	–
<b>Total comprehensive income for the financial year</b>		<b>51,631</b>	25,175	<b>10,581</b>	10,657
<b>Basic and diluted earnings per ordinary share (sen)</b>	27	<b>27.72</b>	13.80		

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

# Statements of Changes in Equity

For The Financial Year Ended 30 June 2016

	Attributable to owners of the Company					Distributable	
	Share capital	Share premium	Fair value reserves	Revaluation reserves	Retained earnings	Total	Non-controlling interests
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>							
<b>At 1 July 2014</b>	90,545	186	1,061	10,974	166,672	269,438	54,963
							324,401
Other comprehensive expense :							
- Reclassification of fair value reserve upon disposal of available-for-sale financial assets	-	-	(1,019)	-	-	(1,019)	-
Profit for the financial year	-	-	-	-	19,988	19,988	6,206
							(1,019)
							26,194
<b>Total comprehensive (expense) /income for the financial year</b>	-	-	(1,019)	-	19,988	18,969	25,175
<b>Transactions with owners :</b>							
Dividends	-	-	-	-	(4,527)	(4,527)	-
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	(2,351)
							(2,351)
<b>Total transactions with owners of the Company</b>	-	-	-	-	(4,527)	(4,527)	(6,878)
Realisation of revaluation reserves	-	-	-	(1,102)	1,102	-	-
							-
<b>At 30 June 2015</b>	90,545	186	42	9,872	183,235	283,880	58,818
							342,698

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# Statements of Changes in Equity (Cont'd)

For The Financial Year Ended 30 June 2016

	Attributable to owners of the Company						Total equity RM'000
	Share capital RM'000	Share premium RM'000	Fair value reserves RM'000	Revaluation reserves RM'000	Retained earnings RM'000	Non-controlling interests RM'000	
<b>Group</b>							
<b>At 1 July 2015</b>	<b>90,545</b>	<b>186</b>	<b>42</b>	<b>9,872</b>	<b>183,235</b>	<b>58,818</b>	<b>342,698</b>
Other comprehensive expense : - Reclassification of fair value reserve upon disposal of available-for-sale financial assets Profit for the financial year	-	-	(15)	-	-	-	(15)
	-	-	-	-	40,153	11,493	51,646
<b>Total comprehensive (expense) /income for the financial year</b>	<b>-</b>	<b>-</b>	<b>(15)</b>	<b>-</b>	<b>40,153</b>	<b>11,493</b>	<b>51,631</b>
<i>Transactions with owners :</i>							
Acquisition of non-controlling interests in subsidiaries	-	-	-	-	974	(6,881)	(5,907)
Issuance of ordinary shares pursuant to bonus issue	54,327	(186)	-	-	(54,141)	-	-
Dividends	-	-	-	-	(10,866)	-	(10,866)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	(2,188)	(2,188)
<b>Total transactions with owners of the Company</b>	<b>54,327</b>	<b>(186)</b>	<b>-</b>	<b>-</b>	<b>(64,033)</b>	<b>(9,069)</b>	<b>(18,961)</b>
Realisation of revaluation reserves	-	-	-	(487)	487	-	-
<b>At 30 June 2016</b>	<b>144,872</b>	<b>-</b>	<b>27</b>	<b>9,385</b>	<b>159,842</b>	<b>61,242</b>	<b>375,368</b>

# Statements of Changes in Equity (Cont'd)

For The Financial Year Ended 30 June 2016

Company	Attributable to owners of the Company				
	Share capital	Share premium	Fair value reserves	Retained earnings	Total
Note	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 July 2014</b>	90,545	186	1,061	120,402	212,194
Other comprehensive expense :					
- Reclassification of fair value reserve upon disposal of available-for-sale financial assets	-	-	(1,019)	-	(1,019)
Profit for the financial year	-	-	-	11,676	11,676
<b>Total comprehensive (expense)/income for the financial year</b>	-	-	(1,019)	11,676	10,657
Transactions with owners :					
Dividends	-	-	-	(4,527)	(4,527)
<b>At 30 June 2015</b>	90,545	186	42	127,551	218,324
<b>At 1 July 2015</b>	90,545	186	42	127,551	218,324
Other comprehensive expense :					
- Reclassification of fair value reserve upon disposal of available-for-sale financial assets	-	-	(15)	-	(15)
Profit for the financial year	-	-	-	10,596	10,596
<b>Total comprehensive (expense)/income for the financial year</b>	-	-	(15)	10,596	10,581
Transactions with owners :					
Issuance of ordinary shares pursuant to bonus issue	54,327	(186)	-	(54,141)	-
Dividends	-	-	-	(10,866)	(10,866)
<b>At 30 June 2016</b>	54,327	(186)	-	(65,007)	(10,866)
	144,872	-	27	73,140	218,039

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

# Statements of Cash Flows

For The Financial Year Ended 30 June 2016

	Note	Group 2016 RM'000	2015 RM'000	Company 2016 RM'000	2015 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		<b>67,656</b>	35,774	<b>10,965</b>	12,135
Adjustments for :					
Depreciation of :					
- property, plant and equipment	3	<b>1,694</b>	1,326	-	-
- investment properties	5	<b>97</b>	97	-	-
Amortisation of biological assets	6	<b>52</b>	53	-	-
Dividend income	20	-	-	<b>(8,612)</b>	(10,098)
Interest income		<b>(1,051)</b>	(640)	<b>(612)</b>	(83)
Property, plant and equipment written off	25	<b>31</b>	5	-	-
(Reversal of)/Impairment loss on :					
- investment in subsidiaries	25	-	-	<b>(248)</b>	25
- available-for-sale financial assets	14	<b>13</b>	-	-	-
Gain on disposal of property, plant and equipment	25	<b>(2,060)</b>	(50)	-	-
Reclassification of fair value reserve upon disposal of available-for-sale financial assets	25	<b>(15)</b>	(1,019)	<b>(15)</b>	(1,019)
Interests expense	22	<b>848</b>	210	-	16
Share of profit of an associate		<b>(24)</b>	(7)	-	-
Operating profit before changes in working capital		<b>67,241</b>	35,749	<b>1,478</b>	976
Changes in working capital:					
Property development costs		<b>(31,214)</b>	(3,106)	-	-
Inventories		<b>4,381</b>	3,890	-	-
Amount due from customer on construction contracts		<b>(3,177)</b>	1,407	-	-
Trade and other receivables		<b>(1,321)</b>	(37,494)	<b>(994)</b>	(64,528)
Trade and other payables		<b>(944)</b>	14,211	<b>46</b>	11,836
Cash generated from/(used in) operations		<b>34,966</b>	14,657	<b>530</b>	(51,716)
Tax paid		<b>(15,349)</b>	(6,524)	<b>(490)</b>	(123)
<b>Net cash from/(used in) operating activities</b>		<b>19,617</b>	8,133	<b>40</b>	(51,839)

# Statements of Cash Flows (Cont'd)

For The Financial Year Ended 30 June 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
<b>Cash flows from investing activities</b>					
Interest received		1,051	640	612	83
Dividend received		–	–	8,612	10,098
Proceeds from disposal of property, plant and equipment		2,545	181	–	–
Proceeds from disposal of available-for-sale financial assets	14	400	6,700	100	6,700
Additions to property, plant and equipment	3	(2,733)	(1,816)	–	–
Additions to land held for property development	4	(20,702)	(50,753)	–	–
Additions to biological assets	6	(110)	–	–	–
Additions to investment properties	5	(6,387)	(13,034)	–	–
Investments in subsidiaries		–	–	–	(1,000)
(Advances to)/Repayment from subsidiaries		–	–	(1,259)	22,929
Net cash outflow upon loss of control of a sub-subsidiary	14	–	(604)	–	–
<b>Net cash (used in)/from investing activities</b>		<b>(25,936)</b>	<b>(58,686)</b>	<b>8,065</b>	<b>38,810</b>
<b>Cash flows from financing activities</b>					
Acquisition of non-controlling interests in subsidiaries		(5,907)	–	–	–
Interest paid		(848)	(210)	–	(16)
Dividend paid to non-controlling interests		(2,188)	(2,351)	–	–
Dividend paid	28	(10,866)	(4,527)	(10,866)	(4,527)
Withdrawal of deposits with licensed banks pledged as security		239	–	–	–
Deposits with licensed banks pledged as security		(8)	(7)	–	–
Repayment of loans and borrowings		(26,090)	(15,500)	(23,500)	(15,500)
Drawdown of loans and borrowings		70,020	54,820	55,500	30,000
<b>Net cash from financing activities</b>		<b>24,352</b>	<b>32,225</b>	<b>21,134</b>	<b>9,957</b>
Net change in cash and cash equivalents		18,033	(18,328)	29,239	(3,072)
Cash and cash equivalents at the beginning of the financial year		39,338	57,666	2,818	5,890
<b>Cash and cash equivalents at the end of the financial year</b>	A	<b>57,371</b>	<b>39,338</b>	<b>32,057</b>	<b>2,818</b>



# Statements of Cash Flows (Cont'd)

For The Financial Year Ended 30 June 2016

## A. Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short term investment	34,155	–	31,400	–
Short term deposits with licensed banks	2,489	7,168	–	–
Cash and bank balances	20,727	32,401	657	2,818
	<b>57,371</b>	<b>39,569</b>	<b>32,057</b>	<b>2,818</b>
Less : Short term deposits held as security for trade facilities	–	(231)	–	–
	<b>57,371</b>	<b>39,338</b>	<b>32,057</b>	<b>2,818</b>

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

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2016

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

## Principal place of business

34 & 35, Lengkok Cempaka 2  
Bandar Amanjaya  
08000 Sungai Petani  
Kedah Darul Aman

## Registered office

Lot 6.05, Level 6, KPMG Tower  
8 First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan

The immediate and ultimate holding company is Jupiter Sunrise Sdn Bhd, a company incorporated in Malaysia.

The consolidated financial statements for the financial year ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate. The financial statements of the Company as at and for the financial year ended 30 June 2016 do not include other entities.

The principal activities of the Company are investment holding and provision of management services, whilst the principal activities of the subsidiaries and an associate are as stated in Note 7 and Note 8 to the financial statements.

The financial statements were authorised for issue by the Board of Directors on 23 September 2016.

## 1. Basis of preparation

### (a) Statement of compliance

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

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and by the Company :

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016**

- FRS 14, *Regulatory Deferral Accounts*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 10, *Consolidated Financial Statements*, FRS 12, *Disclosure of Interests in Other Entities* and FRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to FRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to FRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to FRS 116, *Property, Plant and Equipment* and FRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to FRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017**

- Amendments to FRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to FRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 1. Basis of preparation (Cont'd)

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

**FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018**

- FRS 9, *Financial Instruments* (2014)

**FRSs, Interpretations and amendments effective for a date yet to be confirmed**

- Amendments to FRS 10, *Consolidated Financial Statements* and FRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the above mentioned accounting standards, amendments and interpretations in the respective financial years when the above mentioned standards, amendments or interpretations become effective.

The Group's and the Company's financial statements for annual period beginning on 1 July 2018 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs).

The Group and Company are currently assessing the financial impact that may arise from the adoption of the above accounting standards, amendments and interpretations.

The Group and Company fall within the scope of IC Interpretation 15, *Agreements for the Construction of Real Estate and MFRS 141, Agriculture*. Therefore, the Group and Company are currently exempted from adopting the Malaysian Financial Reporting Standards ("MFRSs") and is referred to as a "Transitioning Entity".

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

### (d) Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes :

#### (i) Property development

The Group recognises property development revenue based on stage of completion method. The stage of completion is measured by reference to the completion of a physical proportion of work-to-date.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs. In making the judgement, the Group relies on past experience and the work of specialists.

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 1. Basis of preparation (Cont'd)

### (d) Use of estimates and judgements (Cont'd)

#### (ii) Construction contracts

The Group recognises construction contracts revenue based on stage of completion method. The stage of completion is measured by reference to the completion of a physical proportion of work-to-date.

Significant judgement is required in determining the stage of completion, the extent of the construction contracts costs incurred, the estimated total construction contracts revenue and costs. In making the judgement, the Group relies on past experience and the work of specialists.

#### (iii) Developed properties written down

Developed properties are stated at lower of cost and net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less cost to completion and selling expenses.

#### (iv) Income taxes

The Group is subject to Malaysia income taxes. Judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

#### (v) Impairment of investments in subsidiaries

The Company assesses whether investments in subsidiaries are impaired whenever events or changes in circumstances indicate that their carrying amount may not be recoverable, i.e. the carrying amount of the assets is more than the recoverable amount. Recoverable amount is the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from the asset discounted at an appropriate discount rate. Significant judgement is required in estimating the cash flows and the discount rate used.

## 2. Significant accounting policies

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

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (Cont'd)

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

#### (ii) Business combinations

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.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as :

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

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

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

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

The results of all subsidiaries are consolidated using the acquisition method of accounting except for the consolidation of certain subsidiaries (as disclosed in Note 7) prior to 1 April 2002 in accordance with Malaysian Accounting Standard 2 "Accounting for Acquisitions and Mergers", the generally accepted accounting principles prevailing at that time. The Group has taken advantage of the transitional provision provided by MASB 21, FRS 3 and FRS 3 (revised) to apply these Standards prospectively. Accordingly, business combinations entered into prior to the respective effective dates have not been restated to comply with these standards.

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been affected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as non-distributable merger reserve. Any resulting debit difference is adjusted against suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

#### (iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interests holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

#### (iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any 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.

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (Cont'd)

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

#### (v) Associates

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

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of the investment includes transaction costs.

#### (vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

#### (vii) Transactions eliminated on consolidation

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

### (b) Financial instruments

#### (i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (Cont'd)

### (b) Financial instruments (Cont'd)

#### (i) Initial recognition and measurement (Cont'd)

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

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

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

The Group and the Company categorise financial instruments as follows :

##### **Financial assets**

#### (a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that are specifically designated into this category upon initial recognition.

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

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

#### (b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

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

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.



# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (Cont'd)

### (b) Financial instruments (Cont'd)

#### (ii) Financial instrument categories and subsequent measurement (Cont'd)

##### *Financial assets (Cont'd)*

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(k)(i)).

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), (contingent consideration in a business combination) or financial liabilities that are specifically designated into this category upon initial recognition.

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

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

#### (iii) Financial guarantee contracts

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

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

#### (iv) Regular way purchase or sale of financial assets

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

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to :

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

#### (v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (Cont'd)

### (b) Financial instruments (Cont'd)

#### (v) Derecognition (Cont'd)

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

### (c) Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost/valuation less any accumulated depreciation and any accumulated impairment losses. Certain land and buildings are stated at revalued amounts, based on valuations by external independent valuers or as assessed by Directors. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other assets are stated at their carrying amounts, which are cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Surpluses arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to profit or loss.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

The freehold land and building have not been revalued since the financial year ended 30 June 1995. The Directors have adopted the transitional provisions of International Accounting Standard 16 (Revised): Property, Plant and Equipment as allowed for by the Malaysian Accounting Standards Board to retain the carrying amount of these revalued land and buildings on the basis of their previous revaluation subject to the continuing application of the current depreciation policy.

The leasehold land and building were last revalued by the Directors during the financial year ended 30 June 1994 based on the open market value basis and approved by the Securities Commission. The Directors have adopted the transitional provision of FRS 117 Leases as allowed for by the Malaysian Accounting Standards Board to retain the unamortised revalued amount as the surrogate cost of leasehold land.

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (Cont'd)

### (c) Property, plant and equipment (Cont'd)

#### (ii) Subsequent costs

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

#### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated and leasehold land is depreciated in equal instalments over the periods of the respective leases that range from 76 to 95 years. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

The annual depreciation rates for the current and comparative periods are as follows :

Buildings	2%
Estate infrastructure	5%
Plantation equipment	10%
Furniture and fittings	10% - 20%
Office equipment	10% - 33%
Electrical installation	10%
Plant and machinery	5% - 20%
Motor vehicles	10% - 20%
Site equipment	10% - 20%
Office renovations	10%
Others	10% - 20%

Others comprise mainly linen, crockery and general equipment.

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

### (d) Investment properties

#### (i) Investment properties carried at cost

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purpose. These include freehold land and leasehold land which in substance is a finance lease held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(c).

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (Cont'd)

### (d) Investment properties (Cont'd)

#### (i) Investment properties carried at cost (Cont'd)

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of 50 years for buildings. Freehold land is not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

#### (ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

#### (iii) Determination of fair value

The Directors estimate the fair values of the Group's investment property without involvement of independent valuers.

The Directors estimate the fair values of the Group's investment properties based on comparison of the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities and enquiries from relevant property valuers and real estate agents on market conditions and changing market trends.

### (e) Property development activities

#### (i) Land held for property development

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

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

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (Cont'd)

### (e) Property development activities (Cont'd)

#### (ii) Property development costs

Property development costs comprise costs associated with the acquisition of land including landowners' entitlement (where applicable) and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

When the outcome of the development activity can be estimated reliably, property development revenue and expenses in respect of development units sold are recognised by using the stage of completion method. The stage of completion is based on a certificate issued by an architect based on the physical completion of the work performed in proportion to the total development.

When the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable; property development costs on the development unit sold are recognised as an expense when incurred.

Irrespective whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected loss is recognised as an expense immediately.

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

Where revenue recognised in profit or loss exceeds billings to purchasers, the balance is shown as accrued billings under receivables (within current assets). Where billings to purchasers exceed revenue recognised in profit or loss, the balance is shown as progress billings under payables (within current liabilities).

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised immediately in profit or loss.

### (f) Biological assets

Biological assets comprise new planting expenditure (incurred from land clearing to the point of harvesting) and replanting expenditure (incurred in replanting old planted areas) for oil palm cultivation. Such expenditure is capitalised and are amortised on the straight-line basis over the estimated economic useful lives of trees of 20 years, or over the period of the lease, whichever is shorter, commencing from the year of maturity of the crop.

### (g) Inventories

Inventories are measured at the lower of cost and net realisable value.

Plantation supplies are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis.

The cost of developed properties comprises cost associated with the acquisition of land, direct costs and an appropriate proportion of allocated costs attributable to property development activities.

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

### (h) Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (Cont'd)

### (h) Construction contracts (Cont'd)

When the outcome of a construction contract can be reliably estimated, contract revenue and contract costs associated with the construction contract is recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent agreed with the customer and are capable of being reliably measured.

The Group uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as amount due from customer on construction contracts.

When the outcome of the construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount due from customer on construction contracts (within current assets). Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customer on construction contracts (within current liabilities).

### (i) Leased assets

#### (i) Finance lease

Leases in terms of which the Group or the Company assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

#### (ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (Cont'd)

### (j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments (including the amount maintained pursuant to the Housing Developers (Housing Development Account) (Amendment) Regulations 2002). For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

### (k) Impairment

#### (i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and investments in associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial 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.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

#### (ii) Other assets

The carrying amounts of other assets including investments in subsidiaries and associates (except for inventories, amount due from customers on construction contracts and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.



# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (Cont'd)

### (k) Impairment (Cont'd)

#### (ii) Other assets (Cont'd)

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

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

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised 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 cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

### (l) Share capital

Ordinary shares with discretionary dividends are classified as equity. Distributions to holders of a financial instrument classified as an equity instrument is charged directly to equity.

### (m) Employee benefits

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

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

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

#### (ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (Cont'd)

### (m) Employee benefits (Cont'd)

#### (iii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when, and only when, it is demonstrably committed to either terminate the employment of an employee or group of employees according to a detailed formal plan which is without realistic possibility of withdrawal or which provides termination benefits as a result of an offer made in order to encourage voluntary redundancy.

### (n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### (o) Revenue and other income

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of sales tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

#### (i) Sale of property development

Revenue from property development is recognised on the percentage of completion method. The stage of completion for each project is measured by a certificate issued by an architect based on the physical completion of the work performed in proportion to the total development.

#### (ii) Sale of land and developed properties

Revenue from sale of land and developed properties are recognised upon transfer of significant risks and rewards of ownership to the purchasers.

#### (iii) Construction contracts

Revenue from construction contracts is recognised on the percentage of completion method. The stage of completion is measured by reference to contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

#### (iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is ex-dividend date.

#### (v) Rental income

Rental income is recognised on accrual basis.

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (Cont'd)

### (o) Revenue and other income (Cont'd)

#### (vi) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

#### (vii) Management fees

Management fees are recognised when services are rendered.

#### (viii) Oil palm cultivation

Revenue from oil palm cultivation is recognised upon delivery of goods.

#### (ix) Marketing operations

Revenue from marketing operations is recognised upon rendering of services.

#### (x) Hotel operations

Income from hotel operations is recognised at the point at which the accommodation and related services are provided.

### (p) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments' results are reviewed regularly by the chief operating decision maker, which in this case is the Group's Executive Directors, to make decisions about resources to be allocated to the segment and to assess its performance and for which discrete financial information is available.

### (q) Contingencies

#### (i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

#### (ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (Cont'd)

### (r) Borrowing costs

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

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

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

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

### (s) Income tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### (t) Earnings per ordinary share

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

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

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

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (Cont'd)

### (u) Dividends

Dividends on ordinary shares are recognised as a liability in the period in which they are declared. Dividends proposed after reporting date but before the financial statements are authorised for issue are not recognised as a liability at reporting date.

### (v) Fair value measurement

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

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

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

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

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

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 3. Property, plant and equipment – Group

	At valuation				At cost								
	Freehold land and freehold oil palm plantation	Freehold land	Long-term leasehold land and oil palm plantation	Freehold oil palm plantation	Buildings	Estate infra-structure	Plantation equipment	Furniture and fittings, office equipment, electrical installation and others	Motor vehicles	Site equipment	Office renovations	Capital work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>													
<b>At 1 July 2014</b>	13,310	3,554	14,752	20,351	21,175	822	99	2,759	3,485	31	186	193	80,717
Additions	–	–	–	–	–	–	–	1,618	2	1	–	195	1,816
Disposals	–	–	–	–	–	–	–	(9)	(279)	–	–	–	(288)
Written off	–	–	–	–	–	–	(2)	(330)	–	(9)	–	–	(341)
Transfer to investment properties (Note 5)	(1,302)	(390)	–	–	(914)	–	–	–	–	–	–	–	(2,606)
Reclassification	16,591	–	–	(16,591)	–	–	–	–	–	–	–	–	–
<b>At 30 June 2015</b>	<b>28,599</b>	<b>3,164</b>	<b>14,752</b>	<b>3,760</b>	<b>20,261</b>	<b>822</b>	<b>97</b>	<b>4,038</b>	<b>3,208</b>	<b>23</b>	<b>186</b>	<b>388</b>	<b>79,298</b>
Additions	–	–	–	–	–	–	–	2,022	591	3	–	117	2,733
Disposals	–	–	(327)	–	(428)	–	–	(55)	(104)	–	(62)	–	(976)
Written off	–	–	–	–	–	(18)	(1)	(240)	–	(8)	(18)	–	(285)
Reclassification	(28,599)	–	–	28,599	–	–	–	–	–	–	–	–	–
<b>At 30 June 2016</b>	<b>–</b>	<b>3,164</b>	<b>14,425</b>	<b>32,359</b>	<b>19,833</b>	<b>804</b>	<b>96</b>	<b>5,765</b>	<b>3,695</b>	<b>18</b>	<b>106</b>	<b>505</b>	<b>80,770</b>
<b>Depreciation and impairment loss</b>													
<b>At 1 July 2014</b>	–	–	1,452	–	1,190	394	96	1,638	2,100	18	156	–	7,044
Accumulated depreciation	–	–	1,433	–	–	–	–	–	–	–	–	–	1,433
Accumulated impairment loss	–	–	2,885	–	1,190	394	96	1,638	2,100	18	156	–	8,477
Depreciation for the financial year (Note 25)	–	–	163	–	405	41	1	493	217	3	3	–	1,326
Disposals	–	–	–	–	–	–	–	(5)	(152)	–	–	–	(157)
Written off	–	–	–	–	–	–	(2)	(328)	–	(6)	–	–	(336)
Transfer to investment properties (Note 5)	–	–	–	–	(329)	–	–	–	–	–	–	–	(329)

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 3. Property, plant and equipment – Group (Cont'd)

	At valuation			At cost									
	Freehold land and freehold oil palm plantation RM'000	Freehold land RM'000	Long-term leasehold land and oil palm plantation RM'000	Freehold oil palm plantation RM'000	Buildings RM'000	Estate infra-structure RM'000	Plantation equipment RM'000	Furniture and fittings, office equipment, electrical installation and others RM'000	Motor vehicles RM'000	Site equipment RM'000	Office renovations RM'000	Capital work-in-progress RM'000	Total RM'000
At 30 June 2015	-	-	1,615	-	1,266	435	95	1,798	2,165	15	159	-	7,548
Accumulated depreciation	-	-	1,433	-	-	-	-	-	-	-	-	-	1,433
Accumulated impairment loss	-	-	3,048	-	1,266	435	95	1,798	2,165	15	159	-	8,981
Depreciation for the financial year (Note 25)	-	-	160	-	410	41	-	826	245	3	9	-	1,694
Disposals	-	-	(86)	-	(184)	-	-	(55)	(104)	-	(62)	-	(491)
Written off	-	-	-	-	-	(9)	(1)	(217)	-	(9)	(18)	-	(254)
At 30 June 2016	-	-	1,689	-	1,492	467	94	2,352	2,306	9	88	-	8,497
Accumulated depreciation	-	-	1,433	-	-	-	-	-	-	-	-	-	1,433
Accumulated impairment loss	-	-	3,122	-	1,492	467	94	2,352	2,306	9	88	-	9,930
Carrying amounts													
At 1 July 2014	13,310	3,554	11,867	20,351	19,985	428	3	1,121	1,385	13	30	193	72,240
At 30 June 2015	28,599	3,164	11,704	3,760	18,995	387	2	2,240	1,043	8	27	388	70,317
At 30 June 2016	-	3,164	11,303	32,359	18,341	337	2	3,413	1,389	9	18	505	70,840

**3.1** Freehold land were revalued by the Directors during the financial year ended 30 June 1995 based on the open value basis and approved by the Securities Commission. The carrying value of the freehold land at valuation that would otherwise be stated in the financial statements had the assets been carried at cost less accumulated depreciation would be RM1,111,000.



# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 4. Land held for property development – Group

		At cost			
	Note	Leasehold land RM'000	Freehold land RM'000	Development costs RM'000	Total RM'000
<b>At 1 July 2014</b>		8	11,458	12,985	24,451
Incurred during the financial year	4.2	–	48,384	2,412	50,796
Transfer to property development costs	10	–	(372)	(2,016)	(2,388)
Disposals		–	(34)	(9)	(43)
<b>At 30 June 2015/1 July 2015</b>		<b>8</b>	<b>59,436</b>	<b>13,372</b>	<b>72,816</b>
Incurred during the financial year	4.2	<b>18,000</b>	–	<b>2,702</b>	<b>20,702</b>
Transfer from/(to) property development costs	10	–	<b>3,349</b>	<b>(617)</b>	<b>2,732</b>
<b>At 30 June 2016</b>		<b>18,008</b>	<b>62,785</b>	<b>15,457</b>	<b>96,250</b>

### 4.1 Security

Certain land held for property development of the Group with carrying amounts of RM60,954,963 (2015 : RM39,246,360) have been charged to secure the banking facilities granted to the Group (Note 18).

### 4.2 Additions

Included in land held for property development of the Group is interest expense of RM2,113,632 (2015 : RM203,667) capitalised during the financial year.

## 5. Investment properties – Group

	Note	RM'000
<b>Cost</b>		
At 1 July 2014		4,880
Additions		13,034
Transfer from property, plant and equipment	3	2,606
Transfer from property development costs	10	3,362
<b>At 30 June 2015/1 July 2015</b>		<b>23,882</b>
Additions		<b>6,387</b>
Transfer to property development costs	10	<b>(224)</b>
<b>At 30 June 2016</b>		<b>30,045</b>

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 5. Investment properties – Group (Cont'd)

	Note	RM'000
<b>Accumulated depreciation</b>		
At 1 July 2014		1,356
Depreciation for the financial year	25	97
Transfer from property, plant and equipment	3	329
At 30 June 2015/1 July 2015		<b>1,782</b>
Depreciation for the financial year	25	<b>97</b>
At 30 June 2016		<b>1,879</b>
<b>Carrying amounts</b>		
At 1 July 2014		3,524
At 30 June 2015/1 July 2015		22,100
At 30 June 2016		<b>28,166</b>

The carrying amounts are represented by :

	2016 RM'000	2015 RM'000
Freehold land	14,695	14,695
Leasehold land	2,500	–
Buildings	3,102	3,199
Construction work-in-progress	7,869	4,206
	<b>28,166</b>	22,100

The following are recognised in profit or loss in respect of investment properties :

	2016 RM'000	2015 RM'000
Rental income	650	620
Direct operating expenses:		
- income generating investment properties	170	156
- non-income generating investment properties	<b>34</b>	3

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 5. Investment properties – Group (Cont'd)

### 5.1 Security

Certain investment properties of the Group with carrying amounts of RM12,638,911 (2015 : RM2,355,037) have been charged to secure banking facilities granted to the Group (Note 18).

### 5.2 Fair value information

The fair value was based on Directors' estimation using the latest available market information and recent experience and knowledge in the location and category property being valued. The fair values of investment properties of the Group as at 30 June 2016 were classified as Level 3 of fair value hierarchy and determined to be approximately RM36,968,000 (2015 : RM29,843,000).

## 6. Biological assets – Group

	Note	RM'000
<b>Cost</b>		
At 1 July 2014/30 June 2015/1 July 2015		1,428
Additions		110
At 30 June 2016		<u>1,538</u>
<b>Accumulated amortisation</b>		
At 1 July 2014		346
Amortisation charge for the financial year	25	53
At 30 June 2015/1 July 2015		<u>399</u>
Amortisation charge for the financial year	25	52
At 30 June 2016		<u>451</u>
<b>Carrying amounts</b>		
At 1 July 2014		<u>1,082</u>
At 30 June 2015/1 July 2015		<u>1,029</u>
At 30 June 2016		<u>1,087</u>

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 7. Investments in subsidiaries – Company

	2016 RM'000	2015 RM'000
Unquoted shares, at cost		
Ordinary shares	112,506	112,506
Accumulated impairment loss	(1,209)	(1,457)
	111,297	111,049
Redeemable preference shares	73,320	73,320
Accumulated impairment loss	(20)	(20)
	73,300	73,300
	<b>184,597</b>	<b>184,349</b>

Details of the subsidiaries are as follows :

Name of entity	Country of incorporation	Principal activities	Effective ownership interest	
			2016 %	2015 %
OIB Properties (K) Sdn Bhd ("OIBK") #*	Malaysia	Property development and oil palm cultivation	100	100
OIB Services Sdn Bhd ("OIBS") #	Malaysia	Management services and property development	100	100
OIB Properties (PRV) Sdn Bhd*	Malaysia	Property development	100	100
OIB Properties (KV) Sdn Bhd #	Malaysia	Property development	100	100
OIB Resort Sdn Bhd*	Malaysia	Hotel operation and management services	100	100
OIB Construction Sdn Bhd	Malaysia	General construction	90	90
OIB Marketing Sdn Bhd	Malaysia	Marketing and sale of land and properties	80	80
Brilliant Alliance Sdn Bhd ("BA")	Malaysia	Investment holding	87	87
Aturan Cemerlang Sdn Bhd ("AC")	Malaysia	Investment holding	73	73
OIB Properties (SW) Sdn Bhd ("SW")	Malaysia	Property development and oil palm cultivation	51	51
OIB Management Sdn Bhd*	Malaysia	Management and maintenance services for property and buildings	100	100

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 7. Investments in subsidiaries – Company (Cont'd)

Name of entity	Country of incorporation	Principal activities	Effective ownership interest	
			2016 %	2015 %
OIB Properties (Meru) Sdn Bhd*	Malaysia	Dormant	100	100
<i><u>Subsidiaries of OIBS</u></i>				
OIB Properties (CV) Sdn Bhd	Malaysia	Property development and oil palm cultivation	100	100
Maxilux Properties Sdn Bhd	Malaysia	Property development	100	100
OIB Properties (C) Sdn Bhd	Malaysia	Property development	100	100
<i><u>Subsidiary of BA</u></i>				
Yiked Alliance Sdn Bhd	Malaysia	Property development	87	70
<i><u>Subsidiaries of AC</u></i>				
Yiked Brilliant Sdn Bhd	Malaysia	Property development	73	58
Central Kedah Brick Kiln Sdn Berhad ("CKBK") (In member's voluntary winding up)	Malaysia	Property development (see Note 14)	73	73
<i><u>Subsidiary of OIBK</u></i>				
Sungei Lalang Development Sdn Bhd	Malaysia	Property development	100	100
<i><u>Cahajaya Group</u></i>				
Cahajaya Timber Industries Sdn Bhd (In member's voluntary winding up)	Malaysia	Manufacture of kiln dried rubberwood, sawn timber, solid doors and moulded wood products (see Note 14)	100	100
Patriot Furniture Sdn Bhd (In member's voluntary winding up)	Malaysia	Manufacture and sales of wooden furniture, wooden furniture parts, and parquet (see Note 14)	–	100
Guar Timber Industries Sdn Bhd (In member's voluntary winding up)	Malaysia	Dormant (see Note 14)	–	100

# These subsidiaries are consolidated using the merger method of accounting.

\* The Company has provided financial support to these subsidiaries.

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 7. Investments in subsidiaries – Company (Cont'd)

During the financial year ended 30 June 2016, the Company had, on 22 February 2016, announced that Patriot Furniture Sdn Bhd and Guar Timber Industries Sdn Bhd, both wholly-owned sub-subsidiaries had, on 5 January 2016, convened Final General Meetings to conclude their respective winding up proceedings. The subsidiaries were officially dissolved on the expiration of three (3) months after the date of lodgement of statutory return to the Companies Commission of Malaysia and the Official Receiver on 11 January 2016.

### Non-controlling interests in a subsidiary

As at 30 June 2016, the total non-controlling interests ("NCI") are RM61,242,000 (2015 : RM58,818,000) of which RM46,597,000 (2015 : RM40,036,000) are attributed to OIB Properties (SW) Sdn Bhd. The other non-controlling interests are individually immaterial to the Group.

Set out below are the summarised financial information for a subsidiary that has non-controlling interests that is material to the Group. The financial information below is based on amounts before inter-company eliminations.

	2016 RM'000	2015 RM'000
NCI percentage of ownership interest and voting interest - SW*	49	49
Carrying amount of NCI	46,597	40,036
Profit allocated to NCI	7,684	3,562

### Summarised financial information before intra-group elimination :

Non-current assets	26,680	26,644
Current assets	53,988	36,692
Non-current liabilities	(254)	(246)
Current liabilities	(10,166)	(6,288)
Net assets	70,248	56,802

### Financial year ended 30 June

Revenue	54,256	37,358
Profit for the financial year and total comprehensive income	15,746	7,298

\* The proportion of the voting rights in the subsidiaries which are held by the non-controlling interests does not differ from the proportion of ordinary shares held.

	2016 RM'000	2015 RM'000
Cash flows from/(used in) operating activities	72	(3,208)
Cash flows from investing activities	1,111	66
Cash flows used in financing activities	(2,300)	(4,600)
Net decrease in cash and cash equivalents	(1,117)	(7,742)
Dividend paid to NCI	(1,122)	(2,245)

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 8. Investment in an associate – Group

	2016 RM'000	2015 RM'000
Unquoted shares, at cost	5,169	5,169
Share of post-acquisition profits	47	23
	<u>5,216</u>	<u>5,192</u>

Details of the associate are as follows :

Name of entity	Country of incorporation	Principal activity	Financial year end	Effective ownership interest	
				2016 %	2015 %

*Held by OIB Properties  
(SW) Sdn Bhd :*

Prestasi Raya Sdn Bhd	Malaysia	Property development	30 June	23	23
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The following table summarises the information of the Group's associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	2016 RM'000	2015 RM'000
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### Summarised financial information

#### As at 30 June

Non-current assets	1,678	1,677
Current assets	10,415	10,314
Current liabilities	(15)	(18)
Net assets	<u>12,078</u>	<u>11,973</u>

#### Financial year ended 30 June

Profit for the financial year representing total comprehensive income	<u>104</u>	<u>33</u>
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#### Included in the total comprehensive income is :

Rental income	<u>108</u>	<u>36</u>
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# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 8. Investment in an associate – Group (Cont'd)

	2016 RM'000	2015 RM'000
<b>Reconciliation of net assets to carrying amount as at 30 June</b>		
Group's share of net assets	5,417	5,388
Negative goodwill	(201)	(201)
Elimination of unrealised profit	–	5
Carrying amount in the statement of financial position	<u>5,216</u>	<u>5,192</u>
<b>Group's share of results for the financial year ended 30 June</b>		
Group's share of total comprehensive income	<u>24</u>	<u>7</u>

## 9. Deferred tax assets/(liabilities) – Group

### Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following :

	Assets		Liabilities		Net	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Group</b>						
Unrealised profits and interest	4,647	3,253	–	–	4,647	3,253
Tax losses	18	165	–	–	18	165
Provisions	303	389	–	–	303	389
Property development costs	–	–	(21)	(21)	(21)	(21)
Property, plant and equipment						
- capital allowances	–	–	(557)	(461)	(557)	(461)
- revaluation	–	–	–	(50)	–	(50)
Tax assets/(liabilities)	<u>4,968</u>	<u>3,807</u>	<u>(578)</u>	<u>(532)</u>	<u>4,390</u>	<u>3,275</u>
Set-off tax	–	(78)	–	78	–	–
Net tax assets/(liabilities)	<u>4,968</u>	<u>3,729</u>	<u>(578)</u>	<u>(454)</u>	<u>4,390</u>	<u>3,275</u>

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 9. Deferred tax assets/(liabilities) – Group (Cont'd)

Movements in temporary differences during the financial year are as follows :

	At 1 July 2014 RM'000	Recognised in profit or loss (Note 26) RM'000	At 30 June 2015/ 1 July 2015 RM'000	Recognised in profit or loss (Note 26) RM'000	At 30 June 2016 RM'000
Unrealised profits and interest	2,603	650	3,253	1,394	4,647
Tax losses	820	(655)	165	(147)	18
Provisions	140	249	389	(86)	303
Property development costs	(428)	407	(21)	–	(21)
Property, plant and equipment					
- capital allowances	(450)	(11)	(461)	(96)	(557)
- revaluation	(52)	2	(50)	50	–
	2,633	642	3,275	1,115	4,390

### Unrecognised deferred tax assets – Group

No deferred tax assets have been recognised for the following items (stated at gross) :

	2016 RM'000	2015 RM'000
Capital allowance carry-forwards	1,755	812
Tax losses carry-forwards	257	408
	2,012	1,220

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group entities can utilise the benefits therefrom.

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 10. Property development costs – Group

		← At cost →		
	Note	Leasehold land RM'000	Freehold land RM'000	Development costs RM'000
				Total RM'000
<b>Cumulative property development costs</b>				
<b>At 1 July 2014</b>		700	19,976	170,163
Incurred during the financial year		–	–	91,407
Transfer from land held for property development	4	–	372	2,016
Transfer to investment properties	5	–	(185)	(3,177)
Transfer to developed properties		–	(51)	(3,440)
Cost eliminated due to completed projects		–	(2,093)	(104,585)
<b>At 30 June 2015/1 July 2015</b>		<b>700</b>	<b>18,019</b>	<b>152,384</b>
Incurred during the financial year		–	–	127,385
Transfer (to)/from land held for property development	4	–	(3,349)	617
Transfer from investment properties	5	–	–	224
Transfer to developed properties		(31)	(3)	(2,261)
Cost eliminated due to completed projects		(669)	(451)	(90,458)
<b>At 30 June 2016</b>		<b>–</b>	<b>14,216</b>	<b>187,891</b>
<b>Cumulative cost recognised in the statement of profit or loss and other comprehensive income</b>				
<b>At 1 July 2014</b>		(287)	(1,964)	(78,872)
Recognised during the financial year	21	(273)	(4,319)	(89,222)
Cost eliminated due to completed projects		–	2,093	104,585
<b>At 30 June 2015/1 July 2015</b>		<b>(560)</b>	<b>(4,190)</b>	<b>(63,509)</b>
Recognised during the financial year	21	(109)	(1,576)	(94,486)
Cost eliminated due to completed projects		669	451	90,458
<b>At 30 June 2016</b>		<b>–</b>	<b>(5,315)</b>	<b>(67,537)</b>
Property development costs as at 30 June 2015		140	13,829	88,875
Property development costs as at 30 June 2016		–	8,901	120,354

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 10. Property development costs – Group (Cont'd)

Included in property development costs, are cost of landowners' entitlement amounting to RM11,091,928 (2015 : RM9,871,361) arising from agreements entered into between the subsidiaries and certain landowners to develop properties on land belonging to the landowners.

The following expenditure incurred during the financial year has been capitalised to property development costs :

	2016 RM'000	2015 RM'000
Hire of equipment	2,030	865

## 11. Inventories – Group

	2016 RM'000	2015 RM'000
At cost :		
- Developed properties	6,257	8,348
- Plantation supplies	66	58
- Beverages	–	3
	6,323	8,409
At net realisable value :		
- Developed properties	172	172
	6,495	8,581

## 12. Amount due from customer on construction contracts – Group

	2016 RM'000	2015 RM'000
Aggregate costs incurred to-date	120,545	77,022
Attributable profits	17,115	11,062
	137,660	88,084
Less: Progress billings on receivable	(131,210)	(84,811)
	6,450	3,273

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 13. Trade and other receivables

	Note	Group 2016 RM'000	2015 RM'000	Company 2016 RM'000	2015 RM'000
<b>Trade</b>					
Third parties		44,149	23,442	-	-
Accrued billings		10,485	9,153	-	-
Amounts due from related parties	13.1	11,072	34,895	-	-
		65,706	67,490	-	-
Less : Allowance for impairment		(36)	(36)	-	-
		65,670	67,454	-	-
<b>Non-trade</b>					
Advances to landowners	13.2	29,046	29,565	-	-
Advances to subcontractors		-	66	-	-
Amount due from subsidiaries	13.3	-	-	65,616	64,526
Other receivables		4,607	1,290	1,000	6
Deposits		3,312	2,939	23	23
		36,965	33,860	66,639	64,555
		102,635	101,314	66,639	64,555

Trade and other receivables are denominated in Ringgit Malaysia.

### 13.1 Amounts due from related parties – Group

The trade amounts due from related parties are subject to normal trade terms.

### 13.2 Advances to landowners – Group

Advances to landowners arise when payments are made to the landowners before their entitlement crystallises in relation to the agreement entered into between the Group and the landowners to develop properties on land belonging to the landowners. The agreements state that the Group will bear all the property development cost incurred and in return the Group will be entitled to the profits from the sales of properties developed, but subject to a certain portion of the sales proceeds accruing to the landowners as their entitlement in accordance with the agreement entered into between the Group and the landowners. Advances to landowners are transferred to property development costs when development activities have commenced.

### 13.3 Amount due from subsidiaries – Company

The non-trade amounts due from subsidiaries of the Company are unsecured, carry interest at 6% (2015 : 6%) per annum and repayable on demand.

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 14. Available-for-sale financial assets

The available-for-sale financial assets are as below :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 July 2015/2014	906	6,978	278	6,978
Addition *	–	628	–	–
Less : Impairment loss (Note 25)	(13)	–	–	–
	893	7,606	278	6,978
Distributions received from liquidators	(400)	(6,700)	(100)	(6,700)
At 30 June	493	906	178	278

The fair value of available-for-sale financial assets is determined by Directors based on the inputs from liquidators being the best estimates on the realisable value of the assets and liabilities of Cahajaya Group and CKBK. The available-for-sale financial assets are classified in current assets as the liquidation process is expected to be completed within twelve months after the end of the reporting period.

\* CKBK had been excluded from OIB's consolidated financial statements for the financial year ended 30 June 2015 as a result of the commencement of members' voluntary winding up pursuant to Section 254(1)(b) of the Companies Act, 1965 on 1 July 2014. There were no revenue and costs incurred as at 1 July 2014. The statement of financial position of CKBK is set out below :

	At 1.7.2014 RM'000
<b>ASSETS</b>	
<b>Current assets</b>	
Other receivables	67
Cash and cash equivalents	604
<b>TOTAL ASSETS</b>	671
<b>EQUITY AND LIABILITIES</b>	
Share capital	586
Retained earnings	42
<b>Total equity</b>	628
<b>Current liabilities</b>	
Trade and other payables	31
Tax payable	12
<b>Total liabilities</b>	43
<b>TOTAL EQUITY AND LIABILITIES</b>	671

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 15. Cash and cash equivalents

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short term investment		34,155	–	31,400	–
Short term deposit with licensed banks	15.1	2,489	7,168	–	–
Cash and bank balances		14,165	12,873	657	2,818
Cash and bank balances held under Housing Development Accounts pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966		6,562	19,528	–	–
		<b>57,371</b>	<b>39,569</b>	<b>32,057</b>	<b>2,818</b>

Cash and cash equivalents are denominated in Ringgit Malaysia.

### 15.1 Short term deposit with licensed banks

Included in short term deposit with licensed banks of the Group is an amount of RM Nil (2015 : RM231,421) pledged to banks as security for banker's guarantee facilities granted.

## 16. Share capital – Group/Company

	2016		2015	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
<b>Authorised :</b>				
Ordinary shares of RM1 each	<b>200,000</b>	<b>200,000</b>	200,000	200,000
<b>Issued and fully paid :</b>				
Ordinary shares of RM1 each	<b>90,545</b>	<b>90,545</b>	90,545	90,545
Issuance of ordinary shares pursuant to bonus issue	<b>54,327</b>	<b>54,327</b>	–	–
	<b>144,872</b>	<b>144,872</b>	90,545	90,545

### Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company and rank equally with regard to the Company's residual assets.



# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 17. Reserves

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Non-distributable</b>				
Share premium	–	186	–	186
Fair value reserve	27	42	27	42
Revaluation reserve	9,385	9,872	–	–
	<b>9,412</b>	<b>10,100</b>	<b>27</b>	<b>228</b>
<b>Distributable</b>				
Retained earnings	<b>159,842</b>	183,235	<b>73,140</b>	127,551
	<b>169,254</b>	<b>193,335</b>	<b>73,167</b>	<b>127,779</b>

### Revaluation reserve

The revaluation reserve relates to fair value adjustment to previously held equity interest in piecemeal acquisition of a subsidiary, previously an associate of the Company.

### Retained earnings – Company

Under the single-tier tax system which came into effect from the Year of Assessment 2008, companies are not required to have tax credits, under Section 108 of the Income Tax Act 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of the shareholders.

The Company may distribute its retained earnings as at 30 June 2016 as dividend under single-tier system.

## 18. Loans and borrowings

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Non-current</b>				
Term loans - secured	<b>30,337</b>	23,579	–	–
<b>Current</b>				
Term loans - secured	<b>6,413</b>	1,241	–	–
Revolving credit	<b>46,500</b>	14,500	<b>46,500</b>	14,500
	<b>52,913</b>	<b>15,741</b>	<b>46,500</b>	<b>14,500</b>
	<b>83,250</b>	<b>39,320</b>	<b>46,500</b>	<b>14,500</b>

Loans and borrowings are denominated in Ringgit Malaysia.

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 18. Loans and borrowings (Cont'd)

### Security

The term loans of the Group are secured by certain freehold land as disclosed in Note 4 and Note 5 to the financial statements.

## 19. Trade and other payables

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
<b>Trade</b>					
Third parties	19.1	43,038	34,713	–	–
Progress billings		1,081	4,898	–	–
Amounts due to related parties	19.2	2	4,621	–	–
Deposit received		31	28	–	–
		44,152	44,260	–	–
<b>Non-trade</b>					
Amounts due to subsidiaries	19.3	–	–	18,549	18,718
Other payables		1,885	1,568	13	–
Deposit received		219	221	–	–
Accrued expenses		1,579	2,730	331	298
		3,683	4,519	18,893	19,016
		47,835	48,779	18,893	19,016

Trade and other payables are denominated in Ringgit Malaysia.

### 19.1 Third parties – Group

Included in trade third parties are landowners' entitlement in respect of development projects as described in Note 10 to the financial statements amounting to RM6,805,329 (2015 : RM5,611,963). Payments are made to the landowners based on the collections received from the respective housing projects on a yearly basis. Also included in trade third parties are subcontractors' retention sums amounting to RM10,795,638 (2015 : RM9,649,163).

### 19.2 Amounts due to related parties – Group

The trade amounts due to related parties are subject to normal trade terms.

### 19.3 Amounts due to subsidiaries – Company

The non-trade amounts due to subsidiaries of the Company are unsecured, bear interest at 4% (2015 : 4%) per annum and payable on demand.

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 20. Revenue

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Property development revenue				
based on stage of completion	170,027	127,086	–	–
Construction contracts	51,307	81,397	–	–
Sales of developed properties	6,855	6,286	–	–
Sales of vacant land	54	311	–	–
Sales of fresh fruit bunches of oil palm	1,311	1,572	–	–
Income from hotel operations	1,909	1,285	–	–
Income from marketing operations	1,368	1,437	–	–
Dividend income from subsidiaries	–	–	8,612	10,098
Management fees	288	288	99	100
Interest income from subsidiaries	–	–	1,532	1,979
	<b>233,119</b>	<b>219,662</b>	<b>10,243</b>	<b>12,177</b>

## 21. Cost of sales – Group

	2016 RM'000	2015 RM'000
Property development expenses	96,171	93,814
Constructions contract	44,615	70,780
Cost of developed properties sold	4,386	3,918
Cost of vacant land sold	–	43
Cost of oil palm fresh fruit brunches sold	984	1,168
Hotel operations and related services	1,864	1,232
Marketing expenses	147	182
Management expenses	223	197
	<b>148,390</b>	<b>171,334</b>

## 22. Finance costs

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revolving credit	848	210	–	16
Term loans	2,114	204	–	–
	<b>2,962</b>	<b>414</b>	<b>–</b>	<b>16</b>
Less : Capitalised under land held for property development (Note 4.2)	<b>(2,114)</b>	<b>(204)</b>	<b>–</b>	<b>–</b>
Recognised in profit or loss	<b>848</b>	<b>210</b>	<b>–</b>	<b>16</b>

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 23. Staff costs – Group

	2016 RM'000	2015 RM'000
Wages, salaries and bonuses	10,021	6,726
Contributions to defined contribution retirement plan	1,216	881
Other employee benefits	405	705
	<b>11,642</b>	<b>8,312</b>

## 24. Key management personnel compensations

The aggregate amount of emoluments receivable by Directors and other members of key management during the financial year are as follows :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-executive Directors :				
- Fees receivable	135	105	135	105
- Allowances	26	28	26	28
	<b>161</b>	<b>133</b>	<b>161</b>	<b>133</b>
Executive Directors :				
- Fees receivable	120	90	120	90
- Salaries and bonuses	2,004	1,366	-	-
- Contributions to defined contribution retirement plan	241	164	-	-
- Allowances	13	13	13	13
- Estimated monetary value of benefits otherwise than in cash	18	16	-	-
	<b>2,396</b>	<b>1,649</b>	<b>133</b>	<b>103</b>
Key management :				
- Salaries and bonuses	1,721	1,239	-	-
- Contributions to defined contribution retirement plan	206	149	-	-
- Estimated monetary value of benefits otherwise than in cash	43	24	-	-
	<b>1,970</b>	<b>1,412</b>	<b>-</b>	<b>-</b>
	<b>4,527</b>	<b>3,194</b>	<b>294</b>	<b>236</b>

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 25. Profit before tax

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before tax is arrived at after charging :				
Amortisation of biological assets (Note 6)	52	53	-	-
Auditors' remuneration :				
- statutory audit				
- current year	234	232	37	37
- prior year	-	(1)	-	-
- other services	3	56	3	56
Directors' emoluments				
Directors of the Company				
- fees	255	195	255	195
- others	2,302	1,587	39	41
Directors of the subsidiaries				
- fees	-	-	-	-
- others	1,187	1,000	-	-
Depreciation of :				
- property, plant and equipment (Note 3)	1,694	1,326	-	-
- investment properties (Note 5)	97	97	-	-
Hire of plant and machinery	790	833	-	-
Impairment loss on :				
- investment in subsidiaries	-	-	-	25
- available-for-sale financial assets (Note 14)	13	-	-	-
Property, plant and equipment written off	31	5	-	-
Rental expense of land and buildings	333	173	-	-
and after crediting :				
Rental income from properties	754	656	-	-
Interest income from :				
- subsidiaries	-	-	1,532	1,979
- others	1,051	640	612	83
Gain on disposal of property, plant and equipment	2,060	50	-	-
Reclassification of fair value reserve upon disposal of available-for-sale financial assets	15	1,019	15	1,019
Reversal of impairment loss on investment in subsidiaries	-	-	248	-

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 26. Taxation

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Current tax expense</b>				
- current year	16,863	10,185	357	459
- prior year	262	37	12	–
	17,125	10,222	369	459
<b>Deferred tax expense</b>				
- current year	(1,104)	(613)	–	–
- prior year	(11)	(29)	–	–
	(1,115)	(642)	–	–
	<u>16,010</u>	<u>9,580</u>	<u>369</u>	<u>459</u>

Reconciliation of effective tax expense :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit for the financial year	51,646	26,194	10,596	11,676
Total tax expense	16,010	9,580	369	459
Profit excluding tax	<u>67,656</u>	<u>35,774</u>	<u>10,965</u>	<u>12,135</u>

### Recognised in profit or loss

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Tax at Malaysian tax rate of 24% (2015 : 25%)	16,237	8,943	2,632	3,034
Tax effects of :				
Non-deductible expenses	238	698	120	94
Income not subject to tax	(490)	(146)	(2,346)	(2,670)
Deferred tax assets not recognised	190	303	–	–
Change in tax rate*	–	(138)	–	–
Difference in lower tax rate on real property gains tax	(388)	–	–	–
Others	(28)	(88)	(49)	1
	<u>15,759</u>	<u>9,572</u>	<u>357</u>	<u>459</u>

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 26. Taxation (Cont'd)

### Recognised in profit or loss (Cont'd)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Under provided in prior years	251	8	12	–
	<u>16,010</u>	<u>9,580</u>	<u>369</u>	<u>459</u>

\* The Malaysian budget 2014 announced the reduction of corporate tax to 24% with effect from year of assessment 2016. Consequently, the deferred tax assets and liabilities which are expected to reverse in 2016 and beyond are measured using tax rate of 24%.

## 27. Earnings per ordinary share – Group

The calculation of basic earnings per ordinary share at 30 June 2016 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows :

	Group	
	2016 RM'000	2015 RM'000
Profit for the year attributable to owners	<u>40,153</u>	<u>19,988</u>

	2016 '000	2015 '000
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### Basic earnings per ordinary shares

Number of ordinary shares issued

At 1 July

90,545

90,545

Effect of bonus issue

54,327

54,327

Weighted average number of ordinary shares at 30 June

144,872

144,872

	2016 sen	2015 sen
Basic earnings per ordinary share	<u>27.72</u>	<u>13.80</u>

### Diluted earnings per ordinary share

The diluted earnings per ordinary share for the financial year as at 30 June 2016 and 30 June 2015 is the same as the basic earnings per ordinary share as there are no potential dilutive ordinary shares.



# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 28. Dividends

	Sen per share	Total amount RM'000	Date of payment
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Paid :

### 2016

2015 Interim single-tier dividend	12	<u>10,866</u>	10 August 2015
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### 2015

2014 First and final single-tier dividend	5	<u>4,527</u>	12 December 2014
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Subsequent to the year end, the Directors declared an interim single-tier dividend of 8 sen per ordinary share, totalling RM11,589,760 in respect of the financial year ended 30 June 2016 on 25 July 2016 and paid on 22 August 2016. The financial statements do not reflect this dividend declared after 30 June 2016, which will be accounted for as appropriation of retained earnings in the financial year ending 30 June 2017.

## 29. Segmental information

### (i) Operating segments

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Executive Director (as the chief operating decision maker ("CODM")) reviews internal management reports at least on a quarterly basis. The Group has the following reportable segments :

- Property development
- Construction
- Investment holding
- Oil palm cultivation

Other operations of the Group comprise hotel operation.

Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

### Segment assets

The total of segment asset is measured based on all assets of a segment. Total segment asset is used to measure the return on assets of each segment.

### Segment liabilities

Segment liabilities are measured based on all liabilities of a segment.

### Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, biological assets, land held for property development and investment properties.

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 29. Segmental information (Cont'd)

### (i) Operating segments (Cont'd)

	Property development RM'000	Construction RM'000	Investment holding RM'000	Oil palm RM'000	Others RM'000	Group RM'000
<b>2016</b>						
<b>Revenue</b>						
Total revenue	178,304	177,911	18,243	1,311	2,197	377,966
Inter-segment revenue	–	(126,604)	(18,243)	–	–	(144,847)
Revenue from external customers	<u>178,304</u>	<u>51,307</u>	<u>–</u>	<u>1,311</u>	<u>2,197</u>	<u>233,119</u>
<b>Segment profit/(loss)</b>						
Reportable segment profit/(loss)	63,060	4,160	822	327	(737)	67,632
Share of results of an associate	–	–	24	–	–	24
Profit before tax						<u>67,656</u>
<b>Net assets</b>						
Total segment assets	399,611	85,262	292,767	44,517	24,059	846,216
Inter-segment assets	(32,603)	(48,523)	(258,297)	–	(2,019)	(341,442)
Associate	–	–	5,216	–	–	5,216
Total assets per statement of financial position						<u>509,990</u>
<b>Net liabilities</b>						
Total segment liabilities	141,843	54,414	65,452	–	2,141	263,850
Inter-segment liabilities	(90,526)	(18,117)	(18,561)	–	(2,024)	(129,228)
Total liabilities per statement of financial position						<u>134,622</u>
<b>Other information</b>						
Capital expenditure	27,376	426	–	110	2,020	29,932
Interest income	432	–	619	–	–	1,051
Interest expense	301	547	–	–	–	848
Taxation	14,436	1,067	428	78	1	16,010
Reclassification of fair value reserve upon disposal of available-for- sale financial assets	–	–	15	–	–	15
Depreciation and amortisation	<u>814</u>	<u>105</u>	<u>–</u>	<u>52</u>	<u>872</u>	<u>1,843</u>

Capital expenditure comprises additions to property, plant and equipment, biological assets, land held for property development and investment properties.

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 29. Segmental information (Cont'd)

### (i) Operating segments (Cont'd)

	Property development RM'000	Construction RM'000	Investment holding RM'000	Oil palm RM'000	Others RM'000	Group RM'000
<b>2015</b>						
<b>Revenue</b>						
Total revenue	135,120	173,291	12,177	1,572	1,573	323,733
Inter-segment revenue	–	(91,894)	(12,177)	–	–	(104,071)
Revenue from external customers	135,120	81,397	–	1,572	1,573	219,662
<b>Segment profit/(loss)</b>						
Reportable segment profit/(loss)	27,096	7,877	659	405	(270)	35,767
Share of results of an associate	–	–	7	–	–	7
Profit before tax						35,774
<b>Net assets</b>						
Total segment assets	326,221	72,937	260,429	44,724	23,102	727,413
Inter-segment assets	(15,841)	(23,164)	(258,433)	–	(1,978)	(299,416)
Associate	–	–	5,192	–	–	5,192
Total assets per statement of financial position						433,189
<b>Net liabilities</b>						
Total segment liabilities	130,509	53,253	33,701	–	382	217,845
Inter-segment liabilities	(88,372)	(19,926)	(18,731)	–	(325)	(127,354)
Total liabilities per statement of financial position						90,491
<b>Other information</b>						
Capital expenditure	64,868	519	–	–	259	65,646
Interest income	468	–	172	–	–	640
Interest expense	94	100	16	–	–	210
Taxation	6,763	1,923	575	101	218	9,580
Reclassification of fair value reserve upon disposal of available-for- sale financial assets	–	–	1,019	–	–	1,019
Depreciation and amortisation	795	62	–	53	566	1,476

### (ii) Geographical segments

Segmental reporting by geographical area is not presented as the Group's activities are entirely carried out in Malaysia.

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 30. Financial instruments

### 30.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows :

- (a) Loans and receivables ("L&R");
- (b) Available-for-sale financial assets ("AFS"); and
- (c) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM'000	L&R RM'000	AFS RM'000
<b>Financial assets</b>			
<b>2016</b>			
<b>Group</b>			
Trade and other receivables (excluding accrued billings)	92,150	92,150	–
Available-for-sale financial assets	493	–	493
Cash and cash equivalents	57,371	57,371	–
	<b>150,014</b>	<b>149,521</b>	<b>493</b>
<b>Company</b>			
Trade and other receivables	66,639	66,639	–
Available-for-sale financial assets	178	–	178
Cash and cash equivalents	32,057	32,057	–
	<b>98,874</b>	<b>98,696</b>	<b>178</b>
<b>2015</b>			
<b>Group</b>			
Trade and other receivables (excluding accrued billings)	92,161	92,161	–
Available-for-sale financial assets	906	–	906
Cash and cash equivalents	39,569	39,569	–
	<b>132,636</b>	<b>131,730</b>	<b>906</b>
<b>Company</b>			
Trade and other receivables	64,555	64,555	–
Available-for-sale financial assets	278	–	278
Cash and cash equivalents	2,818	2,818	–
	<b>67,651</b>	<b>67,373</b>	<b>278</b>

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 30. Financial instruments (Cont'd)

### 30.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	FL RM'000
<b>Financial liabilities</b>		
<b>2016</b>		
<b>Group</b>		
Loans and borrowings	83,250	83,250
Trade and other payables (excluding progress billings)	46,754	46,754
	<u>130,004</u>	<u>130,004</u>
<b>Company</b>		
Loans and borrowings	46,500	46,500
Trade and other payables	18,893	18,893
	<u>65,393</u>	<u>65,393</u>
<b>2015</b>		
<b>Group</b>		
Loans and borrowings	39,320	39,320
Trade and other payables (excluding progress billings)	43,881	43,881
	<u>83,201</u>	<u>83,201</u>
<b>Company</b>		
Loans and borrowings	14,500	14,500
Trade and other payables	19,016	19,016
	<u>33,516</u>	<u>33,516</u>

### 30.2 Net gains and losses arising from financial instruments :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net gains/(losses) arising on :				
- Loans and receivables	1,051	640	2,144	2,062
- Available-for-sale financial assets	15	1,019	15	1,019
- Finance liabilities measured at amortised cost	<u>(848)</u>	<u>(210)</u>	<u>-</u>	<u>(16)</u>

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 30. Financial instruments (Cont'd)

### 30.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments :

- Credit risk
- Liquidity risk
- Interest rate risk

### 30.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

#### Receivables

*Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally, credit evaluations are performed on cash purchases.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 60 days, which are deemed to have higher credit risk, are monitored individually.

*Impairment losses*

The Group maintains an ageing analysis in respect of trade receivables (excluded accrued billings) only. The ageing of receivables as at the end of the reporting period was :

	Gross RM'000	Individual impairment RM'000	Net RM'000
<b>2016</b>			
Not past due	24,242	–	24,242
Past due less than 30 days	13,571	–	13,571
Past due 31 - 90 days	7,999	–	7,999
Past due more than 90 days	9,409	(36)	9,373
	<b>55,221</b>	<b>(36)</b>	<b>55,185</b>

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 30. Financial instruments (Cont'd)

### 30.4 Credit risk (Cont'd)

#### Receivables (Cont'd)

*Impairment losses (Cont'd)*

	Gross RM'000	Individual impairment RM'000	Net RM'000
<b>2015</b>			
Not past due	12,099	–	12,099
Past due less than 30 days	4,161	–	4,161
Past due 31 - 90 days	32,270	–	32,270
Past due more than 90 days	9,807	(36)	9,771
	<u>58,337</u>	<u>(36)</u>	<u>58,301</u>

#### Intercompany balances

*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

*Impairment losses*

As at the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries.

#### Cash and cash equivalents

*Risk management objectives, policies and processes for managing the risk*

The Group's and Company's short term deposits are placed as fixed rates investments and upon which management endeavours to obtain the best rate available in the market.

Cash and cash equivalents are placed with reputable financial institutions.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

*Impairment losses*

As at the end of the reporting period, there was no indication that cash and cash equivalents were not recoverable.



# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

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## 30. Financial instruments (Cont'd)

### 30.4 Credit risk (Cont'd)

#### Financial guarantees

*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

*Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM36,750,000 (2015 : RM24,820,000) representing the outstanding banking facilities to subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

### 30.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 30. Financial instruments (Cont'd)

### 30.5 Liquidity risk (Cont'd)

#### Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rates %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>2016</b>							
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Secured bank loans	36,750	4.82 - 5.06	42,539	8,098	7,773	20,146	6,522
Revolving credit	46,500	4.45 - 4.50	46,500	46,500	-	-	-
Trade and other payables (excluding progress billings) *	46,754	-	46,754	40,895	889	4,970	-
	<u>130,004</u>		<u>135,793</u>	<u>95,493</u>	<u>8,662</u>	<u>25,116</u>	<u>6,522</u>
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
Revolving credit	46,500	4.45 - 4.50	46,500	46,500	-	-	-
Trade and other payables	344	-	344	344	-	-	-
Amount owing to subsidiaries	18,549	4.00	18,549	18,549	-	-	-
Financial guarantees	-	-	36,750	36,750	-	-	-
	<u>65,393</u>		<u>102,143</u>	<u>102,143</u>	<u>-</u>	<u>-</u>	<u>-</u>

\* Included in trade and other payables are subcontractors' retention sums which are expected to be settled within the Group's normal operating cycle of 2 to 4 years.

**30. Financial instruments (Cont'd)****30.5 Liquidity risk (Cont'd)***Maturity analysis (Cont'd)*

	Carrying amount RM'000	Contractual interest rates %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>2015</b>							
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Secured bank loans	24,820	4.95	28,864	2,562	5,998	16,520	3,784
Revolving credit	14,500	4.49	14,500	14,500	–	–	–
Trade and other payables (excluding progress billings) *	43,881	–	43,881	35,846	1,477	6,558	–
	<u>83,201</u>		<u>87,245</u>	<u>52,908</u>	<u>7,475</u>	<u>23,078</u>	<u>3,784</u>
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
Revolving credit	14,500	4.49	14,500	14,500	–	–	–
Trade and other payables	298	–	298	298	–	–	–
Amount owing to subsidiaries	18,718	4.00	18,718	18,718	–	–	–
Financial guarantees	–	–	24,820	24,820	–	–	–
	<u>33,516</u>		<u>58,336</u>	<u>58,336</u>	<u>–</u>	<u>–</u>	<u>–</u>

\* Included in trade and other payables are subcontractors' retention sums which are expected to be settled within the Group's normal operating cycle of 2 to 4 years.

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 30. Financial instruments (Cont'd)

### 30.6 Interest rate risk

The Group's exposure to the risk of changes in interest rates mainly arises from floating rate term loans and deposits with banks and financial institutions.

The Group controls and monitors closely its cash flows to ensure that the interest rates are always maintained at favourable rates.

*Exposure to interest rate risk*

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Fixed rate instrument</b>				
<b>Financial assets</b>				
- Short term investment	34,155	—	31,400	—
- Short term deposits with licensed banks	2,489	7,168	—	—
- Amount due from subsidiaries	—	—	65,616	64,526
<b>Financial liabilities</b>				
- Amount due to subsidiaries	—	—	18,549	18,718
- Revolving credit	46,500	14,500	46,500	14,500
<b>Floating rate instrument</b>				
<b>Financial liabilities</b>				
- Term loans	36,750	24,820	—	—

*Interest rate risk sensitivity analysis*

*Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

*Cash flow sensitivity analysis for variable rate instruments*

An increase/(decrease) of 50 basis points (bp) in interest rates at the end of the reporting period would have (decreased)/increased equity and post-tax profit or loss of the Group by RM139,650 (2015: RM93,075). This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

### 30.7 Fair value information

The carrying amounts of cash and cash equivalents, receivables, payables and revolving credit approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of floating rate borrowings approximate the fair value as their effective interest rate changes accordingly to movements in the market interest rates.

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 30. Financial instruments (Cont'd)

### 30.7 Fair value information (Cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

Group	Fair value of financial instruments carried at fair value					Fair value of financial instruments not carried at fair value					Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		RM'000	RM'000
<b>2016</b>												
<b>Financial asset</b>												
Available-for-sale financial assets	-	493	-	493		-	-	-	-		493	493
<b>Financial liability</b>												
Term loans - secured	-	-	-	-		-	-	-	-		36,750	36,750
<b>2015</b>												
<b>Financial asset</b>												
Available-for-sale financial assets	-	906	-	906		-	-	-	-		906	906
<b>Financial liability</b>												
Term loan - secured	-	-	-	-		-	-	-	-		24,820	24,820

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 30. Financial instruments (Cont'd)

### 30.7 Fair value information (Cont'd)

Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<b>2016</b>										
<b>Financial asset</b>										
Available-for-sale financial assets	-	178	-	178	-	-	-	-	178	178
<b>2015</b>										
<b>Financial asset</b>										
Available-for-sale financial assets	-	278	-	278	-	-	-	-	278	278

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 31. Capital Management

The Group's objectives when managing capital is to ensure that an optimal capital structure is maintained to sustain future development of business and to provide fair returns for shareholders and benefits for other stakeholders.

In order to maintain an optimal capital structure, the Group may, from time to time adjust the dividend payout to owners of the parent, return capital to owners of the parent, issue new shares, redeem debts or sell assets to reduce debts, where necessary. The Group's approach on managing capital is based on directives which have been approved by the Board of Directors.

## 32. Commitments

	Company	
	2016 RM'000	2015 RM'000

Corporate guarantees issued to banks for banking facilities granted to certain subsidiaries (unsecured)

- Limit and utilised	<u>36,750</u>	<u>24,820</u>
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The corporate guarantees issued to the banks have not been recognised as the likelihood of the subsidiaries defaulting is remote and the amounts are not material.

	Group	
	2016 RM'000	2015 RM'000

Bankers' guarantees issued to third parties in favour of subsidiaries (unsecured)	<u>5,320</u>	<u>4,128</u>
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Property development expenditure contracted for at the end of the reporting period but not yet incurred is as follows :

- Landowners' entitlement	<u>40,974</u>	<u>43,088</u>
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Commitments contracted for at the end of the reporting period but not yet provided for are as follows :

- Property, plant and equipment	-	293
- Investment properties	<u>-</u>	<u>3,756</u>

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 33. Related parties

### Identity of related parties

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

The Group has related party relationships with the following :

- i) Its subsidiaries and an associate as disclosed in Note 7 and 8
- ii) Other related parties as disclosed below
- iii) The Directors and the key management personnel of the Group

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

### Significant related parties transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 13 and 19.

Name of related parties	Relationship
MDC Precast Industries Sdn Bhd, Macro Dimension Concrete Sdn Bhd, Mutual Delights Sdn Bhd, Macro Dimension Sdn Bhd, Macro Element Sdn Bhd, Glamour Living Sdn Bhd, Worldbesco Construction Sdn Bhd and Chinhinhhome Sdn Bhd	Low Kok Aun, Low Kok Kean, Low Ping Kun and Low Kok Shen are Directors and substantial shareholders of the Company and substantial shareholders of these entities by virtue of their interest in Famivest Sdn Bhd, a substantial shareholder of the Company which in turn has interest in these entities.
Teong Choon Enterprise (M) Sdn Bhd, Hijaujaya Estate Sdn Bhd and Ladang Sin Hock Sdn Bhd	Entities in which a substantial interest is owned directly by a person connected with Goh Cheng Guan @ Goo Beng who is a Director of SW.
Kubang Pasu Development Sdn Bhd and Eng Chuan Chan Sdn Bhd	Low Kok Aun, Low Kok Kean, Low Ping Kun and Low Kok Shen are Directors and substantial shareholders of the Company and substantial shareholders of these entities by virtue of their interest in LLSB 1980 Holdings Sdn Bhd, a substantial shareholders of the Company which in turn has interest in these entities.
Mdcon (Simpang Empat) Sdn Bhd	Low Kok Aun and Low Kok Shen are Directors and substantial shareholders of the Company and substantial shareholders of this entity by virtue of their interest in Famivest Sdn Bhd, a substantial shareholder of the Company which in turn has interest in this entity.
API Precast Marketing Sdn Bhd	Low Kok Aun and Low Kok Kean are Directors and substantial shareholders of the Company and substantial shareholders of this entity by virtue of their interest in LLSB 1980 Sdn Bhd, a substantial shareholder of the Company which in turn has interest in this entity.



# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 33. Related parties (Cont'd)

### Significant related parties transactions (Cont'd)

Name of related parties	Relationship
Advance Return Sdn Bhd	Low Ping Kun is Director and substantial shareholder of the Company and substantial shareholder of this entity by virtue of their interest in LLSB 1980 Sdn Bhd, a substantial shareholder of the Company which in turn has interest in this entity.
Double Benefit Sdn Bhd, Sekalong Sdn Bhd, Fresh 365 Sdn Bhd, Hugecellent Sdn Bhd, Puncak Seloka Sdn Bhd, Seloka Setia Sdn Bhd and Serba Wangi Sdn Bhd	Enterprises in which substantial financial interest are owned by Directors of the Company

	2016 RM'000	Group 2015 RM'000
<b>Transactions with related parties</b>		
Progress billings received and receivable	51,307	80,832
Purchases of construction materials	33,842	36,992
Purchases of fertilizer and chemical products	303	308
Purchase of oil palm cultivation service	53	63
Sales and marketing service received and receivable	1,368	1,437
Provision of renovation works, interior design, landscape and maintenance works	5,741	2,675
<b>Transactions with subsidiaries</b>		
Dividend income	8,612	10,098
Interest income received and receivable	3,293	3,287
Interest expense paid and payable	1,761	1,308
Management fees received and receivable	99	100
Advances to	91,457	92,567
Advances from	35,600	67,600

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 34. Acquisition of non-controlling interests

- 34.1 On 25 September 2015, the Group acquired an additional 20% interest in Yiked Alliance Sdn Bhd for RM3,912,893 in cash increasing its ownership from 80% to 100%. The carrying amount of Yiked Alliance Sdn Bhd's net assets in the Group's financial statements on the date of the acquisition was RM20,170,306. The Group recognised a decrease in non-controlling interests of RM4,034,061 and an increase in retained earnings of RM121,168.

The following summarises the effect of changes in the equity interest in Yiked Alliance Sdn Bhd that is attributable to owners of the Company :

	Group RM
Equity interest at 1 July 2015	16,067,984
Effect of increase in company's ownership interest	4,034,061
Share of comprehensive income	68,261
Equity interest at 30 June 2016	<u>20,170,306</u>

- 34.2 On 25 September 2015, the Group acquired an additional 20% interest in Yiked Brilliant Sdn Bhd for RM1,994,734 in cash, increasing its ownership from 80% to 100%. The carrying amount of Yiked Brilliant Sdn Bhd's net assets in the Group's financial statements on the date of acquisition was RM14,235,442. The Group recognised a decrease in non-controlling interests of RM2,847,088 and an increase in retained earnings of RM852,354.

The following summarises the effect of changes in the equity interest in Yiked Brilliant Sdn Bhd that is attributable to owners of the Company :

	Group RM
Equity interest at 1 July 2015	9,781,360
Effect of increase in company's ownership interest	2,847,088
Share of comprehensive income	1,606,994
Equity interest at 30 June 2016	<u>14,235,442</u>

## 35. Significant events

- 35.1 The Company had, on 24 August 2015, increased its issued and paid-up share capital by way of a bonus issue of 54,326,992 new ordinary shares of RM1 each in OIB ("OIB Shares") ("Bonus Share(s)") on the basis of three (3) Bonus Shares for every five (5) existing OIB Shares. The transaction was completed on 8 December 2015.
- 35.2 The Group had, on 25 September 2015, acquired the remaining 20% equity interest in Yiked Alliance Sdn Bhd. The details of such event is disclosed in Note 34.1 to the financial statements.
- 35.3 The Group had, on 25 September 2015, acquired the remaining 20% equity interest in Yiked Brilliant Sdn Bhd. The details of such event is disclosed in Note 34.2 to the financial statements.

# Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2016

## 36. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 30 June 2016, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings :				
- realised	<b>259,703</b>	270,520	<b>73,140</b>	127,551
- unrealised	<b>(228)</b>	71	-	-
Total share of retained earnings of associate :				
- realised	<b>47</b>	23	-	-
- unrealised	-	-	-	-
Less : Consolidation adjustments	<b>(99,680)</b>	(87,379)	-	-
Total retained earnings	<b>159,842</b>	183,235	<b>73,140</b>	127,551

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

# Statement by Directors

Pursuant To Section 169(15) Of The Companies Act, 1965

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In the opinion of the Directors, the financial statements set out on pages 30 to 97 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2016 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 36 on page 98 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

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**Low Kok Aun**

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**Low Kok Kean**

Kedah Darul Aman,

Date : 23 September 2016

# Statutory Declaration

Pursuant To Section 169(16) Of The Companies Act, 1965

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I, **Khaw Eng Peng**, the officer primarily responsible for the financial management of Oriental Interest Berhad, do solemnly and sincerely declare that the financial statements set out on pages 30 to 98 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 by the abovenamed at Georgetown in the State of Penang on 23 September 2016.

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**Khaw Eng Peng**

Before me :

Goh Suan Bee (No. P125)  
Commissioner for Oaths

# Independent Auditors' Report

To The Members Of Oriental Interest Berhad

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## Report on the Financial Statements

We have audited the financial statements of Oriental Interest 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, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 30 to 97.

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

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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 control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence 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 of 30 June 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

## Report on Other Legal and Regulatory Requirements

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

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



# Independent Auditors' Report (Cont'd)

To The Members Of Oriental Interest Berhad

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## Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 36 on page 98 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards in Malaysia. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by 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 content of this report.

### KPMG

Firm Number: AF 0758  
Chartered Accountants

### Ooi Kok Seng

2432/05/17 (J)  
Chartered Accountant

Date : 23 September 2016

Penang

# Analysis of Shareholdings

As At 30 September 2016

Authorised share capital	:	RM200,000,000/-
Issued and fully paid-up share capital	:	RM144,871,994/-
Voting rights	:	On a show of hands - 1 vote for every shareholder
	:	On a poll - 1 vote for every one ordinary share held

## Thirty Largest Shareholders as at 30 September 2016

No.	Name	Number of Shares	% of Shares
1	Jupiter Sunrise Sdn Bhd	85,030,069	58.69
2	Tan Chang Tok Sdn Bhd	11,779,663	8.13
3	Goh Say Seah Realty Sdn Bhd	8,087,764	5.58
4	Lee Soo Ee Holdings Sendirian Berhad	3,600,000	2.48
5	Chia Beng Tat	3,021,600	2.09
6	Goh Aik Lean Holdings Sdn Bhd	2,499,200	1.73
7	Goh Aik Lean	1,600,000	1.10
8	Ooi Beng Liew & Sons Sdn Bhd	1,600,000	1.10
9	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Goh Aik Lai Holdings Sdn Bhd (PB)</i>	1,455,040	1.00
10	Chan Boon Aik	1,283,020	0.89
11	Lim Lean Peng & Sons Sdn Bhd	940,000	0.65
12	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Lor Cheng Yoon (8070973)</i>	848,160	0.59
13	Chua Keng Lim & Sons Sdn Bhd	800,000	0.55
14	Lim Lean Brothers Enterprise Sdn Bhd	800,000	0.55
15	Tay Eng Su	472,995	0.33
16	YSH Realty Sdn Bhd	470,400	0.32
17	Poh Chow Kok	467,700	0.32
18	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tawaria Sdn Bhd</i>	401,900	0.28
19	Perfect Scores Sdn Bhd	322,101	0.22
20	Fortune Yields Sdn Bhd	320,324	0.22
21	Goh Mooi Nee	320,000	0.22
22	Lim Lian Pian & Sons Sdn Bhd	320,000	0.22
23	Saw Lai Choo	312,760	0.22
24	Chua Keng Huat	264,000	0.18
25	Tay Eng Lee	241,193	0.17
26	Chua Chew Ping	233,600	0.16
27	Ooi Say Tiong	224,000	0.15
28	Yian May Fun	218,980	0.15
29	Yu Chee Guan	216,000	0.15
30	CIMSEC Nominees (Asing) Sdn Bhd <i>Exempt an for CIMB Securities (Singapore) Pte Ltd (Retail Clients)</i>	215,200	0.15

# Analysis of Shareholdings (Cont'd)

As At 30 September 2016

## Distribution of Shareholders as at 30 September 2016

Size of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Share Capital
Less than 100	20	1.30	531	–
100 – 1,000	53	3.46	28,628	0.02
1,001 – 10,000	1,136	74.10	3,568,360	2.46
10,001 – 100,000	258	16.83	7,521,580	5.19
100,001 – 7,243,598	63	4.11	28,855,399	19.92
7,243,599 and above	3	0.20	104,897,496	72.41
<b>Total</b>	<b>1,533</b>	<b>100.00</b>	<b>144,871,994</b>	<b>100.00</b>

## Directors' Shareholdings as per register as at 30 September 2016

Name	Direct Interest		Deemed Interest	
	No.	%	No.	%
Dato' Wira Lim Teong Kiat	–	–	–	–
Tunku Mohamad Zulkifli Bin Osman	–	–	–	–
Low Kok Shen	–	–	85,030,069 *	58.69
Low Kok Aun	–	–	–	–
Low Kok Kean	–	–	–	–
Low Ping Kun	–	–	85,030,069 *	58.69
Low Kok Horng	–	–	–	–

\* Deemed interested pursuant to Section 6A of the Companies Act, 1965



# Analysis of Shareholdings (Cont'd)

As At 30 September 2016

## Substantial Shareholders as per register as at 30 September 2016

Name	Direct Interest		Deemed Interest	
	No.	%	No.	%
Jupiter Sunrise Sdn Bhd	85,030,069	58.69	—	—
Tan Chang Tok Sdn Bhd	11,779,663	8.13	—	—
Goh Say Seah Realty Sdn Bhd	8,087,764	5.58	—	—
Famivest Sdn Bhd	—	—	85,030,069 *	58.69
LLSB 1980 Holdings Sdn Bhd	—	—	85,030,069 *	58.69
LLS & Sons Sdn Bhd	—	—	85,030,069 *	58.69
Low Keong Koon Sdn Bhd	—	—	85,030,069 *	58.69
Low Ping Kun Sdn Bhd	—	—	85,030,069 *	58.69
Low Ping Kun	—	—	85,030,069 *	58.69
Low Keong Koon	—	—	85,030,069 *	58.69
Low Kok Foong	—	—	85,030,069 *	58.69
Low Kok Shen	—	—	85,030,069 *	58.69
Ooi Lee Yeong	—	—	85,030,069 *	58.69
Tan Poh Sim	—	—	85,030,069 *	58.69
Tan Eian Hoe	—	—	11,779,663 *	8.13
Tan Swee Huat Sdn Bhd	—	—	11,779,663 *	8.13
Tan Ean Poe	—	—	11,779,663 *	8.13
Tan Yen Sooh	—	—	11,779,663 *	8.13
Tan Swee Bee Sdn Bhd	—	—	11,779,663 *	8.13
Tan Yen Tong	—	—	11,779,663 *	8.13
Tan Yean Sim	—	—	11,779,663 *	8.13
HSPS Holdings Sdn Bhd	—	—	11,779,663 *	8.13
Tan Ean Pin	—	—	11,779,663 *	8.13
Tan Ean See	—	—	11,779,663 *	8.13
Tan Ean Hoon	—	—	11,779,663 *	8.13
Tan Chung Yi	—	—	11,779,663 *	8.13
Goh Say Seah @ Goh Say Seak	—	—	8,087,764 *	5.58

\* Deemed interested pursuant to Section 6A of the Companies Act, 1965

# Properties of the Group

As At 30 June 2016

Address / Location	Description/ Year of Acquisition or Revaluation	Approximate Land/Floor Area	Tenure/Age of Building (years)	Carrying Value (RM'000)
<b><u>Property, Plant and Equipment</u></b>				
<b>Sungai Petani</b>				
Mukim Teloi Kiri District of Kuala Muda Kedah Darul Aman	Agriculture Land for Oil Palm Cultivation	244.15 acres	Freehold	3,759
<b>Kulim</b>				
343 Jalan Tunku Mohd Asaad Kulim Kedah Darul Aman	Sales Office (Bungalow) / 1996	62,483 sq ft	Freehold/59	1,039
Bandar Kulim District of Kulim Kedah Darul Aman	Agriculture Land for Future Owner Occupation	1.61 acres	Freehold	1,763
Mukim Sidam Kanan District of Kulim Kedah Darul Aman	Agriculture Land for Oil Palm Cultivation	582.11 acres	Freehold	28,599
<b>Kuala Lumpur / Sepang / Negeri Sembilan</b>				
22 Jalan ST 1C/4 Medan 88 Bandar Baru Salak Tinggi Sepang Selangor Darul Ehsan	3 Storey Shophouse Sales Office / 1997	3,900 sq ft	99 years lease expiring in 2092/20	109
Seri Bayu Resort Hotel Bagan Lalang Sepang Selangor Darul Ehsan	3 Storey Apartment for Hotel Operations (66 units) / 2013 (72 units) / 2014	121,527 sq ft	Freehold/4	18,594
Mukim Setul Seremban Negeri Sembilan Darul Khusus	Agriculture Land for Oil Palm Cultivation	172.90 acres	99 years lease expiring in 2081	10,561
Mukim Ampang Kuala Lumpur Wilayah Persekutuan KL	Development Land Approved for Housing	0.24 acres	99 years lease expiring in 2091	743

# Properties of the Group (Cont'd)

As At 30 June 2016

Address / Location	Description/ Year of Acquisition or Revaluation	Approximate Land/Floor Area	Tenure/Age of Building (years)	Carrying Value (RM'000)
<b>Investment Properties</b>				
<b>Sungai Petani</b>				
1 & 2 Jalan Bank Sungai Petani Kedah Darul Aman	6 Storey Office Building/ 1993	25,254 sq ft	Freehold/20	1,987
7 & 8 Jalan Bank Sungai Petani Kedah Darul Aman	3 Storey Office Building/ 2004	12,861 sq ft	Freehold/13	1,294
Mukim Sungai Petani District of Kuala Muda Kedah Darul Aman	Vacant development land	4.29 acres	Freehold	10,284
<b>Kulim</b>				
32 - 42 Lorong Semarak 2 Taman Semarak Kulim Kedah Darul Aman	3 Storey Shophouses/ 1996	49,050 sq ft	Freehold/21	1,291
968 - 990 Jalan Lembah Impiana 7 Lembah Impiana III Kulim Kedah Darul Aman	2 Storey Shophouses/ 2015	78,943 sq ft	Freehold/ under Construction	7,336
Mukim Sidam Kanan District of Kulim Kedah Darul Aman	1½ Storey Detached Supermarket in progress	73,761 sq ft	Freehold	814
<b>Selangor</b>				
No. 20 Jalan Seroja 6 Taman Seroja Bandar Baru Salak Tinggi Selangor Selangor Darul Ehsan	2 Storey Shop/ 2009	3,080 sq ft	99 years lease expiring in 2094/7	221
Mukim Dengkil District of Sepang Selangor Darul Ehsan	Vacant development land	3.06 acres	Freehold	2,355
Mukim Dengkil District of Sepang Selangor Darul Ehsan	Vacant development land	0.79 acres	99 years lease expiring in 2108	2,584

# Properties of the Group (Cont'd)

As At 30 June 2016

Address / Location	Description/ Year of Acquisition or Revaluation	Approximate Land/Floor Area	Tenure/Age of Building (years)	Carrying Value (RM'000)
<b>Land Held for Property Development</b>				
<b>Sungai Petani</b>				
Mukim Sungai Petani District of Kuala Muda Kedah Darul Aman	Development Land Approved for Housing	57.11 acres	Freehold	18,156
<b>Kulim</b>				
Bandar Kulim District of Kulim Kedah Darul Aman	Development Land Approved for Housing	18.16 acres	Freehold	4,700
Bandar Kulim District of Kulim Kedah Darul Aman	Vacant Land for Future Development	28.08 acres	Freehold	946
Bandar Kulim District of Kulim Kedah Darul Aman	Agriculture Land for Future Development	0.38 acres	Freehold	14
Mukim Sidam Kanan District of Kulim Kedah Darul Aman	Development Land Approved for Housing	32.14 acres	Freehold	7,115
Mukim Pekan Pulau District of Baling Kedah Darul Aman	Development Land Approved for Housing	3.23 acres	Freehold	2,956
<b>Selangor</b>				
Mukim Dengkil District of Sepang Selangor Darul Ehsan	Development Land Approved for Housing	63.82 acres	Freehold	43,052
Mukim Dengkil District of Sepang Selangor Darul Ehsan	Vacant Land for Future Development	3.90 acres	99 years lease expiring in 2094/2108	18,377
Mukim Sepang District of Sepang Selangor Darul Ehsan	Development Land Approved for Housing	3.35 acres	Freehold	934

# Development Land Under Landowner and Developer Agreement

As At 30 June 2016

Location	Approximate Land Area	Tenure	Advances to Landowners (RM'000)
<b>Kedah</b>			
Mukim Sungai Petani, Bandar Bedong/Sungai Lalang District of Kedah Kedah Darul Aman	107.99 acres	Freehold	208
<b>Selangor / Gombak / Melaka / Kuala Lumpur</b>			
Mukim Labu District of Sepang Selangor Darul Ehsan	13.14 acres	Freehold	3,140
Mukim Dengkil District of Sepang Selangor Darul Ehsan	90.30 acres	99 years lease expiring between 2093 – 2106	12,736
Mukim Dengkil District of Sepang Selangor Darul Ehsan	22.97 acres	Freehold	6,732
Mukim Setapak District of Gombak Selangor Darul Ehsan	19.17 acres	99 years lease expiring in 2094	5,930
Mukim Bukit Katil District of Melaka Tengah Melaka	10.79 acres	99 years lease expiring between 2105 – 2110	–
Mukim Ampang District of Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	0.29 acres	99 years lease expiring in 2104	300

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting ("AGM") of **ORIENTAL INTEREST BERHAD** ("OIB" or "the Company") will be held at Dewan Bankuet Jubli Emas, Royal Kedah Club, Pumphong, 05250 Alor Setar, Kedah Darul Aman on Monday, 21 November 2016 at 11.00 a.m. for the following purposes:

## AGENDA

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2016 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors retiring pursuant to Article 80 of the Articles of Association of the Company:
  - (a) Tunku Mohamad Zulkifli Bin Osman **Ordinary Resolution 1**
  - (b) Mr. Low Kok Kean **Ordinary Resolution 2**
3. To approve the payment of Directors' fees for the financial year ended 30 June 2016. **Ordinary Resolution 3**
4. To re-appoint Messrs KPMG and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

### AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions with or without modifications.

5. **AUTHORITY TO ALLOT AND ISSUE SHARES BY DIRECTORS PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **Ordinary Resolution 5**

"THAT pursuant to Section 132D of the Companies Act, 1965 ("the Act"), the Directors be and are hereby empowered to allot and issue shares in the Company, at any time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company at the time of issue and THAT the Directors be and are hereby 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."
6. **PROPOSED ADDITIONAL AND RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** **Ordinary Resolution 6**

"THAT, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to OIB and its subsidiaries ("the Group") to enter into and to give effect to the recurrent related party transactions of a revenue or trading nature as specified in Section 2 of the Circular to Shareholders dated 28 October 2016, provided that such arrangements and/or transactions which are necessary for the Group's day to day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company ("Proposed Additional and Renewal of Shareholders' Mandate") and the shareholders' mandate is subject to annual renewal and disclosure being made in the Annual Report of aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and that such approval shall continue to be in force until:

  - (i) the conclusion of the next AGM of the Company at which time it will lapse, unless by a resolution passed at the said AGM, the authority is renewed; or
  - (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
  - (iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier.

# Notice of Annual General Meeting (Cont'd)

## AS SPECIAL BUSINESS (CONT'D)

### 6. PROPOSED ADDITIONAL AND RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (CONT'D)

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Additional and Renewal of Shareholders' Mandate."

7. To transact any other business of which due notice shall have been given.

By Order of the Board

**TAI YIT CHAN** (MAICSA 7009143)  
**ONG TZE-EN** (MAICSA 7026537)  
Company Secretaries

Selangor Darul Ehsan  
28 October 2016

#### Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where a member appoints two (2) proxies the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. 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 the corporation's seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 14 November 2016 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

# Notice of Annual General Meeting (Cont'd)

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## Explanatory Notes

### Ordinary Resolution 5

#### Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 5, if passed, will empower the Directors to issue shares up to an aggregate amount not exceeding 10% of the issued and paid-up share capital of the Company for the time being, for such purposes as the Directors consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM.

This is a renewal of the mandate obtained from its shareholders at the last AGM held on 23 November 2015 and will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares for purpose of funding future investment, working capital and/or acquisitions.

The Company had not issued any new shares pursuant to Section 132D of the Act, under the general mandate which was approved at the Twenty-Second AGM of the Company.

### Ordinary Resolution 6

#### Proposed Additional and Renewal of Shareholders' Mandate

The proposed Ordinary Resolution 6, if passed, will approve the Proposed Additional and Renewal of Shareholders' Mandate and allow the Company and its subsidiaries to enter into recurrent related party transactions as set out in Section 2 of the Circular to the Shareholders in relation to the Proposed Additional and Renewal of Shareholders' Mandate dated 28 October 2016.

### Statement Accompanying

#### Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirement)

No individual is standing for election as a Director at the forthcoming Twenty-Third AGM of the Company.



# Additional Compliance Information

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## Non-audit Fees

Non-audit fees incurred by both the Company and the Group for services rendered by external auditors of the Company for the financial year amounted to RM3,000.

## Material Contracts and Contracts Relating to Loans

During the financial year, there were no material contracts or contracts relating to loans entered into by the Company or its subsidiaries involving interests of Directors and major shareholders of the Company.

## Recurrent Related Party Transactions

The details of significant recurrent related party transactions conducted during the financial year ended 30 June 2016 pursuant to the shareholders' mandate obtained by the Company at the Annual General Meeting held on 23 November 2015 are as set out under Note 33 of the Audited Financial Statements for the financial year ended 30 June 2016 in this Annual Report and also in the Circular to Shareholders dated 28 October 2016 seeking approval for Proposed additional and renewal of shareholders' mandate for recurrent related party transactions of a revenue and trading nature.



Oriental Interest Berhad  
(Company No. 272144-M)  
(Incorporated in Malaysia under the Companies Act, 1965)

# Proxy Form

CDS Account No.:

No. of ordinary shares held:

I/We \_\_\_\_\_ (Full name in Block Letters and NRIC / Company No.)

of \_\_\_\_\_ and \_\_\_\_\_ (Address) (Tel. No.)

being a member/ members of the Company, hereby appoint

Full Name and Address (in Block Letters)	NRIC / Passport No.	No. of Shares	% of Shareholding

\* and/or (\*delete if not applicable)

Full Name and Address (in Block Letters)	NRIC / Passport No.	No. of Shares	% of Shareholding

or failing him/her, the Chairman of the Company as my/our proxy(ies), to vote for me/us and on my/our behalf at the Twenty-Third Annual General Meeting of the Company to be held at Dewan Bankuet Jubli Emas, Royal Kedah Club, Pumphong, 05250 Alor Setar, Kedah Darul Aman on Monday, 21 November 2016 at 11.00 a.m. and at any adjournment thereof in the manner indicated below:

No.	Ordinary Resolutions	For	Against
1.	Re-election of Tunku Mohamad Zulkifli Bin Osman		
2.	Re-election of Low Kok Kean		
3.	Approval of Directors' Fees		
4.	Re-appointment of Messrs KPMG as Auditors of the Company		
5.	Authority under Section 132D of the Companies Act, 1965 for the Directors to allot and issue shares		
6.	Proposed Additional and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

(Please indicate with an "x" in the space provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

Signed this \_\_\_\_\_ day of November, 2016.

\_\_\_\_\_  
Signature/ Common Seal

## Notes:

- 1 A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
- 2 A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where a member appoints two (2) proxies the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- 3 Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- 4 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 the corporation's seal or under the hand of an officer or attorney duly authorised.
- 5 The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
- 6 In respect of deposited securities, only members whose names appear on the Record of Depositors on 14 November 2016 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

## Personal Data Privacy:

By submitting the duly executed proxy form, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the Annual General Meeting of the Company and any adjournment thereof.

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**ORIENTAL INTEREST BERHAD**

c/o BOARDROOM CORPORATE SERVICES (KL) SDN. BHD.  
Lot 6.05, Level 6, KPMG Tower  
8 First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan

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