



**ORIENTAL
HOLDINGS
BERHAD** (5286-U)

ANNUAL REPORT
2015

CONTENTS

02	Notice of Meeting
05	Dividend Announcement
06	Statement on Proposed Renewal of Authority to Purchase its Own Stocks
10	Corporate Information
11	Profile of Directors
18	Name of Subsidiaries and Associates
20	Group Structure as at 31 December 2015
21	Chairman's Statement
24	Five-Year Group Financial Summary
25	Financial Highlights of the Group
26	Plantation Statistics
27	Financial Calendar
28	Statement on Corporate Governance
39	Other Information and Disclosure
43	Audit Committee Report
46	Terms of Reference of the Audit Committee
50	Statement on Internal Control
54	Corporate Social Responsibility Statement
56	Financial Statements for the Year Ended 31 December 2015
186	Ten Largest Properties of the Group as at 31 December 2015
188	Stockholding Statistics
	Form of Proxy

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Fourth Annual General Meeting of stockholders of Oriental Holdings Berhad will be held at Sri Mas Ballroom, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 Penang on Thursday, 2 June 2016 at 2.30 pm for the following purposes:

Ordinary Business

- | | | |
|----|---|------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Directors' Report and Auditors' Report thereon. | |
| 2. | To declare a Final Single Tier Dividend of 6% and a Special Single Tier Dividend of 2% for the financial year ended 31 December 2015. | Ordinary Resolution 1 |
| 3. | To re-appoint the following Directors who retire in accordance with Section 129 of the Companies Act, 1965: | |
| | (a) Dato' Robert Wong Lum Kong, DSSA, JP | Ordinary Resolution 2 |
| | (b) Dato' Seri Lim Su Tong | Ordinary Resolution 3 |
| | (c) Dato' Ghazi bin Ishak | Ordinary Resolution 4 |
| | (d) Puan Sharifah Intan binti S. M. Aidid | Ordinary Resolution 5 |
| 4. | To re-elect the following Directors who retire in accordance with Article 133 of the Company's Articles of Association: | |
| | (a) Dato' Sri Tan Hui Jing | Ordinary Resolution 6 |
| | (b) Ms Mary Geraldine Phipps | Ordinary Resolution 7 |
| 5. | To re-elect Mr Nobuhide Nagata who retires in accordance with Article 138 of the Company's Articles of Association. | Ordinary Resolution 8 |
| 6. | To approve the Directors' Fees of RM90,000 each for the financial year ended 31 December 2015. | Ordinary Resolution 9 |
| 7. | To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 10 |

As Special Business, to consider and if thought fit, to pass with or without any modification, the following Ordinary Resolutions:

- | | | |
|----|---|------------------------|
| 8. | Proposed New and Renewal of Stockholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature
"THAT, pursuant to Chapter 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), a general mandate of the Stockholders be and is hereby granted to the Company and/or its subsidiaries to enter into the recurrent arrangements or transactions of a revenue or trading nature, as set out in the Company's Circular to Stockholders dated 29 April 2016 ("the Circular") with any person who is a related party as described in the Circular, provided that such transactions are undertaken in the ordinary course of business, on an arm's length basis, and on normal commercial terms, or on terms not more favourable to the Related Party than those generally available to the public and are not, in the Company's opinion, detrimental to the minority stockholders; and that disclosure will be made in the annual report of the aggregate value of transactions conducted during the financial year; and that such approval, unless revoked or varied by the Company in general meeting, shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." | Ordinary Resolution 11 |
|----|---|------------------------|

NOTICE OF MEETING

9. **Proposed Renewal of Stock Buy-Back**

Ordinary Resolution 12

"THAT, subject to compliance with Section 67A of the Companies Act, 1965 (as may be amended, modified or re-enacted from time to time) and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities, approval be and is hereby given to the Company to utilise up to RM327.2 million which represents the audited retained profits reserve of the Company as at 31 December 2015, otherwise available for dividend for the time being, to purchase on Bursa Securities its own stocks up to 62,039,364 ordinary stocks of RM1.00 each representing 10% of the issued and paid up share capital of the Company of 620,393,638 ordinary stocks of RM1.00 each as at 25 March 2016 (including 31,808 Stocks retained as Treasury Stocks) AND THAT upon completion of the purchase(s) of the Stocks by the Company, the Stocks shall be dealt with in the following manner :

- (a) to cancel the Stocks so purchased; or
- (b) to retain the Stocks so purchased as treasury stocks for distribution as dividends to the stockholders and/or resell on the market of Bursa Securities; or
- (c) to retain part of the Stocks so purchased as treasury stocks and cancel the remainder.

whereby an announcement regarding the intention of the Directors of the Company in relation to the proposed treatment of the stocks purchased and rationale thereof will be made to Bursa Securities AND THAT such authority from the stockholders would be effective immediately upon passing of this Ordinary Resolution up till the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiry of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by Ordinary Resolution in a general meeting of stockholders of the Company) but not so as to prejudice the completion of a purchase by the Company or any person before the aforesaid expiry date, in any event, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authorities; AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary or expedient to implement or to effect the purchase of OHB Stocks."

10. To transact any other businesses of which due notice shall have been given in accordance with the Company's Articles of Association.

By Order of the Board

TAI YIT CHAN (MAICSA 7009143)

ONG TZE-EN (MAICSA 7026537)

Joint Company Secretaries

Penang, 29 April 2016

NOTICE OF MEETING

Notes:

1. A Member entitled to attend and vote at this meeting may appoint a proxy to attend and to vote on his behalf. A Member may appoint 2 proxies to attend on the same occasion. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Act shall not, apply to the Company. If a Member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his stockholdings to be represented by each proxy.
2. Where a Member of the Company is an authorised nominee as defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint up to 2 proxies in respect of each securities account it may holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a Member of the Company is an exempt authorised nominee which holds ordinary stocks in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. If the appointer is a corporation, the Form of Proxy must be executed under the Common Seal of the Company or under the hand of its attorney duly authorised in writing.
5. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company, Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.
6. Should you desire your Proxy to vote on the Resolutions set out in the Notice of Meeting, please indicate with an "X" in the appropriate space. If no specific direction as to voting is given, the Proxy will vote or abstain at his discretion.
7. In respect of deposited securities, only a Depositor whose name appears on the Record of Depositors on 26 May 2016 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote in his/her behalf.

Explanatory Note on Ordinary Business:

1. Agenda 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders of the Company, and hence, Agenda 1 is not put forward for voting.

Explanatory Notes on Special Business:

1. **Resolution pursuant to Proposed New and Renewal of Stockholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**
This Ordinary Resolution, if passed will approve the stockholders' mandate on Recurrent Related Party Transactions and allow the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions in accordance with Chapter 10 of the Listing Requirements of Bursa Securities. This approval shall continue to be in force until the conclusion of the next AGM or the expiration of the period within which the next AGM is required by the law to be held or revoked/varied by resolution passed by the stockholders in general meeting whichever is the earlier.
2. **Resolution pursuant to Proposed Renewal of Stock Buy-Back**
This Ordinary Resolution, if passed will allow the Company to purchase its own stocks. The total number of stocks purchased shall not exceed 62,039,364 stocks representing 10% of the issued and paid up share capital of the Company. This authority will, unless revoked or varied by the Company in general meeting, expires at the next AGM of the Company.

Statement of Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Listing Requirements)

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

DIVIDEND ANNOUNCEMENT

NOTICE IS HEREBY GIVEN that a depositor shall qualify for entitlement to the Final Single Tier Dividend of 6% and Special Single Tier Dividend of 2% only in respect of:

- (a) Stocks transferred into the Depositor's Securities Account before 4.00 p.m. on 15 June 2016 in respect of ordinary transfers; and
- (b) Stocks bought on Bursa Malaysia Securities Berhad on a cum dividend entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

The Final Single Tier Dividend and Special Single Tier Dividend, if approved, will be paid on 1 July 2016 to depositors registered in the Records of Depositors at the close of business on 15 June 2016.

STATEMENT ON PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN STOCKS

1. INTRODUCTION

At the AGM of the Company held on 9 June 2015, the Directors had obtained stockholders' approval to undertake the Proposed Stock Buy-Back of up to 10% of the issued and paid-up share capital of Oriental Holdings Berhad ("the Company" or "OHB") through Bursa Malaysia Securities Berhad ("Bursa Securities"). The Company's authority to undertake the Proposed Stock Buy-Back shall, in accordance with Bursa Securities's Guidelines Governing Share Buy-Back, lapses at the conclusion of the forthcoming AGM unless a new mandate is obtained from stockholders for the Proposed Stock Buy-Back.

Accordingly, the Company had on 7 April 2016 announced that the Directors proposed to seek authorisation from stockholders for a renewal of the Proposed Stock Buy-Back.

The purpose of this Statement is to provide you with the details pertaining to the Proposed Stock Buy-Back and to seek your approval for the related resolution which will be tabled at the forthcoming AGM.

2. PROPOSED RENEWAL OF AUTHORITY FOR THE STOCK BUY-BACK

As at the date of this Statement, the Company has bought back 100,000 Stocks from the open market. On 2 March 2001, 68,192 of the Treasury Stocks that were purchased were cancelled.

As at 7 April 2016, the issued and paid up share capital of the Company is RM620,393,638 comprising of 620,393,638 Stocks of RM1.00 each (including 31,808 Stocks retained as Treasury Stocks). The Directors seek the authority from the stockholders of the Company to purchase its Stocks up to ten per centum (10%) of the issued and paid-up share capital of OHB or 62,039,364 Stocks for the time being quoted on the Bursa Securities through its appointed stockbroker, Affin Hwang Investment Bank Berhad previously notified to the Bursa Securities.

The new mandate from stockholders will be effective immediately upon the passing of the Ordinary Resolution for the Proposed Stock Buy-Back up till the conclusion of the next AGM of OHB in the year 2017 unless the authority is further renewed by an Ordinary Resolution passed at the said AGM (either unconditionally or subject to conditions), or upon the expiration of the period within which the next AGM is required by law to be held, or if earlier revoked or varied by an Ordinary Resolution of the stockholders of the Company in a general meeting.

The Proposed Stock Buy-Back is subject to the compliance with Section 67A of the Companies Act, 1965 (as may be amended, modified or re-enacted from time to time) and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of purchase.

In accordance with the guidelines of the Bursa Securities, the Company may only purchase the Stocks on the Bursa Securities at a price which is not more than fifteen per centum (15%) above the weighted average market price for the past five (5) market days immediately preceding the date of the purchase(s). The Company may only resell the treasury stocks on the Bursa Securities at :

- a) a price which is not less than the weighted average market price for the Stocks for the past five (5) market days immediately prior to the resale; or
- b) a discount price of not more than 5% to the weighted average market price for the Stocks for the 5 market days immediately prior to the resale provided that :
 - i) the resale takes place no earlier than 30 days from the date of purchase; and
 - ii) the resale price is not less than the cost of purchase of the shares being resold.

The Directors will deal with the Stocks so purchased in the following manner :-

- a) to cancel the Stocks so purchased; or
- b) to retain the Stocks so purchased in treasury for distribution as dividend to the stockholders and/or resell on the market of the Bursa Securities; or
- c) to retain part of the Stocks so purchased as treasury stocks and cancel the remainder.

STATEMENT ON PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN STOCKS

2. PROPOSED RENEWAL OF AUTHORITY FOR THE STOCK BUY-BACK (cont'd)

An appropriate announcement will be made to the Bursa Securities in respect of the intention of the Directors whether to retain the Stocks so purchased as treasury stocks or cancel them or both as and when the Proposed Stock Buy-Back is executed.

3. RATIONALE FOR THE PROPOSED STOCK BUY-BACK

The Proposed Stock Buy-Back will give the Directors the flexibility to purchase Stocks, if and when circumstances permit, with a view to enhancing the earnings per stock of the Group and net asset per stock of the Company.

The Proposed Stock Buy-Back is not expected to have any potential material disadvantage to the Company and its stockholders as it will be exercised only after in-depth consideration of the financial resources of the Group and of the resultant impact on its stockholders.

3.1 Potential Advantages

The Proposed Stock Buy-Back if exercised, is expected to potentially benefit the Company and its stockholders as follows :

- The Company would expect to enhance the earnings per stock of the Group (in the case where the Directors resolve to cancel the Stocks so purchased or retain the Stocks in treasury and the treasury stocks are not subsequently resold), and thereby long term and genuine investors are expected to enjoy a corresponding increase in the value of their investments in the Company;
- If the Stocks bought back are kept as treasury stocks, it will give the Directors an option to sell the Stocks so purchased at a higher price and therefore make an exceptional gain for the Company. Alternatively the Stocks so purchased can be distributed as share dividends to stockholders; and
- The Company may be able to stabilize the supply and demand of its Stocks in the open market and thereby supporting its fundamental values.

3.2 Potential Disadvantages

The Proposed Stock Buy-Back, if exercised, will reduce the financial resources of OHB and may result in OHB having to forego other alternative investment opportunities which may emerge in the future, and it may reduce the financial resources of OHB for payment of dividends. Nevertheless, the Directors will be mindful of the interests of OHB and its stockholders when exercising the Proposed Stock Buy-Back.

4. FINANCIAL EFFECTS OF THE PROPOSED STOCK BUY-BACK

4.1 Share Capital

The Proposed Stock Buy-Back, if carried out in full and the Stocks so purchased are cancelled, the proforma effect on the issued and paid-up share capital of the Company will be as follows :

	No. of Stocks
Existing as at 7 April 2016	620,393,638
Proposed Stock Buy-Back (10% of the issued and paid up share capital, including 31,808 Treasury Stocks)	62,039,364
	<u>558,354,274</u>

However, there will be no effect on the issued and paid-up share capital of OHB if the Stocks so purchased are retained as Treasury Stocks.

STATEMENT ON PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN STOCKS

4. FINANCIAL EFFECTS OF THE PROPOSED STOCK BUY-BACK (cont'd)

4.2 Net Assets Per Stock

The effects of the Proposed Stock Buy-Back on the net assets per stock of the Group are dependent on the purchase prices of the OHB Stocks and the effective funding cost to the Company.

If all the OHB Stocks purchased are to be cancelled, the Proposed Stock Buy-Back will reduce the net asset per stock when the purchase price exceeds the net asset per stock at the relevant point in time. However, the net asset per stock will be increased when the purchase price is less than the net asset per stock at the relevant point in time. The net asset per stock is RM9.10 as per audited financial statements as at 31 December 2015.

4.3 Working Capital

The Proposed Stock Buy-Back, if exercised, will reduce the working capital of the Group, the quantum of which depends on the purchase price of OHB Stocks and the actual number of OHB Stocks purchased.

4.4 Earnings Per Stock

The effects of the Proposed Stock Buy-Back on the earnings per stock of the Group are dependent on the actual number of OHB Stocks bought back and the purchase prices of OHB Stocks and the effective funding cost to the Company.

4.5 Dividends

Assuming the Proposed Stock Buy-Back is implemented in full and the dividend quantum is maintained at historical levels, the Proposed Stock Buy-Back will have the effect of increasing the dividend rate of OHB as a result of the reduction in the issued and paid-up share capital of OHB as described under Section 3.1 above.

5. SOURCE OF FUNDS FOR THE PROPOSED STOCK BUY-BACK

The Proposed Stock Buy-Back will allow the Company to purchase its own stocks at any time within the above mentioned time period using internally generated funds of the Company.

The actual number of Stocks to be purchased, the total amount of funds to be utilized for each purchase and the timing of any purchase will depend on the market conditions and sentiments of the stock market, the financial resources available to the Company as well as the availability of the retained profits reserve and the share premium reserve of the Company.

The maximum amount of funds to be utilised for the Proposed Stock Buy-Back shall not exceed the aggregate of the retained profits reserve of the Company, otherwise available for dividend for the time being. Based on the audited financial statements as at 31 December 2015, the Company's retained earnings is RM327.2 million.

6. OTHER DISCLOSURES IN RELATION TO THE PROPOSED STOCK BUY-BACK

6.1 Public Stockholding Spread

The Proposed Stock Buy-Back will be made in compliance with the 25% stockholding spread as required by the Listing Requirements of Bursa Securities. As at 25 March 2016, the public stockholding spread of the Company is approximately 41.59% of its issued share capital.

STATEMENT ON PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN STOCKS

6. OTHER DISCLOSURES IN RELATION TO THE PROPOSED STOCK BUY-BACK (cont'd)

6.2 Purchases and Resale Made in the Previous Twelve (12) Months

OHB has not purchased any stocks in the previous 12 months preceding the date of this Statement. There was also no resale or cancellation of treasury stocks during the same period.

As at 31 December 2000, OHB had purchased a total of 100,000 of its own stocks and retained as Treasury Stocks. Out of 100,000 Stocks, 68,192 Stocks have been cancelled on 2 March 2001 and delisted from the Bursa Securities. The remaining of 31,808 Stocks are retained as Treasury Stocks. Treasury Stocks have no rights to voting, dividends, bonus issue and participation in other distribution.

6.3 Implication on The Malaysian Code On Take-Overs and Mergers 2010 ("the Code")

Boon Siew Sdn Bhd, a major stockholder of OHB by virtue of the management control exercised collectively by Datuk Loh Kian Chong, Dato' Robert Wong Lum Kong, DSSA, JP, Dato' Seri Lim Su Tong @ Lim Chee Tong, Ms Tan Kheng Hwee and Dato' Sri Tan Hui Jing, is deemed to be a Party Acting in Concert with these Directors.

The Proposed Stock Buy-Back, if fully exercised will result in the equity interest of Boon Siew Sdn Bhd increasing from 43.0% to 47.8%. If the increase is more than 2% over a 6 month period, Boon Siew Sdn Bhd will be obliged under Part II of the Code to undertake a Mandatory General Offer for the remaining ordinary stocks in OHB not already held by them.

The Directors, Datuk Loh Kian Chong, Dato' Robert Wong Lum Kong, DSSA, JP, Dato' Seri Lim Su Tong @ Lim Chee Tong, Ms Tan Kheng Hwee, Dato' Sri Tan Hui Jing and Boon Siew Sdn Bhd will seek Securities Commission's approval for a waiver from the obligation to undertake a Mandatory General Offer under Practice Note 9 of the Code, which is in respect of exemption for holders of voting shares, directors and persons acting in concert when a company purchases its own voting shares.

In the event the Proposed Waiver is not granted, the Company will not proceed with the Proposed Stock Buy-Back.

7. INTERESTS OF DIRECTORS, SUBSTANTIAL STOCKHOLDERS AND PERSONS CONNECTED

The Directors, Substantial Stockholders and Persons Connected with the Directors and/or Substantial Stockholders of the OHB Group have no direct or indirect interest in the Proposed Stock Buy-Back and resale of treasury stocks.

8. DIRECTORS' RECOMMENDATION

Having considered all aspects of the Proposed Stock Buy-Back, the Directors are of the opinion that the Proposed Stock Buy-Back is in the best interest of the Group. The Directors recommend that you vote in favour of the resolution pertaining to the Proposed Stock Buy-Back to be tabled at the forthcoming AGM.

9. BURSA SECURITIES

Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or reliance upon the whole or any part of the contents of this Statement. Bursa has not reviewed this Statement prior to its issuance.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Chairman

Datuk Loh Kian Chong *D.M.S.M.*

Executive Directors

Dato' Robert Wong Lum Kong
D.S.S.A., J.P.

Dato' Seri Lim Su Tong
D.G.P.N., D.S.P.N.

Tan Kheng Hwee

Dato' Sri Tan Hui Jing
S.S.A.P., P.K.T., P.J.K.

Non-Executive Directors

Sharifah Intan binti S. M. Aidid

Mary Geraldine Phipps

Dato' Ghazi bin Ishak *D.S.S.A.*

Lee Kean Teong

Nobuhide Nagata

Datin Loh Ean
(Alternate Director to
Dato' Robert Wong Lum Kong
D.S.S.A., J.P.)

EXCO COMMITTEE

Chairman

Datuk Loh Kian Chong

Members

Dato' Robert Wong Lum Kong
D.S.S.A., J.P.

Dato' Seri Lim Su Tong

Tan Kheng Hwee

Dato' Sri Tan Hui Jing

AUDIT COMMITTEE

Chairman

Mary Geraldine Phipps

Members

Dato' Ghazi bin Ishak

Sharifah Intan binti S. M. Aidid

Lee Kean Teong

REMUNERATION COMMITTEE

Chairman

Dato' Ghazi bin Ishak

Members

Mary Geraldine Phipps

Sharifah Intan binti S. M. Aidid

Lee Kean Teong

NOMINATING COMMITTEE

Chairman

Mary Geraldine Phipps

Members

Dato' Ghazi bin Ishak

Sharifah Intan binti S. M. Aidid

Lee Kean Teong

RISK MANAGEMENT COMMITTEE

Chairman

Mary Geraldine Phipps

Members

Dato' Robert Wong Lum Kong
D.S.S.A., J.P.

Dato' Seri Lim Su Tong

Tan Kheng Hwee

Wong Tet Look

COMPANY SECRETARIES

Tai Yit Chan (*MA/CSA 7009143*)
Ong Tze-En (*MA/CSA 7026537*)

REGISTERED OFFICE

Suite 16-1 (Penthouse Upper)
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang
Tel No : 04-2294390
Fax No : 04-2265860

SHARE REGISTRAR

AGRITEUM Share Registration
Services Sdn. Bhd.
2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang
Tel No : 04-2282321
Fax No : 04-2272391

AUDITORS

KPMG, Penang
Chartered Accountants

MAJOR BANKERS

Citibank Berhad
The Nova Scotia Bank Berhad
Standard Chartered Bank
Malaysia Berhad
United Overseas Bank
(Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Code : 4006

WEBSITE

www.ohb.com.my

PROFILE OF DIRECTORS

Datuk Loh Kian Chong | *Executive Chairman*

Datuk Loh Kian Chong, aged 40, a Malaysian, joined the Board as an Executive Director on 15 May 2009 and was appointed as Deputy Chairman on 8 November 2013. He assumed the position of Chairman on 1 January 2015.

Datuk Loh Kian Chong holds a Bachelor of Business in Property from Royal Melbourne Institute of Technology (RMIT), Australia.

He began his career as Director of Boon Siew Group of Companies in 2000. In May 2007, he was appointed as Deputy Chairman of Boon Siew Sdn. Bhd. He is a major shareholder of Boon Siew Sdn. Bhd. and in turn, a major stockholder of Oriental Holdings Berhad.

He is a Director of Penang Yellow Bus Company Berhad and Boon Siew Credit Berhad.

He attended all the 6 Board Meetings held in 2015.

He is the nephew of Dato' Robert Wong Lum Kong, DSSA, JP, Datin Loh Ean, Dato' Seri Lim Su Tong and the cousin of Dato' Sri Tan Hui Jing and Tan Kheng Hwee.

Dato' Robert Wong Lum Kong, DSSA, JP | *Group Managing Director*

Dato' Robert Wong Lum Kong, DSSA, JP, aged 75, a Malaysian, was appointed to the Board on 12 April 1976. He is the Group Managing Director in charge of the automotive division for Honda and Mitsubishi in Malaysia as well as the plastic division and industrial and commercial property division (Malaysia).

A Chartered Accountant and a Fellow of CPA Australia with Cost Accounting background from Australia, Dato' Wong became a member of CPA Australia in 1965, followed by membership in the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He is also a member of The Malaysian Institute of Directors and a Fellow of The Institute of The Motor Industry, (UK).

He has 52 years of experience in the business, corporate and entrepreneurship sectors, which started in 1964 when he assumed the post of General Manager and Director of a manufacturing and trading concern dealing in non-consumable products. From 1967 to 1971, he joined a Certified Public Accounting firm as Senior Accountant, and during this period, he was seconded to a stock broking firm for 1½ years to reorganize and manage the business. In 1971, he started his own Certified Public Accounting firm.

Dato' Wong joined Oriental Holdings Berhad Group in 1972 as General Manager and Advisor, with emphasis in the motor and motor-related businesses.

He is one of the five executive directors responsible for the overall business and management operations of the Group. He is also a member of the EXCO Committee and Risk Management Committee.

In addition, he is the Managing Director of the following Oriental Holdings Berhad subsidiaries, namely:

- Kah Motor Company Sdn Bhd – (Malaysian branches) since 1987;
- Kah Bintang Auto Sdn Bhd;
- Kah Classic Auto Sdn Bhd;
- Happy Motoring Co. Sdn Bhd, exclusive distributor of Honda automobiles in Brunei.

He also established Teck See Plastic Group as an integrated one-stop center for designing, compounding and manufacturing of automotive and consumer products.

PROFILE OF DIRECTORS

Dato' Robert Wong Lum Kong, DSSA, JP | *Group Managing Director (cont'd)*

Dato' Wong is in charge of the automotive business in Malaysia and Brunei as well as the plastic division of the Group locally and abroad. He is highly experienced in the motor industry, and has 44 years of experience encompassing distribution, assembly and marketing in both cars and motorcycles, as well as the manufacturing of components for the automotive (2-wheelers and 4-wheelers), electronics and parts industry both locally and overseas.

Dato' Wong is also very much devoted to public services and has held some notable memberships and positions, including among them, Associate Member of Commonwealth Magistrates & Judges Association, Honorary Rotarian, Trustee of The Spastic Children's Association of Selangor and Federal Territory, and Chairman of the 5th New Honda Circle Asia-Oceania Bloc Committee.

In recognition for achieving 11 consecutive years (1990 – 2000) in the No. 1 position for Honda in Malaysia in the non-national passenger car segment, the only company and country in the world to achieve this magnificent result, Dato' Wong received formal recognition during this period from various Honda directors, including the President and Managing Director of Honda Motor Co., Ltd. (Japan). Dato' Wong has also maintained the No. 1 position for Honda motorcycles in Malaysia in the non-national segment for 33 years and has developed over 300 professional Honda motorcycle dealers from bicycle shops. During this time, he also established a professional and successful network of Honda car dealers as well as Honda CKD parts' suppliers. Dato' Wong was involved in Kah Motor's - Boon Siew Honda motorcycle assembly plant, which entered the Malaysian Book of Records as the first motorcycle assembly plant in Malaysia and he continues to be involved in Oriental Assemblers Sdn Bhd's automotive assembly plant.

In recognition of his outstanding and exemplary achievements in entrepreneurship, Dato' Wong was awarded the Entrepreneur of the Year Award by Enterprise Asia in its Asia Pacific Entrepreneurship Awards 2010 (APEA 2010), the Great Entrepreneur Brand Icon Leadership Award 2011, the Brand Personality Award 2012-2013 from the BrandLaureate Asia Pacific Brands Foundation as well as the Malaysia Business Leadership Awards 2010 – Automotive Award, from the Kuala Lumpur Malay Chamber of Commerce and The Leaders Magazine. In addition, in recognition of his contributions in the field of leadership, he was awarded the Lifetime Achievement Global Leadership Award 2011 and the Lifetime Achievement Master Class Award in 2011 from ASEAN Retail Chains & Franchise Federation.

He is also a director of subsidiaries and associates of Oriental Holdings Berhad involving hotels and resorts, plantation, investment properties and trading of building material products, healthcare, construction machinery, safety driving centers and finance.

He is the Managing Director of Boon Siew Sdn Bhd since 1987, a company with controlling interest in Oriental Holdings Berhad, and its subsidiary and associate companies. Amongst his other directorships, he is a director of Hicom-Honda Manufacturing Malaysia Sdn Bhd, a joint-venture between DRB-Hicom Berhad, Honda Motor Co. and Boon Siew Sdn Bhd in the manufacture of motorcycle engines and components. He is also a director of Hitachi Construction Machinery (Malaysia) Sdn Bhd and Singapore Safety Driving Centre Ltd.

He was a founding member of the Audit Committee since its formation on 27 April 1994 until his resignation on 31 January 2009.

He attended all the 6 Board meetings held in 2015.

He is the spouse of Datin Loh Ean. Dato' Robert Wong Lum Kong, DSSA, JP is the eldest brother-in-law of Dato' Seri Lim Su Tong and the uncle of Datuk Loh Kian Chong, Dato' Sri Tan Hui Jing and Tan Kheng Hwee.

PROFILE OF DIRECTORS

Dato' Seri Lim Su Tong | *Group Managing Director*

Dato' Seri Lim, aged 71, a Malaysian, was appointed to the Board on 1 July 1974. He is currently the Group Managing Director in charge of the investment and development of properties, trading of building material products and plantation divisions of the Group.

Dato' Seri Lim, a Bachelor of Arts (Hons) Economics graduate, has over 40 years of experience in business operations.

He is one of the five Executive Directors responsible for the overall business and management operations of the Group.

He is a Director of several subsidiaries involved in hotels and resorts, automotive and plastic parts industries.

He is also a Managing Director of Boon Siew Sdn. Bhd. and Boon Siew Credit Berhad and a Director of Penang Yellow Bus Company Berhad.

He attended all the 6 Board Meetings held in 2015.

He is the brother-in-law of Dato' Robert Wong Lum Kong, DSSA, JP, Datin Loh Ean and the uncle of Datuk Loh Kian Chong, Dato' Sri Tan Hui Jing and Tan Kheng Hwee.

Tan Kheng Hwee | *Executive Director*

Ms. Tan Kheng Hwee, aged 50, a Singaporean, joined the Board as an Executive Director on 1 January 2015. She was previously an Alternate Director to Dato' Seri Loh Cheng Yean who retired from the Board on 31 December 2014.

Ms. Tan holds a Bachelor of Arts in Economics, Cornell University and also a MBA in Finance, New York University. She worked in Deloitte and Touche in New York City (International Tax) for a year before joining Kah Motor Singapore Branch as a Finance Manager in 1993. She is currently the Executive Director in charge of the Honda automobile business in Singapore as well as Hotels & Resorts division.

She is a Director of Boon Siew Credit Berhad and Penang Yellow Bus Company Berhad.

She attended all the 6 Board Meetings held in 2015.

She is the niece of Dato' Robert Wong Lum Kong, DSSA, JP, Datin Loh Ean, Dato' Seri Lim Su Tong and the cousin of Datuk Loh Kian Chong and Dato' Sri Tan Hui Jing.

PROFILE OF DIRECTORS

Dato' Sri Tan Hui Jing | *Executive Director*

Dato' Sri Tan Hui Jing, aged 35, a Malaysian, joined the Board as a Non-Independent Non-Executive Director on 1 February 2014 and was re-designated as an Executive Director on 1 January 2015.

Dato' Sri Tan Hui Jing holds a Bachelor of Business Systems degree from Monash University, Clayton, Australia.

He began his career as Sales and Marketing Executive in Boon Siew Sdn. Bhd. in 2004. In 2006, he was appointed as Director of Boon Siew Honda Sdn. Bhd.. He is currently the Deputy CEO and Deputy Chairman of Boon Siew Honda Sdn. Bhd.

He is the Director in charge of Armstrong Auto Parts Group and Healthcare division. In addition, he is the Representative Director of Oriental Holdings Berhad in Boon Siew Honda Sdn. Bhd., Honda Autoparts Manufacturing (M) Sdn. Bhd., Honda Malaysia Sdn. Bhd. and Hitachi Construction Machinery (Malaysia) Sdn. Bhd.

He attended all the 6 Board Meetings held in 2015.

He is the nephew of Dato' Robert Wong Lum Kong, DSSA, JP, Datin Loh Ean, Dato' Seri Lim Su Tong and the cousin of Datuk Loh Kian Chong and Tan Kheng Hwee.

Sharifah Intan binti S. M. Aidid | *Non-Independent Non-Executive Director*

Puan Sharifah, aged 81, a Malaysian, is a Non-Independent Non-Executive Director. She joined the Board on 25 July 2002.

After 20 years in the teaching profession, she took up law in 1980 and was called to the Bar in 1985. She is currently a consultant in Messrs. Lim Huck Aik & Co, Advocates & Solicitors.

She is also a director of Boon Siew Honda Sdn. Bhd., Penang Yellow Bus Company Berhad and Chainferry Development Sdn. Berhad.

She is a member of the Audit Committee, Nominating Committee and Remuneration Committee.

She attended all the 6 Board Meetings held in 2015.

Puan Sharifah does not have any family relationship with any other Director and/or major stockholder of the Company.

PROFILE OF DIRECTORS

Mary Geraldine Phipps | *Independent Non-Executive Director*

Ms. Mary Geraldine Phipps, aged 67, a Malaysian, was appointed to the Board as an Independent Non-Executive Director of the Company on 14 August 2009. She is the Chairman of the Audit Committee, Risk Management Committee and Nominating Committee. She is also a member of Remuneration Committee.

In 1976, she became a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants in 1982. In 1992, she became a member of the Malaysian Institute of Taxation and is currently a Fellow of the Malaysian Institute of Taxation.

In 1982, she was made a partner of KPMG, specializing in taxation. In 1990, she was appointed Managing Partner of the Penang practice of KPMG, a position she held until her retirement in December 2004. During this time, she was also a Director of KPMG Tax Services Sdn Bhd. Her expertise is in taxation and her experience in tax advisory and consultancy services covered a diversified range of industries. She was the Tax/Client Partner for multinational clients of KPMG's international offices with manufacturing facilities in Penang.

She currently sits on the Boards of SLP Resources Berhad and PBA Holdings Bhd. She is the Chairman of the Audit Committee in PBA Holdings Bhd.

She attended all the 6 Board Meetings held in 2015.

She does not have any family relationship with any other Director and/or major stockholder of the Company.

Dato' Ghazi bin Ishak | *Independent Non-Executive Director*

Dato' Ghazi, aged 72, a Malaysian, was appointed to the Board as an Independent Non-Executive Director on 22 September 2010.

Dato' Ghazi, a lawyer by profession, is a Barrister at Law from Lincoln's Inn London, United Kingdom. He was called to the English Bar in 1971 and joined the Malaysian Government Legal Services upon his return in 1971. He was posted as a Magistrate in Kuala Lumpur and later as Acting President of Sessions Court in Malacca and Kuala Kubu Bharu, Selangor. He was appointed as Deputy Public Prosecutor Penang in 1975 and for a spell acted as State Legal Adviser, Penang.

He resigned from Government Service on 31 December 1976 and joined a legal firm, Messrs Presgrave & Matthews, as a Partner from 1 March 1977 until 1992 when he formed Messrs Ghazi & Lim.

Dato' Ghazi is one of the most prominent litigation lawyers in Malaysia having litigated in landmark Malaysian cases in fields ranging from criminal, commercial, company, banking, construction, constitutional, land law and complex probate and administration matters involving jurisdictions in Australia, Singapore, America and England. He also handles labour, employment and industrial disputes. Dato' Ghazi also advises local authorities and other statutory bodies, including Universiti Sains Malaysia. His corporate experience includes joint venture agreements involving foreign partners.

He is the Chairman of Remuneration Committee and a member of both Audit and Nominating Committees.

He currently sits on the Board of Wing Tai Malaysia Berhad.

He attended 5 out of 6 Board Meetings held in 2015.

Dato' Ghazi does not have any family relationship with any other Director and/or major stockholder of the Company.

PROFILE OF DIRECTORS

Lee Kean Teong | *Independent Non-Executive Director*

Mr. Lee Kean Teong, aged 57, a Malaysian, was appointed to the Board as an Independent Non-Executive Director on 31 March 2015.

He was with KPMG Malaysia for more than 35 years and was a partner until his retirement on 31 December 2014. He qualified as a Chartered Accountant of Malaysian Institute of Accountants (MIA) and is also a member of Malaysian Institute of Certified Public Accountants (MICPA) and a fellow member of CPA Australia.

He has extensive experience in audit and management consulting throughout his career. He was the engagement partner for a wide range of companies which included public listed companies and multinationals in various industries, mainly in manufacturing, property development and construction, hotel, stock broking and finance.

He is a member of the Audit Committee, Nominating Committee and Remuneration Committee.

Mr. Lee currently sits on the Board of Kian Joo Can Factory Berhad and Advance Information Marketing Berhad. He is also the Chairman of the Audit Committee in both companies.

He attended 4 out of 5 Board Meetings held since his appointment.

He does not have any family relationship with any other Director and/or major stockholder of the Company.

Nobuhide Nagata | *Non-Independent Non-Executive Director*

Mr. Nobuhide Nagata, aged 47, a Japanese was appointed to the Board as a Non-Independent Non-Executive Director on 1 April 2016.

Mr. Nobuhide Nagata graduated from Kobe University, Japan in March 1992.

He began his career as Staff Member in Mitsubishi Research Institute, Inc in April 1992. In September 1999, he worked for Honda Motor Co., Ltd. During his service in Honda Motor Co., Ltd, he worked as Staff Member in Future Research Office under Corporate Planning Division in October 1999 and was later appointed as Senior Staff in April 2000. In the following year, he was appointed as Senior Staff in Corporate Planning Office under same division in May 2001. In July 2004, he was appointed as Senior Staff in Motorcycle Department in China Operation Office, Regional Operations (China) in Japan and later as Assistant Manager in October 2004. In January 2005, he was appointed as Manager of Shanghai Office, China. He was later appointed as Manager of Honda Motor (China) Investment Co., Ltd. in March 2005. In October 2008, he worked as Assistant Manager in Business Planning Office, Motorcycle Business Planning Office in charge of motorcycle operations in Honda Motor Co., Ltd, Japan and subsequently appointed as Manager in June 2010. He took the role as President of A.P. Honda Co., Ltd. in Thailand in April 2014.

Mr. Nobuhide Nagata is currently the Chief Executive Officer of Boon Siew Honda Sdn. Bhd. and the representative of Honda Motor Co., Ltd.

He does not have any family relationship with any other Director and/or major stockholder of the Company.

PROFILE OF DIRECTORS

Datin Loh Ean | *Alternate Director*

Datin Loh Ean, aged 74, a Malaysian, was appointed as an Alternate Director to Dato' Robert Wong Lum Kong, DSSA, JP on 9 September 2010. Datin Loh Ean obtained higher education in England.

She started work in Boon Siew Sdn Bhd since 1965. She is a Director of Boon Siew Credit Berhad, Penang Yellow Bus Company Berhad, NGK Spark Plugs Malaysia Bhd., certain subsidiaries and associated companies of Oriental Holdings Berhad and Boon Siew Sdn Bhd.

She is the spouse of Dato' Robert Wong Lum Kong, DSSA, JP. She is the eldest sister-in-law of Dato' Seri Lim Su Tong and the aunt of Datuk Loh Kian Chong, Dato' Sri Tan Hui Jing and Tan Kheng Hwee.

Notes:-

- (a) Conflict of Interest
None of the Directors has any conflict of interest with the Group.
- (b) Convictions of Offences
None of the Directors has been convicted of any offences within the past 10 years.

NAME OF SUBSIDIARIES AND ASSOCIATES

AAP	:	Armstrong Auto Parts Sdn. Berhad
ACP	:	Armstrong Cycle Parts (Sdn.) Berhad
ACPV	:	Armstrong Component Parts (Vietnam) Co., Ltd
AI	:	Armstrong Industries Sdn. Bhd.
AR	:	Armstrong Realty Sdn. Bhd.
ATS	:	Armstrong Trading & Supplies Sdn. Bhd.
BBDS	:	Bukit Batok Driving Centre Ltd.
Bint	:	Bayview International Sdn. Bhd.
BSB	:	Boon Siew (Borneo) Sendirian Berhad
BSH	:	Boon Siew Honda Sdn. Bhd.
BSKah	:	B. S. Kah Pte. Ltd.
CC	:	Compounding & Colouring Sdn. Bhd.
ChDev	:	Chainferry Development Sdn. Berhad
DF	:	Dragon Frontier Sdn. Bhd.
Gbay	:	Geographe Bay Motel Unit Trust
HAP	:	Honda Autoparts Manufacturing (M) Sdn. Bhd.
HCM	:	Hitachi Construction Machinery (Malaysia) Sdn. Bhd.
HM	:	Happy Motoring Co. Sdn. Bhd.
HTSM	:	Hicom-Teck See Manufacturing Malaysia Sdn. Bhd.
Juta	:	Jutajati Sdn. Bhd.
KC	:	Kah Classic Auto Sdn. Bhd.
Kah M	:	Kah Motor Company Sdn. Berhad
KAust	:	Kah Australia Pty Limited
KBA	:	Kah Bintang Auto Sdn. Bhd.
Ken	:	Kenanga Mekar Sdn. Bhd.
KMA	:	KM Agency Sdn. Bhd.
KNZ	:	Kah New Zealand Limited
KP	:	Kah Power Products Pte. Ltd.
KPCL	:	Kingdom Properties Co. Limited
KST	:	Kasai Teck See Co., Ltd.
KTSM	:	Kasai Teck See (Malaysia) Sdn. Bhd.
KWE	:	Kwong Wah Enterprise Sdn. Bhd.
KU	:	Konkrit Utara Sdn. Bhd.
LBSE	:	Loh Boon Siew Education Sdn. Bhd.
LEM	:	Lipro Electrical Manufacturing Sdn. Bhd.
LMold	:	Lipro Mold Engineering Sdn. Bhd.
LT	:	Lipro Trading Sdn. Bhd.
MSM	:	Melaka Straits Medical Centre Sdn. Bhd.
NILAM	:	Nilam Healthcare Education Centre Sdn. Bhd.
NME	:	North Malaya Engineers Trading Company Sdn. Berhad
NMEO	:	North Malaya Engineers Overseas Sdn. Bhd.
NMX	:	North Malaya (Xiamen) Steel Co., Ltd.
OA	:	Oriental Assemblers Sdn. Bhd.
OAA	:	Oriental Asia (Aust.) Pty Ltd

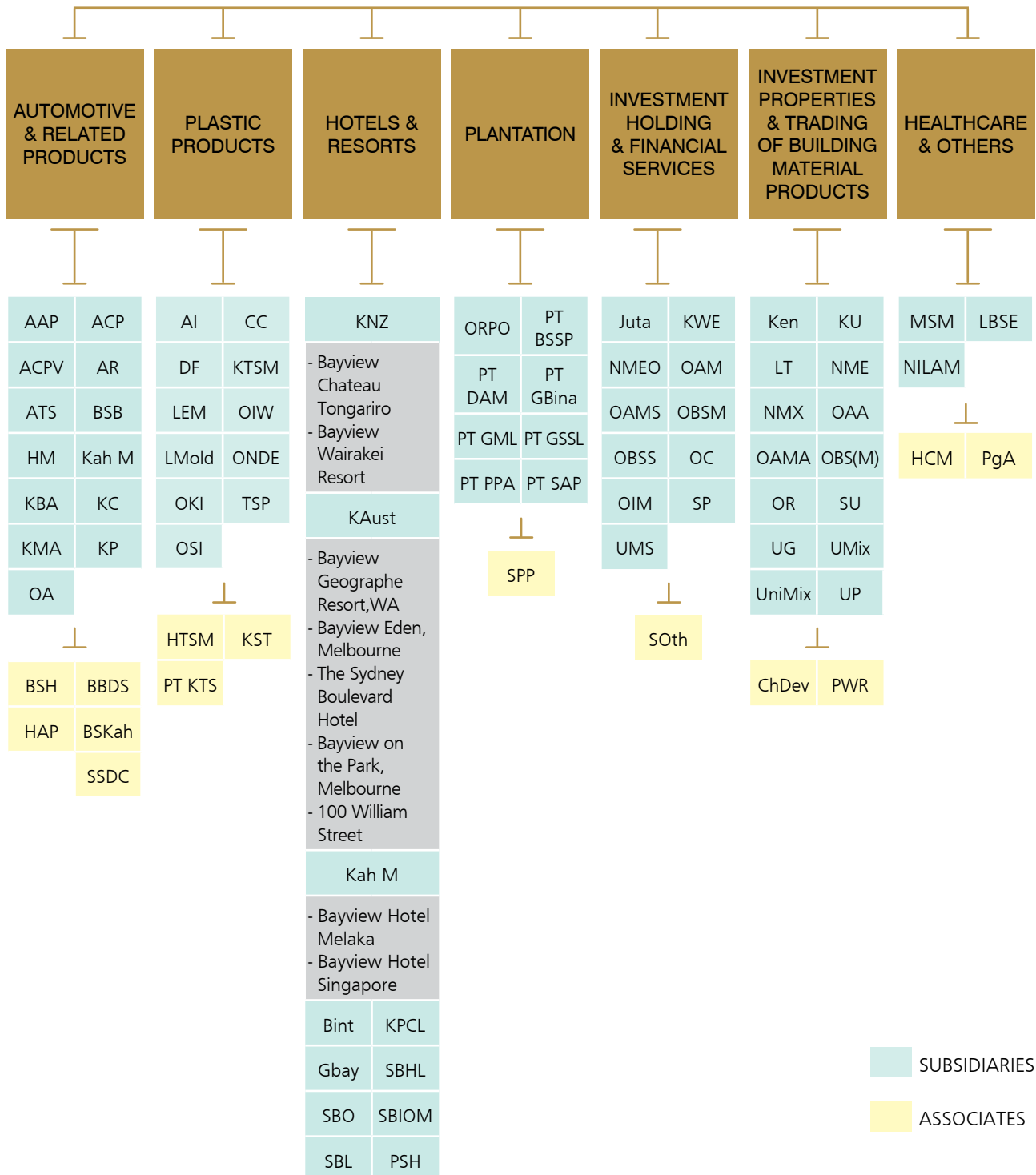
NAME OF SUBSIDIARIES AND ASSOCIATES

OAM	:	Oriental Asia (Mauritius) Pte. Ltd.
OAMA	:	OAM (Aust) Pty Ltd
OAMS	:	OAM Asia (Singapore) Pte. Ltd.
OBSM	:	Oriental Boon Siew (Mauritius) Pte. Ltd.
OBS(M)	:	Oriental Boon Siew (M) Sdn. Bhd.
OBSS	:	OBS (Singapore) Pte. Ltd.
OC	:	Syarikat Oriental Credit Berhad
OIM	:	Oriental International (Mauritius) Pte. Ltd.
OIW	:	Oriental Industries (Wuxi) Co., Ltd.
OKI	:	PT Oriental Kyowa Industries
ONDE	:	Oriental Nichinan Design Engineering Sdn. Bhd.
OR	:	Oriental Realty Sdn. Berhad
ORPO	:	Oriental Rubber & Palm Oil Sdn. Berhad
OSI	:	Oriental San Industries Sdn. Bhd.
PgA	:	Penang Amusements Company Sdn. Berhad
PSH	:	Park Suanplu Holdings Co., Ltd.
PT DAM	:	PT Dapo Agro Makmur
PT GBina	:	PT Gunungsawit Binalestari
PT GML	:	PT Gunung Maras Lestari
PT GSSL	:	PT Gunung Sawit Selatan Lestari
PT BSSP	:	PT Bumi Sawit Sukses Pratama
PT PPA	:	PT Pratama Palm Abadi
PT SAP	:	PT Surya Agro Persada
PT KTS	:	PT Kasai Teck See Indonesia
PWR	:	Penang Wellesley Realty Sdn. Berhad
SBHL	:	Silver Beech Holdings Limited
SBIOM	:	Silver Beech (IOM) Limited
SBO	:	Silver Beech Operations UK Limited
SBL	:	Suanplu Bhiman Limited
SP	:	Selasih Permata Sdn. Bhd.
SPP	:	Southern Perak Plantations Sdn. Berhad
SOth	:	Super Othello Sdn. Bhd.
SSDC	:	Singapore Safety Driving Centre Ltd.
SU	:	Simen Utara Sdn. Bhd.
TSP	:	Teck See Plastic Sdn. Bhd.
UG	:	Ultra Green Sdn. Bhd.
UMix	:	Unique Mix (Penang) Sdn. Bhd.
UniMix	:	Unique Mix Sdn. Bhd.
UP	:	Unique Pave Sdn. Bhd.
UMS	:	Unique Mix (Singapore) Pte. Ltd.

GROUP STRUCTURE

AS AT 31 DECEMBER 2015

ORIENTAL HOLDINGS BERHAD



CHAIRMAN'S STATEMENT

As 2015 finished its run, it brought to a close a challenging and demanding year for Oriental Holdings Berhad ("Oriental"). You will recall my mentioning last year that we anticipated mixed performance results amidst trying circumstances where external economic and tense geo-political conditions to aggravate the negative economic trends. Nevertheless, I am glad that we ended 2015 and my second year of leading this conglomerate fully focused on the delivery of our strategies across a broad spectrum of business operations. We withstood the trials and emerged with decent financial results.

On that note, I am pleased, on behalf of the Board of Directors of Oriental, to present the Annual Report and Consolidated Financial Statements for the financial year ended 31 December 2015 ("FY2015").

FINANCIAL PERFORMANCE

During the year 2015, Malaysia grappled with severe headwinds on the economic front which weighed down on our economy and affected consumers. These included unanticipated global commodity and currency shocks with currencies of emerging economies, including Ringgit Malaysia, slumping against major world currencies, financial market turbulence, sudden reversal of capital flows, implementation of the Goods and Services Tax Act 2014 ("GST") and high cost of living. Amidst these hardships, Oriental has managed to leverage on our resilient nature and strong fundamentals to report record topline growth propelled by strong demand in the markets where we operate.

Group revenue soared by almost 26% to RM4.40 billion, the highest in the past 5 years, powered by our automotive segment which recorded increased car sales in Singapore and Malaysia. Despite the high revenue, our profit after tax contracted almost 30% to RM283.30 million from a high of RM408.70 million reported in FY2014.

As a result, our earnings per stock of 43.92 sen reflected a 17.7% drop from 53.37 sen in FY2014. The contraction in profits was due mostly to higher operating costs from plantation and automotive segments as well as start-up cost in the newly launched healthcare segment. In reviewing the consolidated statement of financial position, I am pleased to report that total assets had grown exponentially to RM8.18 billion while stockholders' funds have strengthened to RM5.65 billion compared to FY2014 (RM6.96 billion and RM5.11 billion respectively). This translated into net asset value per stock of RM9.10 at end of FY2015, compared with RM8.23 reported for FY2014.

The Group's cash pile grew by 19.4% to RM2.89 billion (FY2014: RM2.42 billion) from operations. Robust allocation of capital and efficient management of assets have blessed the Group with the financial flexibility to capitalize on growth opportunities on a timely basis and to maximize shareholders' value.

The Automotive segment topped Group revenue and operating profits with an impressive 67.5% and 58.7% contribution respectively. Despite earlier expectation of a slow year in FY2015 following implementation of GST, tighter lending regime imposed by Bank Negara Malaysia and weakening of Ringgit Malaysia against major currencies resulting in increased costs, 2015 proved to be the best year so far with highest total industry volume recorded in recent years for the Automotive segment.

Retail sales were strongly aided by the introduction of an impressive line-up of popular and efficient vehicle models from Honda. Honda's aggressive production, strong branding and sleeker vehicles reinforced its position as the leader in non-national passenger vehicle segment in Malaysia for 2015.

On the other hand, the business landscape for the automotive manufacturing operations remained daunting as it faced severe cost up following steep depreciation of Ringgit Malaysia against major currencies during the year. Efforts have been made to restructure and downsize operations to reach optimum levels for enhanced efficiencies and general improvement across the board.

The confluence of uncertainties in global economic conditions, rising costs following implementation of GST and intense competition in the recent 2 years for market share of the lucrative electrical and automotive parts sub-segments have severely affected the Plastic segment's orders from major customers.

In part, we made significant progress in reducing operating costs through cost rationalization and various operational efficiency improvement initiatives. Notwithstanding the tough business and operating environment, the segment still managed to deliver operating profit of RM11.96 million in FY2015 on the back of lowered revenue of RM215.27 million.

CHAIRMAN'S STATEMENT

FINANCIAL PERFORMANCE (cont'd)

Commodity prices slid downward as stock pile worldwide outstripped demand with average CPO (crude palm oil) prices at a low RM2,025 per MT in FY2015 from RM2,319 per MT reported the year before. This, coupled with weakened Indonesian Rupiah, resulted in a negatively charged operating environment which impacted segmental profits.

Operating profits contracted by almost 67% arising from higher cost of sales attributed to higher imported fertilizer costs and foreign exchange exposure on Japanese Yen denominated borrowings. Although the palm oil industry continues to be beset by depressed margin, management focused on effective cost management to achieve a comfortable profit margin.

The coming on stream of new hotel room inventories and choices of accommodations have intensified competition in the markets where we operate. Ongoing upgrading in selected properties, competition and ongoing public works near certain of our hotels had reduced our occupancy rates. As a result, the hospitality segment was stagnant. Promotional activities have been organised to best position each property to improve competitiveness with the ultimate intent to deliver desired returns.

Healthcare, our newest business segment, commenced operation in January 2015 and reported a loss position due to high start-up cost and general operating cost.

RETURN TO STOCKHOLDERS AND VALUE CREATION

Consistent with our approach towards rewarding our stockholders and taking into due consideration the FY2015 performance, the Board is pleased to recommend the payment of a final single tier dividend of 6 sen per stock and special single tier dividend of 2 sen per stock.

Combined with the first and second interim dividends of 6 sen per stock each paid on 17 November 2015 and payable on 15 April 2016 respectively, this brings dividend for FY2015 to 20 sen per stock. The Board regularly reviews the distribution to stockholders vis a vis the overarching Group business strategy to strike a balance between interest of stockholders and business growth. The total dividend payout to-date represents 45.53% of the profit after tax after non-controlling interest. We paid 14 sen per stock in FY2014.

An annual analysis demonstrated that a holding of 1,000 stocks in Oriental at its initial public listing in 1964 would translate into 48,306 Oriental stocks worth RM335,727, based on the stock price of RM6.95 at end of FY2015. In addition, the stocks would have earned a total gross dividend of RM180,495. The gross dividends received and appreciation in value is equivalent to a remarkable average rate of return of 12.76% for each of the 52 years.

MOVING FORWARD IN 2016

I believe Oriental is well positioned and resilient to meet the trials ahead following implementation of strategies aimed at strengthening our core businesses and building outward expansion. The key themes across all operating units are cost rationalization and externalization of revenue; both aimed at keeping costs at manageable level whilst striving for and expanding our market presence domestically as well as overseas.

From a country perspective, I believe we will continue to weather tougher times as costs of living continue to escalate upwards. We see curtailment of expenditure on capital items such as housing and automotive as the latest report indicated slowdown in auto retail sales. Nevertheless, our automotive team will work closely with our principals to generate interest in the model line-up and drive growth in that segment.

Business expansion is a two-pronged effort through increase in dealerships including boosting presence in East Malaysia as well as showroom and continuing services centers upgrade. Our 4S facility in Tebrau, Johor, slated for opening in July 2016, will be the biggest in Malaysia yet.

Business diversification to expand clientele and inking of new joint-ventures with strategic overseas partners, in addition to cost rationalization as well as, productivity and efficiency improvement, are part of a broad-based approach to stay competitive and secure our market share for premium high quality products for the electrical and electronics and automotive sectors. We are hopeful that such initiatives will lead to growth in our plastic segment.

CHAIRMAN'S STATEMENT

MOVING FORWARD IN 2016 (cont'd)

Following the lagged impact of dry weather seen since late 2015, we expect lower palm oil output which should affect global palm oil stockpiles from current record level. Competitive pressures arising from ready supply of soybean oil and other edible oils, the viability of the biodiesel programs in Malaysia and Indonesia and the policies of CPO importing countries remain key threats to demand for CPO in 2016.

Key strategies include improving oil yields and increasing labour productivity to mitigate labour costs. Land bank is also being consolidated; acquisition of planted land situated nearby present concessions that would provide a shorter lead time to value realization and derivation of synergies from enhanced operations.

On the other hand, to counteract the volatility of CPO and PK prices and changes to regulatory requirements on land holding, management has diversified into real estate investment recently through several strategic acquisitions in Australia with long term capital appreciation potential and recurrent income.

As for the Group's hospitality segment, the plan is for specialized optimization of the existing assets and improvement to operational execution through various organic measures. The outlook for this segment appears to be softening slightly with the ongoing refurbishments at some of the properties in Australia and Singapore.

We expect 2016 to be a difficult year for the local property market and building material segment, in view of the deferment of mega projects due to weakening in economic activities, high reject rate of securing housing loans from banks, and inflationary pressure. From operations perspective, the Group will continue to focus on reclaiming its remaining 415 acres in Melaka, and endeavour to seek ways to value-add its land bank for future development when opportunities arise.

Greater personal health awareness, expanded employee medical benefits and increased occurrence of lifestyle induced diseases have led to soaring consumption and spending for private healthcare services and products particularly for timely medical attention and comfortable treatment. In turn, this augurs well for our new business segment. The Group's Oriental Melaka Straits Medical Centre, which is an 8-level full facilities hospital with 300 beds, opened for business in Melaka in January 2015. In line with our healthcare philosophy, management focuses on enhancing brand awareness of a value-based high quality healthcare centre and positioning the hospital for sustainable growth and enhanced patient experience, satisfaction and engagement.

Whilst we do not foresee an easy year ahead, the Board is confident that the Group, robust with strong past performance, will be able to withstand the tribulations ahead.

LEADERSHIP

On 31 March 2016, we bid farewell to Mr Koji Onishi, our Non-Independent Non-Executive Director who left following his retirement from Honda Motor Co., Ltd.. In his stead, we warmly welcome Mr Nobuhide Nagata who joined the Board a day later as Non-Independent Non-Executive Director. The Board and I thanked Mr Onishi for his support and contribution during his tenure with us. We wish him well for the future and happy retirement.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would like to express my heartfelt appreciation to the Oriental family, our management team and employees, for their professionalism, dedication and commitment towards the continued growth and another year of success for the Group.

My gratitude and thanks are also extended to our stockholders, customers, business associates and regulatory authorities for their unyielding confidence, support and assistance.

Lastly, I have benefitted from the collective wisdom of my fellow Board members and place on record my sincere and heartfelt appreciation for their invaluable support and contribution throughout a very interesting 2015.

Let's keep the flames of this passion going, and thank you for keeping the faith in Oriental.

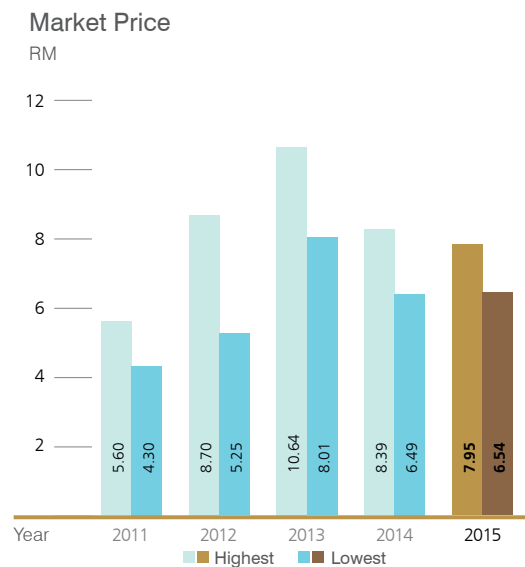
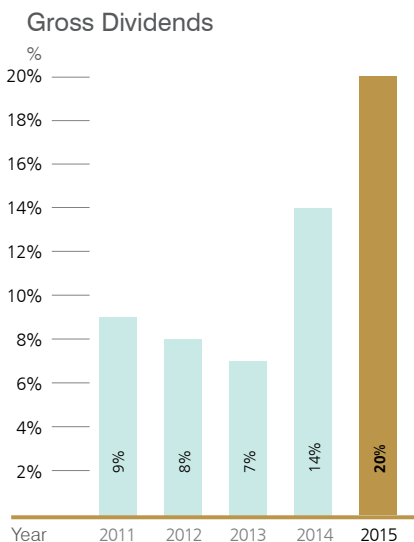
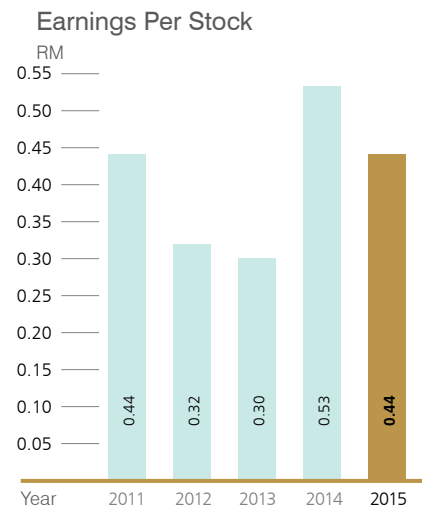
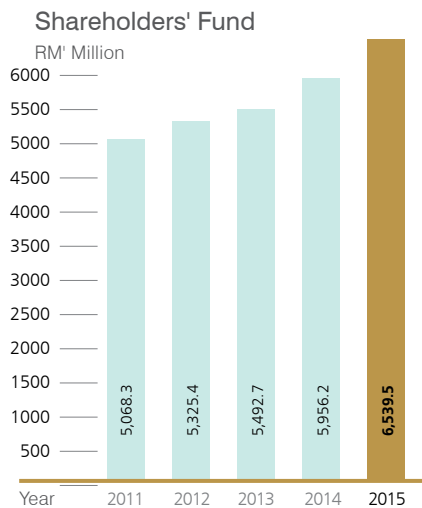
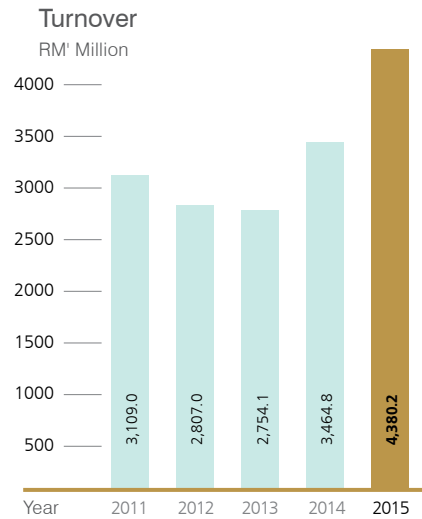
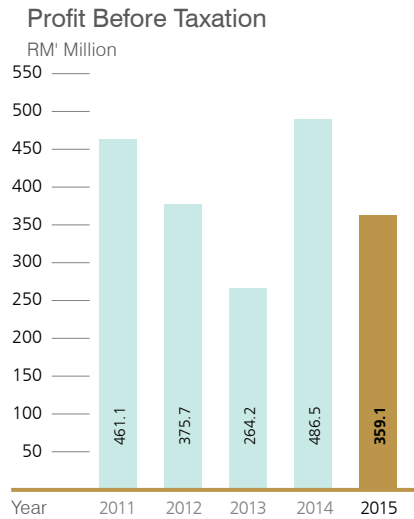
Datuk Loh Kian Chong
Executive Chairman
7 April 2016

FIVE-YEAR GROUP FINANCIAL SUMMARY

(RM' million)

	2015	2014	2013	2012	2011
FINANCIAL POSITION ANALYSIS					
Share capital	620.4	620.4	620.4	620.4	620.4
Reserves	1,077.3	687.0	614.8	595.8	542.2
Retained earnings	3,948.2	3,800.0	3,512.4	3,381.1	3,236.3
Treasury stocks	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Total equity attributable to stockholders of the Company	5,645.7	5,107.2	4,747.4	4,597.1	4,398.7
Minority interest	893.8	849.0	745.3	728.3	669.6
TOTAL EQUITY	6,539.5	5,956.2	5,492.7	5,325.4	5,068.3
Property, plant and equipment	1,595.1	1,487.7	1,324.4	1,338.3	1,117.9
Intangible assets	49.8	49.6	49.7	52.0	57.3
Biological assets	553.7	310.5	235.6	214.1	166.2
Investment properties	818.2	569.0	555.0	492.5	487.9
Land held for property development	36.1	36.0	35.9	35.8	37.8
Prepaid land lease payments	66.2	30.7	33.9	40.0	40.5
Investments	873.3	781.5	705.3	647.4	540.2
Current assets	4,155.3	3,684.1	3,403.8	3,309.7	3,511.5
Deferred tax assets	31.2	10.4	11.5	8.0	6.3
TOTAL ASSETS	8,178.9	6,959.5	6,355.1	6,137.8	5,965.6
TOTAL LIABILITIES	(1,639.4)	(1,003.3)	(862.4)	(812.4)	(897.3)
	6,539.5	5,956.2	5,492.7	5,325.4	5,068.3
OTHER DATA					
Profit before taxation	359.1	486.5	264.2	375.7	461.1
Taxation	(75.9)	(77.7)	(65.0)	(73.2)	(91.8)
PROFIT FOR THE YEAR	283.2	408.8	199.2	302.5	369.3
Non-controlling interests	(10.8)	(77.7)	(13.8)	(101.9)	(99.1)
NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY	272.4	331.1	185.4	200.6	270.2
DIVIDEND					
Net	124.1	86.9	43.4	49.6	55.8
Gross rate - %	20.0	14.0	7.0	8.0	9.0

FINANCIAL HIGHLIGHTS OF THE GROUP



PLANTATION STATISTICS

		2015	2014
I Estates - Malaysia & Indonesia			
A Area Statement			
1 Matured	Ha	28,936	25,624
2 Immature	Ha	7,594	2,427
3 Total Planted	Ha	36,530	28,051
4 Plantable	Ha	55,465	47,288
5 Sub total	Ha	91,995	75,339
6 Buildings, roads, etc	Ha	1,385	1,592
7 Total	Ha	93,380	76,931
B FFB Yield per Hectare	MT	21.87	22.80
C Estate FFB Production	MT	632,869	584,106
II Oil Mills - Indonesia			
A FFB Throughput			
1 Own Estates	MT	556,402	513,407
2 External	MT	294,926	141,071
3 Total	MT	851,328	654,478
B Extraction Rates			
1 CPO	%	19.74	19.65
2 Palm Kernel	%	5.21	5.29
C Production			
1 CPO	MT	168,063	128,583
2 Palm Kernel	MT	44,355	34,634
III Age Profile of Planted Area - 31/12/15			
		Hectares	Hectares
1 Matured			
a Young (4 to 7 years)		5,141	1,477
b Prime (8 to 18 years)		13,008	18,882
c Due (more than 18 years)		10,787	5,265
d Sub total		28,936	25,624
2 Immature		7,594	2,427
3 Total Planted		36,530	28,051
IV Data - Comprises of			
		2015	2014
1 Indonesia			
a PT Gunung Maras Lestari		√	√
b PT Gunungsawit Binalestari		√	√
c PT Bumi Sawit Sukses Pratama		√	√
d PT Gunung Sawit Selatan Lestari		√	√
e PT Pratama Palm Abadi		√	√
f PT Dapo Argo Makmur		√	√
g PT Surya Agro Persada		√	X
2 Malaysia			
a Oriental Rubber & Palm Oil Sdn Berhad		√	√

FINANCIAL CALENDAR

FINANCIAL YEAR END	31 December 2015
ANNOUNCEMENT OF RESULTS	
Quarter ended 31 March 2015	26 May 2015
Quarter ended 30 June 2015	19 August 2015
Quarter ended 30 September 2015	19 November 2015
Quarter ended 31 December 2015	29 February 2016
DIVIDENDS	
Payment of Interim Dividend for Year 2014	26 March 2015
Payment of Final and Special Dividend for Year 2014	15 July 2015
Payment of Interim Dividend for Year 2015	17 November 2015
Payment of 2nd Interim Dividend for Year 2015	15 April 2016
POSTING OF ANNUAL REPORT AND FINANCIAL STATEMENTS TO STOCKHOLDERS	29 April 2016
ANNUAL GENERAL MEETING	2 June 2016

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (the “Board”) is committed to implementing and maintaining high standards of corporate governance in promoting transparency, accountability and integrity to enhance shareholder value. As such, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form.

The Board is pleased to provide the following Statement, which sets out how the Company has applied the Principles and Recommendations as promulgated by the Malaysian Code on Corporate Governance 2012 (the “MCCG 2012”) during the financial year under review following the release of the MCCG 2012 by the Securities Commission in late March 2012. Non-observation of specific Recommendation of the MCCG 2012 during the financial year, including the reasons thereof and alternative practice, if any, is included in this Statement.

PRINCIPLE 1 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

Duties and Responsibilities of the Board

The Board recognises the vital role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfil its role, the Board has assumed and established the following responsibilities in discharging its fiduciary and leadership functions:

- reviewing and adopting a strategic plan for the Group to ensure sustainability of its business as the Board brings objectivity and breadth of judgement to the Group’s operations;
- overseeing the conduct of the Group’s businesses and performance of Management to determine whether or not its businesses are being properly managed;
- identifying principal risks for the Company and its subsidiaries and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing members of the Board and Senior Management;
- overseeing the development and implementation of a shareholder communications policy for the Company; and
- reviewing the adequacy and integrity of the Group’s risk management and internal control system.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely, the Executive Committee, Audit Committee, Remuneration Committee, Nominating Committee and Risk Management Committee, to oversee matters within their specific terms of reference as approved by the Board and report to the Board on key issues deliberated at their respective meetings. The ultimate responsibility for decision making, however, lies with the Board.

In early 2015, Executive Committee deliberated on the strategic plan and annual budget of each business segment presented by respective Executive Directors and Senior Management personnel, before they were consolidated into Group budget for the Board’s further review and approval. On a quarterly basis, the actual performances were analysed by the Executive Committee and presented to the Board. Where required, the Senior Management personnel were invited to brief the Board on the implementation of the strategic plan.

Board Charter

To enhance accountability, the Board has established clear functions reserved for the Board and those delegated to Management. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure that direction and control of the Company are in its hands. Key matters reserved for the Board include setting the overall group strategy and direction, approving acquisitions and divestitures, annual operating and capital budgets, quarterly and annual financial statements for announcement as well as monitoring of financial and operating performance of the Group. Whilst the Board is responsible for creating the framework and policies within which the Group should be operating, is responsible for instituting measures on compliance with laws, regulations, rules, directives and guidelines, including the achievement of the Group’s corporate objectives. Such delineation of roles is clearly set out in the Board Charter which serves as a reference point for Board activities and reinforces the supervisory role of the Board.

In early 2013, the Board revised its Board Charter to take into account the Recommendations promulgated by the MCCG 2012 and changes to the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa”). The Board Charter is reviewed periodically and updated in accordance with the needs of the Company and the updated Board Charter is published on the corporate website.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 1 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (cont'd)

Code of Ethics and Whistle Blowing Policy

The Board has also formalised, in writing, a Code of Ethics in early 2013, setting out the standards of ethics and conduct expected from Directors and employees to uphold good corporate behaviour. To complement the Code of Ethics, the Company's existing whistle blowing policy was also enhanced accordingly to outline when, how and to whom a concern may be properly raised about the actual or potential corporate fraud or breach of ethics involving employee, Management or Director in the Group. All concerns reported by the whistle blower are made to the Chairman of the Audit Committee according to the form and specific conditions prescribed under the policy. The identity of the whistle blower is kept confidential and protection is accorded to the whistle blower against any form of reprisal or retribution.

The Board recognises the importance on adherence to the Code of Ethics by all personnel in the Group and short briefings were conducted to key management personnel further to the updates made to Code of Ethics in 2015. The Code of Ethics has also been translated into Bahasa Malaysia language which will further improve the communication and effective dissemination to all levels of staff.

The summary of the Code of Ethics and Whistle Blowing Policy are published on the corporate website.

Sustainability of Business

The Board is aware of the importance of business sustainability and has embedded its Sustainability Policy in developing its corporate strategies with the impact on the environmental, social and governance aspects taken into consideration. As for the Group's activities on corporate social responsibilities for the year under review, they are disclosed on pages 54 to 55 of this Annual Report.

Supply of and Access to Information

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for informed decision making and effective discharge of Board's responsibilities.

Procedures have been established for timely dissemination of Board and Board Committees papers to all Directors at least seven (7) days prior to the Board and Board Committees meetings, in order to allow timely disseminate of information and to deal with matters arising from such meetings. Senior Management of the Group and external advisors are invited to attend Board and Board Committees meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in accordance with established procedures set out in the Board Charter in furtherance of their duties.

Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on new statutory and regulatory requirements, and the resultant implications to the Company and Directors in relation to their duties and responsibilities. The Company Secretaries, who oversee adherence with Board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries also serve notices to the Directors and Principal Officers on the closed periods for trading in Oriental Holdings Berhad shares, in accordance with the prescribed requirement pursuant to Chapter 14 of the Bursa Malaysia Main Market Listing Requirements.

The Company Secretaries attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. The removal of Company Secretaries, if any, is a matter for the Board, as a whole, to decide. The Company Secretaries work closely with the Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 2 STRENGTHEN COMPOSITION OF THE BOARD

Board Composition and Balance

At the date of this Statement, the Board consists of ten (10) members, comprising five (5) Executive Directors and five (5) Non-Executive Directors, three (3) of whom are Independent. This composition fulfils the requirements as set out under the Listing Requirements of Bursa, 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 Profile of Directors in this Annual Report.

Nominating Committee

The Company has a Nominating Committee, which comprises wholly Non-Executive Directors, with a majority being Independent. At the date of this Statement, the members are as follows:

Chairman:

- Mary Geraldine Phipps – *appointed on 29 April 2010*
Independent Non-Executive Director

Members:

- Sharifah Intan binti S.M. Aidid – *appointed on 28 May 2007*
Non Independent Non-Executive Director
- Dato' Ghazi bin Ishak – *appointed on 24 February 2011*
Independent Non-Executive Director
- Lee Kean Teong – *appointed on 26 May 2015*
Independent Non-Executive Director

The Nominating Committee was formed by the Board with specific terms of reference to recommend to the Board the candidature of Directors, oversee assessment of Directors, appoint Directors to Board Committees and review the Board's succession plans as well as training programmes.

Appointment and Induction

In discharging its responsibilities, the Nominating Committee has developed the criteria for use in the recruitment of Directors. In evaluating the suitability of candidates, the Nominating Committee considers, inter- alia, the competency, experience, commitment (including time commitment), contribution and integrity of the candidates, including, where appropriate, the criteria on assessing the independence of candidates' appointment as Independent Non- Executive Directors.

Selection of candidates to be considered for appointment as Directors is facilitated through recommendations from the Directors, Management or external parties including the Company's contacts in related industries and finance, legal as well as accounting professions. The Nominating Committee, where necessary, meets with the shortlisted candidates to assess their suitability before formally considering and recommending them for appointment to the Board.

Following the appointment of new Directors to the Board, the Committee, along with the Chairman, Group Managing Directors and other Executive Director ensure that an induction programme is arranged to enable them to have a full understanding of the nature of the business, current issues within the Group and corporate strategies as well as the structure and management of the Group.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 2 STRENGTHEN COMPOSITION OF THE BOARD (cont'd)

Annual Assessment and Board Diversity

The Board strongly advocates board diversity as a truly diversified Board has the prospects of achieving greater effectiveness, creativity and capacity to thrive in a challenging and uncertain business environment. Hence the Board takes into consideration and aims to make good use of the differences in the skills, regional and industry experience, background, race, gender and other qualities of its Directors. The evaluation of the suitability of candidates is based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company.

The Committee reviews annually the required mix of skills and experience of Directors to enhance board diversity. This is achieved through the use of questionnaire for Directors to assess the effectiveness and contribution of the Board as a whole, the Board Committees and each individual Director. The effectiveness of the Board is assessed in the areas of Board size, mix and composition, conduct of Board meeting, Boardroom activities and Directors' skill set matrix. The effectiveness of the Board Committees is assessed in terms of composition, skills and competencies, meeting administration and conduct as well as roles and responsibilities. For individual Director, the assessment involve a self and peer review where Directors assess their own and also their fellow Directors' performance on their contribution and competencies such as ability of to give constructive input, demonstration of objectivity and a high level of professionalism and integrity in the decision making process, offer practical and realistic advice to the Board and/or Committee discussions at the meetings.

The overall outcome from the assessment and comments by all Directors are summarised and reported at a Board Meeting by the Nominating Committee Chairman for continuous improvements of the Board, Board Committees and Directors.

The Board does not have a specific policy on setting targets for the number of women directors as the Board comprises three (3) women directors out of ten (10) Directors since 2009. The Board has already achieved the gender diversity target set by the Government in 2011 to have at least 30% women representation on the boards of public listed companies by 2016.

Re-election and re-appointment of Directors

The Company's Articles of Association provide that at least one-third of the Board is subject to retirement by rotation at each Annual General Meeting. The Directors to retire in each year are those who have been longest in office since their appointment or reappointment. All Directors are required to submit themselves for re-election at regular intervals and at least every three (3) years.

In addition, Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

The Board is satisfied with its current composition which comprises of a balanced mix of skills, knowledge and experience in the business and management fields which are relevant to enable the Board to carry out its responsibilities in an effective and efficient manner.

Remuneration Committee – Directors' Remuneration

The Remuneration Committee, established by the Board, is responsible for setting the policy framework and recommending to the Board the remuneration of Executive Directors so as to ensure that the Company is able to attract and retain its Executive Directors needed to run the Group successfully. The components of Directors' remuneration are structured so as to link rewards to financial performance of the Group in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 2 STRENGTHEN COMPOSITION OF THE BOARD (cont'd)

Remuneration Committee – Directors' Remuneration (cont'd)

The Remuneration Committee comprises wholly Non-Executive Directors, with a majority being Independent. At the date of this Statement, the members are as follows:

Chairman:

- Dato' Ghazi bin Ishak – *appointed on 28 February 2013*
Independent Non-Executive Director

Members:

- Sharifah Intan binti S.M. Aidid – *appointed on 29 April 2009*
Non Independent Non-Executive Director
- Mary Geraldine Phipps – *appointed on 19 November 2009*
Independent Non-Executive Director
- Lee Kean Teong – *appointed on 26 May 2015*
Independent Non-Executive Director

The Remuneration Committee is entrusted to recommend to the Board, the remuneration of Executive Directors in all its forms to ensure the rewards are linked to their performance and contributions to the Group's growth and profitability in order to align the interest of the Directors with those of shareholders. The Committee also ensures the levels of remuneration for Executive Directors are linked to their extent of responsibilities undertaken and contribution to the effective functioning of the Board. None of the Executive Directors participated in any way in determining their individual remuneration.

The Board, as a whole, approves the remuneration of Non-Executive Directors with the Directors concerned abstaining from the decision in respect of their individual remuneration and recommends Directors' fees to be approved at the forthcoming annual general meeting in line with the Company's Articles of Association.

During the financial year under review, the Remuneration Committee reviewed and recommended to the Board, the remuneration for all Executive Directors of the Company. Directors' fees for all directors are recommended by the Board for shareholders' approval at the Company's Annual General Meeting.

Details of remuneration of Directors of the Company for the financial year ended 31 December 2015 are as follows:

	Executive RM'000	Non-Executive RM'000	Total RM'000
Directors' Fees	910	428	1,338
Salaries	2,772	-	2,772
Other emoluments	8,181	201	8,382
Total	11,863	629	12,492

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 2 STRENGTHEN COMPOSITION OF THE BOARD (cont'd)

Remuneration Committee – Directors' Remuneration (cont'd)

The number of Directors of the Company in each remuneration band is as follows:

	Number of Directors	
	Executive	Non-Executive
RM 0 - RM 50,000	-	1*
RM 50,001 - RM 100,000	-	2
RM 100,001- RM 150,000	-	2
RM 150,001- RM 200,000	-	1
RM 950,001- RM 1,000,000	1	-
RM 1,700,001 - RM 1,750,000	1	-
RM 1,800,001 - RM 1,850,000	1	-
RM 3,250,001 - RM 3,300,000	1	-
RM 4,100,001 - RM 4,150,000	1	-
Total	5	6

* Included herein is an Alternate Director who did not receive any remuneration.

PRINCIPLE 3 REINFORCE INDEPENDENCE OF THE BOARD

Directors' Independence

There is a clear division of responsibilities amongst the Executive Chairman, Group Managing Directors and Executive Directors to embed accountability and facilitate the division of responsibility, such that no one individual has unfettered powers over decision making. The 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. All Executive Directors, supported by the Management team, implement the Group's strategic plan, policies and decisions adopted by the Board, and oversee the operations and business development of the Group.

Recommendation 3.5 of the MCGG 2012 provides that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director. The existing composition of the Board is such that Independent Directors do not form a majority. The Board believes that the interests of shareholders are best served by a Chairman who is sanctioned by shareholders and who acts in the best interests of shareholders as a whole. As the Chairman has a significant relevant interest in the Group, he is well placed to act on behalf of shareholders and in their best interests. The Board also believes that the current Directors have 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. Moreover, the Directors are professionals in their own rights and are recognisable public figures who exercise objectivity in making decisions for the benefit of the Group.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 3 REINFORCE INDEPENDENCE OF THE BOARD (cont'd)

Directors' Independence (cont'd)

The Independent Non-Executive Directors bring to bear objective and independent views, advice and judgement on interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the many communities in which the Group conducts its business. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

In early 2015, the Board assessed the independence of its Independent Non-Executive Directors based on criteria set out under the Listing Requirements of Bursa Securities and adopted by the Nominating Committee. In addition, each Independent Non-Executive Director will submit an annual declaration for the independent criteria under the peer review.

The Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interests of the Company and bringing independent and professional judgement during deliberations at Board meetings.

The Board Charter was revised to restrict the tenure of an Independent Director to a cumulative term of nine (9) years. However, an Independent Director may continue to serve the Board upon reaching the 9-year limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent after the latter has served a cumulative term of nine (9) years, the Board shall justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the Nominating Committee is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence.

PRINCIPLE 4 FOSTER COMMITMENT OF DIRECTORS

Board and Board Committees Attendance

The Board ordinarily meets at least four (4) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committee papers are prepared by Management which provides the relevant facts and analysis for the convenience of Directors. The agenda, the relevant reports and Board papers are furnished to Directors and Board Committee members in advance to allow the Directors sufficient time to peruse for effective discussion and decision making during meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. The Chairman of each Board Committee informs the Directors at each Board meetings of any salient matters noted during the respective Committee's meetings which require the Board's notice or direction. 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.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 4 FOSTER COMMITMENT OF DIRECTORS (cont'd)

Board and Board Committees Attendance (cont'd)

During the financial year under review, the Board met on six (6) occasions. Details of Directors' attendance for Board and Board Committees meetings are as follows:

BOD	Board of Directors	NC	Nominating Committee
EXCO	Executive Committee	RC	Remuneration Committee
AC	Audit Committee	RMC	Risk Management Committee

Directors	BOD	EXCO	AC	NC	RC	RMC
Datuk Loh Kian Chong <i>Executive Chairman</i> (Re-designated on 1 January 2015)	6/6	6/6				
Dato' Robert Wong Lum Kong <i>Group Managing Director</i>	6/6	6/6				1/1
Dato' Seri Lim Su Tong <i>Group Managing Director</i>	6/6	6/6				1/1
Tan Kheng Hwee <i>Non-Independent Executive Director</i> (Appointed on 1 January 2015)	6/6	6/6				0/1
Dato' Sri Tan Hui Jing <i>Non-Independent Executive Director</i> (Re-designated on 1 January 2015)	6/6	6/6				
Sharifah Intan binti S.M. Aidid <i>Non-Independent Non-Executive Director</i>	6/6		5/5	3/3	2/2	
Mary Geraldine Phipps <i>Independent Non-Executive Director</i>	6/6		5/5	3/3	2/2	1/1
Dato' Ghazi bin Ishak <i>Independent Non-Executive Director</i>	5/6		5/5	3/3	2/2	
Lee Kean Teong <i>Independent Non-Executive Director</i> (Appointed on 31 March 2015)	4/5		2/2			
Koji Onishi <i>Non-Independent Non-Executive Director</i> (Resigned on 31 March 2016)	5/6					

Mr Nobuhide Nagata joined the Board as a Non-Independent Non-Executive Director on 1 April 2016.

It is the policy of the Company for Directors to devote sufficient time and efforts to carry out their responsibilities. The Board obtains this commitment from Directors at the time of appointment. It is also the Board's policy for Directors to notify the Chairman before accepting any new directorships notwithstanding that the Listing Requirements allow a Director to sit on the boards of not more than five (5) listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 4 FOSTER COMMITMENT OF DIRECTORS (cont'd)

Directors' Training

The Board, via the Nominating Committee, continues to identify appropriate briefings, seminars, conferences and courses to be attended by Board members to keep abreast of changes in legislations and regulations affecting the Group.

All Directors, save and except for Mr Nobuhide Nagata, have completed the Mandatory Accreditation Programme ("MAP"). Mr Nagata will attend MAP within the prescribed time frame. During the financial year under review, all Directors attended development and training programmes as well as conferences in areas of finance, corporate governance, leadership, legal and regulatory developments.

All Directors attended the following training during the year:

- The Malaysian Code on Corporate Governance 2012, Roles and Responsibilities of the Board and Board Committees

Additional training attended by the Directors during the year are as below:

Directors	Details of Programme
Datuk Loh Kian Chong <i>Executive Chairman</i>	<ul style="list-style-type: none"> • CG Breakfast Series with Directors, The Board's Response in Light of Rising Shareholder Engagements • The Art of Successful Investing
Dato' Robert Wong Lum Kong <i>Group Managing Director</i>	<ul style="list-style-type: none"> • Bursa Malaysia CG Breakfast series with Directors, Directors-Bringing the Best out in Boardrooms • Directors Corporate Governance Series: Building Effective Finance Function: From Reporting to Analytics to Strategic Input
Mary Geraldine Phipps <i>Independent Non-Executive Director</i>	<ul style="list-style-type: none"> • KPMG Tax Summit 2015
Lee Kean Teong <i>Independent Non-Executive Director</i>	<ul style="list-style-type: none"> • Mandatory Accreditation Programme for Directors of Public Listed Companies • MFRS/FRS 2015/2016 update by KPMG • MIA International Accountants Conference 2015

In addition, the Company Secretaries circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board on these updates at Board meetings. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

PRINCIPLE 5 UPHOLD INTEGRITY IN FINANCIAL REPORTING BY THE COMPANY

Compliance with financial reporting standards

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. This includes the results and cash flows of the Group and Company for the year then ended. The Board has established an Audit Committee, comprising exclusively Non-Executive Directors, majority of whom are Independent, to ensure that the financial statements of the Group and Company comply with applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 1965. The composition of the Committee, including its roles and responsibilities, is set out under Audit Committee Report in this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 5 UPHOLD INTEGRITY IN FINANCIAL REPORTING BY THE COMPANY (cont'd)

Relationship with external auditors

The Board upholds the integrity of financial reporting by the Company. In assessing the suitability and independence of the external auditors, the Board, via the Audit Committee, had, in early 2013, formalised policy and procedures on the types of non-audit services that may be provided by the external auditors, including the thresholds and procedures that need to be observed should the external auditors be contracted to provide the non-audit services.

PRINCIPLE 6 RECOGNISE AND MANAGE RISKS

Risk Management

Recognising the importance of risk management, the Board has, in 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 Company has established a Risk Management Committee to review and recommend the risk management policies and strategies for the Group as well as assisting the Board to fulfil its risk management and statutory responsibilities in order to manage the overall risk exposure of the Group. At the date of this Statement, the members of the Committee are as follows:

Chairman:

- Mary Geraldine Phipps – *appointed on 30 November 2010*
Independent Non-Executive Director

Members:

- Dato' Robert Wong Lum Kong – *appointed on 20 May 2002*
Group Managing Director
- Dato' Seri Lim Su Tong – *appointed on 20 May 2002*
Group Managing Director
- Tan Kheng Hwee – *appointed on 20 May 2002*
Non-Independent Executive Director
- Wong Tet Look – *appointed on 20 May 2002*
Group Chief Financial Officer

The key features of the Enterprise Risk Management framework, including the internal control system to address risk identified are set out in the Statement on Internal Control in this Annual Report.

Internal Audit

In line with the MCG 2012 and the Listing Requirements of Bursa, the Board has established an independent internal audit function that reports directly to the Audit Committee. Details of the work conducted by the internal audit function are disclosed in the Audit Committee Report and Statement on Internal Control respectively in this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 7 ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to the regulators, shareholders and stakeholders. In early 2013, the Board has formalised pertinent corporate disclosure policies not only to comply with the disclosure requirements as stipulated in the Listing Requirements of Bursa Securities, but also setting out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders.

To augment the process of disclosure, the Board has established a dedicated section for corporate governance under the Investor Relations heading on the Company's website.

PRINCIPLE 8 STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Shareholder participation at general meeting

The Annual General Meeting ("AGM"), which is the principal forum for shareholder 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 resolutions being proposed or on the Group's operations in general. During the last AGM, a question & answer session was held where the Chairman invited shareholders to raise questions with responses from the Board.

The Notice of AGM is circulated at least twenty one (21) days prior to 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 both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. All the resolutions set out in the Notice of the 53th AGM were put to vote by show of hands and duly passed. The outcome of the AGM was announced to Bursa Securities on the same meeting day. Going forward, poll voting will be carried out for all resolutions in line with provision of Listing Requirements of Bursa Securities.

During the last AGM, the Executive Chairman provided shareholders with a brief review of the Group's operations for the financial year while the Group Chief Financial Officer also shared with shareholders at the meeting responses to questions submitted in advance by the Minority Shareholder Watchdog Group.

Effective communication 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, financial community and the public generally. The various channels of communications are through the quarterly announcements on financial results to Bursa, relevant announcements and circulars, AGM and through the Group's website at www.ohb.com.my where shareholders can access corporate information, annual reports and company announcements.

However, any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder or shareholder group.

Investor relations

The Board has formalised its policy on communication with shareholders in early 2013 to enable the Company to communicate effectively with its shareholders, prospective investors, stakeholders and public generally with the intention of giving them a clear picture of the Group's performance and operations. To maintain transparency and to effectively address any issues and concerns, the Company has a dedicated an electronic mail, i.e. ir@ohb.com.my to which stakeholders can direct their queries.

This Statement is issued in accordance with a resolution of the Board dated 7 April 2016.

OTHER INFORMATION AND DISCLOSURE

I. NON-AUDIT FEES

Non-audit fees amounting to RM 656,000 for the Group and RM 238,000 for the Company were paid to the external auditors of the Company for the financial year ended 31 December 2015.

II. LOAN CONTRACTS INVOLVING INTEREST OF RELATED PARTY

- (a) Loan contract of USD 8 million dated January 1, 2013 between the Company ("OHB") and Oriental Boon Siew (Mauritius) Pte. Ltd. ("OBSM");
- (b) Loan contracts of USD 5 million and USD 6.5 million dated June 6, 2008 and September 23, 2013 respectively between OBS (Singapore) Pte. Ltd. ("OBSG") and PT Bumi Sawit Sukses Pratama ("BSSP");
- (c) Loan contract of RM 38 million, RM 20 million, RM 21.35 million and RM 10 million dated January 11, 2013, March 19, 2014, September 3, 2014 and July 1, 2015 respectively between OHB and Armstrong Auto Parts Sdn Bhd ("AAP"); and
- (d) Loan contract of RM 25 million, RM 25 million, RM 10 million, RM 5 million and RM 3 million dated September 15, 2014, January 6, 2015, July 1, 2015, September 15, 2015 and December 15, 2015 respectively between OHB and Melaka Straits Medical Centre Sdn Bhd ("MSMC").

OBSG is a wholly owned subsidiary of OBSM. OBSM is a company 50.5% and 49.5% owned by OHB and the substantial stockholder, Boon Siew Sdn Bhd respectively.

Meanwhile, the sub-subsidiaries, namely BSSP in Indonesia are 90% owned by OBSG, which in turn 45.5% owned by OHB.

AAP and MSMC is a 60.26% and 51% owned subsidiary by OHB respectively.

Loan From OHB to OBSM

Purpose	For working capital
Interest rate	USD London Interbank Offered Rate (LIBOR) + 0.5% per annum
Term as to payment of interest	Payable at end of tenor (1,2 or 3 months) or quarterly (tenor more than 3 months) whichever applicable
Repayment of principal	On demand
Security	Unsecured

Loan From OBSG to BSSP

Purpose	For working capital
Interest rate	USD LIBOR + 1.5% per annum
Term as to payment of interest	Payable at end of tenor (1,2 or 3 months) or quarterly (tenor more than 3 months) whichever applicable
Repayment of principal	On demand
Security	Unsecured

Loan From OHB to AAP

Purpose	For working capital and restructuring
Interest rate	KL Interbank Offered Rate (KLIBOR) + 0.2% per annum
Term as to payment of interest	Payable monthly
Repayment of principal	On demand
Security	Unsecured

OTHER INFORMATION AND DISCLOSURE

II. LOAN CONTRACTS INVOLVING INTEREST OF RELATED PARTY (cont'd)

Loan From OHB to MSMC	
Purpose	For working capital
Interest rate	KLIBOR + 0.2% per annum
Term as to payment of interest	Payable monthly
Repayment of principal	On demand
Security	Unsecured

III. AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR")

The Company did not sponsor any ADR or GDR programme during FY2015.

IV. SANCTIONS AND/OR PENALTIES IMPOSED

There were no material sanctions and/or penalties imposed by the relevant regulatory bodies on OHB or its subsidiary, directors or management during FY2015.

V. VARIATION IN RESULTS

There was no material variation between the audited results for FY2015 and the unaudited results previously released.

VI. PROFIT GUARANTEE

There was no profit guarantee given by the Company during FY2015.

VII. MATERIAL CONTRACTS

Material contracts of the Company and its subsidiaries involving Directors and major shareholders either subsisting at the end of the financial year or entered into since the end of the previous financial year are disclosed in the above.

VIII. RECURRENT RELATED PARTY TRANSACTIONS

At the Annual General Meeting held on 9 June 2015, the Company obtained a shareholders' Mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Section 3.1.5 of Practice Note 12 of the Bursa Malaysia Securities Berhad Listing Requirements, the details of recurrent related party transactions conducted during the financial year ended 31 December 2015 pursuant to the Shareholders' Mandate are disclosed as follows:-

OTHER INFORMATION AND DISCLOSURE

VIII. RECURRENT RELATED PARTY TRANSACTIONS (cont'd)

- (a) *Transactions between OHB Group and Boon Siew Sdn Bhd Group which involve the interests of major stockholder of OHB, Boon Siew Sdn Bhd and its Group*

	RM' 000
Plastic parts for batteries	1,069
Spare parts and raw material	37
New cars, spare parts and car services	256
Transport charges, truck rental and labour charges	5
Quarry products and red earth	641
Office rental expenses	554
Land rental	63
Plant rental	35
Rental of premises	222
Provision of sales, corporate advertising and marketing of hotel	672
Management, technical and advisory services	10,979
Building materials	2
Mixed concrete and quarry product	31
Finance lease	2,005

- (b) *Transaction between OHB Group and Dato' Syed Mohamad Bin Syed Murtaza and family and their interests*

	RM' 000
Motorcycle spokes, nipples, control cables and motorcycle parts	1,608

- (c) *Transactions between OHB Group and Honda Motor Co. Ltd. Group which involve the interests of a director/ major shareholder of OHB subsidiaries, Dato' Syed Mohamad Bin Syed Murtaza and family and a major shareholder of OHB subsidiaries, Honda Motor Co. Ltd.*

	RM' 000
Factory rental	1,122
Shock absorbers for motor vehicles, lock, switches automotive control cables & power window regulator	163,348
Painting, spraying charges, motor vehicles parts, rework charges	1
Motorcycle spokes, nipples, control cables, shock absorbers, raw materials and motorcycle parts	8,463
Components for motorcycles	448
Land rental	420

OTHER INFORMATION AND DISCLOSURE

VIII. RECURRENT RELATED PARTY TRANSACTIONS (cont'd)

- (d) *Transactions between OHB Group and Honda Motor Co. Ltd. Group which involve the interests of a direct shareholders of OHB subsidiary or associated companies, Honda Motor Co. Ltd and its related company*

	RM' 000
Sale of new cars, parts and services	28,931
Purchase of cars, spare parts, accessories and services	1,282,244

- (e) *Transactions between OHB Group and Karli Boenjamin and his interest*

	RM' 000
Fresh fruit bunches	12,265
Contractor for land clearing	6,724
Crude palm oil	6,304

- (f) *Transactions between OHB Group and Ooi Soo Pheng and Tan Liang Chye and their interests*

	RM' 000
Mixed concrete and quarry product	25
Mixer truck hiring services, plant & truck maintenance services	264

- (g) *Transaction between OHB Group and Tan Liang Chye and his interest*

	RM' 000
Cements	10,389

- (h) *Transaction between OHB Group and Datuk Loh Kian Chong and his interests*

	RM' 000
Building materials	32

- (i) *Transactions between OHB Group and Teck See Plastic Sdn. Bhd. and its interests*

	RM' 000
Prototype of plastic parts, jigs	781
Plastic parts	4,800

- (j) *Transactions between OHB Group and Teck See Plastic Sdn. Bhd. and Kasai Kogyo Co., Ltd. and their interests*

	RM' 000
New molds, mold repairs	3,020
Plastic parts	12,699

AUDIT COMMITTEE REPORT

MEMBERSHIP

The present members of the Audit Committee (the "Committee") comprise:

Name of member	Position
Mary Geraldine Phipps	Chairman, Independent Non-Executive Director
Sharifah Intan binti S.M. Aidid	Non-Independent Non-Executive Director
Dato' Ghazi bin Ishak	Independent Non-Executive Director
Lee Kean Teong (appointed on 26 May 2015)	Independent Non-Executive Director

TERMS OF REFERENCE

The Committee was established to act as a Committee of the Board of Directors, with terms of reference as set out under Terms of Reference of the Audit Committee in this Annual Report.

MEETINGS

The Committee convened five (5) meetings during the financial year. Details of the attendance of members are as follows:

Name of member	Attendance
Mary Geraldine Phipps	5/5
Sharifah Intan binti S.M. Aidid	5/5
Dato' Ghazi bin Ishak	5/5
Lee Kean Teong	2/2

The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notice of at least seven (7) days prior to the meeting.

The Company Secretaries were present by invitation at all meetings. Representatives of the External Auditors and the head of Internal Audit also attended the meetings upon invitation.

TRAINING AND CONTINUOUS ENGAGEMENT

Members of the Committee have attended relevant training seminars and programmes to enhance their competency in fulfilling their functions and duties more effectively. The details of training attended by each member are set out under Statement on Corporate Governance in this Annual Report.

During the financial year, the Committee Chairman engaged with Senior Management, Internal and External Auditors by way of telephone conversations and attending ad-hoc meetings, in order to be kept informed of matters affecting the Group. Through such engagements, relevant issues were brought to the attention of the Committee in a timely manner.

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The Committee carried out its duties in accordance with its terms of reference during the financial year which adopts the Principles and Recommendations promulgated by the Malaysian Code on Corporate Governance 2012. The main activities undertaken by the Committee were as follows:

- Reviewed the External Auditors' scope of work and audit plan for the year. Prior to the audit, representatives of the external auditors presented their audit strategy and plan for the Audit Committee's deliberations. The Audit Committee sought further clarification on the scope, selected risk areas as well as the planned audit approach and coverage by the external auditors before giving their approval. Sometimes, the Audit Committee would also give their input to the external auditors on other areas which they are concerned about;
- Reviewed with the External Auditors the results of the audit, their evaluation of the system of internal controls, the audit report and the management letter. The Audit Committee would seek further confirmation on the results of the audit and ask the external auditors on additional areas of concern, if any;
- Reviewed the independence, suitability and objectivity of the External Auditors and their services, including professional fees, so as to ensure a proper balance between objectivity and value for money;
- Met with the External Auditors twice (2) during the financial year without the presence of any Executive Board members and Senior Management, to discuss problems and reservations arising from the interim and final audits, if any, or any other matter the External Auditors may wish to discuss;
- Considered and recommended to the Board on the re-appointment of the External Auditors and the audit fees payable to the External Auditors for the Board's submission to shareholders for approval at the Annual General Meeting;
- Reviewed the Internal Audit Department's audit plan for the financial year under review to ensure adequate scope and comprehensive coverage of the activities of the Group. This includes a review of the planned audit assignments, scope of review and the risk areas selected for review. Active discussions were held together with the head of Internal Audit department as well as the Group's Chief Financial Officer on the extent and scope of review to ensure that all the top Group risks are included in the internal audit plan;
- Reviewed the effectiveness of the audit process, resource requirements for the year and assessed the performance of Internal Audit Department against the international practices framework for internal auditing;
- Reviewed the Internal Audit reports, which highlighted the audit issues and Management's response. Where relevant, the Committee directed Management to present its status report on the management action plans to the Committee directly. In certain meetings, Management was asked to be physically present to answer queries that were posed directly by the Committee. Where issues of significance arises, the Committee would bring it up to the full Board Meeting for clarification and resolution;
- Reviewed the audited financial statements of the Group and of the Company, before submission to the Board for its consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards adopted by the Malaysian Accounting Standards Board. The external auditors would clarify issues that required the Committee's attention as well as areas of concern which the Committee should be aware of before the financial statements were approved;
- Reviewed the Company's compliance, in particular the quarterly and year-end financial statements, with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant legal and regulatory requirements;
- Reviewed pertinent issues of the Group which had a significant impact on the results of the Group;

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (cont'd)

- Reviewed the quarterly unaudited financial results and announcements before recommending them for the Board's approval. This includes enquiries on material fluctuations noted in the financial results as well as any major changes in the financial position of the Group; and
- Reviewed the recurrent related party transaction of revenue and trading nature and other related party transactions entered into by the Group.

INTERNAL AUDIT FUNCTION

The Group has an Internal Audit function that is independent of the activities and operations it audits. The head of Internal Audit reports directly to the Audit Committee who reviews and approves the Internal Audit department's annual audit plan, financial budget and human resource requirements to ensure that the department is adequately resourced with competent and proficient Internal Auditors. The principal role of the Internal Audit is to undertake independent, regular and systematic reviews of the systems of internal control in order to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. It is the responsibility of the Internal Audit function to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating 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.

The internal audit activity governs itself through adherence to "The Institute of Internal Auditors'" mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

The Institute of Internal Auditors' Practice Advisories, Practice Guides and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activities also adheres to Oriental Holdings Berhad relevant policies and procedures.

The total costs incurred for the Internal Audit function of the Company and the Group for 2015 are as follows:

	RM '000
Company	1,225
Group	1,290

Further details of the activities of the Internal Audit function are set out under the Internal Control Statement in this Annual Report.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

OBJECTIVES

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling the following oversight objectives on the Group activities:

- assess the Group's processes relating to its risks and control environment;
- oversee financial reporting;
- evaluate the internal and external audit processes, including issues relating to the system of internal control, risk management and governance within the Group; and
- investigate any concerns received on possible improprieties within the Group.

COMPOSITION

The Board shall elect and appoint Committee members from amongst its numbers, comprising no fewer than three (3) Directors, all of whom shall be Non-Executive Directors, with a majority of them being Independent Directors of the Company. No alternate director shall be appointed a member of the Audit Committee. The Chairman of the Committee shall be an Independent Non-Executive Director.

The Board shall at all times ensure that at least one (1) member of the Committee shall be:

- A member of the Malaysian Institute of Accountants ("MIA"); or
- If he/she is not a member of MIA, he/she must have at least three (3) years of working experience and:
 - he or she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - he or she must be a member of the associations of accountants specified in Part II of the Accountants Act 1967; and
- Fulfills such other requirements as prescribed or approved by the Bursa Malaysia.

If a member of the Committee resigns, passes away or for any reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of the event appoint such number of new members as may be required to fill the vacancy.

The Board shall review the terms of each of its members at least once (1) every three (3) years.

QUORUM AND MEETING PROCEDURES

Meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate. In addition to the regular scheduled meeting, the Chairman shall call a meeting of the Committee if so requested by any member of the Committee or by the Chairman of the Board.

The Chairman of the Committee shall engage with Senior Management, such as the Executive Directors, Chief Financial Officer, the Head of Internal Audit and the External Auditors in order to be kept informed of matters affecting the Group in a timely manner.

In order to form a quorum (subject to a minimum number of two (2) members) for the meeting, the majority of the members present must be Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

QUORUM AND MEETING PROCEDURES (cont'd)

The Company Secretaries shall be appointed Secretaries of the Committee (the "Secretaries"). The Company Secretaries, in co-operation with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least seven (7) days prior to each meeting to the members of the Committee. The minutes shall be circulated to members of the Board. The Committee shall regulate the manner of proceeding of its meetings, having regard to normal conventions on such matter.

AUTHORITY

The Committee is authorised to investigate any matter within its terms of reference and all employees are directed to cooperate with any request made by the Committee.

The Committee shall have full and unlimited access to any information pertaining to the Group.

The Committee shall have the necessary resources, including the procurement of independent professional or other advice which are required to perform its duties.

The Committee shall have direct communication channels, and shall be able to convene meetings during the financial year with the External Auditors, the Internal Auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in breach of the Bursa Securities Listing Requirements, the Committee shall promptly report such matter to Bursa Securities.

ATTENDANCE

The Committee may, as and when deemed necessary, invite other Board members and Management to attend the meetings.

DUTIES AND RESPONSIBILITIES

In fulfilling its primary objectives in accordance with Paragraph 15.12 of the Listing Requirements, the Committee shall undertake the following responsibilities and duties:

A. Internal Audit

- Review the adequacy of the Internal Audit scope and plan, functions, competency and resources of the Internal Audit function and that it has the necessary authority to carry out its work;
- Ensure Internal Auditors carry out their work according to the standards set by recognised professional bodies (e.g. Malaysian Institute of Accountants, Institute of Internal Auditors);
- Review the Internal Audit programmes, processes, and reports to evaluate the findings of Internal Audit and to ensure that appropriate and prompt remedial action is taken by Management on the recommendations of the Internal Audit function;
- Review the performance of Internal Auditors, who will report functionally to the Committee, on an annual basis. Approve any appointment or termination of senior members of the Internal Audit function and take cognisance of resignations and providing the resigning members an opportunity to submit reasons for resigning;
- Review the Internal Audit Charter, budget and staffing of the Internal Audit department;
- Review the adequacy and effectiveness of internal control system, including management information system and the Internal Auditors' and/or External Auditors' evaluation of the said systems.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

DUTIES AND RESPONSIBILITIES (cont'd)

B. External Audit

- Recommend the nomination of a person or persons as External Auditors;
- Review the appointment and performance of External Auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board;
- Review with the External Auditors, the audit scope and plan, including any changes to the planned scope of the audit plan;
- Review the independence, suitability and objectivity of the External Auditors and their services, including professional fees, so as to ensure a proper balance between objectivity and value for money;
- Review the non-audit services provided to the Company for the financial year, including the nature of the non-audit services, fee levels of the non-audit services - individually and in aggregate relative to the external audit fees and safeguards deployed to eliminate or reduce the threat to objectivity and independence in the conduct of the external audit resulting from the non-audit services provided;
- Develop and review for recommendation to the Board, the Company's policy in relation to the provision of non-audit services by the External Auditors, which amongst others, takes into consideration:
 - whether the skills and experience of the audit firm makes it a suitable service provider for non-audit services;
 - whether there are safeguards in place to eliminate or reduce to an acceptable level any threat to objectivity or independence in the conduct of the audit resulting from non-audit services provided by the External Auditors; and
 - the nature of the non-audit services, the related fee levels and the fee levels individually and in aggregate relative to the external audit fees of the Company.

C. Audit Reports

- Review the External and Internal Audit reports to ensure that appropriate and prompt remedial action is taken by Management on major deficiencies in controls or procedures that have been identified;
- Review major audit findings and Management's response during the financial year with Management, External Auditors and Internal Auditors, including the status of previous audit recommendations.

D. Financial Reporting

- Review the quarterly results and the year-end financial statements, prior to the approval by the Board focusing particularly on:
 - Changes in implementation of major accounting policy;
 - Significant or unusual events; and
 - Compliance with applicable financial reporting and accounting standards as well as other legal requirements.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

DUTIES AND RESPONSIBILITIES (cont'd)

E. Related Party Transactions

Review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises question on management integrity.

F. Other Matters Delegated by the Board

- Review the assistance given by the Group's officers to the auditors, and any difficulties encountered in the course of audit work, including any restrictions on the scope of activities or access to required information;
- Direct and, where appropriate, supervise any special projects or investigations considered necessary, and review investigation reports on any major defalcations, frauds and thefts;
- Review procedures in place to ensure that the Group is in compliance with the Companies Act 1965, Bursa Securities Listing Requirements and other legislative and reporting requirements;
- Prepare reports, if the circumstances arise or at least once (1) a year, to the Board summarising the work performed in fulfilling the Committee's primary responsibilities; and
- Any other activities, as authorised by the Board.

REPORTING

Upon the conclusion of each meeting, the Chairman shall report to the Board of Directors the activities that it had undertaken and the key recommendations for the Board's consideration and decision. Thereafter, the implementation status or progress of key recommendations from previous Internal Audits shall also be reported to the Board.

COMMITTEE ETHICS AND PROCEDURES

All members shall safeguard internal committee communications and treat them as strictly private and confidential, and for the use of Committee members only, except for meeting minutes which shall be circulated to members of the Board.

The Committee may be required to check references and consult selected third party sources on a confidential basis before making its final recommendations. The Committee shall work diligently in performing its duties and responsibilities while adhering to the Directors' and Company's Code of Ethics.

REVIEW OF THE TERMS OF REFERENCE

The terms of reference shall be reviewed by the Committee as and when required. All amendments to the terms of reference must be approved by the Board.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Board is committed to maintaining a sound system of risk management and internal control in the Group and is pleased to provide the following Internal Control Statement ("Statement"), which outlines the nature and scope of risk management and internal control of the Group. The Statement also takes into consideration the Statement on risk management and internal control: Guidelines for Directors of Listed Issuers, a publication issued by Bursa Malaysia Securities Berhad ("Bursa Securities") on the issuance of Internal Control Statement pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Securities.

BOARD'S RESPONSIBILITY

The Board is ultimately responsible for the Group's system of risk management and internal control (the "system"), which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and effectiveness to safeguard shareholders' investment and the Group's assets. In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives. Accordingly, the system can only provide reasonable, but not absolute assurance against material misstatement or loss.

The Board affirms that there is an on-going process for identifying, evaluating and managing the significant risks faced by the Group. The Board, through its Audit Committee and Risk Management Committee, regularly reviews the results of this process, including risk mitigating measures taken by Management to address key risks identified. The Board confirms that 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.

The Audit Committee and Risk Management Committee assist the Board to review the adequacy and effectiveness of the Group's risk management and internal control system to ensure that appropriate measures are carried out by Management to obtain the level of assurance required by the Board. For the purpose of this Statement, the associated companies in the Group are excluded.

RISK MANAGEMENT

In accordance with Recommendation 6.1 of the Malaysian Code on Corporate Governance ("MCCG 2012"), the Board has, through its Risk Management Committee ("RMC"), established a risk management and control framework that was implemented throughout the Group, which is firmly embedded in the Group's key processes. Management is responsible for identifying, evaluating, monitoring and reporting of risks and internal control as well as providing assurance to the Board that it has done so in accordance with the policies adopted by the Board. Further assurance is provided by the Internal Audit function, which operates across the Group.

The Board believes that the following key elements of the Group's risk management framework are integral to maintaining a sound risk management and internal control system:

- establishment of the Risk Management Committee with the responsibility of identifying and communicating to the Board the key risks (present and potential) faced by the Group, their changes and management action plans to manage the risks;
- formalisation of Enterprise Risk Management ("ERM") Policy and Procedures, which outline the risk management framework for the Group and offer practical guidance to all employees on risk management issues;
- identification of principal risks (present and potential) faced by operating units in the Group and Management's deployment of internal controls to mitigate or manage these risks;
- articulation of the Group's risk appetite and parameters (qualitative and quantitative) for the Group and individual business units so as to gauge acceptability of risk exposure; and
- the appointment of a dedicated Risk Officer to coordinate the ERM activities within the Group, to supervise the ERM policy implementation and documentation at Group level and to act as the central contact and guide for ERM issues within the Group.

STATEMENT ON INTERNAL CONTROL

SUMMARY OF RISK MANAGEMENT ACTIVITIES DURING THE FINANCIAL YEAR

The Risk Management Committee carried out its duties in accordance with its term of reference during the financial year. Highlights of the activities undertaken by the Committee are as follows:

- the Risk Management Committee, with the assistance from a firm of independent consultants and Management, continues to drive the risk management activities across all business segments of the Group on risk identification, evaluation, control, monitoring and reporting;
- representatives for each company within the Group's business segments, i.e. Automotive and related products, Hotels and resorts, Plantation, Plastic products, Investment holding and financial services, Healthcare as well as others, including investment properties and trading of building material products, identified the risks affecting their business by assessing the existing as well as emerging risks under the strategic, financial, operational and compliance categories. The representatives submitted the risk registers for the Company's top risks to their segment's risk coordinator for review;
- risk coordinators, in turn, assessed the overall risks faced by their business segments, the potential impact and likelihood of those risks occurring, the control effectiveness and the action plans taken to manage those risks to the desired level. All of the information was captured and reported to the Corporate Office;
- briefings were held in Kuala Lumpur and Penang for the Senior Management on the regulatory requirements on Risk Management, improvement opportunities on Management's risk assessment activities and also efforts required in managing the emerging risk and also recapitulated in the Code of Ethics. The main objective is to engender continuous and proactive risk management activities within the Group;
- the top five (5) principal risks for each business segment, based on the significance of evaluated risks to the segment's results, were reported to the Risk Management Committee. Nonetheless, Management of each company in the Group continues to monitor and manage all risks at company level, as appropriate;
- compilation of the Group risk profile, considering the materiality of the business segment in relation to the Group risk parameters, with the top risks from each business segment selected by Senior Management and feedback from Executive Directors on strategic risks, was carried out with assistance from a firm of consultants. The outcome was presented to the Risk Management Committee for deliberation and approved on 24 February 2016;
- the risk mitigating measures taken and/or to be taken by Management were reported and reviewed at the Risk Management Committee meetings. For each of the risks identified, the divisional head has been assigned to ensure appropriate action plans are carried out in a timely manner; and
- the Enterprise Risk Management ("ERM") Policy and Procedures has been updated with the latest risk reporting framework, e.g. risk organisation structure, frequency and risk reporting documents for the Group.

Whilst the Board considers the risk management framework to be robust to meet the Group's needs, it will still subject the framework to continuous improvement, taking into consideration better practices and the changing business environment.

INTERNAL AUDIT FUNCTION

The Group has an in-house Internal Audit department, which provides the Board, through the Audit Committee, with independent assurance on the efficiency and effectiveness of risk management and internal control systems. The internal audit function adopts a risk-based internal audit methodology in reviewing key processes of the various business units in the Group and reporting directly to Audit Committee on the state of risk management and internal control of the various business units audited during the financial year.

The internal audit function will recommend action plans to improve on areas where control deficiencies are identified during the field audits. Action plans are taken by Management to address the findings and concerns raised in the internal audit reports and internal audit function will follow up on the Management's implementation of action plans. Further details of the activities of the internal audit function are provided in the Audit Committee Report.

STATEMENT ON INTERNAL CONTROL

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 the Management and the Board:

- *limits of authority and responsibility*

Formally defined and documented lines of responsibility and delegation of authority has been established through the relevant charters/terms of reference, organisational structures and appropriate authority limits. Hierarchical reporting is also in place to enhance the Group's ability to achieve its strategies and operational objectives as well as provide for documented and auditable trail of accountability;

- *planning, monitoring, reporting and safeguarding*

- established budgeting process requiring all business segments within the Group to prepare the annual budget, taking into consideration the strategic plans, capital and operating expenditure for the upcoming financial year to be compiled by Corporate Office for discussion and approval by the Executive Committee;
- Performance Coordinating Team ("PCT") comprising Senior Management from each business segment who reviews operational and financial Key Performance Indicators of their respective business segments and reports to the EXCO quarterly in order to assist EXCO in discharging their oversight role on the Group's activities;
- the Audit Committee reviews the quarterly financial results and evaluates the explanations and reasons for significant unusual variances noted thereof;
- information, which includes quarterly reports covering all key financial and operational indicators, is provided to key Management for monitoring of performance against budget and actions to be taken, where necessary;
- Management meetings are held regularly to identify, discuss and resolve strategic, operational, financial and key management issues.

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 31 December 2015, 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 Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The 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.

STATEMENT ON INTERNAL CONTROL

REVIEW BY THE BOARD

The Board is of the view that the Group's risk management and internal control system for the year under review and as at the date of this statement is adequate and effective to safeguard the shareholders' investment and the Group's asset. The Board recognises that the development of internal control system is an ongoing process and will continue to take appropriate action to further enhance the Group's system of internal control.

As recommended by the Statement on Risk Management and Internal Control-Guidelines for Directors of Listed Issuers, the Board has received assurances in writing from Executive Chairman, Group Managing Directors and Group Chief Financial Officer that the Group's risk management and internal control system has been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement.

This statement is issued in accordance with a resolution of the Directors dated 7 April 2016.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

INTRODUCTION

Oriental Holdings Berhad ("OHB") recognises the need to place a firm commitment towards corporate social responsibility ("CSR") and sustainable development activities, of which stems from fundamental principles of good corporate governance and striking a harmonious synergy between corporate pursuits and social obligations.

OHB remains committed to the community, environment, customers, employees and stakeholders. OHB aims to foster not only positive community relationships, but also help create sustained economic growth by building human and institutional capacity from our operational sectors.

Highlights of CSR initiatives carried out by the Group operational segments for 2015 include the following:

THE COMMUNITY

At OHB, community development and care activities are recognised as one of the most important corporate priorities with various community activities carried out across the Group's business operations during the financial year 2015.

In the Group's hotels and resorts segment, Bayview Hotel Melaka organised a Blood Donation and Organ Donation Campaign on 21 April 2015. Health checks and exhibitions, such as Basic Health Checks, Quit Smoking Clinic and Dengue Awareness Exhibition were also available on the same day in collaboration with Jabatan Kesihatan Negeri Melaka. Bayview Hotel Melaka also provided Hari Raya household needs to eleven underprivileged families in Dun Rim, Melaka. On 2 August 2015, the staff of Bayview Hotel Melaka joined forces for a fundraising car wash with proceeds donated to the Seck Kia Enh Cancer Fund, St. John Ambulance of Malaysia Haemodialysis Centre and Bayview Charity Fund.

In Australia, Kah Australia Pty Ltd was given the Outstanding Community Service and Achievement Award by Tourism Accommodation Australia (NSW) for its continuous support to the community. Kah Australia Pty Ltd takes pride in giving back to the community by providing accommodation prizes and vouchers to Canterbury Bulldogs (an Australian professional rugby league football club), participating in Sydney Children's Hospital Foundation's "Little Lights for Little Lives" during Christmas and also fund raising for Cancer Council NSW during Daffodil Day, Australia's Biggest Morning Tea and Pink Ribbon Day.

In Indonesia, the Group's plantation segment involves in various community activities to improve the people's well-being and foster a good harmonious relationship with the local community. In 2015, the Group continued to assist the surrounding villages by building extensions and renovations. Other activities includes providing oil palm seedlings, land clearing loan programme to farmers as well as provision of free labour, material fertilizers and chemicals to villagers to maintain their oil palm plantings.

The healthcare segment sponsored the Melaka Autism Walk 2015 to help raise funds to Melaka Autism Association. The hospital also launched Charity Phako-surgery package with Melaka Chinese Chamber of Commerce which benefited sixty cataract patients. The nursing college provided free health screenings and health talk to public throughout the year and the staff and students from nursing college also performed community services at Beautiful Gate Foundation for the Disabled, Melaka and Agape Elderly Home in August 2015.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

THE ENVIRONMENT

OHB Group promotes environmental awareness through participation in environmental conservation action across the Group's business operations.

OHB's hotels and resorts segment continued the recycling projects in 2015 to recycle bottles, newspapers, and other paper products. The hotels and resorts promoted bathroom towel and linen recycling program, used eco-friendly laundry chemicals and installed timers on lights, air-conditioners and televisions. In addition, hotels and resorts segment also supported the Earth Hour 2015 on 28 March 2015 from 8.30 pm to 9.30 pm.

In New Zealand, Chateau Tongariro Hotel has been awarded the Qualmark Gold Environment Award in 2015 in recognition of its high standards in environmental practices, focusing on recycling, waste reduction, water and energy conservation.

The plantation operations initiated recycling projects in the estate to promote greater awareness of the environmental health and needs. Palm oil mill by-products were recycled and utilised for mulching and revitalisation of soils in the fields. The biological control of rats with the introduction of barn owls has helped in doing away with usage of pesticides. Hills, steep gradient and peat land will not be planted and will remain in its natural form. Zero burning is practiced during all land clearing activities.

THE WORKPLACE

OHB Group recognises that success and growth of the Group over the years has been built on the foundation of a skilled and talented workforce. Therefore, motivating and developing the workplace is very important to meet the needs of different segments, which require various skills, capabilities and expertise from our employees.

The group continues to prioritise training and development programmes that create opportunities for professional growth for its employees. The employees are nurtured to fulfil their full potential and achieve both personal and corporate goals through the conduct of external and in-house training to enhance employees' knowledge and skills at all levels of employment in order to meet their responsibilities and perform at their best.

The group also promotes a work-life balance workplace. Various sports, family and social activities such as bowling tournament, family day, festivals and annual dinner were conducted to foster closer working relationship and teamwork.

In additions, the benefits provided for employees include health insurance and medical as a token of appreciation for their contribution towards the performance of the Group.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company are as follows :

- (a) investment holding; and
- (b) provision of management services.

The principal activities of its subsidiaries and associates are set out in Note 38 and Note 10 to the financial statements respectively.

There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to :		
Owners of the Company	272,478	90,882
Non-controlling interests	10,790	-
	283,268	90,882

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 :

- i) a single tier interim dividend of 6% totalling RM37,221,710 for the year ended 31 December 2014 on 26 March 2015;
- ii) a single tier final dividend of 6% and single tier special dividend of 2% totalling RM49,628,946 for the year ended 31 December 2014 on 15 July 2015; and
- iii) a single tier first interim dividend of 6% totalling RM37,221,710 in respect of the financial year ended 31 December 2015 on 17 November 2015.

A single tier second interim dividend of 6% totalling RM37,221,710 in respect of the year ended 31 December 2015 was declared by the Directors on 29 February 2016 and payable on 15 April 2016.

A single tier final dividend of 6% and single tier special dividend of 2% totalling RM49,628,946 have been recommended by the Directors in respect of the year ended 31 December 2015, subject to approval of the stockholders at the forthcoming Annual General Meeting.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTORS OF THE COMPANY

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

Datuk Loh Kian Chong, DMSM
 Dato' Robert Wong Lum Kong, DSSA, JP
 Dato' Seri Lim Su Tong, DGPN, DSPN
 Tan Kheng Hwee
 Dato' Sri Tan Hui Jing, SSAP, PKT, PJK
 Sharifah Intan binti S. M. Aidid
 Mary Geraldine Phipps
 Dato' Ghazi bin Ishak, DSSA
 Lee Kean Teong
 Datin Loh Ean
 (alternate to Dato' Robert Wong Lum Kong, DSSA, JP)
 Nobuhide Nagata (Appointed on 1 April 2016)
 Koji Onishi (Resigned on 31 March 2016)

DIRECTORS' INTERESTS IN SHARES

The holdings in the stocks of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouse or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows :

	Balance at 1.1.2015	Bought	(Sold)	Balance at 31.12.2015
Interest in the Company				
Number of Ordinary Stocks of RM1 each				
Dato' Robert Wong Lum Kong, DSSA, JP				
<i>Direct interest</i>				
- own	181,149	-	-	181,149
Dato' Seri Lim Su Tong, DGPN, DSPN				
<i>Direct interest</i>				
- own	2,966,906	-	-	2,966,906
<i>Indirect interest</i>				
- others *	3,302,626	-	-	3,302,626
Sharifah Intan binti S. M. Aidid				
<i>Direct interest</i>				
- own	18,000	-	-	18,000

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTORS' INTERESTS IN SHARES (cont'd)

	Balance at 1.1.2015	Bought	(Sold)	Balance at 31.12.2015
Interest in the Company				
	Number of Ordinary Stocks of RM1 each			
Datuk Loh Kian Chong, DMSM				
Direct interest				
- own	81,200	20,000	-	101,200
Indirect interest				
- own	353,964,026	-	-	353,964,026
Mary Geraldine Phipps				
Indirect interest				
- own	5,161	-	-	5,161
Datin Loh Ean				
Direct interest				
- own	161,872	-	-	161,872
Tan Kheng Hwee				
Direct interest				
- own	172,032	-	-	172,032
Interest in subsidiaries				
	Number of Shares of RM1 each			
Dato’ Sri Tan Hui Jing, SSAP, PKT, PJK				
Indirect interest - own				
- Melaka Straits Medical Centre Sdn. Bhd.	58,000,000	-	-	58,000,000
Sharifah Intan binti S.M. Aidid				
Direct interest - own				
- Armstrong Auto Parts Sdn. Berhad	227,318	-	-	227,318
- Teck See Plastic Sdn. Bhd.	100,000	-	-	100,000

* These are shares held in the name of the children and are regarded as interest of the Directors in accordance with Section 134(12)(c) of the Companies Act, 1965.

By virtue of his interests of more than 15% in the stocks of the Company, Datuk Loh Kian Chong is also deemed interested in the shares of the subsidiaries during the financial year to the extent that Oriental Holdings Berhad has an interest.

None of the other Directors holding office at 31 December 2015 had any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

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) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than :-

- (a) certain Directors who received fixed salaries as full-time employees of the Company or of related corporations; and
- (b) certain Directors who have substantial financial interests in companies which traded with certain companies in the Group 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

There were no changes in the authorised, issued and paid-up capital of the Company and no debentures were issued by the Company 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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

OTHER STATUTORY INFORMATION (cont'd)

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.

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 31 December 2015 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.

SIGNIFICANT EVENTS

Details of the significant events are as disclosed in Note 36 to the financial statements.

SUBSEQUENT EVENT

Details of the subsequent event are as disclosed in Note 37 to the financial statements.

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 :

Datuk Loh Kian Chong, DMSM
Director

Dato' Seri Lim Su Tong, DGPN, DSPN
Director

Penang

Date : 7 April 2016

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Assets					
Property, plant and equipment	3	1,595,092	1,487,745	1,219	757
Intangible assets	4	49,829	49,590	-	-
Biological assets	5	553,741	310,530	-	-
Land held for property development	6	36,065	36,011	-	-
Prepaid land lease payments	7	66,164	30,713	-	-
Investment properties	8	818,178	568,952	15,064	15,067
Investments in subsidiaries	9	-	(22,867)	645,800	649,939
Investments in associates	10	562,121	496,971	34,006	28,291
Other investments	11	311,213	307,354	32,341	33,113
Deferred tax assets	12	31,201	10,427	-	-
Total non-current assets		4,023,604	3,275,426	728,430	727,167
Property development costs	13	2,948	2,882	-	-
Inventories	14	265,491	232,512	-	-
Trade and other receivables	15	455,137	517,922	231,940	171,881
Other investment	11	9,942	-	-	-
Current tax assets		10,657	11,044	291	158
Short term investments	16	524,315	504,540	-	-
Cash and cash equivalents	17	2,886,826	2,415,232	124,868	112,565
Total current assets		4,155,316	3,684,132	357,099	284,604
Total assets		8,178,920	6,959,558	1,085,529	1,011,771

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Equity					
Share capital		620,394	620,394	620,394	620,394
Reserves		1,077,391	687,039	30,060	30,060
Retained earnings		3,948,186	3,800,072	327,189	360,379
		5,645,971	5,107,505	977,643	1,010,833
Treasury stocks		(249)	(249)	(249)	(249)
Total equity attributable to stockholders of the Company	18	5,645,722	5,107,256	977,394	1,010,584
Non-controlling interests		893,798	849,048	-	-
Total equity		6,539,520	5,956,304	977,394	1,010,584
Liabilities					
Deferred tax liabilities	12	18,035	19,230	-	-
Borrowings	19	70,056	2,219	-	-
Provisions	20	30,679	7,622	-	-
Deferred income	21	8,088	6,981	-	-
Retirement benefits	22	13,616	9,465	-	-
Total non-current liabilities		140,474	45,517	-	-
Trade and other payables	23	370,078	276,278	1,131	1,187
Borrowings	19	1,085,023	659,175	107,004	-
Current tax liabilities		43,825	22,284	-	-
Total current liabilities		1,498,926	957,737	108,135	1,187
Total liabilities		1,639,400	1,003,254	108,135	1,187
Total equity and liabilities		8,178,920	6,959,558	1,085,529	1,011,771

The notes on pages 72 to 181 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Continuing operations					
Revenue	24	4,380,163	3,464,831	139,376	119,118
Cost of sales		(3,610,182)	(2,750,688)	-	-
Gross profit		769,981	714,143	139,376	119,118
Distribution expenses		(71,187)	(51,929)	-	-
Administrative expenses		(235,197)	(184,987)	(5,158)	(4,745)
Other operating expenses		(240,171)	(145,393)	(44,496)	(45,021)
Other operating income		93,470	79,040	4,016	7,983
		(453,085)	(303,269)	(45,638)	(41,783)
Results from operating activities		316,896	410,874	93,738	77,335
Interest expense		(12,637)	(8,538)	(489)	(668)
Operating profit	24	304,259	402,336	93,249	76,667
Share of profit after tax of equity accounted associates	10	54,867	84,117	-	-
Profit before tax		359,126	486,453	93,249	76,667
Income tax expense	27	(75,858)	(77,727)	(2,367)	(1,749)
Profit for the year		283,268	408,726	90,882	74,918
Other comprehensive income/ (expense), net of tax					
Remeasurement of defined benefit liability		(614)	-	-	-
Foreign currency translation differences for foreign operations		445,044	72,716	-	-
Fair value of available-for-sale financial assets		(22,985)	18,462	-	-
Share of other comprehensive expense of equity accounted associates	10	(397)	(4,953)	-	-
Total other comprehensive income for the year		421,048	86,225	-	-
Total comprehensive income for the year		704,316	494,951	90,882	74,918

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit attributable to :					
Owners of the Company		272,478	331,083	90,882	74,918
Non-controlling interests		10,790	77,643	-	-
Profit for the year		283,268	408,726	90,882	74,918
Total comprehensive income attributable to :					
Owners of the Company		662,538	403,299	90,882	74,918
Non-controlling interests		41,778	91,652	-	-
Total comprehensive income for the year		704,316	494,951	90,882	74,918
Basic earnings per ordinary stock (sen)	28	43.92	53.37		

The notes on pages 72 to 181 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

Attributable to stockholders of the Company												
Non-distributable											Distributable	
Group	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Capital redemption reserve RM'000	Asset revaluation reserve RM'000	Treasury stocks RM'000	Retained earnings RM'000	Capital reserve RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2014	620,394	1,099	1,073	486,384	85,477	68	474	(249)	3,512,414	40,248	745,328	5,492,710
Foreign currencies translation differences for foreign operations	-	-	-	59,508	-	-	-	-	-	-	13,208	72,716
Fair value of available-for-sale financial assets	-	-	-	-	17,661	-	-	-	-	-	801	18,462
Share of other comprehensive expense of equity accounted associates	-	-	-	-	(4,953)	-	-	-	-	-	-	(4,953)
Total other comprehensive income for the year	-	-	-	59,508	12,708	-	-	-	-	-	14,009	86,225
Profit for the year	-	-	-	-	-	-	-	-	331,083	-	77,643	408,726
Total comprehensive income for the year	-	-	-	59,508	12,708	-	-	-	331,083	-	91,652	494,951
Dividends paid to stockholders	-	-	-	-	-	-	-	-	(43,425)	-	-	(43,425)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(8,411)	(8,411)
Distribution on liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	-	(4,021)	(4,021)
Shares issued to non-controlling interests	-	-	-	-	-	-	-	-	-	-	24,500	24,500
Total distribution to owners	-	-	-	-	-	-	-	-	(43,425)	-	12,068	(31,357)
At 31 December 2014	620,394	1,099	1,073	545,892	98,185	68	474	(249)	3,800,072	40,248	849,048	5,956,304

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

Attributable to stockholders of the Company												
Non-distributable												
Distributable												
	Share capital	Share premium	Capital reserve	Foreign currency translation reserve	Fair value reserve	Capital redemption reserve	Capital revaluation reserve	Asset reserve	Treasury stocks	Retained earnings	Capital reserve	Total equity
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	620,394	1,099	1,073	545,892	98,185	68	474	(249)	3,800,072	40,248	5,107,256	849,048
												5,956,304
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-	(292)	-	(292)	(614)
Foreign currency translation differences for foreign operations	-	-	-	412,257	-	-	-	-	-	-	412,257	32,787
Fair value of available-for-sale financial assets	-	-	-	-	(21,508)	-	-	-	-	-	(21,508)	(1,477)
Share of other comprehensive expense of equity accounted associates	-	-	-	-	(397)	-	-	-	-	-	(397)	(397)
Total other comprehensive income for the year	-	-	-	412,257	(21,905)	-	-	-	(292)	-	390,060	30,988
Profit for the year	-	-	-	-	-	-	-	-	272,478	-	272,478	10,790
												283,268
Total comprehensive income for the year	-	-	-	412,257	(21,905)	-	-	-	272,186	-	662,538	41,778
												704,316
Dividends paid to stockholders	-	-	-	-	-	-	-	-	(124,072)	-	(124,072)	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(11,114)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(21,879)
Distribution on liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(4,013)
Shares issued to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	39,978
Total distribution to owners	-	-	-	-	-	-	-	-	(124,072)	-	(124,072)	2,972
												(121,100)
At 31 December 2015	620,394	1,099	1,073	958,149	76,280	68	474	(249)	3,948,186	40,248	5,645,722	893,798
												6,539,520

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Non-distributable			Distributable		Total equity
		Share capital	Capital redemption reserve	Treasury stocks	Retained earnings	Capital reserve	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company							
At 1 January 2014		620,394	68	(249)	328,886	29,992	979,091
Profit for the year representing total comprehensive income		-	-	-	74,918	-	74,918
Dividends to stockholders	29	-	-	-	(43,425)	-	(43,425)
At 31 December 2014/ 1 January 2015		620,394	68	(249)	360,379	29,992	1,010,584
Profit for the year representing total comprehensive income		-	-	-	90,882	-	90,882
Dividends to stockholders	29	-	-	-	(124,072)	-	(124,072)
At 31 December 2015		620,394	68	(249)	327,189	29,992	977,394

The notes on pages 72 to 181 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flows from operating activities					
Profit before tax from continuing operations		359,126	486,453	93,249	76,667
Adjustments for :					
Amortisation of :					
- biological assets	5	16,920	11,209	-	-
- prepaid land lease payments	7	925	3,311	-	-
- development cost	4	585	528	-	-
Depreciation of :					
- property, plant and equipment	3	97,642	79,585	227	172
- investment properties	8	4,859	4,726	3	4
Dividend income	24	(37,558)	(62,265)	(128,449)	(110,800)
Interest expense		12,637	8,538	489	668
Interest income	24	(81,812)	(78,356)	(9,646)	(7,742)
Loss/(Gain) on disposal of :					
- property, plant and equipment	24	(88)	(3,075)	-	-
- a subsidiary	24	-	-	379	-
- other investments	24	(12,108)	614	(3,482)	-
Assets written off :					
- property, plant and equipment	24	21	4	-	-
- biological assets	24	2	26	-	-
- intangible assets	24	18,771	-	-	-
Share of profits of equity-accounted associates, net of tax		(54,867)	(84,117)	-	-
Unrealised loss/(gain) on foreign exchange on borrowings		29,297	(64,104)	14,894	-
Impairment loss/(Reversal of impairment loss) on :					
- plant and equipment, net	24	(5,671)	7,527	-	-
- other investments	24	849	590	-	-
- investment in subsidiaries	24	-	-	36,010	35,000
Loss/(Surplus) on liquidation of a subsidiary	24	118	(2,254)	-	-
Provision for retirement benefits	22	3,179	1,926	-	-
Operating profit/(loss) before changes in working capital		352,827	310,866	3,674	(6,031)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Changes in working capital :					
Property development costs		(66)	(96)	-	-
Inventories		(14,459)	918	-	-
Trade and other receivables		(39,442)	(136,898)	(60,059)	(46,007)
Trade and other payables		104,521	(33,943)	(56)	(258)
		50,554	(170,019)	(60,115)	(46,265)
Cash generated from/(used in) operations		403,381	140,847	(56,441)	(52,296)
Dividends received (net)		-	-	128,449	110,800
Interest paid		(12,500)	(8,673)	(489)	(668)
Tax paid		(73,416)	(38,766)	(2,500)	(1,031)
Retirement benefits paid	22	(509)	(105)	-	-
Net cash from operating activities		316,956	93,303	69,019	56,805
Cash flows from investing activities					
Additions of :					
- intangible assets	4	(824)	(460)	-	-
- land held for property development	6	(77)	(71)	-	-
- property, plant and equipment	A	(207,504)	(243,838)	(689)	(238)
- investment properties	8	(111,896)	(13,109)	-	-
- biological assets	5	(142,526)	(74,033)	-	-
- prepaid lease payment	7	(35,866)	-	-	-
- investment in subsidiaries		-	-	(36,350)	(31,500)
- investment in associates		-	-	(5,715)	-
- other investments		(29,259)	(27,818)	-	-
Dividends received		43,444	79,832	-	-
Interest received		81,986	75,194	9,646	7,742
Net cash outflow on liquidation/winding up of a subsidiary		(4,048)	(1,767)	-	-
Net cash outflow on acquisition of a subsidiary	36	(5,287)	-	-	-
Proceeds from liquidation/disposal of :					
- other investments		49,903	38,728	4,254	-
- a subsidiary		-	-	4,100	-
- property, plant and equipment		13,978	8,093	-	-
- land held for property development		23	-	-	-
Increase in short term investment, net		(19,775)	(149,380)	-	-
Net cash used in investing activities		(367,728)	(308,629)	(24,754)	(23,996)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

		Group		Company	
	Note	2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities					
Dividends paid to :					
- non-controlling interests		(11,114)	(8,411)	-	-
- stockholders of the Company		(124,072)	(43,425)	(124,072)	(43,425)
Placement of fixed deposits pledged for banking facilities		(202,670)	(168,679)	-	-
Repayment of lease obligations		(4,168)	(2,795)	-	-
Other bank borrowings, net		329,389	196,937	92,110	(46,733)
Proceeds from issue of shares to non-controlling interests		39,978	24,500	-	-
Net cash from/(used in) financing activities		27,343	(1,873)	(31,962)	(90,158)
Net (decrease)/increase in cash and cash equivalents		(23,429)	(217,199)	12,303	(57,349)
Cash and cash equivalents at 1 January		2,117,799	2,278,286	112,565	169,914
Effect of exchange rate fluctuations on cash held		292,744	56,712	-	-
Cash and cash equivalents at 31 December	B	2,387,114	2,117,799	124,868	112,565

Notes

A. *Additions of property, plant and equipment*

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of **RM221,675,000** (2014 : RM246,845,000) of which **RM14,171,000** (2014 : RM3,007,000) was acquired by hire purchase/lease arrangements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

B. *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	
	Note	2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Cash and bank balances	17	1,070,494	854,237	2,016	2,420
Fixed deposits	17	1,799,897	1,498,071	109,515	52,763
Unit trust money market funds	17	16,435	62,924	13,337	57,382
		2,886,826	2,415,232	124,868	112,565
Less :					
Deposits pledged	17.1	(499,481)	(296,811)	-	-
Bank overdrafts	19	(231)	(622)	-	-
		2,387,114	2,117,799	124,868	112,565

The notes on pages 72 to 181 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Oriental Holdings 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 registered office and principal place of business of the Company are as follows :

Registered office

Suite 16-1 (Penthouse Upper)
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang

Principal place of business

1st Floor, 25B Lebuhr Farquhar
10200 Penang

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2015 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 associates.

The principal activities of the Company are as follows :

- (a) investment holding; and
- (b) provision of management services.

The principal activities of its subsidiaries and associates are set out in Notes 38 and 10 to the financial statements respectively.

These financial statements were authorised for issue by the Board of Directors on 7 April 2016.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards (FRSs) 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 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)*

NOTES TO THE FINANCIAL STATEMENTS

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 abovementioned accounting standards, amendments and interpretations :

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016 as applicable.

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

The Group's and the Company's financial statements for annual period beginning on 1 January 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 is currently assessing the financial impacts on the initial application of the accounting standards, amendments or interpretations.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis unless otherwise stated.

(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 and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with Financial Reporting Standards ("FRS") 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 estimates are 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 :-

Note 4 - assessment on impairment of goodwill

Note 9 - impairment loss of investment in subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

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 the Group entities.

(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 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 investment includes transaction costs.

(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.

(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 interest 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(iv) Acquisitions from entities under common controls

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; and for this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

(v) 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.

(vi) Associates

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

Investment in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. 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 re-measured. 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, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(vii) 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 year between non-controlling interests and the 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.

(viii) Transactions eliminated on consolidation

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

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

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Foreign currency (cont'd)

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

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Initial recognition and measurement

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

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 as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with 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) or financial assets that are specifically designated into this category upon initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

(a) *Financial assets at fair value through profit or loss (cont'd)*

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) *Held-to-maturity investments*

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) *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.

(d) *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.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

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) 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 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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) 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.

(d) Property, plant and equipment

(i) Recognition and measurement

Freehold land and capital work-in-progress are measured at cost/valuation less any accumulated impairment losses. All other property, plant and equipment are measured at cost/valuation less any accumulated depreciation and any accumulated impairment losses.

The Group has availed itself to the transitional provision when MASB first adopted IAS 16, Property, Plant and Equipment in 1998. Certain properties were revalued in 1976 and 1978 and no later valuation has been recorded for these property, plant and equipment.

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

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

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 operating income" and "other operating expenses" respectively in profit or loss. When revalued assets are sold, the amounts included in the asset revaluation reserve are transferred to retained earnings.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Property, plant and equipment (cont'd)

(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 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. Capital-work-in-progress are not depreciated until the assets are ready for their intended use.

The depreciation rates for the current and comparative periods based on their estimated useful lives are as follows :

	%
• Buildings	2 - 10
• Plant and machinery	7 - 33 1/3
• Furniture, fixtures, fittings and equipment	5 - 50
• Vehicles	20
• Assembly plant	2 - 10

The initial cost of hotel operating equipment (included under furniture, fixtures, fittings and equipment) such as linen, crockery, glassware, cutlery and kitchen utensils has been capitalised and is not depreciated. Subsequent acquisition to replace these operating assets are written off in the year in which they are incurred.

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

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group assumes 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, or as investment property if held to earn rental income or for capital appreciation or for both.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Leased assets (cont'd)

(ii) Operating leases

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property, and measured using fair value model.

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 land lease payments.

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Intangible assets (cont'd)

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Amortisation is based on the cost of an asset less its residual value.

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets of 3 years from the date that they are available for use.

Amortisation method, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Biological assets

New planting expenditure incurred on land clearing to the point of harvesting is capitalised at cost as biological assets.

Expenditure on new planting and replanting and upkeep of immature areas are amortised over the estimated economic useful lives of the trees. Amortisation is deferred until the planted areas attain maturity and the rate used is 5% per annum.

(h) Land held for property development

Land held for property development consist of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle of 2 to 3 years. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses, if any.

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Investment properties

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 purposes. 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 initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

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(d).

Cost includes expenditure that is attributable to the acquisition of the investment property. The cost of self-constructed investment property includes 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.

Transfers between investment property, property, plant and equipment and inventories do not change the carrying amount and the cost of the property transferred.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of 50 years for buildings. Leasehold land is depreciated over the lease term and freehold land is not depreciated.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statement of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of the retirement or disposal.

(j) Property development costs

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

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

(k) Inventories

(i) Completed development properties

Completed development properties are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis and includes land, all direct building costs and appropriate proportions of common costs attributable to developing the properties to completion.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Inventories (cont'd)

(ii) Other inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is measured based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Cost of assembled motor vehicles and knocked-down units is determined on specific identification and cost of other inventories is principally determined on a first-in, first-out basis.

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.

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

(l) 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 accounts maintained pursuant to the Housing Development (Control and Licensing) Act, 1966). For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary Stocks

Ordinary stocks are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury stocks)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(o) 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.

(p) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Impairment (cont'd)

(i) Financial assets (cont'd)

An impairment loss in respect of loans and receivables and held-to-maturity investments 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 (except for inventories, property development costs 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. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Impairment (cont'd)

(ii) Other assets (cont'd)

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 goodwill is not reversed. 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.

(q) Employee benefits

(i) Short-term employee benefits

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

A 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.

(iii) Defined benefits plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Employee benefits (cont'd)

(iii) Defined benefits plans (cont'd)

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months from the end of the reporting period, then they are discounted.

(r) Deferred income

(i) Extended warranty package income

Extended warranty package income received and receivable are taken to the deferred income account and are recognised as revenue when services are provided. Upon the expiry of the extended warranty package, any unutilised value of the extended warranty package is taken to profit or loss.

(ii) Service package income

Service package income received and receivable are taken to the deferred income account and are recognised as revenue when services are provided. Upon the expiry of the service package, any unutilised value of the service package is taken to profit or loss.

(s) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Revenue and other income (cont'd)

(ii) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to surveys of work performed.

(iii) Property development

Revenue from property development activities is recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated property development costs.

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

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

(iv) Developed properties

Revenue relating to sale of developed properties is recognised net of discounts when risks and rewards have been transferred.

(v) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(vi) 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 the ex-dividend date.

(vii) Commission

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(viii) 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) 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.

(u) 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 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.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Earnings per ordinary stock

The Group presents basic earnings per stock data for its ordinary stocks ("EPS").

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

(w) 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. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case are the Chairman and Managing Directors of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(x) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

(y) 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

3. PROPERTY, PLANT AND EQUIPMENT

	At 31 December			
	Cost/ Valuation RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Net book value RM'000
Group				
2015				
Freehold land :				
At valuation				
- 1978	5,019	-	-	5,019
At cost	226,845	-	-	226,845
Short term leasehold land :				
At valuation				
- 1976	1,187	890	-	297
- 1978	255	152	-	103
At cost	112,667	56,039	-	56,628
Long term leasehold land :				
At valuation				
- 1978	2,054	934	-	1,120
At cost	36,151	3,911	-	32,240
Buildings :				
At valuation				
- 1976	2,037	2,037	-	-
- 1978	260	152	-	108
At cost	1,458,306	481,016	-	977,290
<i>Other assets at cost :</i>				
Assembly plant	4,830	4,808	-	22
Plant and machinery	621,595	501,513	-	120,082
Furniture, fixtures, fittings, equipment and vehicles	348,706	249,032	892	98,782
Capital work-in-progress	82,520	-	5,964	76,556
	2,902,432	1,300,484	6,856	1,595,092
	Note 3.1	Note 3.2	Note 3.2	

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	At 31 December			
	Cost/ Valuation RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Net book value RM'000
Group				
2014				
Freehold land :				
At valuation				
- 1978	3,732	-	-	3,732
At cost	261,086	-	-	261,086
Short term leasehold land :				
At valuation				
- 1976	1,187	866	-	321
- 1978	255	152	-	103
At cost	99,199	47,311	-	51,888
Long term leasehold land :				
At valuation				
- 1978	2,054	921	-	1,133
At cost	22,988	3,715	-	19,273
Buildings :				
At valuation				
- 1976	2,037	2,037	-	-
- 1978	260	149	-	111
At cost	1,310,887	413,179	-	897,708
<i>Other assets at cost :</i>				
Plant and machinery	668,533	560,910	5,671	101,952
Furniture, fixtures, fittings, equipment and vehicles	291,626	221,324	892	69,410
Capital work-in-progress	86,992	-	5,964	81,028
	2,750,836	1,250,564	12,527	1,487,745
	Note 3.1	Note 3.2	Note 3.2	

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	At 31 December		
	Cost	Accumulated depreciation	Net book value
	RM'000	RM'000	RM'000
Company			
2015			
Freehold land	289	-	289
Furniture, fixtures, fittings, equipment and vehicles	1,435	1,004	431
Capital work-in-progress	499	-	499
	2,223	1,004	1,219
	Note 3.1	Note 3.2	
2014			
Freehold land	289	-	289
Furniture, fixtures, fittings, equipment and vehicles	1,245	777	468
	1,534	777	757
	Note 3.1	Note 3.2	

Please refer Notes 3.1 and 3.2 for detailed movement of cost/valuation and accumulated depreciation of property, plant and equipment of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

3.1 Detailed movements in cost/valuation of the Group are as follows :-

Group	At 1 January 2015 RM'000	Additions RM'000	Additions through acquisition of a subsidiary RM'000	Disposal/ Write-off RM'000	Reclassification RM'000	Transfer from/(to) investment properties RM'000	Transfer to Biological assets RM'000	Exchange differences RM'000	At 31 December 2015 RM'000
At valuation 1978 :									
Freehold land	3,732	-	-	-	-	1,287	-	-	5,019
Short term leasehold land	255	-	-	-	-	-	-	-	255
Long term leasehold land	2,054	-	-	-	-	-	-	-	2,054
Buildings	260	-	-	-	-	-	-	-	260
At valuation 1976 :									
Buildings	2,037	-	-	-	-	-	-	-	2,037
Short term leasehold land	1,187	-	-	-	-	-	-	-	1,187
At cost :									
Freehold land	261,086	86,636	-	(439)	-	(143,275)	-	22,837	226,845
Short term leasehold land	99,199	-	-	-	-	-	-	13,468	112,667
Long term leasehold land	22,988	-	-	-	-	13,163	-	-	36,151
Buildings	1,310,887	7,785	7	(4,310)	35,159	(6,153)	-	114,931	1,458,306
Assembly plant	-	-	-	-	-	4,830	-	-	4,830
Plant and machinery	668,533	23,504	-	(120,011)	27,811	-	-	21,758	621,595
Furniture, fixtures, fittings, equipment and vehicles	291,626	48,784	887	(16,962)	4,611	-	(379)	20,139	348,706
Capital work-in-progress	86,992	54,966	9	-	(67,581)	-	-	8,134	82,520
	2,750,836	221,675	903	(141,722)	-	(130,148)	(379)	201,267	2,902,432
						Note 8	Note 5		Note 3

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

3.1 Detailed movements in cost/valuation of the Group are as follows :- (cont'd)

Group	At 1 January 2014 RM'000	Additions RM'000	Disposal/ Write-off RM'000	Reclassification RM'000	Transfer to investment properties RM'000	Exchange differences RM'000	At 31 December 2014 RM'000
At valuation 1978 :							
Freehold land	3,732	-	-	-	-	-	3,732
Short term leasehold land	255	-	-	-	-	-	255
Long term leasehold land	2,054	-	-	-	-	-	2,054
Buildings	260	-	-	-	-	-	260
At valuation 1976 :							
Buildings	2,037	-	-	-	-	-	2,037
Short term leasehold land	1,187	-	-	-	-	-	1,187
At cost :							
Freehold land	206,577	50,858	-	-	(4)	3,655	261,086
Short term leasehold land	97,222	-	-	-	-	1,977	99,199
Long term leasehold land	24,048	-	-	-	(1,060)	-	22,988
Buildings	1,131,423	1,740	(1,070)	174,504	(6,565)	10,855	1,310,887
Plant and machinery	653,713	27,191	(17,628)	3,074	-	2,183	668,533
Furniture, fixtures, fittings, equipment and vehicles	269,817	29,068	(13,312)	3,266	-	2,787	291,626
Capital work-in-progress	127,564	137,988	(3)	(180,844)	-	2,287	86,992
	2,519,889	246,845	(32,013)	-	(7,629)	23,744	2,750,836

Note 8

Note 3

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

3.1 Detailed movements in cost/valuation of the Company are as follows :- (cont'd)

	At 1 January 2015 RM'000	Additions RM'000	Disposal/ Write-off RM'000	At 31 December 2015 RM'000
Company				
At cost :				
Freehold land	289	-	-	289
Furniture, fixtures, fittings, equipment and vehicles	1,245	190	-	1,435
Capital work-in-progress	-	499	-	499
	1,534	689	-	2,223
				Note 3
	At 1 January 2014 RM'000	Additions RM'000	Disposal/ Write-off RM'000	At 31 December 2014 RM'000
Company				
At cost :				
Freehold land	289	-	-	289
Furniture, fixtures, fittings, equipment and vehicles	1,011	238	(4)	1,245
	1,300	238	(4)	1,534
				Note 3

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

3.2 Detailed movements in accumulated depreciation and accumulated impairment losses of the Group are as follows :-

Group	At 1 January 2015 RM'000	Depreciation for the year RM'000	Additions through acquisition of a subsidiary RM'000	Disposal/ Write-off RM'000	Reclassification RM'000	Transfer from investment properties RM'000	Exchange differences RM'000	At 31 December 2015 RM'000
Accumulated depreciation								
At valuation 1978 :								
Buildings	149	3	-	-	-	-	-	152
Short term leasehold land	152	-	-	-	-	-	-	152
Long term leasehold land	921	13	-	-	-	-	-	934
At valuation 1976 :								
Buildings	2,037	-	-	-	-	-	-	2,037
Short term leasehold land	866	24	-	-	-	-	-	890
At cost :								
Short term leasehold land	47,311	2,326	-	-	-	-	6,402	56,039
Long term leasehold land	3,715	502	-	-	-	(306)	-	3,911
Buildings	413,179	33,670	-	(722)	17	(3,415)	38,287	481,016
Assembly plant	-	1	-	-	-	4,807	-	4,808
Plant and machinery	560,910	34,241	-	(110,829)	(31)	-	17,222	501,513
Furniture, fixtures, fittings, equipment and vehicles	221,324	26,862	176	(16,256)	14	-	16,912	249,032
	1,250,564	97,642	176	(127,807)	-	1,086	78,823	1,300,484
		Note 24				Note 8		Note 3

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

3.2 Detailed movements in accumulated depreciation and accumulated impairment losses of the Group are as follows :- (cont'd)

Group	At 1 January 2014 RM'000	Depreciation for the year RM'000	Disposal/ Write-off RM'000	Reclassification RM'000	Transfer to investment properties RM'000	Exchange differences RM'000	At 31 December 2014 RM'000
Accumulated depreciation							
At valuation 1978 :							
Buildings	103	3	-	43	-	-	149
Short term leasehold land	145	7	-	-	-	-	152
Long term leasehold land	908	13	-	-	-	-	921
At valuation 1976 :							
Buildings	2,037	-	-	-	-	-	2,037
Short term leasehold land	832	34	-	-	-	-	866
At cost :							
Short term leasehold land	44,328	2,065	-	-	-	918	47,311
Long term leasehold land	3,203	626	-	-	(114)	-	3,715
Buildings	383,107	28,178	(465)	(43)	(497)	2,899	413,179
Plant and machinery	544,331	29,218	(14,064)	-	-	1,425	560,910
Furniture, fixtures, fittings, equipment and vehicles	211,449	19,441	(12,463)	-	-	2,897	221,324
	1,190,443	79,585	(26,992)	-	(611)	8,139	1,250,564

Note 24

Note 8

Note 3

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

3.2 Detailed movements in accumulated depreciation and accumulated impairment losses of the Group are as follows :- (cont'd)

	At 1 January 2015 RM'000	Reversal of impairment loss for the year RM'000	At 31 December 2015 RM'000
Group			
Accumulated impairment losses			
Plant and machinery	5,671	(5,671)	-
Furniture, fixtures, fittings, equipment and vehicles	892	-	892
Capital work-in-progress	5,964	-	5,964
	12,527	(5,671)	6,856
		Note 24	Note 3
	At 1 January 2014 RM'000	Impairment loss for the year RM'000	At 31 December 2014 RM'000
Group			
Accumulated impairment losses			
Plant and machinery	-	5,671	5,671
Furniture, fixtures, fittings, equipment and vehicles	-	892	892
Capital work-in-progress	5,000	964	5,964
	5,000	7,527	12,527
		Note 24	Note 3

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

3.2 Detailed movements in accumulated depreciation of the Company are as follows :-

	At 1 January 2015 RM'000	Depreciation for the year RM'000	Disposal/ Write-off RM'000	At 31 December 2015 RM'000
Company				
Accumulated depreciation				
At cost :				
Furniture, fixtures, fittings, equipment and vehicles	777	227	-	1,004
	<u>777</u>	<u>227</u>	<u>-</u>	<u>1,004</u>
	Note 24			Note 3
	At 1 January 2014 RM'000	Depreciation for the year RM'000	Disposal/ Write-off RM'000	At 31 December 2014 RM'000
Company				
Accumulated depreciation				
At cost :				
Furniture, fixtures, fittings, equipment and vehicles	609	172	(4)	777
	<u>609</u>	<u>172</u>	<u>(4)</u>	<u>777</u>
	Note 24			Note 3

The property, plant and equipment are shown at Directors' valuation in the years indicated based on the following valuation exercises carried out :

In 1976 - By a firm of professional valuers on a 'replacement cost' basis.

In 1978 - By Government Valuers on an 'open market value' basis.

Subsequent acquisitions are shown at cost while deletions are at valuation or cost as appropriate.

3.3 Assets under hire purchase and leasing arrangements

Included in the net book value of property, plant and equipment of the Group is an amount of **RM16,795,000** (2014 : RM7,471,000) representing assets financed under leasing instalment plans.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

3.4 Carrying amounts of revalued property, plant and equipment

The carrying amounts of the revalued assets (under property, plant and equipment) had they been stated at cost less accumulated depreciation are as follows :

	Cost	Accumulated depreciation	Net book value
	RM'000	RM'000	RM'000
2015			
At Valuation 1976 :			
<i>Held by subsidiaries of the Group</i>			
Short term leasehold land	187	156	31
Buildings	1,713	1,470	243
	1,900	1,626	274
At Valuation 1978 :			
<i>Held by subsidiaries of the Group</i>			
Freehold land	1,022	-	1,022
Short term leasehold land	23	23	-
Long term leasehold land	1,400	672	728
Buildings	285	152	133
	2,730	847	1,883
	4,630	2,473	2,157

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

3.4 Carrying amounts of revalued property, plant and equipment (cont'd)

	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
2014			
At Valuation 1976 :			
<i>Held by the subsidiaries of the Group</i>			
Short term leasehold land	187	152	35
Buildings	1,713	1,445	268
	1,900	1,597	303
At Valuation 1978 :			
<i>Held by the subsidiaries of the Group</i>			
Freehold land	1,022	-	1,022
Short term leasehold land	23	22	1
Long term leasehold land	1,400	667	733
Buildings	285	149	136
	2,730	838	1,892
	4,630	2,435	2,195

NOTES TO THE FINANCIAL STATEMENTS

4. INTANGIBLE ASSETS - GROUP

	Note	Goodwill RM'000	Development cost RM'000	Total RM'000
Cost				
At 1 January 2014		48,723	3,064	51,787
Additions		-	460	460
At 31 December 2014/1 January 2015		48,723	3,524	52,247
Additions through business combinations	36	18,771	-	18,771
Additions		-	824	824
Written off	24	(18,771)	(1,675)	(20,446)
At 31 December 2015		48,723	2,673	51,396
Amortisation				
At 1 January 2014		-	2,129	2,129
Amortisation for the year	24	-	528	528
At 31 December 2014/1 January 2015		-	2,657	2,657
Amortisation for the year	24	-	585	585
Written off		-	(1,675)	(1,675)
At 31 December 2015		-	1,567	1,567
Carrying amounts				
At 31 December 2014		48,723	867	49,590
At 31 December 2015		48,723	1,106	49,829

NOTES TO THE FINANCIAL STATEMENTS

4. INTANGIBLE ASSETS - GROUP (cont'd)

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from that business combination. The carrying amount of goodwill had been allocated to the following business segments as independent CGUs :

	Group	
	2015	2014
	RM'000	RM'000
Automotive and related products	1,172	1,172
Plastic products	2,117	2,117
Plantation	42,303	42,303
Hotels and resorts	1,004	1,004
Multiple units without significant goodwill	2,127	2,127
	48,723	48,723

(a) Key sources of estimation uncertainty

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill as at 31 December 2015 was approximately **RM48,723,000** (2014 : RM48,723,000).

(b) Recoverable amount based on value in use

The recoverable amount of a CGU is determined based on the value in use calculations with the following key assumptions applied :

- (i) Cash flows are projected based on the financial budgets approved by the Directors.
- (ii) Discount rates used for cash flows discounting purposes are the management's estimate of average cost of capital required in the respective segments. The discount rates applied for cash flow projections is **10%** (2014 : 5% to 10%).
- (iii) Growth rate for the plantation segment is determined based on the management's estimate of commodity prices, palm yields, oil extractions rates and also cost of productions whilst growth rates of other segments are determined based on the industry trends and past performance of the segments.
- (iv) Profit margins are projected based on the industry trends and historical profit margin achieved.

With regard to the assessment of value in use, management believes that no reasonably possible change in any of the above key assumptions would cause the recoverable amounts of the units to be materially below their carrying amounts.

Goodwill arising from a business acquisition during the year of **RM18,771,000** was written off after an assessment of the prevailing market conditions.

NOTES TO THE FINANCIAL STATEMENTS

5. BIOLOGICAL ASSETS - GROUP

	Note	2015 RM'000	2014 RM'000
Cost			
At 1 January		440,494	351,549
Additions during the year		142,526	74,033
Effect of movement in exchange rate		56,074	16,771
Transfer from property, plant and equipment	3	379	-
Written off	24	(801)	(1,859)
Addition through acquisition of a subsidiary	36	72,795	-
At 31 December		711,467	440,494
Accumulated amortisation			
At 1 January		129,964	115,916
Amortisation charge for the year	24	16,920	11,209
Effect of movement in exchange rate		11,641	4,672
Written off	24	(799)	(1,833)
At 31 December		157,726	129,964
Carrying amount			
At 31 December		553,741	310,530
Additions to biological assets during the year include :			
		2015 RM'000	2014 RM'000
- Interest expense		7,638	2,781

Interest is capitalised under biological assets at an average rate of **1.55% to 7.55%** (2014 : 0.96% to 2.52%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

6. LAND HELD FOR PROPERTY DEVELOPMENT - GROUP

	Note	2015 RM'000	2014 RM'000
At 1 January		36,011	35,940
Additions during the year		77	71
Disposal		(23)	-
At 31 December		36,065	36,011
Represented by :			
At valuation (1978)			
Freehold land	6.1	467	467
At cost			
Freehold land		33,743	33,683
Other outgoing		1,855	1,861
At 31 December		36,065	36,011

6.1 Land held for property development under the revaluation model

The freehold land is shown at Directors' valuation based on a valuation exercise carried out by Government Valuers on an 'open market value' basis in 1978.

The carrying amount of the revalued land had it been stated at cost is **RM194,000** (2014 : RM194,000).

NOTES TO THE FINANCIAL STATEMENTS

7. PREPAID LAND LEASE PAYMENTS - GROUP

	Note	2015 RM'000	2014 RM'000
At 1 January		30,713	33,895
Additions		35,866	-
Amortisation for the year	24	(925)	(3,311)
Exchange differences		510	129
At 31 December		<u>66,164</u>	<u>30,713</u>
Represented by :			
Long term leasehold land		28,100	28,432
Short term leasehold land		38,064	2,281
At 31 December		<u>66,164</u>	<u>30,713</u>

8. INVESTMENT PROPERTIES

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cost					
At 1 January		631,829	612,676	15,137	15,137
Additions		111,896	13,109	-	-
Transfer from property, plant and equipment	3	130,148	7,629	-	-
Exchange differences		15,154	(1,585)	-	-
At 31 December		<u>889,027</u>	<u>631,829</u>	<u>15,137</u>	<u>15,137</u>
Accumulated depreciation					
At 1 January		62,877	57,682	70	66
Depreciation for the year	24	4,859	4,726	3	4
Transfer (to)/from property, plant and equipment	3	(1,086)	611	-	-
Exchange differences		4,199	(142)	-	-
At 31 December		<u>70,849</u>	<u>62,877</u>	<u>73</u>	<u>70</u>
Carrying amount					
At 31 December		<u>818,178</u>	<u>568,952</u>	<u>15,064</u>	<u>15,067</u>

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT PROPERTIES (cont'd)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Included in the above are :				
Freehold land	289,828	144,413	14,962	14,962
Buildings	122,889	112,948	102	105
Long term leasehold land	405,461	311,568	-	-
Assembly plant	-	23	-	-
	818,178	568,952	15,064	15,067

Investment properties comprise a number of commercial properties, vacant land and assembly plant that are leased to third parties or held for capital appreciation.

8.1 Fair value information

Fair value of investment properties are categorised as follows:

	2015			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Group				
Freehold land	-	-	1,164,780	1,164,780
Long term leasehold land	-	-	795,838	795,838
Buildings	-	-	330,615	330,615
	-	-	2,291,233	2,291,233
Company				
Freehold land	-	-	303,800	303,800
Buildings	-	-	400	400
	-	-	304,200	304,200

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT PROPERTIES (cont'd)

8.1 Fair value information (cont'd)

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

	2014			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
Group				
Freehold land	-	-	1,001,363	1,001,363
Long term leasehold land	-	-	728,185	728,185
Buildings	-	-	311,032	311,032
Assembly plant	-	-	23	23
	-	-	2,040,603	2,040,603
Company				
Freehold land	-	-	303,800	303,800
Buildings	-	-	400	400
	-	-	304,200	304,200

The following table shows a reconciliation of Level 3 fair values :-

	Group RM'000	Company RM'000
2015		
At 1 January	2,040,603	304,200
Additions	111,896	-
Transfer from property, plant and equipment	109,844	-
Change in fair value	28,890	-
At 31 December	2,291,233	304,200
2014		
At 1 January	1,987,520	304,200
Additions	33,621	-
Transfer from property, plant and equipment	19,462	-
At 31 December	2,040,603	304,200

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT PROPERTIES (cont'd)

8.1 Fair value information (cont'd)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property. The valuation techniques used in the determination of fair values within Level 3 are as follows:

Description of Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
i) Comparison method of valuation		
This approach entails comparing the property with similar properties that were sold. The characteristics, merits and demerits of these properties are noted and appropriate adjustments thereof are then made to arrive at the value of the investment properties.	Price per square meter (RM15 - RM49,696)	The estimated fair value would increase (decrease) if the price per square meter is higher (lower).
ii) Discounted cash flows:		
The valuation method considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.	Expected market rental growth is 1% Risk adjusted discount rate is 8%	The estimated fair value would increase (decrease) if expected market rental growth were higher (lower); or risk-adjusted discount rate were lower (higher).

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is based on the estimates of market value by Directors, taking into account some of the valuation in 2011 by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property. Investment properties of the Group for a carrying amount of **RM339,339,000** (2014 : RM179,599,000) and with the fair values of **RM1,029,436,000** (2014 : RM858,870,000) are determined solely based on Directors' estimates using either discounted cash flow or recent transaction prices around the vicinity.

Highest and best use

Investment properties comprise a number of commercial properties, vacant land and assembly plant. The Directors had determined the current use of these investment properties as their highest and best use.

NOTES TO THE FINANCIAL STATEMENTS

9. INVESTMENTS IN SUBSIDIARIES

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unquoted shares, at cost		-	24,307	752,215	721,024
Less :					
Impairment losses		-	-	(106,415)	(71,085)
Share of post-acquisition reserves		-	(47,174)	-	-
	9.1	<u>-</u>	<u>(22,867)</u>	<u>645,800</u>	<u>649,939</u>

Details of the subsidiaries are listed under Note 38.

9.1 Investment in a non-consolidated subsidiary - Group

The Group's interest in a non-consolidated subsidiary represents the interests of the Group's investment in PT Oriental Kyowa Industries ("PT OKI"). PT OKI is a 45% and 55% owned subsidiary held through Jutajati Sdn. Bhd. and Selasih Permata Sdn. Bhd. respectively.

On 23 February 2009, the shareholders of PT OKI commenced liquidation proceedings on PT OKI. Accordingly, the financial statements of PT OKI have been de-consolidated in the Group's financial statements thereafter. In November 2010, the shareholders of PT OKI had applied for cancellation of liquidation proceedings, for which the approval letter had on 11 August 2015 been obtained from the local authority for reactivation.

NOTES TO THE FINANCIAL STATEMENTS

9. INVESTMENTS IN SUBSIDIARIES (cont'd)

Non-controlling interests in subsidiaries

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

	2015							
	PT Gunung Maras Lestari	Gunungsawit Binalestari	PT	Selasih Permata Sdn. Bhd.	Melaka Straits Medical Centre Sdn. Bhd.	Oriental Boon Siew (M) Sdn. Bhd.	Teck See Plastic Sdn. Bhd.	Armstrong Auto Parts Sdn. Berhad
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
NCI percentage of ownership interest and voting interest	53.29%		53.29%	49.50%	49.00%	49.00%	40.00%	39.74%
Carrying amount of NCI	250,964		187,296	77,008	82,396	128,398	167,005	2,692
Profit/(Loss) allocated to NCI	29,039		23,373	18,139	(13,749)	(130)	(326)	(5,472)

Summarized financial information before intra-group elimination

As at 31 December							
Non-current assets	67,103	40,389	67,698	251,876	256,971	103,230	16,379
Current assets	469,125	333,739	87,918	9,546	48,729	175,566	128,960
Non-current liabilities	(8,751)	(3,140)	-	(8,949)	-	-	-
Current liabilities	(59,427)	(4,272)	(45)	(86,832)	(43,663)	(19,391)	(166,015)
Net assets/(liabilities)	468,050	366,716	155,571	165,641	262,037	259,405	(20,676)
Year ended 31 December							
Revenue	223,502	157,861	15,116	13,580	739,396	71,709	237,842
Profit/(Loss) for the year	54,495	43,862	36,645	(30,337)	(265)	(815)	(13,014)
Total comprehensive income/(expense) for the year	97,407	76,100	36,645	(30,337)	(265)	(815)	(13,014)
Cash flows from operating activities	51,707	30,697	12,459	15,188	43,356	3,982	(6,698)
Cash flows from investing activities	19,956	16,374	(20,050)	(14,429)	(76,738)	13,365	1,114
Cash flows from financing activities	(42,274)	(7,971)	(13,202)	(4,169)	80,000	(4,001)	10,264
Net increase/(decrease) in cash and cash equivalents	29,389	39,100	(20,793)	(3,410)	46,618	13,346	4,680
Dividend paid to NCI	659	598	6,535	-	-	1,600	-

9. INVESTMENTS IN SUBSIDIARIES (cont'd)

Non-controlling interests in subsidiaries (cont'd)

2014

Summarized financial information before intra-group elimination

As at 31 December

As at 31 December

Year ended 31 December

Year ended 31 Dec

Cash flows from operating activities

Net increase/(decrease) in cash and cash

Dividend paid to NCI

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	82,282	81,630	34,006	28,291
Share of post-acquisition reserves	479,839	415,341	-	-
	562,121	496,971	34,006	28,291

Represented by :

<i>Share of net assets</i>	557,742	492,592
<i>Goodwill</i>	4,379	4,379
	562,121	496,971

Details of associates :

	Group's effective interest		Principal activities
	2015	2014	
	%	%	
Incorporated in Malaysia :			
Honda Autoparts Manufacturing (M) Sdn. Bhd.	49.0	49.0	Manufacture and sale of motor vehicle parts
Southern Perak Plantations Sdn. Berhad	39.5	39.5	Production and sale of oil palm fruits, palm oil and kernel
Hitachi Construction Machinery (Malaysia) Sdn. Bhd.	30.0	30.0	Sale of construction machinery, attachments and spare parts and renting of machinery
Boon Siew Honda Sdn. Bhd.	49.0	49.0	Manufacture, assembly and sale of motorcycles
Super Othello Sdn. Bhd.	50.0	50.0	Investment holding
Chainferry Development Sdn. Berhad	33.4	33.4	Property development
Penang Wellesley Realty Sdn. Berhad	39.8	39.8	Property development
Penang Amusements Company Sdn. Berhad	25.0	25.0	Operation of a bowling alley

Held through a subsidiary of the Company, Teck See Plastic Sdn Bhd

Hicom-Teck See Manufacturing Malaysia Sdn Bhd	29.4	29.4	Manufacture of thermo plastic and thermo setting products
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NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENTS IN ASSOCIATES (cont'd)

Details of associates : (cont'd)

	Group's effective interest		Principal activities
	2015	2014	
	%	%	
Incorporated in Singapore :			
<i>Held through a subsidiary of the Company, Kah Motor Company Sdn Berhad</i>			
Singapore Safety Driving Centre Ltd	27.5	27.5	Operation of a driving school
B.S. Kah Pte. Ltd.	40.0	40.0	Property management
Bukit Batok Driving Centre Ltd	21.9	21.9	Operation of a driving school
Incorporated in Thailand :			
<i>Held through a subsidiary of the Company, Teck See Plastic Sdn Bhd</i>			
Kasai Teck See Co., Ltd.	15.0	15.0	Manufacture and sale of parts, mould and automotive equipment including automotive interior parts
Incorporated in the Republic of Indonesia :			
<i>Held through subsidiaries of the Company, Teck See Plastic Sdn Bhd and Oriental International (Mauritius) Pte Ltd</i>			
P.T. Kasai Teck See Indonesia	38.9	38.9	Manufacture and distribution of plastic articles and products in automotive and electrical sectors

The accounting year end of all the associates is 31 December except for Hicom-Teck See Manufacturing Malaysia Sdn Bhd, Honda Autoparts Manufacturing (M) Sdn. Bhd., Hitachi Construction Machinery (Malaysia) Sdn. Bhd. and Boon Siew Honda Sdn. Bhd. which have accounting year ends of 31 March.

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENTS IN ASSOCIATES (cont'd)

The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

Group	Hicom-Teck See Manufacturing Malaysia Sdn. Bhd.	Honda Autoparts Manufacturing (M) Sdn. Bhd.	Southern Perak Plantations Sdn. Berhad	Hitachi Construction Machinery (Malaysia) Sdn. Bhd.	Boon Siew Honda Sdn. Bhd.
	RM'000	RM'000	RM'000	RM'000	RM'000
2015					
Summarised financial information					
As at 31 December					
Non-current assets	134,909	52,914	104,255	24,274	193,888
Current assets	157,634	349,212	67,866	183,045	225,152
Non-current liabilities	(7,225)	-	(11,224)	-	-
Current liabilities	(144,360)	(113,501)	(2,963)	(55,862)	(248,595)
Net assets	140,958	288,625	157,934	151,457	170,445
Year ended 31 December					
Profit/(Loss) from continuing operations	(7,385)	87,245	10,175	11,067	(29,059)
Other comprehensive loss	-	-	(1,260)	-	-
Total comprehensive income/(expense)	(7,385)	87,245	8,915	11,067	(29,059)
<i>Included in the total comprehensive income is :</i>					
Revenue	341,670	966,619	41,606	274,576	389,104

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENTS IN ASSOCIATES (cont'd)

	Hicom-Teck See Manufacturing Malaysia Sdn. Bhd. RM'000	Honda Autoparts Manufacturing (M) Sdn. Bhd. RM'000	Southern Perak Plantations Sdn. Berhad RM'000	Hitachi Construction Machinery (Malaysia) Sdn. Bhd. RM'000	Boon Siew Honda Sdn. Bhd. RM'000	Other individually immaterial associates RM'000	Total RM'000
Group							
2015							
Reconciliation of net assets to carrying amount							
As at 31 December							
Group's share of net assets	41,442	141,426	62,384	45,437	83,518	183,535	557,742
Goodwill	-	-	3,255	-	-	1,124	4,379
Carrying amount in the statement of financial position	41,442	141,426	65,639	45,437	83,518	184,659	562,121
Group's share of results							
Year ended 31 December							
Group's share of (loss)/profit from continuing operations	(2,171)	42,750	4,019	3,320	(14,239)	21,188	54,867
Group's share of other comprehensive (expense)/income	-	-	(498)	-	-	101	(397)
Group's share of total comprehensive (expense)/income	(2,171)	42,750	3,521	3,320	(14,239)	21,289	54,470

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENTS IN ASSOCIATES (cont'd)

	Hicom-Teck See Manufacturing Malaysia Sdn. Bhd.	Honda Autoparts Manufacturing (M) Sdn. Bhd.	Southern Perak Plantations Sdn. Berhad	Hitachi Construction Machinery (Malaysia) Sdn. Bhd.	Boon Siew Honda Sdn. Bhd.
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
2014					
Summarised financial information					
As at 31 December					
Non-current assets	129,464	64,893	108,023	18,877	208,916
Current assets	212,297	307,222	54,059	217,321	244,061
Non-current liabilities	(17,967)	-	(11,928)	-	-
Current liabilities	(179,941)	(170,736)	(2,392)	(86,134)	(253,473)
Net assets	143,853	201,379	147,762	150,064	199,504
Year ended 31 December					
Profit from continuing operations	10,820	118,606	552	14,083	2,218
Other comprehensive expense	-	-	(11,904)	-	-
Total comprehensive income/(expense)	10,820	118,606	(11,352)	14,083	2,218
<i>Included in the total comprehensive income is :</i>					
Revenue	390,854	1,139,185	48,599	295,807	460,635

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENTS IN ASSOCIATES (cont'd)

	Hicom-Teck See Manufacturing Malaysia Sdn. Bhd. RM'000	Honda Autoparts Manufacturing (M) Sdn. Bhd. RM'000	Southern Perak Plantations Sdn. Berhad RM'000	Hitachi Construction Machinery (Malaysia) Sdn. Bhd. RM'000	Boon Siew Honda Sdn. Bhd. RM'000	Other individually immaterial associates RM'000	Total RM'000
Group							
2014							
Reconciliation of net assets to carrying amount							
As at 31 December							
Group's share of net assets	42,293	98,676	58,366	45,019	97,757	150,481	492,592
Goodwill	-	-	3,255	-	-	1,124	4,379
Carrying amount in the statement of financial position	42,293	98,676	61,621	45,019	97,757	151,605	496,971
Group's share of results Year ended 31 December							
Group's share of profit from continuing operations	3,181	58,117	218	4,225	1,087	17,289	84,117
Group's share of other comprehensive expense	-	-	(4,702)	-	-	(251)	(4,953)
Group's share of total comprehensive income/(expense)	3,181	58,117	(4,484)	4,225	1,087	17,038	79,164

NOTES TO THE FINANCIAL STATEMENTS

11. OTHER INVESTMENTS

Group	Unquoted shares RM'000	Quoted shares in Malaysia RM'000	Quoted shares outside Malaysia RM'000	Quoted bonds outside Malaysia RM'000	Quoted unit trusts and REITs RM'000	Others RM'000	Total RM'000
2015							
Non-current							
<i>Available-for-sale financial assets</i>	27,414	1,060	202,602	96,208	12,585	1,176	341,045
Less : Impairment loss	(430)	-	(29,380)	-	-	(22)	(29,832)
Current	26,984	1,060	173,222	96,208	12,585	1,154	311,213
<i>Available-for-sale financial assets</i>	-	-	-	9,942	-	-	9,942
Representing items :							
At cost	26,984	-	-	-	-	1,154	28,138
At fair value	-	1,060	173,222	106,150	12,585	-	293,017
Market value of quoted investments	26,984	1,060	173,222	106,150	12,585	1,154	321,155
Company							
2015							
Non-current							
At cost	32,341	-	-	-	-	-	32,341
Representing items :							
At cost	32,341	-	-	-	-	-	32,341

NOTES TO THE FINANCIAL STATEMENTS

11. OTHER INVESTMENTS (cont'd)

Group	Unquoted shares RM'000	Quoted shares in Malaysia RM'000	Quoted shares outside Malaysia RM'000	Quoted bonds outside Malaysia RM'000	Quoted unit trusts and REITs RM'000	Others RM'000	Total RM'000
2014							
Non-current							
Available-for-sale financial assets							
Less : Impairment loss	28,187 (402)	659 -	207,988 (25,946)	83,258 -	12,523 -	1,109 (22)	333,724 (26,370)
	27,785	659	182,042	83,258	12,523	1,087	307,354
Representing items :							
At cost	27,785	-	-	-	-	1,087	28,872
At fair value	-	659	182,042	83,258	12,523	-	278,482
	27,785	659	182,042	83,258	12,523	1,087	307,354
Market value of quoted investments	-	659	182,042	83,258	12,523	-	278,482
Company							
2014							
At cost	33,113	-	-	-	-	-	33,113
Representing items :							
At cost	33,113	-	-	-	-	-	33,113

NOTES TO THE FINANCIAL STATEMENTS

12. DEFERRED TAX ASSETS AND (LIABILITIES) - GROUP

Recognised deferred tax assets and (liabilities)

Deferred tax assets and (liabilities) are attributable to the following :

	Assets		Liabilities		Net	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Property, plant and equipment						
- capital allowances	188	1,130	(7,551)	(13,158)	(7,363)	(12,028)
- revaluation	-	-	(281)	(284)	(281)	(284)
Prepaid land lease payments						
- fair value adjustment	-	-	(6,132)	(7,214)	(6,132)	(7,214)
Biological assets - capital allowances	-	-	(5,686)	(5,905)	(5,686)	(5,905)
Provisions	10,356	3,254	43	1,571	10,399	4,825
Capital allowances carry-forwards	2,870	86	1,572	3,472	4,442	3,558
Tax losses carry-forwards	13,030	5,957	-	-	13,030	5,957
Unutilised reinvestment allowances	3,344	-	-	3,344	3,344	3,344
Other investments	1,110	-	-	(2,128)	1,110	(2,128)
Others	303	-	-	1,072	303	1,072
	31,201	10,427	(18,035)	(19,230)	13,166	(8,803)

NOTES TO THE FINANCIAL STATEMENTS

12. DEFERRED TAX ASSETS AND (LIABILITIES) - GROUP (cont'd)

Recognised deferred tax assets and (liabilities) (cont'd)

Deferred tax have not been recognised in respect of the following items (stated at gross) :

	2015 RM'000	2014 RM'000
Deductible temporary differences	4,224	5,247
Capital allowances carry-forwards	22,829	9,679
Tax losses carry-forwards	223,603	121,372
Unutilised reinvestment allowances	6,779	6,779
Provisions	52,388	53,341
Others	200	66
	310,023	196,484

Included in the above tax losses carry-forward is an amount of **RM64,574,000** (2014: RM8,197,000) which can only be utilised against the taxable income for a period of 5 years subsequent to the year when the tax loss was incurred under the Indonesian tax legislation. The balance of **RM159,029,000** (2014 : RM113,175,000) does not expire under the respective countries' tax legislations.

The capital allowances carry-forwards, unutilised reinvestment allowances and provisions do not expire under the respective countries' tax legislations. Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

The comparative figures for deferred tax assets not recognised have been restated to reflect the revised deductible temporary difference, capital allowances carry-forwards, tax losses carry-forwards and unutilised reinvestment allowances available to the Group.

NOTES TO THE FINANCIAL STATEMENTS

12. DEFERRED TAX ASSETS AND (LIABILITIES) - GROUP (cont'd)

The components and movements of deferred tax assets/(liabilities) are as follows :

	At 1 January 2014	Effect of movement in exchange rate	Recognised in profit or loss	Recognised in other comprehensive income	At 31 December 2014	Effect of movement in exchange rate	Recognised in profit or loss	Recognised in other comprehensive income	At 31 December 2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deferred tax assets									
Property, plant and equipment	692	(16)	454	-	1,130	(20)	(922)	-	188
- capital allowances	10,867	338	(1,908)	-	9,297	1,233	18,231	2,252	31,013
Other items									
	11,559	322	(1,454)	-	10,427	1,213	17,309	2,252	31,201
Deferred tax liabilities									
Property, plant and equipment	(14,647)	(15)	1,504	-	(13,158)	(132)	5,739	-	(7,551)
- capital allowances	(286)	-	2	-	(284)	-	3	-	(281)
Prepaid land lease payments	(7,214)	-	-	-	(7,214)	-	1,082	-	(6,132)
- fair value adjustment									
Biological assets	(4,253)	-	(1,652)	-	(5,905)	-	219	-	(5,686)
- capital allowances									
Unutilised reinvestment allowances	3,839	-	(495)	-	3,344	-	(3,344)	-	-
Other items	3,525	(86)	136	412	3,987	-	(2,372)	-	1,615
	(19,036)	(101)	(505)	412	(19,230)	(132)	1,327	-	(18,035)
	(7,477)	221	(1,959)	412	(8,803)	1,081	18,636	2,252	13,166

Note 27

Note 27

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY DEVELOPMENT COSTS - GROUP

	2015 RM'000	2014 RM'000
At 1 January	2,882	2,786
Development costs incurred during the year	189	96
Cost charged to profit or loss	(123)	-
At 31 December	<u>2,948</u>	<u>2,882</u>
Represented by :		
Development costs	<u>2,948</u>	<u>2,882</u>

14. INVENTORIES - GROUP

	2015 RM'000	2014 RM'000
Completed development properties	9,047	12,279
Finished products		
Manufactured goods	49,159	49,686
Trading inventories	99,216	72,468
	148,375	122,154
Work-in-progress	8,034	8,642
Raw materials	57,145	43,658
Consumable stores and spares	39,828	43,061
Hotel stocks	3,062	2,718
	<u>265,491</u>	<u>232,512</u>

NOTES TO THE FINANCIAL STATEMENTS

15. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade					
Trade receivables		289,564	261,580	-	-
Amount due from associates	15.1	7,108	7,693	-	-
		296,672	269,273	-	-
Non-trade					
Amount due from subsidiaries	15.2	-	-	231,730	171,490
Other receivables	15.3	138,167	217,893	-	310
Deposits		8,220	10,252	20	20
Prepayments		12,078	20,504	190	61
		158,465	248,649	231,940	171,881
		455,137	517,922	231,940	171,881

15.1 Amount due from associates

The trade receivables due from associates are subject to normal trade terms.

15.2 Amount due from subsidiaries

The amount due from subsidiaries for an amount of **RM230,712,000** (2014 : RM171,432,000) is subject to interest at the rates ranging from **0.76% to 4.07%** (2014 : 0.73% to 3.45%) per annum.

15.3 Other receivables

Included in other receivables are as follows :

- an amount of **RM5,803,000** (2014: RM22,489,000) representing advance payments made for the acquisition of plantation assets, machineries and land.
- an amount of RM109,316,000 at 31 December 2014 in respect of advances made to PT Surya Agro Persada ("PT SAP") to clear off the indebtedness to all its creditors as part of the procedures to acquire PT SAP. The advances made to PT SAP was unsecured, payable on demand, and interest-bearing at Indonesian Prime Lending Rate plus 1.5%.

The acquisition of PT Surya Agro Persada was completed on 2 March 2015.

NOTES TO THE FINANCIAL STATEMENTS

16. SHORT TERM INVESTMENTS - GROUP

	Note	2015 RM'000	2014 RM'000
Fixed deposits :			
With licensed banks	16.1	407,329	329,858
With licensed finance companies		73,199	85,779
		480,528	415,637
Unit trust money market funds		43,787	88,903
		524,315	504,540

16.1 Fixed deposits placed with licensed banks

Included in the fixed deposits placed with licensed banks of the Group is an amount of **RM110,113,000** (2014 : RM78,078,000) which is pledged for banking/financing facilities granted to certain subsidiaries (see Note 19).

17. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Group					
Fixed deposits :					
With licensed banks	17.1	1,799,897	1,497,650	109,515	52,763
With licensed finance companies		-	421	-	-
		1,799,897	1,498,071	109,515	52,763
Cash and bank balances	17.2	1,070,494	854,237	2,016	2,420
Unit trust money market funds		16,435	62,924	13,337	57,382
		2,886,826	2,415,232	124,868	112,565

17.1 Deposits placed with licensed banks pledged for banking/financing facilities

Included in fixed deposits with licensed banks of the Group is an amount of **RM499,481,000** (2014 : RM296,811,000) which is pledged for banking/financing facilities granted to certain subsidiaries (see Note 19).

NOTES TO THE FINANCIAL STATEMENTS

17. CASH AND CASH EQUIVALENTS (cont'd)

17.2 Cash and bank balances

Included in cash and bank balances of the Group is an amount of **RM621,000** (2014 : RM610,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

18. CAPITAL AND RESERVES

18.1 Share capital

	Group / Company	
	2015	2014
	RM'000	RM'000
Authorised :		
1,000,000,000 stocks of RM1 each	1,000,000	1,000,000
Issued and fully paid :		
620,393,638 stocks of RM1 each	620,394	620,394

18.2 Reserves

	Note	Group		Company	
		2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Non-distributable:					
Share premium		1,099	1,099	-	-
Capital reserves		1,073	1,073	-	-
Foreign currency translation reserves	18.4	958,149	545,892	-	-
Capital redemption reserve		68	68	68	68
Asset revaluation reserve	18.5	474	474	-	-
Fair value reserve	18.6	76,280	98,185	-	-
Treasury stocks	18.7	(249)	(249)	(249)	(249)
		1,036,894	646,542	(181)	(181)

NOTES TO THE FINANCIAL STATEMENTS

18. CAPITAL AND RESERVES (cont'd)

18.2 Reserves (cont'd)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Distributable:					
Retained earnings		3,948,186	3,800,072	327,189	360,379
Capital reserve	18.3	40,248	40,248	29,992	29,992
		3,988,434	3,840,320	357,181	390,371
		5,025,328	4,486,862	357,000	390,190
Total equity attributable to stockholders of the Company		5,645,722	5,107,256	977,394	1,010,584

18.3 Capital reserve

The distributable capital reserve comprises surplus on sale of land and building and long term investments.

18.4 Foreign currency translation reserves

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

18.5 Asset revaluation reserve

The asset revaluation reserve relates to the revaluation of property, plant and equipment.

18.6 Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised.

18.7 Treasury stocks

In year 2000, the Company purchased 100,000 of its issued stocks from the open market. The average price paid for the stocks purchased was RM7.84 per stock. The repurchased stocks are held as treasury stocks and carried at cost.

On 2 March 2001, 68,192 of the treasury stocks were cancelled and an amount equivalent to their nominal value was transferred to capital redemption reserve. Treasury stocks have no rights to voting, dividends and participation in other distribution.

NOTES TO THE FINANCIAL STATEMENTS

19. BORROWINGS

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current					
Secured :					
Revolving credit		513,857	345,993	-	-
Term loans		2,735	-	-	-
Unsecured :					
Bank overdrafts		231	622	-	-
Revolving credit		512,555	278,436	107,004	-
Bankers' acceptances		44,720	25,416	-	-
Trust receipts		6,326	5,605	-	-
		563,832	310,079	107,004	-
Lease obligations	19.1	4,599	3,103	-	-
		1,085,023	659,175	107,004	-
Non-current					
Secured :					
Term loan		59,318	-	-	-
Lease obligations	19.1	10,738	2,219	-	-
		70,056	2,219	-	-
		1,155,079	661,394	107,004	-

NOTES TO THE FINANCIAL STATEMENTS

19. BORROWINGS (cont'd)

19.1 Lease obligations

Lease obligations are payable as follows :

	2015			2014		
	Future minimum lease payment RM'000	Interest RM'000	Present value of minimum lease payments RM'000	Future minimum lease payment RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Less than 1 year	5,255	656	4,599	3,311	208	3,103
Between 1 and 5 years	11,568	830	10,738	2,314	95	2,219
	16,823	1,486	15,337	5,625	303	5,322

19.2 Security

The secured bank borrowings are secured by way of the Group's fixed deposits (see Note 16 and Note 17).

NOTES TO THE FINANCIAL STATEMENTS

20. PROVISIONS - GROUP

	Free servicing RM'000	Extended warranties RM'000	Total RM'000
Non-current			
At 1 January 2014	516	4,013	4,529
Provision made	2,711	935	3,646
Provision used	(221)	(280)	(501)
Provision reversed	(95)	(58)	(153)
Exchange differences	12	89	101
At 31 December 2014/1 January 2015	2,923	4,699	7,622
Provision made	20,138	5,229	25,367
Provision used	(2,234)	(501)	(2,735)
Provision reversed	(224)	(481)	(705)
Exchange differences	433	697	1,130
At 31 December 2015	21,036	9,643	30,679

Free servicing

The provision for free servicing relates mainly to motor vehicles sold. The provision is based on estimates from past experience and future expectations, and an assessment of the probability of an outflow for the warranty obligations as a whole. The Group expects to incur the liability over the next 3 years.

Extended warranties

The provision for extended warranties relates mainly to motor vehicles sold. The provision is based on estimates from past experience and future expectations, and an assessment of the probability of an outflow for the warranty obligations as a whole. The Group expects to incur the liability over the next 2 years.

21. DEFERRED INCOME - GROUP

	2015 RM'000	2014 RM'000
Service package income	8,088	6,981
	8,088	6,981

NOTES TO THE FINANCIAL STATEMENTS

22. RETIREMENTS BENEFITS - GROUP

The Group provides defined post-employment benefits obligation for its qualifying employees in plantation companies in accordance with Indonesian Labor Law No.13/2003.

The amounts recognised on the statement of financial position are as follows :

	2015 RM'000	2014 RM'000
Present value and recognised liability of unfunded obligation	<u>13,616</u>	<u>9,465</u>

Movements in the present value of the defined benefit obligations

	Note	2015 RM'000	2014 RM'000
Balance at 1 January		9,465	-
Currency fluctuation		1,058	-

Included in profit or loss

Current service cost	2,262	1,223
Interest cost	961	699
Past service cost	(44)	4
	24	1,926

Included in other comprehensive income

Remeasurement loss		
- Actuarial loss arising from change in financial assumptions	423	-
Benefits paid	(509)	(105)
Reclassification	-	7,644
Balance at 31 December	<u>13,616</u>	<u>9,465</u>

Actuarial assumptions

The cost of providing post-employment benefits is calculated by an independent actuary. The actuarial valuation was carried out using the following key assumptions :

	2015	2014
Discount rate	9.00% per annum	8.00% per annum
Future salary incremental rate	<u>10.00% per annum</u>	<u>10.00% per annum</u>

NOTES TO THE FINANCIAL STATEMENTS

22. RETIREMENTS BENEFITS - GROUP (cont'd)

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below :

	2015 Increase RM'000	2015 Decrease RM'000	2014 Increase RM'000	2014 Decrease RM'000
Discount rate (1% movement)	(1,447)	1,689	(1,222)	1,437
Future salary incremental rate (1% movement)	1,726	(1,503)	1,441	(1,248)

23. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade					
Trade payables		136,770	116,098	-	-
Non-trade					
Amount due to associates	23.1	3,224	1,340	-	-
Other payables	23.2	137,204	104,836	101	50
Advances from customers		53,453	17,963	-	-
Accrued expenses		39,427	36,041	1,030	1,137
		233,308	160,180	1,131	1,187
		370,078	276,278	1,131	1,187

23.1 Amount due to associates

The amount due to associates is unsecured, interest-free and repayable on demand.

23.2 Other payables

Included in other payables is an amount of **RM43,638,000** (2014 : RM Nil) in respect of amount payable for land reclamation work of 275 acres ("Phase 2A,3A and 3B") in Malacca.

NOTES TO THE FINANCIAL STATEMENTS

24. REVENUE AND OPERATING PROFIT

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Revenue				
- Sale of goods and services	4,214,256	3,284,490	435	158
- Interest income	81,812	78,356	9,646	7,742
- Rental income	46,537	39,720	846	418
- Dividend income	37,558	62,265	128,449	110,800
	4,380,163	3,464,831	139,376	119,118

Operating profit is arrived at :

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
After charging :				
Auditors' remuneration				
Audit fees				
- KPMG Malaysia	607	528	80	60
- Overseas affiliates of KPMG Malaysia	631	495	-	-
- Other auditors	1,279	1,055	-	-
Non-audit fees				
- KPMG Malaysia	195	220	135	220
- Local affiliates of KPMG Malaysia	289	246	103	90
- Overseas affiliates of KPMG Malaysia	172	33	-	-
- Other auditors	118	48	-	-
Amortisation of :				
- biological assets (Note 5)	16,920	11,209	-	-
- prepaid land lease payments (Note 7)	925	3,311	-	-
- development cost (Note 4)	585	528	-	-
Depreciation :				
- property, plant and equipment (Note 3)	97,642	79,585	227	172
- investment properties (Note 8)	4,859	4,726	3	4
Direct operating expenses of investment properties :				
- non-income generating	987	1,157	271	267
- income generating	16,567	15,716	83	52

NOTES TO THE FINANCIAL STATEMENTS

24. REVENUE AND OPERATING PROFIT (cont'd)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
After charging :				
Directors' emoluments				
Directors of the Company :				
- Fees				
- current year	1,338	1,317	878	773
- prior year	16	(21)	-	-
- Remuneration				
- current year	11,139	14,405	451	380
- prior year	74	(112)	-	-
- Benefits-in-kind	15	30	-	-
Past Directors of the Company :				
- Fees				
- current year	-	30	-	27
- Others	-	2	-	2
Hire of equipment	680	802	4	3
Interest expense on bank borrowings	12,637	8,538	489	668
Assets written off				
- Property, plant and equipment	21	4	-	-
- Biological assets	2	26	-	-
- Intangible assets	18,771	-	-	-
Write down of inventories (net)	1,840	8,339	-	-
Bad debts written off	952	-	-	-
Rental of land and buildings	7,340	8,437	32	31
Loss on foreign exchange (net)				
- Unrealised	31,660	-	8,456	-
- Realised	20,694	-	-	-
Impairment loss on :				
- receivables	564	1,080	-	-
- amount due from a subsidiary	-	-	-	10,000
- other investments	849	590	-	-
- property, plant and equipment (note 3)	-	7,527	-	-
- investment in subsidiaries	-	-	36,010	35,000
Loss on disposal of :				
- other investments	-	614	-	-
- subsidiary	-	-	379	-
Loss on liquidation of a subsidiary	118	-	-	-
Provision for retirement benefits (Note 22)	3,179	1,926	-	-

NOTES TO THE FINANCIAL STATEMENTS

24. REVENUE AND OPERATING PROFIT (cont'd)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
and crediting :				
Dividends (gross) received from :				
- Unquoted investments	31,400	56,608	28,717	57,480
- Unquoted subsidiaries	-	-	95,019	46,136
- Unquoted associates	-	-	2,992	5,658
- Unit trust	1,811	1,590	1,721	1,526
- Investments quoted outside Malaysia	4,347	4,067	-	-
Gain on disposal of :				
- property, plant and equipment	88	3,075	-	-
- other investments	12,108	-	3,482	-
Reversal of impairment loss on:				
- receivables	390	440	-	-
- amount due from a subsidiary	-	-	350	-
- property, plant and equipment (Note 3)	5,671	-	-	-
Interest received from subsidiaries	-	-	7,051	4,502
Other interest income	81,812	78,356	2,595	3,240
Rental income from property	46,537	39,720	846	418
Gain on foreign exchange (net)				
- Realised	-	2,323	392	6,422
- Unrealised	-	60,562	-	1,540
Surplus on liquidation of a subsidiary	-	2,254	-	-
Bad debts recovered	-	250	-	-

25. EMPLOYEE INFORMATION

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Staff costs	364,404	302,628	2,088	1,740

Included in staff costs of the Group and of the Company is an amount of **RM22,616,000** (2014 : RM20,789,000) and **RM287,000** (2014 : RM239,000) respectively representing contributions made to the Employees' Provident Fund.

26. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel include all the Executive Directors of the Group and their compensations are as disclosed in Note 24.

NOTES TO THE FINANCIAL STATEMENTS

27. INCOME TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Income tax expense on continuing operations	75,858	77,727	2,367	1,749
Share of tax of equity accounted associates	16,602	29,598	-	-
Total income tax expense	92,460	107,325	2,367	1,749

Major components of tax expense include :

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian - current year	24,141	16,938	2,375	1,762
- prior years	909	(1,967)	(8)	(13)
	25,050	14,971	2,367	1,749
Overseas - current year	69,276	61,888	-	-
- prior years	168	(1,091)	-	-
	69,444	60,797	-	-
Total current tax	94,494	75,768	2,367	1,749
Deferred tax expense				
Origination and reversal of temporary differences	(14,857)	258	-	-
Prior year	(3,779)	1,701	-	-
Total deferred tax	(18,636)	1,959	-	-
Share of tax of equity accounted associates	16,602	29,598	-	-
Total tax expense	92,460	107,325	2,367	1,749

NOTES TO THE FINANCIAL STATEMENTS

27. INCOME TAX EXPENSE (cont'd)

Reconciliation of tax expense

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit for the year	283,268	408,726	90,882	74,918
Total tax expense	92,460	107,325	2,367	1,749
Profit excluding tax	375,728	516,051	93,249	76,667
Income tax at Malaysian tax rate of 25%	93,932	129,013	23,312	19,167
Effect of tax rates in foreign jurisdictions *	(13,402)	(10,146)	-	-
Non-deductible expenses	17,958	16,009	10,033	12,349
Income not subject to tax	(36,765)	(39,560)	(30,969)	(29,752)
Deferred tax assets not recognised	28,385	13,654	-	-
Others	5,054	(288)	(1)	(2)
Over provision in prior years	(2,702)	(1,357)	(8)	(13)
	92,460	107,325	2,367	1,749

* The tax rates in several foreign jurisdictions are different from that of the Malaysian tax rate as the subsidiaries operate in foreign tax jurisdictions with lower or higher tax rates as the case may be.

28. BASIC EARNINGS PER ORDINARY STOCK

The basic earnings per ordinary stock have been calculated based on the profit attributable to the owners of the Company and the number of stocks in issue of **620,361,830** (2014 : 620,361,830), after deducting the treasury stocks of **31,808** (2014 : 31,808).

NOTES TO THE FINANCIAL STATEMENTS

29. DIVIDENDS

Dividends recognised by the Group and the Company are :

	Sen per share	Total amount RM'000	Date of payment
2015			
In respect of financial year 2015:			
- Single tier first interim dividend	6	37,221	17 November 2015
In respect of financial year 2014 :			
- Single tier interim dividend	6	37,222	26 March 2015
- Single tier final dividend and single tier special dividend	8	49,629	15 July 2015
		124,072	

2014

In respect of financial year 2013:			
- Single tier interim dividend	3.5	21,712	30 April 2014
- Single tier final dividend	3.5	21,713	8 August 2014
		43,425	

A single tier second interim dividend of 6% totalling RM37,221,710 in respect of the year ended 31 December 2015 was declared by the Directors on 29 February 2016 and payable on 15 April 2016.

The Directors proposed a single tier final dividend of 6% and single tier special dividend of 2% totalling RM49,628,946 in respect of the year ended 31 December 2015, subject to approval of the stockholders at the forthcoming Annual General Meeting.

The financial statements do not reflect these single tier second interim, final and special dividends in relation to the financial year ended 31 December 2015, which will be accounted for as an appropriation of retained earnings in the year ending 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS

30. COMMITMENTS

		Group	
		2015 RM'000	2014 RM'000
(i)	Non-cancellable operating lease commitments		
	Within 1 year	2,357	3,042
	Between 1 to 5 years	7,046	3,915
	Above 5 years	897	1,649
		10,300	8,606
(ii)	Operating lease income commitments		
	Receivables :		
	Within 1 year	5,654	4,545
	Between 1 to 5 years	1,775	3,592
		7,429	8,137
		Group	
		2015 RM'000	2014 RM'000
		Company	
		2015 RM'000	2014 RM'000
(iii)	Capital expenditure		
	- approved but not contracted for	115,207	72,457
	- contracted but not provided for	209,156	285,918
		324,363	358,375
		55	249

NOTES TO THE FINANCIAL STATEMENTS

31. OPERATING SEGMENTS

For management purposes, the Group is organised into business units based on their products and services, and has the following main reportable segments :

<i>Automotive and related products</i>	Retailer, assembly and distributor of motor vehicles; manufacture of engines, seats and other related parts as well as traders of spare parts, accessories and related component parts
<i>Plastic products</i>	Manufacture, assembly and distribution of plastic component parts; manufacture of plastic technical and industrial goods and equipment
<i>Hotels and resorts</i>	Hotelier
<i>Investment holding and financial services</i>	Investment in shares and bonds, letting of properties and leasing companies
<i>Plantation</i>	Cultivation of oil palm
<i>Investment properties and trading of building material products</i>	<ul style="list-style-type: none"> a) Property development; b) manufacture of wire netting, wire mesh, barbed wire, weld mesh, nails and building materials; c) distributor of cement and manufacturer and dealer of concrete products; and
<i>Healthcare</i>	Medical centre and nursing college

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.



NOTES TO THE FINANCIAL STATEMENTS

31. OPERATING SEGMENTS (cont'd)

	Automotive and related products	Plastic products	Hotels and resorts	Plantation	Investment holding and financial services	Investment properties and trading of building material products	Healthcare	Total of all segments	Reconciliation/ Elimination	Notes	Total per consolidated financial statements
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
2015											
Revenue from external customers	2,956,905	215,185	266,478	450,807	35,106	441,495	14,187	4,380,163	-		4,380,163
Inter-segment revenue	688	87	201	-	9,364	9,604	-	19,944	(19,944)	A	-
Total revenue	2,957,593	215,272	266,679	450,807	44,470	451,099	14,187	4,400,107	(19,944)		4,380,163
Results											
Interest income	20,460	8,783	1,204	45,436	3,708	1,986	235	81,812	-		81,812
Dividend income	3,926	-	-	2,753	30,855	24	-	37,558	-		37,558
Depreciation and amortisation	23,215	19,660	30,028	29,591	725	5,300	12,412	120,931	-		120,931
Share of results of associates	8,828	10,033	-	1,241	33,384	1,381	-	54,867	-		54,867
Other non-cash expenses	2,709	5	841	40,599	15,103	1,763	-	61,020	-	B	61,020
Segment profit/(loss)	185,937	11,960	34,592	67,693	33,923	9,186	(26,395)	316,896	42,230	C	359,126
Assets											
Investment in associates	97,165	102,307	-	23,693	312,457	26,499	-	562,121	-		562,121
Additions to non-current assets	82,051	9,270	36,217	164,560	695	191,555	28,516	512,864	-	D	512,864
Segment assets	2,921,906	432,500	1,017,909	1,785,629	304,126	875,927	236,944	7,574,941	603,979	E	8,178,920

NOTES TO THE FINANCIAL STATEMENTS

31. OPERATING SEGMENTS (cont'd)

	Automotive and related products	Plastic products	Hotels and resorts	Plantation	Investment holding and financial services	Investment properties and trading of building material products	Healthcare	Total of all segments	Reconciliation/ Elimination	Notes	Total per consolidated financial statements
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
2014											
Revenue from external customers	1,958,549	264,053	249,019	431,660	65,940	493,673	1,937	3,464,831	-		3,464,831
Inter-segment revenue	1,096	7,156	870	-	4,135	10,345	-	23,602	(23,602)	A	-
Total revenue	1,959,645	271,209	249,889	431,660	70,075	504,018	1,937	3,488,433	(23,602)		3,464,831
Results											
Interest income	16,239	6,982	1,084	42,359	9,229	1,465	998	78,356	-		78,356
Dividend income	3,814	-	-	2,160	56,269	22	-	62,265	-		62,265
Depreciation and amortisation	22,292	20,027	27,415	23,647	245	4,760	973	99,359	-		99,359
Share of results of associates	7,845	11,458	-	182	64,559	73	-	84,117	-		84,117
Other non-cash expenses	16,972	109	462	1,538	271	928	-	20,280	-	B	20,280
Segment (loss)/profit	67,972	1,092	37,633	206,988	94,051	8,005	(4,867)	410,874	75,579	C	486,453
Assets											
Investment in associates	78,323	91,889	-	22,589	281,214	22,956	-	496,971	-		496,971
Additions to non-current assets	19,395	8,496	33,776	115,440	249	54,925	102,237	334,518	-	D	334,518
Segment assets	2,456,121	420,469	894,016	1,407,794	448,416	625,589	211,578	6,463,983	495,575	E	6,959,558

NOTES TO THE FINANCIAL STATEMENTS

31. OPERATING SEGMENTS (cont'd)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

- A Inter-segment revenue are eliminated on consolidation.
- B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements

	Note	2015 RM'000	2014 RM'000
Unrealised loss on foreign exchange, gross		56,481	2,766
Write-down of inventories, gross		1,842	8,387
Bad and doubtful debts, gross		1,825	980
Property, plant and equipment written off	24	21	4
Biological assets written off	24	2	26
Impairment loss on plant and equipment	24	-	7,527
Impairment loss on other investments	24	849	590
		61,020	20,280

- C The following items are added to/(deducted from) segment profit to arrive at "Profit before tax from continuing operations" presented in the consolidated statement of comprehensive income

	2015 RM'000	2014 RM'000
Share of results of associates	54,867	84,117
Interest expense	(12,637)	(8,538)
	42,230	75,579

- D Additions to non-current asset other than financial instruments and deferred tax assets consist of :

	Note	2015 RM'000	2014 RM'000
Property, plant and equipment	3	221,675	246,845
Biological assets	5	142,526	74,033
Intangible assets	4	824	460
Land held for property development	6	77	71
Prepaid land lease payment	7	35,866	-
Investment properties	8	111,896	13,109
		512,864	334,518

NOTES TO THE FINANCIAL STATEMENTS

31. OPERATING SEGMENTS (cont'd)

- E The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position :

	2015	2014
	RM'000	RM'000
Investment in associates	562,121	496,971
Current tax assets	10,657	11,044
Deferred tax assets	31,201	10,427
Investment in a non-consolidated subsidiary	-	(22,867)
	603,979	495,575

NOTES TO THE FINANCIAL STATEMENTS

31. OPERATING SEGMENTS (cont'd)

Geographical information

Revenue and non-current assets information are based on the geographical location of customers and assets respectively. The amounts of non-current assets do not include investments in subsidiaries, investments in associates, other investments and deferred tax assets.

	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Australia RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
2015							
Revenue from external customers by location of customers	2,231,046	1,487,498	416,613	132,913	112,093	-	4,380,163
Non-current assets by location of assets	1,180,624	260,154	725,459	430,293	522,539	-	3,119,069
2014							
Revenue from external customers by location of customers	2,223,934	611,673	388,889	127,885	112,450	-	3,464,831
Non-current assets by location of assets	1,048,004	203,825	460,832	310,497	460,383	-	2,483,541
Major customers							

There are no customers with revenue equal to or more than 10% of the group's total revenue.

NOTES TO THE FINANCIAL STATEMENTS

32. CONTINGENT LIABILITIES, UNSECURED - COMPANY

- i) The Company has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries up to a limit of **RM326.6 million** (2014 : RM274.2 million) of which **RM261.3 million** (2014 : RM204.7 million) of credit facilities was utilised as at the end of the reporting date.
- ii) The Company has also issued corporate guarantees to certain non-financial institutions for the supply of goods and services provided to certain subsidiaries up to a limit of **RM82.5 million** (2014 : RM82.5 million) of which **RM10.1 million** (2014 : RM14.5 million) of liabilities were incurred as at the end of the reporting date.
- iii) The Company also undertakes to provide financial support for certain subsidiaries to enable them to continue as going concerns.

33. RELATED PARTIES

33.1 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. Related parties include the following :

- a) The Company has a controlling related party relationship with its direct and indirect subsidiaries and the associates of the Group as disclosed in the financial statements;
- b) The Company also has a related party relationship with :
 - i) the substantial shareholder, Boon Siew Sdn Berhad which holds a 43% interest in the Company and presumed to exercise significant influence over the Company;
 - ii) the subsidiaries of Boon Siew Sdn Berhad and the direct and indirect associates of Boon Siew Sdn Berhad

(hereinafter referred as "Boon Siew Group of Companies"); and

- iii) The key Directors and key management personnel of the Group

- Datuk Loh Kian Chong, DMSM
- Dato' Robert Wong Lum Kong, DSSA, JP
- Dato' Seri Lim Su Tong @ Lim Chee Tong, DGPN, DSPN
- Tan Kheng Hwee
- Dato' Sri Tan Hui Jing, SSAP, PKT, PJK

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.

NOTES TO THE FINANCIAL STATEMENTS

33. RELATED PARTIES (cont'd)

33.2 Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows :

a) With subsidiaries

		Company	
		2015	2014
		RM'000	RM'000
i)	Rental receivables	780	360
ii)	Interest income	7,051	4,502

b) With associates of the Group

		Group	
		2015	2014
		RM'000	RM'000
i)	Sale of goods	54,871	83,052
ii)	Rental receivable (net)	6	36
iii)	Management fee and commission payable	197	292
iv)	Purchase of goods	12,701	2,387

c) With Boon Siew Group of Companies

		Group	
		2015	2014
		RM'000	RM'000
i)	Commission receivable in respect of advertising, marketing and hotel reservation services	672	1,429
ii)	Sale of goods	2,006	2,055
iii)	Purchase of goods	1,302	113
iv)	Rental charges receivables/(payables) (net)	183	(118)
v)	Management fees received	-	13

		Company	
		2015	2014
		RM'000	RM'000
i)	Rental payables	32	31

d) There were no transactions with the Directors and key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment as disclosed in Note 24.

The Directors of the Company are of the opinion that the above transactions were based on terms which have been established on a negotiated basis.

NOTES TO THE FINANCIAL STATEMENTS

33. RELATED PARTIES (cont'd)

33.3 Significant non-trade related party balances

The significant non-trade balances with related parties at end of reporting period are as disclosed in Note 15 and Note 23 to the financial statements.

34. FINANCIAL INSTRUMENTS

34.1 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
2015			
Financial assets			
Group			
Other investments	321,155	-	321,155
Trade and other receivables (excluding deposits and prepayments)	434,839	434,839	-
Short term investment	524,315	524,315	-
Cash and cash equivalents	2,886,826	2,886,826	-
	4,167,135	3,845,980	321,155
Company			
Other investments	32,341	-	32,341
Trade and other receivables (excluding deposits and prepayments)	231,730	231,730	-
Cash and cash equivalents	124,868	124,868	-
	388,939	356,598	32,341

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (cont'd)

34.1 Categories of financial instruments (cont'd)

	Carrying amount RM'000	FL RM'000
2015		
Financial liabilities		
Group		
Borrowings	1,155,079	1,155,079
Trade and other payables	370,078	370,078
	<u>1,525,157</u>	<u>1,525,157</u>
Company		
Borrowings	107,004	107,004
Trade and other payables	1,131	1,131
	<u>108,135</u>	<u>108,135</u>

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (cont'd)

34.1 Categories of financial instruments (cont'd)

	Carrying amount RM'000	L&R RM'000	AFS RM'000
2014			
Financial assets			
Group			
Other investments	307,354	-	307,354
Trade and other receivables (excluding deposits and prepayments)	487,166	487,166	-
Short term investment	504,540	504,540	-
Cash and cash equivalents	2,415,232	2,415,232	-
	<u>3,714,292</u>	<u>3,406,938</u>	<u>307,354</u>
Company			
Other investments	33,113	-	33,113
Trade and other receivables (excluding deposits and prepayments)	171,800	171,800	-
Cash and cash equivalents	112,565	112,565	-
	<u>317,478</u>	<u>284,365</u>	<u>33,113</u>
		Carrying amount RM'000	FL RM'000
2014			
Financial liabilities			
Group			
Borrowings		661,394	661,394
Trade and other payables		276,278	276,278
		<u>937,672</u>	<u>937,672</u>
Company			
Trade and other payables		1,187	1,187
		<u>1,187</u>	<u>1,187</u>

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (cont'd)

34.2 Net gains and losses arising from financial instruments

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) on:				
Available-for-sale financial assets				
- recognised in other comprehensive income	(22,985)	18,462	-	-
- recognised in profit or loss	48,817	61,061	131,931	110,800
Loans and receivables	96,004	76,231	16,826	(761)
Financial liabilities measured at amortised cost	(80,309)	56,082	(15,383)	5,797
	41,527	211,836	133,374	115,836

34.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

34.4 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 and investment in debt securities. The Company's exposure to credit risk arises principally from loans and 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

The Group controls its credit risk by the application of credit approvals, limits and monitoring procedures. Credit evaluations are performed on all customers requiring credit over a certain amount and strictly limiting the Group's associations to business partners with high credit worthiness. Trade receivables are monitored on an ongoing basis.

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 ascertain that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (cont'd)

34.4 Credit risk (cont'd)

Receivables (cont'd)

Impairment losses

The ageing of receivables as at the end of the reporting period was :

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
Group				
2015				
Not past due	391,864	17	-	391,847
Past due < 3 months	34,590	9	8	34,573
Past due 3-6 months	6,239	166	-	6,073
Past due 6-12 months	1,584	299	-	1,285
Past due more than 1 year	6,598	5,537	-	1,061
	<u>440,875</u>	<u>6,028</u>	<u>8</u>	<u>434,839</u>
2014				
Not past due	442,150	2	-	442,148
Past due < 3 months	32,322	48	11	32,263
Past due 3-6 months	4,542	243	-	4,299
Past due 6-12 months	6,003	24	-	5,979
Past due more than 1 year	8,037	5,560	-	2,477
	<u>493,054</u>	<u>5,877</u>	<u>11</u>	<u>487,166</u>
Company				
2015				
Not past due	<u>241,380</u>	<u>9,650</u>	<u>-</u>	<u>231,730</u>
2014				
Not past due	<u>181,800</u>	<u>10,000</u>	<u>-</u>	<u>171,800</u>

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (cont'd)

34.4 Credit risk (cont'd)

Receivables (cont'd)

Impairment losses (cont'd)

The movements in the allowance for impairment losses of receivables during the financial year were :

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At 1 January	5,888	6,868	10,000	-
Effect of movement in exchange rate	1	(2)	-	-
Impairment loss recognised	564	1,080	-	10,000
Impairment loss reversed	(390)	(440)	(350)	-
Impairment loss written off	(27)	(1,618)	-	-
At 31 December	6,036	5,888	9,650	10,000

Although some of the receivables are secured by third party financial guarantees, it is impracticable to estimate the fair values of the guarantees obtained.

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has invested in domestic and overseas securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (cont'd)

34.4 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 certain subsidiaries. The Company also provides guarantees to certain non-financial institutions for the supply of goods and services to certain 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 **RM409.1 million** (2014 : RM356.7 million) representing the outstanding banking facilities and guarantees granted to certain non-financial institution for the supply of goods and services to certain 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.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and 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 their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the current advances to the subsidiaries. Nevertheless, these advances are not considered to be overdue and are repayable on demand.

34.5 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 exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding to ascertain that all funding needs are met. As part of its overall prudent liquidity management, the Group endeavours to maintain sufficient level of cash or cash convertible investments to meet its working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (cont'd)

34.5 Liquidity risk (cont'd)

Maturity analysis

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

	Carrying amount RM'000	Contractual interest rate/ coupon %	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
2015							
Group							
<i>Non-derivative financial liabilities</i>							
Secured term loans	62,053	1.25 - 2.56	62,053	2,735	3,212	56,106	-
Secured revolving credit	513,857	0.90 - 1.01	514,668	514,668	-	-	-
Finance lease liabilities	15,337	2.47 - 6.70	16,823	5,254	4,293	7,276	-
Unsecured revolving credit	512,555	0.94 - 4.36	513,684	513,684	-	-	-
Unsecured bankers' acceptances	44,720	3.38 - 5.02	44,720	44,720	-	-	-
Unsecured trust receipts	6,326	4.73 - 5.43	6,326	6,326	-	-	-
Bank overdrafts	231	8.00 - 8.30	231	231	-	-	-
Trade and other payables	370,078	-	370,078	370,078	-	-	-
	1,525,157		1,528,583	1,457,696	7,505	63,382	-
Company							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	1,131	-	1,131	1,131	-	-	-
Unsecured revolving credit	107,004	0.94	107,004	107,004	-	-	-
Corporate guarantees	-	-	271,400	271,400	-	-	-
	108,135		379,535	379,535	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (cont'd)

34.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Carrying amount RM'000	Contractual interest rate/ coupon %	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
2014							
Group							
<i>Non-derivative financial liabilities</i>							
Secured revolving credit	345,993	0.90 - 1.45	347,663	347,663	-	-	-
Finance lease liabilities	5,322	2.50 - 7.20	5,625	3,519	1,609	497	-
Unsecured revolving credit	278,436	0.90 - 1.45	281,588	281,588	-	-	-
Unsecured bankers' acceptances	25,416	3.62 - 5.02	25,416	25,416	-	-	-
Unsecured trust receipts	5,605	5.43	5,605	5,605	-	-	-
Bank overdrafts	622	8.00 - 8.30	622	622	-	-	-
Trade and other payables	276,278	-	276,278	276,278	-	-	-
	<u>937,672</u>		<u>942,797</u>	<u>940,691</u>	<u>1,609</u>	<u>497</u>	<u>-</u>
Company							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	1,187	-	1,187	1,187	-	-	-
Corporate guarantees	-	-	219,200	219,200	-	-	-
	<u>1,187</u>		<u>220,387</u>	<u>220,387</u>	<u>-</u>	<u>-</u>	<u>-</u>

34.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (cont'd)

34.6 Market risk (cont'd)

34.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar, Australian Dollar, New Zealand Dollar, Japanese Yen, Thai Baht, Great Britain Pound, and Indonesian Rupiah.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	US Dollar RM'000	Japanese Yen RM'000	Australian Dollar RM'000	Thai Baht RM'000	Great Britain Pound RM'000	Indonesian Rupiah RM'000	New Zealand Dollar RM'000
2015							
Group							
Trade and other receivables	3,623	861	108	-	6	-	41
Borrowings	-	(1,022,067)	-	-	-	-	-
Trade and other payables	(13,698)	(8,760)	-	(13,407)	-	-	-
Cash and bank balances	225,299	14,825	173,217	-	32,763	1,907	39,820
Exposure in the statement of financial position	215,224	(1,015,141)	173,325	(13,407)	32,769	1,907	39,861
Company							
Cash and bank balances	144	180	-	-	-	-	-
Intra-group balances	34,348	-	-	-	-	-	-
Borrowings	-	(107,004)	-	-	-	-	-
Exposure in the statement of financial position	34,492	(106,824)	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (cont'd)

34.6 Market risk (cont'd)

34.6.1 Currency risk (cont'd)

Exposure to foreign currency risk (cont'd)

	US Dollar RM'000	Japanese Yen RM'000	Australian Dollar RM'000	Thai Baht RM'000	Great Britain Pound RM'000	Indonesian Rupiah RM'000	New Zealand Dollar RM'000
2014							
Group							
Trade and other receivables	5,991	181	274	-	16	109,316	95
Borrowings	-	(622,194)	-	-	-	-	-
Trade and other payables	(7,968)	(2,520)	-	(8,706)	-	-	-
Cash and cash equivalents	241,299	759	146,569	-	21,672	1,286	36,308
Exposure in the statement of financial position	239,322	(623,774)	146,843	(8,706)	21,688	110,602	36,403
Company							
Cash and cash equivalents	268	218	-	-	-	-	-
Intra-group balances	27,972	-	-	-	-	-	-
Exposure in the statement of financial position	28,240	218	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (cont'd)

34.6 Market risk (cont'd)

34.6.1 Currency risk (cont'd)

Currency risk sensitivity analysis

A **5%** (2014 : 5%) strengthening of the Ringgit Malaysia ("RM") against the following currencies at the end of the reporting period would have increased/(decreased) the post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	2015 RM'000	2014 RM'000
Group		
US dollar	(8,071)	(8,975)
Japanese yen	38,068	23,392
Australian dollar	(6,500)	(5,507)
Thai baht	503	326
Great Britain pound	(1,229)	(813)
Indonesian Rupiah	(72)	(4,148)
New Zealand dollar	(1,495)	(1,365)
Company		
US dollar	(1,293)	(1,059)
Japanese yen	4,006	(8)

A **5%** (2014 : 5%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

34.6.2 Interest rate risk

The Group's investments in fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risks that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's interest-earning financial assets are mainly short term in nature and are mostly placed in fixed deposits.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (cont'd)

34.6 Market risk (cont'd)

34.6.2 Interest rate risk (cont'd)

Exposure to interest rate risk

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

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets				
- Quoted bonds	106,150	83,258	-	-
- Fixed deposits	1,816,332	1,560,995	122,852	110,145
- Short term investments	524,315	504,540	-	-
	<u>2,446,797</u>	<u>2,148,793</u>	<u>122,852</u>	<u>110,145</u>
Financial liabilities				
- Lease obligations	15,337	5,322	-	-
- Other borrowings	127,864	89,556	-	-
	<u>143,201</u>	<u>94,878</u>	<u>-</u>	<u>-</u>
Floating rate instruments				
Financial assets				
- Trade and other receivables	-	109,316	230,712	171,432
Financial liabilities				
- Bank overdrafts	231	622	-	-
- Other borrowings	1,011,647	565,894	107,004	-
	<u>1,011,878</u>	<u>566,516</u>	<u>107,004</u>	<u>-</u>

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (cont'd)

34.6 Market risk (cont'd)

34.6.2 Interest rate risk (cont'd)

Interest rate risk sensitivity analysis (cont'd)

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 50 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss	
	50bp increase	50bp decrease
	RM'000	RM'000
2015		
Group		
Floating rate instruments		
- Bank overdraft	(1)	1
- Other borrowings	(3,794)	3,794
Company		
Floating rate instruments		
- Trade and other receivables	865	(865)
- Other borrowings	(401)	401
2014		
Group		
Floating rate instruments		
- Trade and other receivables	410	(410)
- Bank overdraft	(2)	2
- Other borrowings	(2,122)	2,122
Company		
Floating rate instruments		
- Trade and other receivables	643	(643)

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (cont'd)

34.6 Market risk (cont'd)

34.6.3 Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Group Executive Directors, as appropriate.

Equity price risk sensitivity analysis

This analysis assumes that all other variables remain constant and the Group's equity investments moved in correlation with the respective stock exchange market index which the investments are listed in.

A 10% strengthening in all the stock exchange market index at the end of the reporting period would have increased equity by **RM29,302,000** (2014 : RM27,848,000). A 10% weakening in the stock exchange index would have had equal but opposite effect on equity respectively.

34.7 Fair value information

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

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted price in an active market and the fair value cannot be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (cont'd)

34.7 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 statement 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		
2015										
Financial assets										
Quoted shares	171,231	3,051	-	174,282	-	-	-	-	174,282	174,282
Quoted bonds	106,150	-	-	106,150	-	-	-	-	106,150	106,150
Quoted unit trusts & REITs	5,201	7,384	-	12,585	-	-	-	-	12,585	12,585
	282,582	10,435	-	293,017	-	-	-	-	293,017	293,017
Financial liabilities										
Term loans	-	-	-	-	-	-	62,053	62,053	62,053	62,053
Lease obligations	-	-	-	-	-	13,729	-	13,729	13,729	15,337
	-	-	-	-	-	13,729	62,053	75,782	75,782	77,390
Company										
Financial assets										
Loans to subsidiaries	-	-	-	-	-	-	231,730	231,730	231,730	231,730

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (cont'd)

34.7 Fair value information (cont'd)

	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		
2014										
Group										
Financial assets										
Quoted shares	180,049	2,652	-	182,701	-	-	-	-	182,701	182,701
Quoted bonds	83,258	-	-	83,258	-	-	-	-	83,258	83,258
Quoted unit trusts & REITS	6,420	6,103	-	12,523	-	-	-	-	12,523	12,523
	<u>269,727</u>	<u>8,755</u>	<u>-</u>	<u>278,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>278,482</u>	<u>278,482</u>
Financial liabilities										
Lease obligations	-	-	-	-	-	4,826	-	4,826	4,826	5,322
Company										
Financial assets										
Loans to subsidiaries	-	-	-	-	-	-	171,490	171,490	171,490	171,490

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (cont'd)

34.7 Fair value information (cont'd)

Policy on transfer between levels

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

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For other borrowings, the market rate of interest is determined by reference to similar borrowings arrangements.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

35. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected strategic investment opportunities. To maintain or adjust capital structure, the Group may adjust the dividend payment to stockholders.

NOTES TO THE FINANCIAL STATEMENTS

35. CAPITAL MANAGEMENT (cont'd)

	Group	
	2015	2014
	RM'000	RM'000
Total borrowings (Note 19)	1,155,079	661,394
Less : Short term investments (Note 16)	524,315	504,540
Less : Cash and cash equivalents (Note 17)	2,886,826	2,415,232
Net cash	2,256,062	2,258,378
Total equity	6,539,520	5,956,304
Debt-to-equity ratios	#	#

Not applicable due to net cash position

There were no changes in the Group's approach to capital management during the financial year.

36. SIGNIFICANT EVENT

(a) Voluntary winding up - Lipro Electrical Manufacturing Sdn. Bhd. ("LEM")

Lipro Electrical Manufacturing Sdn. Bhd. ("LEM"), a wholly-owned subsidiary of Teck See Plastic Sdn. Bhd. which in turn is a 60% owned subsidiary of the Company, had on 9 January 2015 been placed under voluntary winding up proceeding. LEM was incorporated in Malaysia on 8 May 1991 with an authorised share capital of RM5 million comprising 5 million ordinary shares of RM1.00 each whilst its issued and paid up share capital of RM1.5 million comprised 1.5 million ordinary shares of RM1.00 each. LEM had ceased operations and remained dormant currently. LEM convened the Final General Meeting on 7 April 2016 to conclude the winding up proceedings.

(b) Acquisition of a subsidiary – PT Surya Argo Persada ("SAP")

The Company through its indirect subsidiary, OAM Asia (Singapore) Pte. Ltd. (50.50%) ("OAMS") had on 2 March 2015, obtained confirmation from the Ministry of Law and Human Rights of the Republic of Indonesia for the acquisition of 90% of the equity interest in PT Surya Agro Persada ("SAP") from PT Kencana Sawit Abadi pursuant to a Conditional Share Sale and Purchase Agreement. Upon completion of the said acquisition, SAP became the 90% owned subsidiary of OAMS. SAP was incorporated on 26 October 2007 with an issued and paid up share capital of IDR16,375,000,000 (RM4,634,125) represented by 16,375 Ordinary Shares. The principal activities of SAP are cultivation of oil palm plantation and its related activities.

NOTES TO THE FINANCIAL STATEMENTS

36. SIGNIFICANT EVENT (cont'd)

(b) Acquisition of a subsidiary – PT Surya Argo Persada (“SAP”) (cont'd)

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	2015 RM'000
Fair value of consideration transferred	
Cash	<u>5,861</u>
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	727
Biological assets (Note 5)	72,795
Inventories	7
Trade and other receivables	2,825
Cash and cash equivalents	574
Deferred tax assets	96
Trade and other payables	(111,813)
Total identifiable net liabilities	<u>(34,789)</u>
Net cash outflow arising from acquisition of subsidiary	
Purchase consideration settled in cash	(5,861)
Cash and cash equivalents acquired	574
	<u>(5,287)</u>
Goodwill	
Goodwill was recognised as a result of the acquisition as follows:	
Total consideration transferred	5,861
Fair value of identifiable net liabilities	34,789
Non-controlling interests, based on their proportionate interest in the recognised amounts of the asset and liabilities of the acquiree	(21,879)
	<u>18,771</u>

(c) Incorporation of a subsidiary, Oriental Asia (Aust.) Pty. Ltd. (“OAA”)

The Company through its indirect 50.5% owned subsidiary, Oriental Asia (Mauritius) Pte. Ltd. (“OAM”) had on 20 March 2015 incorporated a wholly owned subsidiary company known as Oriental Asia (Aust.) Pty. Ltd. (“OAA”) in Australia. The initial issued and paid up share capital of OAA is AUD500 represented by 500 Ordinary Shares. During the year, the issued and paid up capital of OAA was increased to AUD28,834,016. OAA is principally a property investment company.

NOTES TO THE FINANCIAL STATEMENTS

36. SIGNIFICANT EVENT (cont'd)

- (d) Voluntary strike off - Unique Mix (Singapore) ("UMS")

Unique Mix (Singapore) Pte. Ltd. ("UMS"), a wholly-owned subsidiary of OAM which in turn is a wholly-owned subsidiary of Selasih Permata Sdn. Bhd. ("SP"), had on 14 December 2015 submitted an application to the Accounting and Corporate Regulatory Authority ("ACRA") to strike its name off from the Register. On 4 January 2016, UMS received a striking-off notice from ACRA dated 18 December 2015 whereupon UMS will be struck-off from the Register upon expiry of a 60-days period from the publication of a notice in the Singapore Government Gazette, if there is no objection received. The struck off was completed on 17 March 2016.

37. SUBSEQUENT EVENT

The Company through its indirect 50.5% owned subsidiary, OBS Pte. Ltd. ("OBS") had on 10 February 2016, received approval dated 2 February 2016 from the Ministry of Law and Human Rights of the Republic of Indonesia ("MOLHR") for the acquisition of 90% equity interest in PT Sumatra Sawit Lestari ("SSL") via a cash subscription (equivalent to about RM2.84 million) pursuant to a Shares Subscription Agreement entered with PT Tradisi Bina Usaha and Saksona Boenjamin. Upon completion of the said acquisition, SSL became the 90% owned subsidiary of OBS. SSL was incorporated on 29 November 2012 with its present authorised and issued share capital of IDR10,000,000,000 (equivalent to about RM3.2 million) divided into 10,000 shares with nominal value of IDR1,000,000 each. The principal activities of SSL are cultivation of oil palm plantation and its related activities.

38. DETAILS OF SUBSIDIARIES

Name of subsidiaries and principal activities	Group's effective interest	
	2015 %	2014 %
Oriental Realty Sdn. Berhad <i>Property development and investment holding</i>	100.0	100.0
Subsidiary company of Oriental Realty Sdn. Berhad		
- Kenanga Mekar Sdn. Bhd. <i>Property development</i>	100.0	100.0
Syarikat Oriental Credit Berhad <i>Money lending and leasing</i>	100.0	100.0
Dragon Frontier Sdn. Bhd. <i>Manufacture of plastic moulded parts for electrical, electronics and automotive industries</i>	100.0	100.0
Bayview International Sdn. Bhd. <i>Provision of management, marketing, advertisement and central reservation services</i>	100.0	100.0
Oriental Rubber & Palm Oil Sdn. Berhad <i>Cultivation of oil palm, investment holding and letting of parking lots</i>	100.0	100.0

NOTES TO THE FINANCIAL STATEMENTS

38. DETAILS OF SUBSIDIARIES (cont'd)

Name of subsidiaries and principal activities	Group's effective interest	
	2015 %	2014 %
<i>Subsidiary of Oriental Rubber & Palm Oil Sdn. Berhad</i> - Oriental Boon Siew (M) Sdn. Bhd. <i>Investment holding</i>	51.0	51.0
Compounding & Colouring Sdn. Bhd. <i>Manufacture and sale of polypropylene compounds</i>	70.0	70.0
Oriental Assemblers Sdn. Bhd. <i>Assembly of motor vehicles and manufacture and sale of engines and transmissions</i>	97.9	97.2
Oriental Nichinan Design Engineering Sdn. Bhd. <i>Design, manufacture and sale of prototype plastic models</i>	88.0	88.0
Oriental San Industries Sdn. Bhd. <i>Letting of properties and manufacturing and trading of plastic articles and products</i>	100.0	100.0
Armstrong Cycle Parts (Sdn.) Berhad * <i>Property investment holding company</i>	57.1	57.1
Onward Leasing & Credit Sdn. Bhd. <i>Leasing company. Commenced members' voluntary liquidation on 27 November 2014</i>	-	51.2
Kah Bintang Auto Sdn. Bhd. <i>Investment holding company and retailer of motor vehicles and trader of spare parts, accessories and related component parts</i>	100.0	100.0
<i>Subsidiary of Kah Bintang Auto Sdn. Bhd.</i> - Kah Classic Auto Sdn. Bhd. <i>Investment holding company and retailer of motor vehicles and trader of spare parts, accessories and related component parts</i>	100.0	100.0
Oriental Boon Siew (Mauritius) Pte. Ltd. # <i>Investment holding and granting of loans</i>	50.5	50.5
<i>Subsidiaries of Oriental Boon Siew (Mauritius) Pte. Ltd.</i> - OAM Asia (Singapore) Pte. Ltd. # <i>Investment holding</i>	50.5	50.5

NOTES TO THE FINANCIAL STATEMENTS

38. DETAILS OF SUBSIDIARIES (cont'd)

Name of subsidiaries and principal activities	Group's effective interest	
	2015 %	2014 %
Subsidiaries of OAM Asia (Singapore) Pte. Ltd.		
- OAM (Aust) Pty Ltd # <i>Property investment holding</i>	50.5	50.5
- PT Surya Agro Persada * <i>Oil palm plantation</i>	45.5	-
- OBS (Singapore) Pte. Ltd. # <i>Investment holding and granting of loans</i>	50.5	50.5
Subsidiaries of OBS (Singapore) Pte. Ltd.		
- PT Bumi Sawit Sukses Pratama * <i>Oil palm plantation</i>	45.5	45.5
- PT Gunung Sawit Selatan Lestari * <i>Oil palm plantation</i>	45.5	45.5
- PT Pratama Palm Abadi * <i>Oil palm plantation</i>	45.5	45.5
- PT Dapo Agro Makmur * <i>Oil palm plantation</i>	45.5	45.5
Teck See Plastic Sdn. Bhd. <i>Investment holding, letting of property, plant and equipment and manufacture and distribution of plastic articles and products</i>	60.0	60.0
Subsidiaries of Teck See Plastic Sdn. Bhd.		
- Lipro Electrical Manufacturing Sdn. Bhd. <i>Manufacture of electrical items. Commenced member's voluntary winding up on 9 January 2015</i>	60.0	60.0
- Lipro Mold Engineering Sdn. Bhd. <i>Manufacture and repair of moulds, jigs and fixtures</i>	48.0	48.0
- Armstrong Industries Sdn. Bhd. <i>Investment holding</i>	60.0	60.0
- Kasai Teck See (Malaysia) Sdn. Bhd. <i>Designing, research and development, manufacturing and sale of plastic and automotive interior parts</i>	45.0	45.0

NOTES TO THE FINANCIAL STATEMENTS

38. DETAILS OF SUBSIDIARIES (cont'd)

Name of subsidiaries and principal activities	Group's effective interest	
	2015 %	2014 %
Oriental International (Mauritius) Pte. Ltd. # <i>Investment holding</i>	100.0	100.0
- Oriental Industries (Wuxi) Co., Ltd. * <i>Letting of property</i>	95.0	95.0
Kah Motor Company Sdn. Berhad <i>Distribution and retailing of motor vehicles and spare parts, servicing, rental and leasing of motor vehicles, investment holding as well as hotelier</i>	100.0	100.0
Subsidiaries of Kah Motor Company Sdn. Berhad		
- Boon Siew (Borneo) Sendirian Berhad * <i>Distribution of Honda motor cars and related spare parts</i>	99.0	99.0
- Ultra Green Sdn. Bhd. <i>Land reclamation and investment holding</i>	100.0	100.0
- Happy Motoring Co. Sdn. Bhd. * <i>Motor car dealer and the general repair and servicing of motor cars</i>	51.0	51.0
- Kah New Zealand Limited # <i>Hotelier (with golf course)</i>	100.0	100.0
- Kah Australia Pty Limited * <i>Hotelier and investment holding</i>	100.0	100.0
Subsidiary of Kah Australia Pty Limited		
- Geographe Bay Motel Unit Trust * <i>Hotelier</i>	100.0	100.0
- Kah Power Products Pte. Ltd. # <i>Distribution of motor power products</i>	100.0	100.0
- KM Agency Sdn. Bhd. <i>Insurance services for motor vehicles including cars</i>	100.0	100.0

NOTES TO THE FINANCIAL STATEMENTS

38. DETAILS OF SUBSIDIARIES (cont'd)

Name of subsidiaries and principal activities	Group's effective interest	
	2015 %	2014 %
- Kingdom Properties Co. Limited <i>Investment holding</i>	100.0	100.0
Subsidiaries of Kingdom Properties Co. Limited		
- Park Suanplu Holdings Co., Ltd. * <i>Hotelier</i>	89.5	89.5
- Suanplu Bhiman Limited * <i>Investment holding</i>	79.4	79.4
- Silver Beech Operations UK Limited * <i>Managing and operating of hotel</i>	100.0	100.0
- Silver Beech Holdings Limited * <i>Investment holding</i>	100.0	100.0
Subsidiary of Silver Beech Holdings Limited		
- Silver Beech (IOM) Limited * <i>Investment holding</i>	100.0	100.0
Armstrong Auto Parts Sdn. Berhad <i>Manufacture of seats, press, diecasts parts, shock absorbers, suspension and electrical components for motor cycles and motor vehicles</i>	60.3	60.3
Subsidiaries of Armstrong Auto Parts Sdn. Berhad		
- Armstrong Realty Sdn. Bhd. <i>Dormant</i>	60.3	60.3
- Armstrong Trading & Supplies Sdn. Bhd. <i>General trading of related automotive parts</i>	60.3	60.3
- Armstrong Component Parts (Vietnam) Co., Ltd * <i>Ceased operation in November 2014</i>	60.3	60.3

NOTES TO THE FINANCIAL STATEMENTS

38. DETAILS OF SUBSIDIARIES (cont'd)

Name of subsidiaries and principal activities	Group's effective interest	
	2015 %	2014 %
Jutajati Sdn. Bhd.* <i>Investment holding</i>	100.0	100.0
Subsidiaries of Jutajati Sdn. Bhd.		
- Kwong Wah Enterprise Sdn. Bhd.* <i>Investment holding</i>	100.0	100.0
Subsidiaries of Kwong Wah Enterprise Sdn. Bhd.		
- North Malaya Engineers Trading Company Sdn. Berhad* <i>Manufacture of wire netting, wire mesh, barbed wire, weld mesh, nails and building materials</i>	100.0	100.0
- Lipro Trading Sdn. Bhd.* <i>Distributor of cement</i>	100.0	100.0
- Simen Utara Sdn. Bhd. * <i>Distributor of cement, concrete products and building materials</i>	91.0	91.0
Subsidiaries of Simen Utara Sdn. Bhd.		
- Unique Pave Sdn. Bhd. * <i>Manufacturer and dealer of concrete products</i>	74.9	74.9
- Unique Mix (Penang) Sdn. Bhd. * <i>Manufacturer and dealer of concrete products</i>	63.7	63.7
Subsidiaries of Unique Mix (Penang) Sdn. Bhd.		
- Konkrit Utara Sdn. Bhd. * <i>Ceased operation in January 2015</i>	63.7	63.7
- Unique Mix Sdn. Bhd. * <i>Sale and distribution at ready-mixed concrete</i>	63.7	63.7
North Malaya Engineers Overseas Sdn. Bhd. * <i>Investment holding</i>	100.0	100.0
Subsidiary of North Malaya Engineers Overseas Sdn. Bhd.		
- North Malaya (Xiamen) Steel Co., Ltd. * <i>Production of steel wire and its related product, and automobile spare parts</i>	100.0	100.0

NOTES TO THE FINANCIAL STATEMENTS

38. DETAILS OF SUBSIDIARIES (cont'd)

Name of subsidiaries and principal activities	Group's effective interest	
	2015 %	2014 %
Selasih Permata Sdn. Bhd.	50.5	50.5
<i>Investment holding</i>		
Subsidiaries of Selasih Permata Sdn. Bhd.		
- PT Gunung Maras Lestari *	46.7	46.7
<i>Oil palm plantation</i>		
- PT Gunungsawit Binalestari *	46.7	46.7
<i>Oil palm plantation</i>		
- PT Oriental Kyowa Industries *	72.8	72.8
<i>Dormant</i>		
- Oriental Asia (Mauritius) Pte. Ltd. #	50.5	50.5
<i>Investment holding</i>		
Subsidiaries of Oriental Asia (Mauritius) Pte. Ltd.		
- Unique Mix (Singapore) Pte. Ltd. #	-	50.5
<i>Investment holding. Struck – off on 18 December 2015</i>		
- Oriental Asia (Aust.) Pty Ltd	50.5	-
<i>Investment property</i>		
Melaka Straits Medical Centre Sdn. Bhd.	51.0	51.0
<i>Operate a medical centre and provision of related healthcare services</i>		
Loh Boon Siew Education Sdn. Bhd.	70.0	70.0
<i>Investment holding</i>		
Subsidiary of Loh Boon Siew Education Sdn. Bhd.		
- Nilam Healthcare Education Centre Sdn. Bhd.	70.0	70.0
<i>Institution in providing nursing program</i>		

* not audited by KPMG.

audited by member firms of KPMG International.

NOTES TO THE FINANCIAL STATEMENTS

38. DETAILS OF SUBSIDIARIES (cont'd)

All the subsidiaries are incorporated in Malaysia except for :

	Country of incorporation
- Geographe Bay Motel Unit Trust	Australia
- Kah Australia Pty. Limited	Australia
- OAM (Aust) Pty Ltd	Australia
- Oriental Asia (Aust.) Pty Ltd	Australia
- Happy Motoring Co. Sdn. Bhd.	Brunei Darussalam
- North Malaya (Xiamen) Steel Co., Ltd.	China
- Oriental Industries (Wuxi) Co., Ltd.	China
- Oriental Asia (Mauritius) Pte. Ltd.	Mauritius
- Oriental Boon Siew (Mauritius) Pte. Ltd.	Mauritius
- Oriental International (Mauritius) Pte. Ltd.	Mauritius
- Kah New Zealand Limited	New Zealand
- PT Bumi Sawit Sukses Pratama	Republic of Indonesia
- PT Dapo Agro Makmur	Republic of Indonesia
- PT Gunungsawit Binalestari	Republic of Indonesia
- PT Gunung Maras Lestari	Republic of Indonesia
- PT Gunung Sawit Selatan Lestari	Republic of Indonesia
- PT Oriental Kyowa Industries	Republic of Indonesia
- PT Pratama Palm Abadi	Republic of Indonesia
- PT Surya Agro Persada	Republic of Indonesia

NOTES TO THE FINANCIAL STATEMENTS

38. DETAILS OF SUBSIDIARIES (cont'd)

All the subsidiaries are incorporated in Malaysia except for : (cont'd)

	Country of incorporation
- Kah Power Products Pte. Ltd.	Singapore
- OAM Asia (Singapore) Pte. Ltd.	Singapore
- OBS (Singapore) Pte. Ltd.	Singapore
- Unique Mix (Singapore) Pte. Ltd.	Singapore
- Park Suanplu Holdings Co., Ltd.	Thailand
- Suanplu Bhiman Limited	Thailand
- Silver Beech Holdings Limited	United Kingdom
- Silver Beech Operations UK Limited	United Kingdom
- Silver Beech (IOM) Limited	United Kingdom
- Armstrong Component Parts (Vietnam) Co., Ltd	Vietnam

NOTES TO THE FINANCIAL STATEMENTS

39. 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 31 December, 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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries :				
- realised	4,959,610	4,873,340	335,645	358,839
- unrealised	(56,979)	46,579	(8,456)	1,540
	4,902,631	4,919,919	327,189	360,379
Total share of retained earnings of associates				
- realised	469,766	407,906	-	-
- unrealised	(4,140)	(4,664)	-	-
	5,368,257	5,323,161	327,189	360,379
Less : Consolidation adjustments	(1,420,071)	(1,523,089)	-	-
Total retained earnings	3,948,186	3,800,072	327,189	360,379

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

In the opinion of the Directors, the financial statements set out on pages 61 to 180 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 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of Directors, the information set out in Note 39 on page 181 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 :

Datuk Loh Kian Chong, DMSM

Director

Dato' Seri Lim Su Tong, DGPN, DSPN

Director

Penang

Date : 7 April 2016

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

I, Wong Tet Look, the officer primarily responsible for the financial management of Oriental Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 61 to 181 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 above named at Georgetown in the State of Penang on 7 April 2016.

.....
Wong Tet Look

Before me :

Goh Suan Bee (No. P125)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE STOCKHOLDERS OF

ORIENTAL HOLDING BERHAD (Company No. 5286-U) (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Oriental Holdings Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 61 to 180.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, 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 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 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT TO THE STOCKHOLDERS OF ORIENTAL HOLDING BERHAD (Company No. 5286-U) (Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 38 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

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 39 on page 181 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
AF 0758
Chartered Accountants

Foong Mun Kong
2613/12/16 (J)
Chartered Accountant

Date : 7 April 2016

Penang

TEN LARGEST PROPERTIES OF THE GROUP

AS AT 31 DECEMBER 2015

Location	Description	Land Area (sq.metres)	Tenure	Age of Building (Years)	Date of Acquisition	Net Book Value (RM million)
The Thistle Bloomsbury Hotel Bloomsbury Way London WC1A 2SD United Kingdom	Hotel	8,027	Freehold	92	13 Feb 2012	250.5
Lot 2051, PN 50435 PHTM : 2361 Pekan Klebang Sek. IV Melaka Tengah Melaka	Land and hospital building	75,740	Leasehold (99 years expiring 2107)	2	16 Jul 2008	180.1
Phase 3 Pekan Klebang Sek. IV Melaka Tengah, Melaka	Reclaimed land	687,966	Leasehold (Pending issuance of title)	-	-	173.4
Kecamatan Simpang Rimba dan Payung, Kabupaten Bangka Selatan, Pulau Bangka Propinsi Kepulauan Bangka Belitung Republic of Indonesia	Oil palm plantation with residential quarters and administrative office	3,972 (hectares)	Pending Hak Guna Usaha	9	17 Nov 2006	130.0
Somerset Park Suanplu No 39 Soi Suanplu South Sathorn Road Bangkok 10120 Thailand	Service apartment	6,555	Freehold	19	15 Sept 2011	125.6
Phase 1A, 2A, 3A, 3B & 4 Pekan Klebang Sek. IV Melaka Tengah, Melaka	Land held for property development	1,689,522	Leasehold (Pending issuance of title)	-	-	121.5

TEN LARGEST PROPERTIES OF THE GROUP

AS AT 31 DECEMBER 2015

Location	Description	Land Area (sq.metres)	Tenure	Age of Building (Years)	Date of Acquisition	Net Book Value (RM million)
Kecamatan Karang Dapo Kecamatan Rawas Ilir Kecamatan Mura Lakitan Kecamatan Muara Kelingi Kabupaten Musi Rawas Propinsi Sumatera Selatan Republik of Indonesia	Oil palm plantation with residential quarters and administrative office	6,672 (hectares)	Pending Hak Guna Usaha	-	18 July 2011	110.0
Kecamatan Jaya Loka Kecamatan Tiang Pumpung Kepungut Kecamatan Bulang Tenga Suku Ulu Kabupaten Musi Rawas Propinsi Sumatera Selatan Republik of Indonesia	Oil palm plantation with residential quarters and administrative office	6,696 (hectares)	Pending Hak Guna Usaha	4	31 Jan 2011	98.7
319-323 Swanston Street Melbourne Australia	Commercial property	665	Freehold	20	18 Sept 2015	86.2
100 William Street Sydney NSW 2011 Australia	Land and office building	1,300	Freehold	43	20 Sept 1994	83.4

STOCKHOLDING STATISTICS

STOCKHOLDING STATISTICS AS AT 25 MARCH 2016

AUTHORISED STOCK CAPITAL	:	RM1,000,000,000/=
ISSUED AND FULLY PAID-UP CAPITAL	:	RM620,393,638/= (including 31,808 treasury stocks)
CLASS OF STOCK	:	Ordinary Stocks of RM1/= each
VOTING RIGHTS	:	On a show of hands - One vote for every stockholder On a poll - One vote for every ordinary stock held

ANALYSIS OF STOCKHOLDINGS

Size of Stockholding	No. of Stockholders/ Depositors	No. of Stocks	% of Issued Capital
1 - 99	335	12,083	0.00
100 - 1,000	984	685,829	0.11
1,001 - 10,000	3,338	13,206,495	2.13
10,001 - 100,000	1,109	32,078,844	5.17
100,001 to less than 5% of issued stocks	196	188,089,532	30.32
5% and above of issued stocks	5	386,320,855	62.27
Total	5,967	620,393,638	100.00

SUBSTANTIAL STOCKHOLDERS

Name	No. of Stocks Direct	% of Issued Capital	No. of Stocks Deemed	% of Issued Capital
1. Boon Siew Sdn Bhd	266,729,662	43.00	76,569,757 ^(a)	12.34
2. Employees Provident Fund Board	58,219,716	9.38	-	-
3. Penang Yellow Bus Company Bhd	32,848,477	5.30	-	-
4. Datuk Loh Kian Chong	180,000	0.03	353,964,026 ^(b)	57.06
5. Mitsubishi UFJ Financial Group, Inc.	-	-	72,067,000 ^(c)	11.62
6. Aberdeen Asset Management PLC and its Subsidiaries	-	-	72,067,000 ^(d)	11.62
7. Aberdeen Asset Management Asia Limited	-	-	54,011,100 ^(e)	8.71
8. Aberdeen International Fund Manager Limited	-	-	36,668,600 ^(e)	5.91

^(a) Deemed interested via Penang Yellow Bus Company Bhd, Bayview Hotel Sdn Bhd, Boon Siew Development Sdn Bhd, Boontong Estates Sdn Bhd and Southern Perak Plantations Sdn Bhd.

^(b) Deemed interested via Boon Siew Sdn Bhd, Penang Yellow Bus Company Bhd, Bayview Hotel Sdn Bhd, Loh Boon Siew Holdings Sdn Bhd, Loh Kar Bee Holdings Sdn Bhd, Boon Siew Development Sdn Bhd, Boontong Estates Sdn Bhd and Southern Perak Plantations Sdn Bhd.

^(c) Deemed interested via its shareholding in Aberdeen Asset Management PLC, a fund management group.

^(d) Deemed interested via its subsidiaries' interests.

^(e) Deemed interested via holding voting rights of OHB shares through various funds managed.

STOCKHOLDING STATISTICS

THIRTY LARGEST STOCKHOLDERS AS AT 25 MARCH 2016

No.	Name	No. of Stocks	% of Issued Capital
1.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD BOON SIEW SDN BERHAD (00-00198-000)	133,365,188	21.50
2.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BOON SIEW SDN BHD	133,364,474	21.50
3.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	49,962,116	8.05
4.	HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS LUX FOR ABERDEEN GLOBAL	36,780,600	5.93
5.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PENANG YELLOW BUS COMPANY BHD	32,848,477	5.29
6.	CITIGROUP NOMINEES (ASING) SDN BHD HONDA MOTOR COMPANY LTD	25,119,424	4.05
7.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BAYVIEW HOTEL SDN BHD	21,848,407	3.52
8.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	9,511,600	1.53
9.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR SOUTHERN PERAK PLANTATIONS SENDIRIAN BERHAD (PB)	9,000,000	1.45
10.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	8,300,000	1.34
11.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD LOH BOON SIEW HOLDINGS SDN BHD	7,568,031	1.22
12.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR BOONTONG ESTATES SDN BERHAD (PB)	7,000,000	1.13
13.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	5,770,000	0.93
14.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND AM4N FOR ABERDEEN INSTITUTIONAL COMMINGLED FUNDS LLC	5,500,000	0.89
15.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD BOONTONG ESTATES SDN BERHAD (00-00200-000)	4,432,966	0.71
16.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	3,638,979	0.59
17.	HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS PARIS FOR EDINBURGH DRAGON TRUST PLC	3,600,000	0.58
18.	CHINCHOO INVESTMENT SDN.BERHAD	3,369,960	0.54
19.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD LOH KAR BEE HOLDINGS SDN BHD	3,096,576	0.50
20.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD LIM SU TONG	2,966,906	0.48

STOCKHOLDING STATISTICS

THIRTY LARGEST STOCKHOLDERS AS AT 25 MARCH 2016 (cont'd)

No.	Name	No. of Stocks	% of Issued Capital
21.	KEY DEVELOPMENT SDN.BERHAD	2,736,000	0.44
22.	GOLDEN FRESH SDN BHD	2,500,000	0.40
23.	HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS PARIS FOR HI-KABL-FONDS	2,140,000	0.34
24.	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF)	1,870,000	0.30
25.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD TONG YEN SDN BHD (00-00203-000)	1,708,278	0.28
26.	AMSEC NOMINEES (TEMPATAN) SDN BHD ABERDEEN ASSET MANAGEMENT SDN BHD FOR TENAGA NASIONAL BERHAD RETIREMENT BENEFIT TRUST FUND (FM-ABERDEEN)	1,700,000	0.27
27.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (GUERNSEY)	1,678,100	0.27
28.	HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS PARIS FOR ABERDEEN ASIAN SMALLER COMPANIES INVESTMENT TRUST PLC	1,650,000	0.27
29.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR AFFIN HWANG SELECT OPPORTUNITY FUND(3969)	1,619,300	0.26
30.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BOON SIEW DEVELOPMENT SDN BHD	1,439,907	0.23
		526,085,289	84.80

STOCKHOLDING STATISTICS

DIRECTORS' STOCKHOLDINGS AS AT 25 MARCH 2016

Name of Directors	Direct Interest	%	Indirect Interest	%
1. Datuk Loh Kian Chong	180,000	0.03	353,964,026 ^(a)	57.06
2. Dato' Robert Wong Lum Kong, DSSA, JP	181,149	0.03	161,872 ^(b)	0.03
3. Dato' Seri Lim Su Tong	2,966,906	0.48	3,302,626 ^(b)	0.53
4. Tan Kheng Hwee	172,032	0.03	-	-
5. Dato' Sri Tan Hui Jing	-	-	-	-
6. Dato' Ghazi Bin Ishak	-	-	-	-
7. Mary Geraldine Phipps	-	-	5,161 ^(c)	0.00
8. Lee Kean Teong	-	-	-	-
9. Sharifah Intan Binti S. M. Aidid *	18,000	0.00	-	-
10. Koji Onishi **	-	-	-	-
11. Datin Loh Ean (Alternate Director to Dato' Robert Wong Lum Kong, DSSA, JP)	161,872	0.03	181,149 ^(b)	0.03

^(a) Deemed interested via Boon Siew Sdn Bhd, Penang Yellow Bus Company Bhd, Bayview Hotel Sdn Bhd, Loh Boon Siew Holdings Sdn Bhd, Loh Kar Bee Holdings Sdn Bhd, Boon Siew Development Sdn Bhd, Boontong Estates Sdn Bhd and Southern Perak Plantations Sdn Bhd.

^(b) These are stocks held in the name of the spouses and children and are regarded as interests of the Directors in accordance with Section 134(12)(c) of the Companies Act, 1965.

^(c) Deemed interest via Phipps Holdings Sdn. Bhd.

* She also holds 227,318 shares and 100,000 shares in Armstrong Auto Parts Sdn Bhd and Teck See Plastic Sdn Bhd respectively.

** He retired on 31 March 2016.

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FORM OF PROXY

CDS Account No.:	No. of stocks held:

I/We, _____
 NRIC No./Company No. _____
 of _____
 being a stockholder/stockholders of Oriental Holdings Berhad hereby appoint _____
 of _____
 or failing him/her _____
 of _____

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us and on my/our behalf at the FIFTY-FOURTH ANNUAL GENERAL MEETING of the Company to be held on Thursday, 2 June 2016 at 2:30 p.m. at Sri Mas Ballroom, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 Penang or at any adjournment thereof.

My/our proxy is to vote either on a show of hands or on a poll as indicated below with an "X".

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	To declare a Final Single Tier Dividend of 6% and a Special Single Tier Dividend of 2%		
2.	To re-appoint Dato' Robert Wong Lum Kong, DSSA, JP		
3.	To re-appoint Dato' Seri Lim Su Tong		
4.	To re-appoint Dato' Ghazi bin Ishak		
5.	To re-appoint Puan Sharifah Intan binti S. M. Aidid		
6.	To re-elect Dato' Sri Tan Hui Jing		
7.	To re-elect Ms Mary Geraldine Phipps		
8.	To re-elect Mr Nobuhide Nagata		
9.	To approve the Directors' Fees		
10.	To re-appoint Messrs KPMG		
11.	To approve the Proposed New and Renewal of Stockholders' Mandate for Recurrent Related Party Transactions		
12.	To approve the Proposed Renewal of Stock Buy-Back		

Signed this _____ day of _____, 2016

 Signature of Stockholder(s)/Common Seal

Notes:

1. A Member entitled to attend and vote at this meeting may appoint a proxy to attend and to vote on his behalf. A Member may appoint 2 proxies to attend on the same occasion. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Act shall not, apply to the Company. If a Member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his stockholdings to be represented by each proxy.
2. Where a Member of the Company is an authorised nominee as defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint up to 2 proxies in respect of each securities account it may holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a Member of the Company is an exempt authorised nominee which holds ordinary stocks in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
 An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. If the appointer is a corporation, the Form of Proxy must be executed under the Common Seal of the Company or under the hand of its attorney duly authorised in writing.
5. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company, Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.
6. Should you desire your Proxy to vote on the Resolutions set out in the Notice of Meeting, please indicate with an "X" in the appropriate space. If no specific direction as to voting is given, the Proxy will vote or abstain at his discretion.
7. In respect of deposited securities, only a Depositor whose name appears on the Record of Depositors on 26 May 2016 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote in his/her behalf.

Personal Data Privacy

By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM, and any adjournment thereof.

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Affix
Postage
Stamp

The Company Secretaries
Oriental Holdings Berhad (5286-U)

Suite 16-1 (Penthouse Upper), Menara Penang Garden
42A Jalan Sultan Ahmad Shah, 10050 Penang

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