eastland

EASTLAND EQUITY BHD. (515965-A

ANNUAL REPORT 2015

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixteenth Annual General Meeting of the Company will be held at Merbok Room, Level 6, Renaissance Kota Bharu Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan on Monday, 23 May 2016 at 8.30 a.m. for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon.	**(Please refer to Note 1 of the Explanatory Notes)**
2. To re-elect Mr Melvinyeo Kiandee as Director who retiring under Article 84 of the Articles of Association of the Company.	**Ordinary Resolution 1**
3. To re-elect Dato' Sri Abdul Hamidy Bin Abdul Hafiz as Director who retiring under Article 91 of the Articles of Association of the Company.	**Ordinary Resolution 2**
4. To re-elect Encik Mohamed Akwal Bin Sultan Mohamad as Director who retiring under Article 91 of the Articles of Association of the Company.	**Ordinary Resolution 3**
5. To approve the payment of Directors' Fees not exceeding RM336,000 for the financial year ending 31 December 2016 to be paid monthly in arrears.	**Ordinary Resolution 4**
6. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 5**
As Special Business	
To consider and, if thought fit, to pass the following resolution:-	
7. **Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965** "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such allotment and issue."	**Ordinary Resolution 6**
8. **Proposed Amendments to the Articles of Association** "That the deletions, alterations, modifications, variations and additions to the Articles of Association of the Company as set out in Appendix 1 attached with the Annual Report for the financial year ended 31 December 2015 be and are hereby approved."	**Special Resolution**

BY ORDER OF THE BOARD
TAI YIT CHAN (MAICSA 7009143)
CHAN YOKE PENG (MAICSA 7053966)
Company Secretaries

Selangor Darul Ehsan
Date: 22 April 2016

Notes:

1. A member entitled to attend, speak and vote at the general meeting is entitled to appoint more than one (1) proxy to attend, speak and vote in his/her stead. Where a member appoints two (2) or more proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
2. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each account it holds.
3. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

NOTICE OF ANNUAL GENERAL MEETING

4. The instrument appointing a proxy must be under the hand of the appointer or his/her attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.

5. The instrument appointing a proxy must be deposited at the Registrars' Office at Boardroom Corporate Services (KL) Sdn. Bhd., Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the Sixteenth Annual General Meeting or at any adjournment thereof.

6. In respect of deposited securities, only members whose names appear in the Company's Record of Depositors as at 13 May 2016 shall be eligible to attend, speak and vote at this meeting or appoint proxy (ies) to attend and vote on his/her behalf.

EXPLANATORY NOTES

1. Item 1 of the Agenda

Agenda item no. 1 is meant for discussion only as the provision of Section 169(1) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

2. Item 6 of the Agenda

The Company had, during its Fifteenth Annual General Meeting held on 15 June 2015, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Act. As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

The proposed Ordinary Resolution 6, if passed, will empower the Directors from the conclusion of this Annual General Meeting, to allot and issue up to a maximum of 10% of the issued share capital of the Company (excluding treasury shares) at the time of issue (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

This authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for purpose of funding investment project(s), working capital and/or acquisition. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

3. Special Resolution on the Proposed Amendments to the Articles of Association

The Special Resolution, if passed, will render the Articles of Association of the Company to meet the requirements of the Company and to be in line with the Companies Act, 1965 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Personal data privacy:
*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

APPENDIX I

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Articles of Association of the Company are proposed to be amended in the following manner:-

Article No.	Existing Articles	Amended Articles
67(a)	Nil	"Without prejudice to any other power which the Chairman may have under the provisions of these Articles or at common law and subject to the Act and the Listing Requirements, the Chairman may take such action as he thinks fit to promote the orderly conduct of the business of all general meetings as specified in the notice of such meetings and the Chairman's decision on matters of procedure or arising incidentally from the business of such meetings shall be final, as shall be his determination as to whether any matter is of such a nature."
134	The Director shall cause proper accounting and other records to be kept and shall distribute copies of balance-sheets and other documents as required by the Act and shall from time to time determine whether and to what extent and at what time and places and under what conditions or regulations the accounting and other records of the Company or any of them shall be open to the inspection of members not being Directors and no members (not being a Director) shall have any right of inspecting any account or book or paper of the Company except as conferred by statute or authorised by Directors or by the Company in general meeting. Subject always to Section 167(4) of the Act the books of accounts or records or operations shall be kept at the Office of the Company or at such other place as the Directors think fit and shall always be opened to inspection by the Directors.	The Director shall cause proper accounting and other records to be kept and shall distribute copies of balance-sheets and other documents <u>in printed form or in CD-ROM form or in such other form of electronic media</u> as required by the Act and shall from time to time determine whether and to what extent and at what time and places and under what conditions or regulations the accounting and other records of the Company or any of them shall be open to the inspection of members not being Directors and no members (not being a Director) shall have any right of inspecting any account or book or paper of the Company except as conferred by statute or authorised by Directors or by the Company in general meeting. Subject always to Section 167(4) of the Act the books of accounts or records or operations shall be kept at the Office of the Company or at such other place as the Directors think fit and shall always be opened to inspection by the Directors.

APPENDIX I

135	The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and report as are referred to in the section. The interval between the close of a financial year of the Company and the issue of the annual audited accounts the directors' and auditors' reports shall not exceed four (4) months. A copy of each such documents shall not less than twenty-one (21) days before the date of the meeting be sent to every member of and to every holder of debentures of the Company and to every other person who is entitled to receive notices from the Company under the provision of the Act or of these Articles. The requisite number of copies of each such documents shall at the same time be forwarded to each stock exchange upon which the Company is listed. Provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office of the Company.	The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and report as are referred to in the section. The interval between the close of a financial year of the Company and the issue of the annual audited accounts the directors' and auditors' reports shall not exceed four (4) months. A copy of each such documents in printed form or in CD-ROM form or in such other form of electronic media shall not less than twenty-one (21) days before the date of the meeting be sent to every member of and to every holder of debentures of the Company and to every other person who is entitled to receive notices from the Company under the provision of the Act or of these Articles. The requisite number of copies of each such documents shall at the same time be forwarded to each stock exchange upon which the Company is listed. Provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office of the Company. In the event that these documents are sent in CD-ROM form or in such other form of electronic media and if a Member requires a printed form of such documents, the Company shall send such documents to the Member within four (4) market days from the date of receipt of the Member's request.
151	Any notice or other document if served by post shall be deemed to be served in the case of the member having an address for service in Peninsular Malaysia two (2) days following that on which a properly stamped letter containing the same is posted in Peninsular Malaysia and in the case of a member having an address for service in outside Peninsular Malaysia seven (7) days following that on which the letter suitably stamped at air mails rates containing the same is posted within Peninsular Malaysia. In proving service by post it shall be sufficient to prove that the letter containing the notice or document was properly addressed and stamped and put into a Government post office letter box or by a letter from the Company Secretary certifying that the notice or document has been posted.	Any notice or other document if served by post shall be deemed to be served on which a properly stamped letter containing the same is posted. ~~in the case of the member having an address for service in Peninsular Malaysia two (2) days following that on which a properly stamped letter containing the same is posted in Peninsular Malaysia and in the case of a member having an address for service in and outside Peninsular Malaysia seven (7) days following that on which the letter suitably stamped at air mails rates containing the same is posted within Peninsular Malaysia.~~ In proving service by post it shall be sufficient to prove that the letter containing the notice or document was properly addressed and stamped and put into a Government post office letter box or by a letter from the Company Secretary certifying that the notice or document has been posted.

FIVE-YEAR FINANCIAL HIGHLIGHTS

		FINANCIAL YEAR ENDED 31 DECEMBER				
		2015	**2014**	**2013**	**2012**	**2011**
Revenue	RM	31,660,137	33,799,456	39,342,068	36,091,457	77,205,054
EBITDA	RM	15,226,415	10,733,844	7,838,729	4,739,007	20,410,050
Profit before tax	RM	9,170,671	6,898,127	6,665,017	3,690,813	18,893,694
Profit from continuing operations	RM	8,764,144	6,703,963	5,073,939	1,306,852	16,882,227
Discontinued operations	RM	-	-	-	-	29,681
Net Profit attributable to equity holders	RM	8,764,144	6,703,963	5,073,939	1,306,852	16,911,908
Total Assets	RM	285,809,373	317,501,364	309,362,333	301,269,395	294,288,548
Total Liabilities	RM	89,713,570	130,169,705	128,734,637	137,702,301	132,009,110
Total Net Assets/Total Equity	RM	196,095,803	187,331,659	180,627,696	163,567,094	162,279,438
Return on Equity (ROE)	%	4.47	3.58	2.81	0.80	10.42
Return on Total Assets (ROTA)	%	3.07	2.11	1.64	0.43	5.75
Gearing Ratio	Times	0.46	0.69	0.71	0.84	0.81
Interest Coverage Ratio	Times	5.65	25.40	12.41	12.07	24.55
Earnings per share (EPS)	SEN	3.57	2.73	2.22	0.59	7.57
Net Tangible Asset per share	RM	0.80	0.76	0.74	0.73	0.73
Price Earning (PE) Ratio	Times	8.68	13.55	21.17	74.58	3.04
Share Price as at the Financial Year End	RM	0.31	0.37	0.47	0.44	0.23

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Eastland Equity BHD, I am pleased to present to you the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2015 ("FY15").

BOARD CHANGES

First of all, allow me to mention about changes at the Board of Directors level. As you may know, I took over Board Chairmanship on 15th June 2015. The changes started when the then Chairman Dato' Faruk bin Othman resigned on 30th April 2014 followed by the retirement of other Directors at the 14th AGM held on 20th May 2014. Datuk Yunus @ Mohd Yunus bin Awang Hashim then took the helm on 20th May 2014 until 15th June 2015.

You will notice that the changes at the Board level were carried out in stages over the last two years to ensure an orderly transition so as not to disrupt the business operation.

New Board members comprising individuals with varied experience and qualification relevant to our business were then appointed. The new Board of Directors profile are detailed in pages10 to 12.

KEY MANAGEMENT STAFF

Consistent with the change in Board leadership, the Company has been progressively strengthening the management team. The Company has recruited suitably qualified professionals to fill the roles of Financial Controller and Project Manager in January 2014 and July 2015 respectively.

Following the retirement of the previous CEO who was also one of the previous Board members, the Company has set up an Executive Committee (EXCO) comprising all the Executive Directors to assume the role of running the Company. The EXCO is assisted by key management staff.

STRATEGIC PRIORITIES AND KEY MILESTONES

During these challenging period of Board transition, the Board of Directors took cognizance of the need to establish the strategic direction of the Group to focus on the following critical priorities:

(1) To strengthen the Company and the Group's balance sheet by rationalizing its portfolio of assets and liabilities and reduce its gearing; and

(2) To complete and deliver the Phase 1 of the Bandar Tasek Raja Project which had been delayed.

In line with these strategic priorities, the following key milestones based on initiatives taken by the Board since the transition period are therefore significant:

(1) **Debt-restructuring exercise:** The Debt restructuring involving the settlement of debts of a creditor and a debtor was completed in 2015. The clearing of a debt due to a creditor of RM58.77 million in exchange for a debt due from a debtor of RM9.36 million, a leasehold land of RM18.12 million and 3 condominiums valued at RM0.84 million, has resulted in a gain of RM30.92 million, which helped to strengthen the Group's Balance Sheet.

(2) **Fund raising exercise:** The private placement raised RM11.50 million in October 2013. Term Loans and Overdraft for RM70.18 million was obtained in 2014 from Bank Islam to refinance old debts and for project funding. Both funds provide the financing required to complete Phase 1 of Bandar Tasek Raja Project.

(3) **Completion of Bandar Tasek Raja Project:** Phase 1 of this Project, which consists of a new township with bus and taxi terminal, market and commercial area, was recently completed in April 2016. This is now pending certification before handing over to the owners. This new township will see the relocation of the market and a bus and taxi terminal from Pasir Mas old town in future.

Other key milestones in 2015 are the following:

(1) Renewing the hotel management agreement for Renaissance Kota Bharu Hotel with Renaissance Services B.V. for another 5 years in September 2015.

CHAIRMAN'S STATEMENT

(2) The negotiation for the sale of a land lease in Mukim Pulai, Johor Bahru for a consideration of RM3.30 million for working capital purpose. The Sale & Purchase Agreement was signed in March 2016, pending a novation agreement to be signed by the lease owner.

OVERVIEW OF ECONOMY AND FINANCIAL PERFORMANCE IN 2015

Amidst a persistently uncertain and challenging global economic environment, 2015 has been a difficult year for Malaysia. The country was affected by the weakening of the Ringgit, vis a vis other major currencies, or a drop of 18.6% against the USD for the year as a whole; significant fall in crude oil price from the 2014 average of USD99 per barrel to an average of USD 54 per barrel in 2015 which fell further to USD36 per barre towards the end of 2015; and the drop in crude palm oil price by 10.2 to around USD2,166 per MT. The introduction of Goods and Services Tax (GST) in April 2015 had provided some cushion to the economy but it had also pushed up the cost of doing business.

For FY15 the Group recorded a lower revenue of RM31.66 million as compared to RM33.80 million for FY14. The revenue for FY15 was derived mainly from hospitality, investment properties and property development sectors with revenue of RM18.58 million, RM6.03 million and RM7.05 million respectively.

Profit before tax for FY15 was RM9.17 million as compared to RM6.90 million of FY14. The higher profit was mainly attributed to the RM30.92 million gain from the completion of a debt restructuring agreement during the year, offset by RM17.73 million of foreseeable losses on the property development project, RM2.06 million drop in hotel profit, RM1.60 million of financial guarantee expenses and RM0.45 million financing costs.

Notwithstanding that the overall financial position of the Group is still positive, the management has been directed to monitor profitability, cashflow and gearing on a continuous basis to enhance shareholders value. Earnings per share stands at 3.57 sen. Net asset per share improved from 76 sen in FY14 to 80 sen in FY15.

FUTURE PROSPECTS AND STRATEGIC DIRECTION

Although Bank Negara Malaysia in its Annual Report 2015 expects the Malaysian economy to grow between 4% to 5%, the global economic uncertainty is expected to persist which may affect our performance going forward.

Given the current outlook, we will closely review the market situation before embarking on new projects. For 2016, we will focus on the following:

(1) Continue to enhance improvements and marketing of the hotel and complex operations whilst closely manage the costs to remain competitive.

(2) Launch Phase 2 of the Bandar Tasek Raja Project. This will be launched and carefully managed in stages in line with prevailing economic and market conditions and sentiments.

(3) Diversify our property development into other new geographical areas especially Sabah. The company sees great opportunity to pursue the many infrastructure and Entry Point Projects under Economic Transformation Program that the government has announced for Sabah and the resulting spin-offs for private sector led projects.

In conjunction with these strategies, the Company will be looking into fund raising to finance these potential projects. This is also intended to further improve the gearing profile and strengthen the asset base of the Group.

DIVIDEND

The Board does not recommend any dividend in respect to FY15.

APPRECIATION

I would like to take this opportunity to express our gratitude to all management and staff, business associates, clients, bankers and shareholders for their continuing support and confidence in the Group.

Thank you.

Dato' Sri Abdul Hamidy bin Abdul Hafiz
Independent Non Executive Chairman

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Sri Abdul Hamidy bin Abdul Hafiz
(Chairman and Independent Non-Executive Director)

Datuk Yunus @ Mohd Yunus bin Awang Hashim
(Deputy Chairman and Independent Non-Executive Director)

Melvinyeo Kiandee
(Executive Director)

Mau Kam Wai
(Executive Director)

Tan Chin Hong
(Executive Director)

Petrus Gimbad
(Independent Non-Executive Director)

Mohamed Akwal bin Sultan Mohamad
(Independent Non-Executive Director)

AUDIT COMMITTEE

Petrus Gimbad (Chairman)
Datuk Yunus @ Mohd Yunus bin Awang Hashim
Mohamed Akwal bin Sultan Mohamad

REMUNERATION COMMITTEE

Dato' Sri Abdul Hamidy bin Abdul Hafiz (Chairman)
Datuk Yunus @ Mohd Yunus bin Awang Hashim
Petrus Gimbad

NOMINATION COMMITTEE

Datuk Yunus @ Mohd Yunus bin Awang Hashim (Chairman)
Dato' Sri Abdul Hamidy bin Abdul Hafiz
Petrus Gimbad

COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)
Chan Yoke Peng (MAICSA 7053966)

PRINCIPAL PLACE OF BUSINESS

No. 24, Jalan 8/23E
Taman Danau Kota
53300 Setapak
Kuala Lumpur
Tel : +(6) 03 – 4149 8200
Fax : +(6) 03 – 4149 8210

REGISTERED OFFICE

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

SHARE REGISTRAR

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

AUDITORS

Baker Tilly Monteiro Heng
Baker Tilly MH Tower
Level 10, Tower 1
Avenue 5, Bangsar South City
59200 Kuala Lumpur
Tel : +(6) 03 – 2297 1000
Fax : +(6) 03 – 2282 9980

PRINCIPAL BANKER

Bank Islam Malaysia Berhad
Level 32, Menara Bank Islam
No. 22, Jalan Perak
50450 Kuala Lumpur
Tel : +(6) 03 – 2088 8000
Fax : +(6) 03 – 2088 8028

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
- Main Market (Trading/Services)
Stock Name : EASTLND
Stock Code : 2097

PROFILE OF THE BOARD OF DIRECTORS

DATO' SRI ABDUL HAMIDY BIN ABDUL HAFIZ
Independent Non-Executive Chairman, Malaysian, Age 59

Dato' Sri Abdul Hamidy bin Abdul Hafiz was appointed as an Independent Non-Executive Director and Chairman of the Company on 15 June 2015.

He has more than 30 years of banking experience having served domestic and foreign commercial Banks and Merchant Banks. He was formerly Chief Executive Officer/Managing Director of Pengurusan Danaharta Nasional Berhad, Affin Bank Berhad and Kuwait Finance House Berhad. He has also served as Chairman of The Association of Banks in Malaysia, Danajamin Nasional Berhad and Credit Guarantee Corporation Malaysia Berhad. He is presently a director of Sime Darby Motors Sdn Bhd, Sime Darby Industrial Sdn Bhd and ACE Jerneh Insurance Berhad.

He was recently appointed as Director of AmBank (M) Bhd on 7 January 2016 and he is also a member of Bursa Malaysia Listing Committee and Chairman of Corporate Debt Restructuring Committee established by Bank Negara Malaysia.

Dato' Sri Hamidy was appointed as the Chairman of the Remuneration Committee and member of Nomination Committee on 15 June 2015.

He does not have any interest (direct or indirect) in the securities of the Company. He does not have any conflict of interest with the Company or any family relationship with any director and/or major shareholder and has not been convicted for any offences within the past 10 years.

He attended all six (6) Board meetings held during the financial year ended 31 December 2015 since his date of appointment.

DATUK YUNUS @ MOHD YUNUS BIN AWANG HASHIM
Independent Non-Executive Deputy Chairman, Malaysian, Age 68

Datuk Yunus @ Mohd Yunus bin Awang Hashim was appointed as an Independent Non-Executive Director of the Company on 20 May 2014 and re-designated as Deputy Chairman on 15 June 2015.

Datuk Yunus holds a Bachelor of Arts (Hons) in International Relationship from University of Malaya. Datuk Yunus began his career in 1973 with Sabah Economic Development Corporation (SEDCO) as Property Manager and subsequently joined Ministry of Local Government Sabah as Administrative Officer in 1974. He was then appointed as Private Secretary to the Yang Dipertua Negeri Sabah in 1975 and appointed as Deputy Permanent Secretary of Ministry of Communication and Works, Sabah from April 1976 to June 1978.

During year 1978, he was appointed as Deputy Permanent Secretary of Ministry of Finance Sabah and then assigned as Secretary of Internal Affair and Research of Chief Minister's Department, Sabah in January 1990.

He was a Director of Department of Islamic Affairs Sabah and Secretary of Majlis Ugama Islam Sabah during year 1996. Subsequently, he was appointed as Director of Department of Human Resource Development, Sabah in December 1997. In 2000, he was also appointed as Permanent Secretary of Ministry of Infrastructure Development, Sabah and joined Federal Public Service Commission in year 2005 and retired in 2009.

Datuk Yunus was appointed as the Chairman of the Nomination Committee and Member of Audit Committee and Remuneration Committee on 20 May 2014. He was elected as Senior Independent Director on 23 February 2016.

He does not have any interest (direct or indirect) in the securities of the Company. He does not have any conflict of interest with the Company or any family relationship with any director and/or major shareholder and has not been convicted for any offences within the past 10 years.

He attended eight (8) of nine (9) Board meetings held in the financial year ended 31 December 2015.

PROFILE OF THE BOARD OF DIRECTORS

MELVIN KIANDEE
Executive Director, Malaysian, Aged 53

Ar Kiandee was appointed as an Executive Director of the Company on 17 July 2013.

Ar Kiandee holds a 1st Class Honours Degree in Architecture, University Teknologi Malaysia and founded his architectural practice in 1989. He has been practising as an Architect for over 27 years now. Over the years, he has successfully designed and project managed several major buildings of various complexity which includes airports, container ports, medical centres, hotels, institutional and high rise buildings. Driven by his entrepreneurship, he has also been instrumental in implementing several development projects as a property developer.

He has a direct interest of 8,397,500 ordinary shares of RM0.50 each in the Company. He does not have any conflict of interest with the Company or any family relationship with any director and/or major shareholder and has not been convicted for any offences within the past 10 years.

He has attended eight (8) out of nine (9) Board Meetings held during the financial year ended 31 December 2015.

MAU KAM WAI
Executive Director, Malaysian, Aged 51

Mau Kam Wai was appointed as an Executive Director of the Company on 17 July 2013.

He holds a Bachelor in Business Administration, National University of Singapore. He has an extensive experience in trading stock markets globally, financial futures and foreign exchange. He is a performance driven and an insightful professional broker with a proven ability at assessing clients' potential, attracting and developing a portfolio of high net worth clients; and managing expectations. He left DBS Vickers Securities in March 2013. His twenty-seven years in the financial industry include high profile companies like Nomura Singapore Limited and Solomon Smith Barney HG Asia Pte Ltd. Currently he is an executive director of Borneo Aqua Harvest Berhad and director of several private companies.

He does not have any interest (direct or indirect) in the securities of the Company. He does not have any conflict of interest with the Company or any family relationship with any director and/or major shareholder and has not been convicted for any offences within the past 10 years.

He has attended all of the nine (9) Board Meetings held during the financial year ended 31 December 2015.

TAN CHIN HONG
Executive Director, Malaysian, Aged 39

Tan Chin Hong was appointed as an Executive Director of the Company on 17 July 2013.

He holds a Bachelor of Social Science, Major in Economics and Accounting, The Queen's University of Belfast. He joined Furqan Business Organisation Berhad (now known as Eastland Equity Bhd.) in 2004. Throughout the 10 years with the Group, he is primarily based in the Finance Department. He is a meticulous and strong team member who is proficient in a wide range of accounting functions and operations. He readily adapts to new professional settings, acquire and apply new knowledge toward supporting Company goals. Being versatile and possessing multi-tasking skills, he has also been assigned to various duties involving internal audit, administrative as well as operative jobs in various subsidiaries within the Group during the tenure of his service.

His family member has interest in Prestige Pavilion Sdn Bhd, a substantial shareholder of the Company. He has an indirect interest of 18,290,000 ordinary shares of RM0.50 each and 488,700 ordinary shares of RM0.50 each in the Company via Prestige Pavilion Sdn Bhd and Danhwa Holding Sdn Bhd respectively. He also has an indirect interest of 91,228 ordinary shares of RM0.50 each via his sister, Adeline Tan Wan Chen and 84,000 ordinary share of RM0.50 each via his brother, Tan Chin Hao by virture of Section 122A of the Companies Act, 1965.

He does not have any conflict of interest with the Company or any family relationship with any director and/or major shareholder (save for the above) and has not been convicted for any offences within the past 10 years.

He attended all nine (9) Board meetings held during the financial year ended 31 December 2015.

PROFILE OF THE BOARD OF DIRECTORS

PETRUS GIMBAD

Independent Non-Executive Director, Malaysian, Aged 59

Petrus Gimbad was appointed as an Independent Non-Executive Director of the Company on 17 July 2013.

He is a Chartered Accountant, a Fellow of the Association of Chartered Certified Accountants, Associate of the Institute of Internal Auditors Malaysia, and holds Masters degrees in Business Administration and Advanced Business Practice. He was a partner of Ernst & Young, based in the advisory practices of Malaysia and Vietnam. He has acted as Quality Director of Ernst & Young advisory practices for the Far East region. Prior to Ernst & Young, he was an accountant with Petronas.

Petrus is a member of the Energy Commission and also sits on the board of Sabah Development Bank Berhad Group, Progressive Insurance Bhd, Yayasan Innovasi Malaysia Group and other private companies. He was also appointed as Independent Non-Executive Director of Kwantas Corporation Bhd on 24 March 2016.

He does not have any interest (direct or indirect) in the securities of the Company. He does not have any conflict of interest with the Company or any family relationship with any director and/or major shareholder and has not been convicted for any offences within the past 10 years.

Petrus was appointed as the Chairman of the Audit Committee and member of Nomination Committee and Remuneration Committee on 31 July 2013.

He attended all nine (9) Board meetings held in the financial year ended 31 December 2015.

MOHAMED AKWAL BIN SULTAN MOHAMAD

Independent Non-Executive Director, Malaysian, Aged 62

Mohamed Akwal bin Sultan Mohamad was retired at the Company 15th AGM held on 15 June 2015. He was subsequent reappointed as an Independent Non-Executive Director of the Company on 20 August 2015.

Akwal has wide experience in corporate banking and debt recovery. He has extensive experience in SME lending, debt management and personal financial literacy, providing advisory services to corporates, SMEs and individuals.

He started his career with Citibank and has over 30 years of experience in the financial sector with significant experience in debt resolution, having served the National Debt Management Agency (Danaharta, set up by the Government during the 1997 financial crisis) as a Deputy General Manager. Seconded to the Development Finance and Enterprise Department of the Central Bank in 2003, he also assisted in setting up the SME Special Unit and was instrumental in the setting up of Small Debt Resolution Scheme.

He was formerly the Chief Executive Officer of the Credit Counselling and Debt Management Agency (AKPK), a company owned by the Central Bank of Malaysia.

Akwal presently is the Chief Executive Officer of My Tech Division Sdn Bhd, a company involved in the Human Resource solution and he is an Independent Non-Executive Director at Harn Len Corporation Berhad.

He was also appointed as the member of Audit Committee on 20 August 2015.

He does not have any interest (direct or indirect) in the securities of the Company. He does not have any conflict of interest with the Company or any family relationship with any director and/or major shareholder and has not been convicted for any offences within the past 10 years.

He attended all seven (7) Board meetings held in the financial year ended 31 December 2015 during his office as Director.

AUDIT COMMITTEE REPORT

COMPOSITION AND DESIGNATION

Petrus Gimbad
Chairman of the Audit Committee
(Independent Non-Executive Director)

Datuk Yunus @ Mohd Yunus Bin Awang
Audit Committee Member
(Independent Non-Executive Director)

Mohamed Akwal Bin Sultan Mohamad
Audit Committee Member
(Independent Non-Executive Director)

TERMS OF REFERENCE OF AUDIT COMMITTEE

The terms of reference of the Audit Committee remain unchanged. Pursuant to Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, these terms of reference is published on the corporate website (www.eeb.com.my) for shareholders' reference.

SUMMARY OF ACTIVITIES

During the financial year ended 31st December 2015, the Audit Committee:-

(i) Reviewed the competency of Internal Audit Function;

(ii) Reviewed and approved the internal audit plan;

(iii) Reviewed the internal audit reports, which highlighted the audit issues, recommendations and management responses. The Committee also directed actions to be taken by management to rectify and improve the systems of internal control and procedures;

(iv) Reviewed related party transaction, if any. There were no related party transactions reported by management and declared by the each member of the Board during the year;

(v) Reviewed the audited financial statements for the year ended 31st December 2014 and unaudited quarterly financial results announcements of the Group, prior to the Board's approval;

(vi) Reviewed the external auditors' audit plan, the scope of work, results of their examination as well as their proposed fee and independence;

(vii) Reviewed and recommended to the Board the re-appointment of the External Auditors for financial year ending 2016 and for the shareholders' approval in the AGM;

(viii) Conducted two (2) meetings with the External Auditors without the presence of executive directors and management;

(ix) Reviewed the Board policies on diversity, personal data protection, corporate disclosure, management succession, assessment and remuneration for directors, sustainability, whistle blowing and share trading; and

(x) Reviewed the Corporate Governance Statement, Audit Committee Report, Statement of Corporate Social Responsibility and Statement on Risk Management and Internal Control and recommended to the Board for consideration and approval for inclusion in the 2014 annual report.

AUDIT COMMITTEE REPORT

ATTENDANCE

Five (5) Audit Committee Meetings were held during the financial year ended 31st December 2015. Details of attendance by members of the Audit Committee are as follows:-

Director	Number of Meetings Attended	Percentage of Attendance (%)
Petrus Gimbad *Chairman*	5/5	100
Datuk Yunus @ Mohd Yunus bin Awang Hashim *Member*	5/5	100
Mohamed Akwal Bin Sultan Mohamad *Member* [Retired at the conclusion of AGM on 15th June 2015] [Re-appointed on 20th August 2015]	4/4	100

INTERNAL AUDIT FUNCTION

The Group had established an internal audit function to assist the Audit Committee in reviewing the state of the systems of internal control maintained by management. This function is outsourced to a professional firm.

Functionally, the Internal Auditors review and assessment the Group's system of internal control are reported to the Committee directly. Before the commencement of audit reviews, an annual audit plan is presented to the Audit Committee for review and approval. This is to ensure that the audit direction is in line with the Audit Committee's expectations.

During the financial year, the Internal Auditors conducted and reported to the Audit Committee the following:

i. Car park operation in Kota Sri Mutiara
ii. Renaissance Hotel (Sales and Marketing and Cash Control)
iii. Follow-up audits and status of management action (on past audits recommendations on Bandar Tasek Raja, Kota Sri Mutiara complex and Renaissance Hotel)

The internal audit reports containing audit findings, recommendations and management's responses, including target implementation dates, were circulated to all members of the Audit Committee. The internal audit reports were also provided to management to implement the improvement and corrective actions. Follow-up reviews are performed to ascertain the status of management's implementation of the recommended actions.

The fee incurred for the internal audit function in respect of the financial year ended 31st December 2015 was RM60,000 (2014: RM60,000).

STATEMENT OF CORPORATE GOVERNANCE

The Malaysian Code on Corporate Governance 2012 ("the Code") sets out the principles and recommendations on the structures and processes that companies may adopt towards achieving effective governance. The Board is pleased to present herewith its statement articulating how the Board has observed the principles and recommendations suggested in the Code in pursuance of paragraph 15.25 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

Principal 1: Establish Clear Roles and Responsibilities

The overall governance responsibility of the Board is to lead and control the Group. The Board oversees the business direction, development and control of the Group and has taken initiatives to embrace the responsibilities listed in the Code in discharging the Board's stewardship responsibilities.

The Board Charter and schedule of matters provide guidelines to the Board and management with respect to their roles, responsibilities, processes and operations of the Board proceedings and matters reserved for Board approval and delegated to management. Subsequent to the financial year end, the Board has also conducted a review on the Board Charter and noted that no further revision is required.

Besides Board Charter, the Board has also set out a Code of Ethics to provide guidance to stakeholders on the ethical behaviours expected from the Group. Both the Board Charter and Code of Ethics are published in the Company's website at www.eeb.com.my. The Board will review these Board Charter and Code of Ethics periodically to ensure that they remain relevant with the Board's objective, current law and practices.

During the year, the Board has reviewed and adopted further policies covering the diversity, personal data protection, corporate disclosure, management succession, assessment and remuneration for directors, sustainability, whistle blowing and share trading. With regards to promoting sustainability, the management of the business units in the Group is required to comply with statutory regulations on safety, health and to promote appropriate environmental practices.

The Company maintains a corporate website to ease communication of the Company's corporate, business, financial reporting, corporate governance and regulatory information and to facilitate feedback from the shareholders and stakeholders to the Group. The Company will ensure that this website is updated and feedback received will be communicated to the Group for consideration, follow up and decision making.

The Board recognises the importance of reviewing and adopting a strategic plan and overseeing the conduct of the business in order to ensure that the business is being properly managed. When implementing the business plan, the Executive Directors are responsible for executing corporate decisions made by the Board while the Non-Executive Directors scrutinizes the management performance by providing independent views and advice in the interests of the shareholders at large. During the year,themain focus of the Board has been to accelerate the completion of Phase 1 of the Bandar Tasek Raja Project and to maintain the hotelbusiness managed by Renaissance Hotel.

The Board is provided with appropriate and current information to enable it to discharge its duties effectively. During the board meeting, the Board will revisit the board agenda to ensure that proper and adequate board agenda are covered for board deliberation during its meeting. The management is invited to attend the Board and Audit Committee meetings to provide explanations to the Board on the operations of the Group. The Board is also briefed progressively by the Company Secretary, External Auditors and the Internal Auditors on new or changes in corporate regulatory and listing requirements.

The Board has unrestricted access to all information and assistance necessary for the discharge of its responsibilities. Subject to Board's approval, all Board members could seek independent professional advice in discharging their responsibilities, at the expense of the Group.

When accessing management, Board Members ensure that such access is done through the Executive Directors and would not distract the business operation of the Group. When contacting with the management in writing, a copy of the correspondence shall be copied to all Executive Directors.

The Board has seven (7) members with the majority being Independent Non-Executive Directors. While the Board does not haveany female director, the Board acknowledges the important of gender diversity and would ensure that women candidates are considered. A description of the background of each director is presented in their profiles.

STATEMENT OF CORPORATE GOVERNANCE

In selecting the board members, the Board provides equal opportunity to all candidates who meet the criteria and qualities vis-a-vis the Group's present business portfolios and prospective investments. Candidates for directorship are nominated based on their skills, knowledge, professionalism, character and experience in line with the needs of the Group. The detail profiles of nominated directors will be presented to the Board by the Nomination Committee to assist the Board in making their selection decision.

The Board is conscious of the importance of management succession. Currently, the Board's focus is to strengthen the management team by identifying and appointingcalibre personnel to take up key management positionsfrom which to build a pipeline of leaders for orderly succession towards senior management.

The Board meets at least every quarter and on other occasions, as and when necessary, to inter-alia approve quaterly financial results, statutory financial statements, the annual report as well as to review the performance of the Company and its operating subsidiaries, governance matters and other business development matters.

Board papers are circulated to the Board members prior to the Board meetings in order to provide the Board members with timely information,to enable them to deliberate issues more effectively during the Board meetings.

During the financial year, nine (9) Board meetings were held. Details of attendance by the members are set out below.

Director	Number of Meetings Attended	Percentage of Attendance (%)
Dato' Sri Abdul Hamidy Bin Abdul Hafiz *Independent Non-Executive Chairman* [Appointed in 15th June 2015]	6/6	100
Datuk Yunus @ Mohd Yunus bin Awang Hashim *Independent Non-Executive Deputy Chairman*	8/9	89
Melvinyeo Kiandee *Executive Director*	8/9	89
Mau Kam Wai *Executive Director*	9/9	100
Tan Chin Hong *Executive Director*	9/9	100
Petrus Gimbad *Independent Non-Executive Director*	9/9	100
Mohamed Akwal Bin Sultan Mohamad *Independent Non-Executive Director* [Retired at the conclusion of AGM on 15th June 2015] [Re-appointed on 20th August 2015]	7/7	100

All Board Members have unrestricted access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business. Presently, the Company Secretarial function is outsourced to Boardroom Corporate Services (KL) Sdn Bhd.

The appointment and removal of the Company Secretary or Secretaries of the Board is the prerogative of the Board as a whole. The appointed Company Secretary shall be a qualified and competent professional in order to be able to support the Board in carrying out its role and responsibilities.

The Company Secretaries are responsible for ensuring that Board procedures are followed, the applicable rules and regulations for the conduct of the affairs of the Board are complied with and all matters associated with the maintenance of the Board are performed effectively. New regulatory rules and requirements are brought up and disseminated by the Company Secretaries to the Board immediately while periodic disclosure on related party transactions, share trading, quarterly announcements on provision of financial assistance, quarterly financial results, various deadlines for filing and reporting as well as semi-annual return by directors are followed up by the Company Secretaries to ensure compliance with the deadlines.

STATEMENT OF CORPORATE GOVERNANCE

In addition, the Company Secretary ensures minutes are duly entered into the books for all resolutions and proceedings of all meetings of the Board and Board Committees. These minutes of meetings record the decisions taken and the views of individual Board Members. Such minutes are confirmed by the respective Board Committees and signed by Chairman of the meeting.

The Board maintains specific Board committees namely Executive Committee, Audit Committee, Nomination Committee and Remuneration Committee. These Committees are established to ensure greater attention in the deliberation of specific Board agenda. In order to ensure the direction and control of the Group is firmly within the Board, the Board has defined the terms of reference for each Committee. The Chairman of the respective Board Committees shall report to the Board during the Board meetings on significant and salient matters deliberated in the Committees.

Principle 2: Strengthen Composition

The Nomination Committee is empowered to establish formal and transparent procedures to review the effectiveness, contribution and performance of the Board, Board Committees and Board members and the independence of its Independent Directors. The objective of this review is to ensure that the Board's size, structure and composition meet the needs and expectations of the Company and adhere to the Listing Requirements.

Functionally, the Nomination Committee is also responsible for reviewing and making recommendation on any appointments to the Board for approval. The Nomination Committee assesses the mix of skills, experience and other qualities of new candidateand existing members to ensure that the board is able to function competently taking onto consideration the appropriate size and composition.

The performance evaluation of the Board is conducted by way of self-assessment. Directors are required to fill out the self-assessment forms and provide their feedback, views and suggestions for improvement. The results of these self-assessments forms are compiled and tabled to the Nomination Committee for review and deliberation. Amongst others, the criteria used for board and director performance appraisals are:

i. Effectiveness of the board structure and board proceedings
ii. Abilities covering qualification, knowledge, experience, skill sets and technical abilities
iii. Participation, contribution and performance
iv. Personality and calibre

All directors are required to retire but are eligible to submit themselves for re-election at least once in every three years. This requirement allows shareholders to assess the directors' performances and contributions and, if required, to replace them. The agenda of the retiring directors is discussed at the Board meeting. The retiring directors shall abstain from deliberation of their performance.

During the financial year, the Nomination Committee conducted two (2) meetings. These meetings were attended by all members of the Committee. At these meetings, the Nomination Committee:

i. Reviewed the effectiveness of the Board as a whole and Board Committees;
ii. Reviewed the contribution of each individual Director (self and peer evaluation);
iii. Reviewed the required mix of skills and experience of the Board and reviewed the competency of the Directors, based on the self-assessment performed by every Director;
iv. Independence of independent directors;
v. Reviewed and assessed the training records and needs of each Director and proposed training courses to meet any shortfall or gaps in knowledge; and
vi. Considered the nomination of Encik Mohamed Akwal Bin Sultan Mohamad for appointment as Independent Non-Executive Director.

Directors' re-election provides an opportunity for shareholders to review the director's performance and renew their mandate conferred to the Directors. The Articles of Association of the Company provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting ("AGM").

STATEMENT OF CORPORATE GOVERNANCE

Pursuant to Section 129(6) of the Companies Act 1965, Directors' over the age of seventy (70) years shall retire at every AGM and may offer themselves for re-appointment to hold office until the next AGM. None of the directors are over the age of 70 years.

The profile of directors standing for election including details of their profession, meeting attendance, directorships in other public companies and shareholdings in the Group are summarised in the Profile of the Board of Directors.

The remuneration of the Executive Directors and Non-Executive Directors are reviewed by the Remuneration Committee and the Board respectively. All directors play no part in the decision of their own remuneration.

In determining the directors' remuneration, the Committee considers the principles recommended by the Code. Executive Directors are remunerated based on the Group's performance, market conditions and their responsibilities whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed.

During the financial year, the Remuneration Committee had conducted one meeting.

The remuneration of the directors are summarised along the following income bands:

Remuneration Bands	Number of Executive Directors	Number of Non-Executive Directors
RM50,000 and below	-	-
RM50,001 – RM100,000	-	3
RM100,001 – RM200,000	-	1
RM200,001 – RM300,000	3	-
Total	3	4

The aggregate remuneration paid or payable to all Directors of the Company are further categorised into the following components:

	Fees* (RM)	Salaries (RM)	Bonus (RM)	Benefit-in-kind (RM)	Total (RM)
Executive Directors	-	725,760	-	26,200	751,960
Non-Executive Directors	265,000	-	27,000	21,000	313,000
Total	265,000	725,760	27,000	47,200	1,064,960

*Subject to the approval by shareholders at the AGM.

Principle 3: Reinforce Independence
Independence is important for ensuring objectivity and fairness in Board's decision making.

The Chairman of the Board is an independent director. Shareholders are encouraged to express their concerns to and seek clarification from the Chairman. Alternatively, they could also direct their concerns to Datuk Yunus @ Mohd Yunus bin Awang Hashim who is the Senior Independent Director, by emailing to datukmohdyunus@eeb.com.my.

In order to uphold the independence of Independent Directors, the Board continues to adoptthe following policies and practices as recommended by the Code:-

i. Subject to Board justification and shareholders' approval, the tenure of Independent Directors should not exceeed a cummulative nine (9) years; and

ii. Annual assessment of the independence of Independent Directors focusing on events that would affect the ability of Independent Directors to make independent and objective judgment to Board deliberation and to comply with the regulatory definition of Independent Directors.

None of the current independent directors have served more than nine (9) years in the Board. Accordingly, no shareholders' approval is needed to be sought for maintaining the independent directorship of these directors in the AGM.

STATEMENT OF CORPORATE GOVERNANCE

Principle 4: Foster Commitment

The underlying factors of Directors' commitment to the Group are devotion of time and continuous improvement of knowledge and skill sets.

Any Board Member, while holding office, is at liberty to accept other board appointments (outside the Group) so long as the appointment is not in conflict with the business of the Group and that it would not detrimentally affect his or her performance as a board member of the Company. Before accepting an offer of appointment of other directorships, the Board members should notify the Chairman of the Board. The notification should include an indication of time that he/ she will be spent on the new appointment of directorship in other companies.

The Board Members recognise the need to be up-to-date,to enable them to discharge their duties effectively. The Board is updated regularly by the Company Secretary and management on the training programme available by regulators and professional bodies. Board members are advised by the Nomination Committee to attend the relevant trainings based on their needs.

The present Board members have attended the following trainings:

Director	Training Attended	Duration
Dato' Sri Abdul Hamidy Bin Abdul Hafiz	a. Mandatory Accreditation Programme by Bursa Malaysia b. Corporate Governance Statement Reporting Workshop by Bursa Malaysia	12 hours 12 hours
Datuk Yunus @ Mohd Yunus bin Awang Hashim	Expectation on Statement of Risk Management & Internal Control - The components and areas where companies fail	4 hours
Melvinyeo Kiandee	a. Expectation on Statement of Risk Management & Internal Control - The components and areas where companies fail b. Conference Datum KL 2015 by Pertubuhan Akitek Malaysia c. International Design Conference by Pertubuhan Akitek Malaysia	4 hours 9 hours 8 hours
Mau Kam Wai	Expectation on Statement of Risk Management & Internal Control - The components and areas where companies fail	4 hours
Tan Chin Hong	a. Expectation on Statement of Risk Management & Internal Control - The components and areas where companies fail b. Directors CG Series - Building Effective Finance Function: From Reporting to Analytics to Strategic Input by Bursa Malaysia c. Risk Management and Internal Control Workshop : Is our Line of Defence Adequate and Effective d. Bursa Malaysia CG Breakfast Series with Directors - How to maximise Internal Audit	4 hours 3 hours 8 hours 2.5 hours
Petrus Gimbad	a. Expectation on Statement of Risk Management & Internal Control - The components and areas where companies fail b. Corporate Governance Statement Reporting Workshop by Bursa Malaysia c. Bursa Malaysia CG Breakfast Series with Directors - How to maximise Internal Audit d. Why You Need to Analyse the GST Audit File (GAF) e. Board Reward & Recognition by Bursa Malaysia f. Core programme [Module B- Insurance] g. Power-Gen Asia 2015 Conference	4 hours 3.5 hours 2.5 hours 4 hours 3.5 hours 32 hours 24 hours
Mohamed Akwal Bin Sultan Mohamad	a. Expectation on Statement of Risk Management & Internal Control - The components and areas where companies fail b. Nominating Committee Programme - Effective Board Evaluation by Bursa Malaysia	4 hours 8 hours

STATEMENT OF CORPORATE GOVERNANCE

Principle 5: Uphold Integrity in Financial Reporting

The Board is responsible to ensure the financial statements of the Company presents a fair and balanced view of the Group's financial position, performance and prospects and that such financial statements are drawn up in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards. The Board is assisted by the Audit Committee in reviewing the accuracy, adequacy and completeness of disclosure and ensuring the Group's financial statements comply with applicable financial reporting standards.

The main business activities of the Group are the Bandar Tasek Raja development project and the hotel operations in Renaissance Hotel. In reviewing the quarterly and annual financial results, the Audit Committee makes due enquires to management on these activities, their impacts and related financing obligations on the performance and results of the Group. Management is in the process of developing a policy for assessing the suitability and independence of External Auditors to be tabled to the Audit Committee for review and approval. Upon approval, this policy will be used to conduct a more structured assessment on the appointment and suitability of the External Auditors.

The present External Auditors has been engaged since the financial year ended 2008. The Audit Committee reviews the appointment, performance and remuneration of the External Auditors annually before recommending them to the Board to put forward to the shareholders for re-appointment in the AGM. The External Auditors declares their independence to the Audit Committee during the presentation of their audit planning memorandum and the final audited report.

The Audit Committee also convenes meeting with the External Auditors and Internal Auditors without the presence of the Executive Directors and employees of the Group to enable an objective and independent exchange, in particular to raise matters of concern which require the Audit Committee's attention.

During the year, the Audit Committee had three (3) meetings with the External Auditors during the audit planning and presentation of the interim and final audit results. In these meetings, the External Auditors also advised the Audit Committee on the new accounting standards and internal control issues relating to financial reporting. The Audit Committee took these opportunities to hold meetings with the External Auditors without the presence of Executive Directors and management.

As part of the Audit Committee review processes, the Audit Committee has obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Audit Committee reviews and approves the internal audit plan annually to ensure the scope of work are aligned to key risk areas. Further details on the internal audit activities are reported in the Audit Committee Report on page 13.

When the External and Internal Auditors present their findings, the Audit Committee will invite management to be present in the meeting to provide clarification and explanation for the audit findings and the status of management implementation plan.

Principle 6: Recognise and Manage Risks

The Board acknowledges that risk management is an integral part of good management practices. During the financial year, the Board has approvedthe Group's Risk Management Policy which covers the risk management responsibilities of the Board and management.

Currently, the Executive Committee assists the Board in reviewing, monitoring and tracking operational challenges as well as aligning timely action plans in order to achieve the desired financial performance targets. The Board considers the financial and operating risks relating to the delayed completion of the Bandar Tasek Raja project, as being the key risksof the Group. These risks are being addressed and monitored. The Board is also exploring other business opportunities to ensure the sustainability of the Group. Because of the importance of the present key risks, the risk oversight role will continue to be assumed by the Board until a formal risk management framework is ready to be introduced.

The Board is assisted by an Internal Audit function,which is currently outsourced to a professional firm. Functionally, the Internal Auditors reports to the Audit Committee directly and is responsible for conductingperiodic reviews and appraisals on the effectiveness of governance, risk management and internal controls within the Group.

Further details of the Internal Audit Function and the Group's state of Risk Management and Internal control systems and the process of reviewing the systems of risk management and internal control are reported in the Audit Committee Report and Statement on Risk Management and Internal Control respectively.

STATEMENT OF CORPORATE GOVERNANCE

Principle 7: Ensure Timely and High Quality Disclosure

Corporate disclosure and information are important for investors and shareholders. The Board vis-à-vis its corporate disclosure policy, is advised by the management, Company Secretary, the External and Internal Auditors on the content and timing of disclosure requirements of Bursa Malaysia's Listing Requirements on the financial results and various other announcements.

Besides ensuring timely releases of quarterly financial results, circulars, annual reports, corporate announcement and press releases on Bursa's website, the Board leverages on its corporate website to communicate, disseminate and provide further information and details on governance reporting and information such as Charter and Board committees' terms of reference. Investor information, financial information and corporate announcements can also be accessed on the website.

Principle 8: Strengthen Relationship between Company and Shareholders

In order to encourage shareholders' participation in the general meetings, the Board would ensure that the Notice of the AGM is sent to shareholders at least 21 days ahead of the date of general meeting and to provide sufficient time and opportunity to the shareholders to seek clarification during general meetings on any matters pertaining to the business activities and financial performance of the Company.

General meetings empower shareholder to exercise their rights. Shareholders are provided with opportunity to participate in the question and answer session in which shareholders may raise questions regarding the proposed resolutions at the general meeting and matters relating to the Group's businesses and affairs. The Chairman and the Board members are present in the general meetings to respond to shareholders' queries.

Shareholders are advised that they have the right to demand a poll vote at general meetings and poll voting is mandated for related party transactions that require shareholders' approval.

Items of special business included in the notice of AGM will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for separate issues at the meeting and the Chairman would declare the number of proxy votes received both for and against each separate resolution where appropriate.

The Board would respond to meetings with institutional shareholders, analysts and members of the press to convey information regarding the Group's performance and strategic direction as and when requested.

Directors' Responsibility Statement

The Directors are responsible for ensuring that:

i The annual audited financial statements of the Group and of the Company are drawn up in accordance with applicable MFRS, International Financial Reporting Standards, the provisions of the Companies Act, 1965 and the Main Market Listing Requirements so as to give a true and fair view of the state of affairs of the Group and the Company for the financial year and of the results and cash flows of the Group and of the Company for the financial year, and

ii. Proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In the preparation of the financial statements for the financial year ended 31st December 2015, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statement with reasonable and prudent judgments and estimates. The Directors are also satisfied that the statements are prepared on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue operations for the foreseeable future and all relevant approved accounting standards have been followed in the preparation of the financial statements.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the Board of Directors is pleased to provide the following Statement on Risk Management and Internal Control of the Group, which had been prepared in accordance with the "Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers."

RISK MANAGEMENT AND INTERNAL CONTROL

The Board had approved the Group Risk Policy whichoutlinedthe principles of risk management, the Board's and the management's risk management responsibilities and the objectives that the Board expects to achieve by putting in place a formal, structured and documented integrated risk managementframework for the Group.

The Board understands the principal risks of the business that the Group is engaged in and is committed towards maintaining a sound system of risk management and internal control towards achieving its business objectives and operational efficiency. The Board considers the financial and operating risks relating to the completion of the Bandar Tasek Raja project, as being the key risks of the Group.

Currently, the risk management processes in identifying, evaluating and managing significant risks facing the organization are embedded in the operating and business processes and the oversight role is undertaken by all Executive Directors and management team members in the course of their work, where key matters covering the financial performance, operation and market are reviewed and deliberated at the Executive Committee (EXCO) meetings on the causes and reasons for performances in order to identify the appropriate measures to manage risks effectively. The EXCO comprise all the Executive Directors.

Because of the importance of the present key risks, the risk oversight role will continue to be assumed by the Board until a formal risk management framework is ready to be introduced.

The Board uses the following key controls, processes, information and review mechanisms to follow up on the progress of management actions and to derive comfort on the state of internal control and risk management in the Group:

i. Board discussions with management during the board meetings on business and operational issues as well as the measures taken by management to mitigate and manage risks associated with the business and operation issues;

ii. Delegation and separation of responsibilities between the Board and management. The EXCO report to the Board on the performance of the operations while the Board scrutinizes the management performance in order to ensure its effectiveness and objectivity;

iii. The EXCO meets periodically to discuss and review the Group's cash flows, financial and business units' performances, funding and operational issues in order to ensure that challenges and risks are addressed timely and appropriately;

iv. The Audit Committee reviews and discusses with the management the unaudited quarterly financial results to monitor the Group's progress towards achieving the Group's objectives;

v. The Audit Committee also discusses with the External Auditors on key concerns and findings on financial and internal control matters at the audit planning, interim and final stage of the audit for follow up action,if any, by the EXCO, management and Internal Audit;

vi. Legal advices are sought to ensure that contractual risks are appropriately addressed and managed before entering into material contracts or agreements;

vii. Management assurance that the Group's risk management and internal control systems have been operating adequately and effectively in all material respects through constant and open communication between the EXCO and the management through periodic meetings; and

viii. The internal audit function assists the Audit Committee and the Board to conduct an independent assessment on the internal control systems and the governance practices. The Internal Auditors conduct periodic reviews in accordance with the audit plan and scope approved by the Audit Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance to the Bursa's Guidelines, management is responsible to the Board for identifying risks relevant to the business of the Group's objectives, implementing strategies, maintaining sound systems of risk management and internal control, and monitoring and reporting to the Board on significant control deficiencies and changes in risks that could significantly affect the Group achievement of its objective and performance.

When producing this Statement, the Board has received assurance from the EXCO and the Chief Financial Officerthat to the best of their knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

BOARD ASSURANCE AND LIMITATION

For the financial year under review, the Board is satisfied that the existing level of risk management and internal control systems are effective to enable the Group to achieve its business objectives and there were no material losses arising from significant control weaknesses that require additional disclosure in the Annual Report.

The Board recognises that the system of risk management and internal control should be continuously improved, consistent with the evolving business and operating environment. Nonetheless, it should be noted that all risk management and internal control systems could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, the systems of risk management and internal control in the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

REVIEW OF STATEMENT ON INTERNAL CONTROL BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement for inclusion in this Annual Report for the year ended 31st December 2015. It was reported that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the systems of risk management and internal control of the Group.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. UTILISATION OF PROCEEDS

There were no proceeds raised from corporate proposals during the financial year.

2. SHARE BUY-BACKS

There was no share buy-backs effected during the financial year ended 31 December 2015.

3. OPTIONS OR CONVERTIBLE SECURITIES

There were no options or convertible securities issued by the Company during the financial year ended 31 December 2015.

4. DEPOSITORY RECEIPT PROGRAMME

There were no depository receipt programmes sponsored by the Company during the financial year ended 31 December 2015.

5. SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company, its subsidiaries, Directors and management by the relevant regulatory bodies which have material impact on the operations or financial position of the Group during the financial year ended 31 December 2015.

6. NON-AUDIT FEES

The non-audit fees paid or payable to the external Auditors and its affiliates by the Group during the financial year ended 31 December 2015 in respect of the review on the Statement of Risk Management and Internal Controls and Supplementary Information on the Disclosure of Realised and Unrealised Profit or Loss amounted to RM11,000.

7. VARIATION IN RESULTS

There was no variation in the financial results of 10% or more from unaudited results announced.

8. MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2015 or entered into since the end of the previous financial year.

9. PROFIT GUARANTEES

The Group did not provide or receive any profit guarantee during the financial year ended 31 December 2015.

10. CONTRACTS RELATING TO LOANS

There were no contracts relating to loans by the Group involving the interests of Directors and major shareholders during the financial year ended 31 December 2015.

11. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The Company did not enter into any recurrent related party transactions during the financial year ended 31 December 2015.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

CORPORATE SOCIAL RESPONSIBILITY
The Group is committed to be a responsible corporate citizen by ensuring that it operates in an economic, social and environmentally sustainable manner and that its activities contribute to society's environmental and social well being.

In 2015, our priority is to help the under-privileged and lower income group especially within the community where we operate our business. Through Renaissance Kota Bharu Hotel's "Spirit to Serve", the following programs have been carried out:

1. **Make My Wish Come True**
   - With the support from Hotel guests and business partners, the Hotel organized "Make My Wish Come True" charity project where school necessities such as school bags, shoes, uniforms and stationeries were given to 250 needy schoolchildren from 4 schools namely Sekolah Kebangsaan Bekelam, Sekolah Kebangsaan Bukit Marak, Sekolah Kebangsaan Kampung Sireh and Sekolah Kebangsaan Kampong Laut.

   - Sending a special Christmas card to fulfill the wish of an 8-year-old girl who survived a house fire with severe burn injury, whose wish for the holiday season was "to fill her Christmas card holder with as many cards as possible".

2. **Helping the Needy**
   - Collaborated with Malaysian Association of Hotels (MAH), Kelantan Chapter donated and distributed mattresses to senior citizens of Kampung Lambor.

   - Collaborated with Hospital Universiti Sains Malaysia (HUSM), Kubang Kerian for blood donation campaigns. A total of 83 pints of blood were collected.

3. **Bringing Joy to Children with Needs for Special Care**
   - The Hotel hosted breaking of fast event for 70 \`special' children from two special integration schools namely Sekolah Menengah Jelawat and Sekolah Kebangsaan Padang Kala which catered for children with special needs/ attention.

   - The Hotel hosted breakfasts/morning tea for 16 \`special' children and 4 teachers from Sekolah Menengah Panji, which is a school for mentally challenged children.

Financial Statements

DIRECTORS' REPORT

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries and associate are disclosed in Notes 14 and 15 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year, net of tax	8,764,144	(32,083,946)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the financial year	8,764,144	(32,083,946)
Attributable to:-		
Owners of the Company	8,764,144	(32,083,946)

DIVIDENDS

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

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

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

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

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected to realise.

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

DIRECTORS' REPORT

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

Melvinyeo Kiandee	
Mau Kam Wai	
Petrus Gimbad	
Tan Chin Hong	
Datuk Yunus @ Mohd Yunus Bin Awang Hashim	
Dato' Sri Abdul Hamidy Bin Abdul Hafiz	(Appointed on 15.6.2015)
Mohamed Akwal Bin Sultan Mohamad	(Retired on 15 June 2015 and re-appointed on 20 August 2015)

DIRECTORS' REPORT

DIRECTORS' INTERESTS

According to the register of directors' shareholdings required to be kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporation during the financial year were as follows:

Interest in the Company

	Number of ordinary shares of RM0.50/- each			
	At 1.1.2015	**Bought**	**Sold**	**At 31.12.2015**
Direct interest				
Melvinyeo Kiandee	8,397,500	-	-	8,397,500
Indirect interest				
Tan Chin Hong *	18,869,928	84,000	-	18,953,928

* Deemed interested by virtue at his directorship and shareholding in Prestige Pavilion Sdn. Bhd. and Danhwa Holding Sdn. Bhd. and deemed interested by virtue of shares held by his sister, Adeline Tan Wan Chen and his brother, Tan Chin Hao.

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 6A of the Companies Act, 1965 in Malaysia, Tan Chin Hong is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 32 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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

DIRECTORS' REPORT

AUDITORS

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

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

…………………………………..
MAU KAM WAI
Director

…………………………………..
TAN CHIN HONG
Director

Kuala Lumpur

Date: 15 April 2016

STATEMENT BY DIRECTORS

We, **MAU KAM WAI** and **TAN CHIN HONG**, being two of the directors of EASTLAND EQUITY BHD., do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 27 to 94 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 94 has been prepared in accordance with the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

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

…………………………………………..
MAU KAM WAI
Director

…………………………………………..
TAN CHIN HONG
Director

Kuala Lumpur

Date: 15 April 2016

STATUTORY DECLARATION

I, **TAN CHIN HONG**, being the director primarily responsible for the financial management of EASTLAND EQUITY BHD., do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 27 to 93 and the supplementary information set out on page 94 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, l960.

…………………………………………..
TAN CHIN HONG

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory
on 15 April 2016

Before me,

…………………………………………..
ZULKIFLA MOHD DAHLIM (No.W541)
Commissioner for Oaths
Kuala Lumpur Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EASTLAND EQUITY BHD.

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Eastland Equity Bhd., which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 27 to 94.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

c) Our auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EASTLAND EQUITY BHD.

(Incorporated in Malaysia)

Other Reporting Responsibilities

The supplementary information set out in page 94 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Ng Boon Hiang
No. 2916/03/18 (J)
Chartered Accountant

Kuala Lumpur

Date: 15 April 2016

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Revenue	5	31,660,137	33,799,456	437,149	435,598
Other operating income		33,038,229	8,884,516	42,444	8,866,403
Staff costs					
- Hotel operations		(4,504,292)	(4,918,777)	-	-
- Others		(1,846,672)	(2,069,861)	(589,926)	(511,616)
Directors' remuneration		(1,017,760)	(1,251,647)	(1,017,760)	(1,090,099)
Finance (costs)/income net	7	(1,973,940)	(227,456)	(1,593,677)	(6,733)
Property development expenditure	18	(22,732,387)	(4,786,107)	-	-
Cost of sales for completed properties		(596,000)	-	-	-
Consumables used		(2,453,529)	(3,076,732)	-	-
Depreciation of property, plant and equipment		(4,028,290)	(3,512,417)	(130,973)	(121,655)
Provision for liabilities		(2,563,085)	(2,093,741)	-	-
Other operating expenses		(13,811,740)	(13,849,107)	(29,231,203)	(2,902,910)
Profit/(Loss) before income tax expense	8	9,170,671	6,898,127	(32,083,946)	4,668,988
Income tax expense	9	(406,527)	(194,164)	-	-
Profit/(Loss) for the financial year		8,764,144	6,703,963	(32,083,946)	4,668,988
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the financial year		8,764,144	6,703,963	(32,083,946)	4,668,988
Profit/(Loss) attributable to:-					
Owners of the Company		8,764,144	6,703,963	(32,083,946)	4,668,988
Total comprehensive income/(loss) attributable to:-					
Owners of the Company		8,764,144	6,703,963	(32,083,946)	4,668,988
Earning per ordinary share attributable to Owners of the Company (Sen)					
Basic	10(a)	3.57	2.73		
Diluted	10(b)	3.57	2.73		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	118,923,434	133,215,018	228,164	175,237
Investment properties	12	87,450,000	87,450,000	-	-
Prepaid land lease payments	13	2,071,712	6,908,332	-	-
Investment in subsidiaries	14	-	-	197,508,497	197,514,070
Investment in an associate	15	-	-	-	-
Other investments	16	477,288	435,105	477,288	435,105
Land held for development	17	2,000,000	2,000,000	-	-
Total Non-Current Assets		210,922,434	230,008,455	198,213,949	198,124,412
Current Assets					
Property development expenditure	18	54,789,085	52,547,274	-	-
Inventories	19	4,670,820	5,669,960	-	-
Financing receivables	20	-	-	-	-
Trade and other receivables	21	7,704,115	23,500,027	22,260	50,689
Accrued billings		1,975,016	-	-	-
Amount owing by subsidiaries	22	-	-	5,534,117	38,010,327
Tax recoverable		2,122,894	1,515,811	-	-
Deposits placed with licensed banks	23	1,918,428	1,093,582	-	-
Cash and bank balances	24	1,706,581	3,166,255	36,484	23,751
Total Current Assets		74,886,939	87,492,909	5,592,861	38,084,767
TOTAL ASSETS		285,809,373	317,501,364	203,806,810	236,209,179

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity attributable to Owners of the Company					
Share capital	25	122,833,988	122,833,988	122,833,988	122,833,988
Share premium	26 (a)	335,001	335,001	335,001	335,001
Capital reserve	26 (b)	110,238,037	110,238,037	110,238,037	110,238,037
Fair value reserve	26 (c)	-	(22,696)	-	(22,696)
Revaluation reserve	26 (d)	524,794	524,794	-	-
Accummulated losses		(37,836,017)	(46,577,465)	(50,761,984)	(18,655,342)
Total Equity		196,095,803	187,331,659	182,645,042	214,728,988
Non-Current Liabilities					
Loans and borrowings	27	25,452,109	21,933,006	105,813	-
Deferred tax liabilities	28	12,695,417	13,270,403	-	-
Total Non-Current Liabilities		38,147,526	35,203,409	105,813	-
Current Liabilities					
Trade and other payables	29	19,222,538	75,503,177	76,329	60,890
Amount owing to subsidiaries	22	-	-	20,948,540	20,065,163
Loan and borrowings	27	26,889,369	13,583,785	31,086	53,730
Progress billings		-	365,994	-	-
Term loan instruments	30	-	786,482	-	-
Provisions for liabilities	31	5,454,137	4,726,858	-	1,300,408
Total Current Liabilities		51,566,044	94,966,296	21,055,955	21,480,191
Total Liabilities		89,713,570	130,169,705	21,161,768	21,480,191
TOTAL EQUITY AND LIABILITIES		285,809,373	317,501,364	203,806,810	236,209,179

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Attributable to Owners of the Company						
	Non-distributable					Distributable	
	Share Capital RM	Share Premium RM	Capital Reserve RM	Fair Value Reserve RM	Revaluation Reserve RM	Accumulated Losses RM	Total Equity RM
Group							
At 1 January 2014	122,833,988	335,001	110,238,037	(22,696)	524,794	(53,281,428)	180,627,696
Total comprehensive income for the financial year	-	-	-	-	-	6,703,963	6,703,963
At 31 December 2014	122,833,988	335,001	110,238,037	(22,696)	524,794	(46,577,465)	187,331,659
Total comprehensive income for the financial year	-	-	-	-	-	8,764,144	8,764,144
Transfer	-	-	-	22,696	-	(22,696)	-
At 31 December 2015	122,833,988	335,001	110,238,037	-	524,794	(37,836,017)	196,095,803

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Attributable to Owners of the Company					
	Non-distributable				Distributable	
	Share Capital RM	Share Premium RM	Capital Reserve RM	Fair value Reserve RM	Accumulated Losses RM	Total Equity RM
Company						
At 1 January 2014	122,833,988	335,001	110,238,037	(22,696)	(23,324,330)	210,060,000
Total comprehensive income for the financial year	-	-	-	-	4,668,988	4,668,988
At 31 December 2014	122,833,988	335,001	110,238,037	(22,696)	(18,655,342)	214,728,988
Total comprehensive loss for the financial year	-	-	-	-	(32,083,946)	(32,083,946)
Transfer	-	-	-	22,696	(22,696)	-
At 31 December 2015	122,833,988	335,001	110,238,037	-	(50,761,984)	182,645,042

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash flows from operating activities :				
Profit/(Loss) before income tax expense	9,170,671	6,898,127	(32,083,946)	4,668,988
Adjustments for:				
Amortisation of prepaid lease payments	53,514	95,844	-	-
Depreciation of property, plant and equipment	4,028,290	3,512,417	130,973	121,655
Fair value gain on investment properties	-	(3,843,000)	-	-
Gain on disposal of:				
-property, plant and equipment	-	(95,000)	-	(95,000)
-non current asset held for sales	-	(750,000)	-	(750,000)
Gain on debts restructuring agreement	(30,918,336)	-	-	-
Interest income	(78,910)	(33,367)	(17,866)	-
Allowance for impairment of :				
- amount owing by subsidiaries	-	-	28,429,753	2,015,605
- investments in subsidiaries	-	-	5,573	5,588
Interest expense	2,052,850	260,823	1,611,543	6,733
Provision for foreseeable losses	17,725,026	-	-	-
Allowance for impairment no longer required :				
- amount owing by subsidiaries	-	-	-	(6,101,720)
- trade receivables	(11,525)	(4,027)	-	-
Waiver of debts	-	(1,363,686)	-	-
Waiver of term loan interest	-	(829,787)	-	-
Unrealised gain on foreign exchange	(42,183)	-	(42,183)	-
	1,979,397	3,848,344	(1,966,153)	(128,151)
Changes in Working Capital :				
Property development expenditure	(19,966,837)	(8,809,903)	-	-
Inventories	468,239	20,615	-	-
Lease and hire-purchase receivables	-	3,637,142	-	-
Trade and other receivables	4,171,327	(2,801,319)	28,429	(11,839)
Trade and other payables	2,428,232	(2,779,747)	15,439	(320,882)
Provision for liabilities	727,279	(22,939,756)	(1,300,408)	(24,362,948)
	(10,192,363)	(29,824,624)	(3,222,693)	(24,823,820)
Interest paid	(263,023)	-	-	-
Income tax paid	(1,600,001)	(1,640,568)	-	-
Income tax refunded	11,405	23,412	-	-
Net Operating Cash Flows	(12,043,982)	(31,441,780)	(3,222,693)	(24,823,820)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cash flows from investing activities :				
Increase in deposits pledged with licensed banks	(880,846)	(175,187)	-	-
Purchase of property, plant and equipment (Note A)	(2,754,134)	(643,594)	(19,900)	(148,261)
Interest received	78,910	33,367	17,866	-
Proceeds from disposal of property, plant and equipment	-	95,000	-	95,000
Proceeds from disposal of non-current assets held for sales	-	1,600,000	-	1,600,000
Repayment from subsidiaries	-	-	4,929,834	23,295,338
Net Investing Cash Flows	(3,556,070)	909,586	4,927,800	24,842,077
Cash flows from financing activities :				
Repayment of term loan instruments	(786,482)	(997,718)	-	-
Repayment of term loans	(3,697,089)	(1,783,848)	-	-
Drawdown of term loans	6,674,383	21,898,223	-	-
Interest paid	(1,789,827)	(260,823)	(1,611,543)	(6,733)
Payment of hire purchase payables	(80,831)	(89,635)	(80,831)	(89,635)
Net Financing Cash Flows	320,154	18,766,199	(1,692,374)	(96,368)
Net change in cash and cash equivalents	(15,279,898)	(11,765,995)	12,733	(78,111)
Cash and cash equivalents at the beginning of the financial year	(7,868,890)	3,897,105	23,751	101,862
Cash and cash equivalents at the end of the financial year	(23,148,788)	(7,868,890)	36,484	23,751
Analysis of cash and cash equivalents				
Cash and bank balances	1,480,712	2,945,176	36,484	23,751
Cash held under Housing Development Account	225,869	221,079	-	-
Deposits placed with licensed banks	1,918,428	1,093,582	-	-
Bank overdrafts	(24,855,369)	(11,091,145)	-	-
	(21,230,360)	(6,831,308)	36,484	23,751
Less: Deposits held as security value	(1,918,428)	(1,037,582)	-	-
	(23,148,788)	(7,868,890)	36,484	23,751

	Group		Company	
	2015	2014	2015	2014
Note	RM	RM	RM	RM
A. Purchase of property, plant and equipment				
Purchase of property, plant and equipment	2,918,134	643,594	183,900	148,261
Less :				
- Financed by hire purchase instalments plan	(164,000)	-	(164,000)	-
Cash payment	2,754,134	643,594	19,900	148,261

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Eastland Equity Bhd. ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia. The principal place of business of the Company is located at No.24, Jalan 8/23E, Taman Danau Kota, Setapak, 53300 Kuala Lumpur, Malaysia.

The Company is principally involved in investment holding. The principal activities of its subsidiaries and associate are disclosed in Notes 14 and 15 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 April 2016.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost basis, other than as disclosed in the significant accounting policies in Note 3.

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

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

2.2 Adoption of amendments/improvements to FRSs

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

<u>Amendments/Improvements to FRSs</u>

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

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of amendments/improvements to FRSs (continued)

The adoption of the above amendments/improvements to FRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

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

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

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

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

FRS 9 Financial Instruments

Key requirements of FRS 9:-

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.3 New FRS and amendments/improvements to FRSs that have been issued, but yet to be effective (continued)

FRS 9 Financial Instruments (continued)

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

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

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

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

Amendments to FRS 7 Financial Instruments: Disclosures

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

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

Amendments to FRS 11 Joint Arrangements

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

Amendments to FRS 101 Presentation of Financial Statements

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

Amendments to FRS 116 Property, Plant and Equipment

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

NOTES TO THE FINANCIAL STATEMENTS

2. **BASIS OF PREPARATION (CONTINUED)**

2.3 **New FRS and amendments/improvements to FRSs that have been issued, but yet to be effective (continued)**

Amendments to FRS 119 Employee Benefits

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

Amendments to FRS 127 Separate Financial Statements

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

Amendments to FRS 138 Intangible Assets

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

· when the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
· when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

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

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

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

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

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

· Exemption from presenting consolidated financial statements: the amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
· Consolidation of intermediate investment entities: the amendments clarify that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
· Policy choice for equity accounting for investments in associates and joint ventures: the amendments allow a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.4 MASB Approved Accounting Standards, MFRSs

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

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

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

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

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

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

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

MFRS 15 Revenue from Contracts with Customers

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.4 MASB Approved Accounting Standards, MFRSs (continued)

MFRS 141 Agriculture

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

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

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

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

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

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

2.5 Functional and presentation currency

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Consolidation and Subsidiaries

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year. The financial statements of the parent and its subsidiaries are all drawn up to the same reporting date.

The Group controls an entity when it is exposed, or has the 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.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

The financial statements of the subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Intra-group transactions and balances, and resulting unrealised gains are eliminated on consolidation. Unrealised losses resulting from intra-group transactions are also eliminated on consolidation to the extent of the cost of the asset that can be recovered. The extent of the costs that cannot be recovered is treated as write downs or impairment losses as appropriate. Where necessary, adjustments are made to the financial statements of the subsidiaries to ensure consistency with the accounting policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(a) **Basis of Consolidation and Subsidiaries (continued)**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

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 comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

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

(b) **Associates**

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

Investments in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investments in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

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 an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

(c) **Goodwill on Consolidation**

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(o)(ii).

In respect of equity-accounted associates and joint ventures, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(d) **Revenue And Other Income**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, returns and taxes.

(i) ***Revenue From Financing Receivables***

Revenue represents interest income from financing receivables which is recognised on an accruals basis, except when a financial receivable becomes non-performing. Interest income on non-performing loans is suspended unless it is recoverable. The non-recoverability of the loan shall arise should the repayments are in arrears for more than 3 months from the first day of default or after the maturity date or when the outstanding balance is greater than the value of the collateral pledged, interest is ceased being accrued.

(ii) ***Revenue From Hotel Operations***

Revenue from hotel operations consists mainly of hotel room rental, telephone call income, restaurant and bar income, laundry income, amusement park collection, car park collection, food court collection and other related services, which is recognised when the services have been rendered.

(iii) ***Rental Income***

Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

(iv) ***Revenue From Property Development***

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

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

(v) ***Other Income***

- Administrative charges receivable is recognised on an accruals basis.
- Interest income is recognised as it accrues using effective interest method in profit or loss.

(e) **Employee Benefits**

(i) ***Short-Term Employee Benefits***

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

(ii) ***Defined Contribution Plans***

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

NOTES TO THE FINANCIAL STATEMENTS

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(f) **Borrowing Costs**

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

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

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

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

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

(g) **Income Tax**

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

(i) ***Current Tax***

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

(ii) ***Deferred Tax***

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(g) **Income Tax (continued)**

(ii) ***Deferred Tax (continued)***

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

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

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3(k), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

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

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

(h) **Property, Plant and Equipment**

Property, plant and equipment were initially stated at cost. Certain buildings were subsequently shown at market value, based on valuations of external independent valuers, less subsequent accumulated depreciation and impairment losses, if any. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(o)(ii).

Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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

No depreciation is provided on freehold land. All other property, plant and equipment are depreciated on the straight-line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The principal annual rates used for this purpose are as follows:-

Building	2%
Plant and machinery	5%
Motor vehicles	10% to 25%
Furniture, fittings and renovations	5% to 30%
Computers and office equipment	10% to 33%

NOTES TO THE FINANCIAL STATEMENTS

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(h) **Property, Plant and Equipment (continued)**

Capital work-in-progress are not depreciated as these assets are not intended for use.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date.

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

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

(i) **Revaluation of Assets**

Land and buildings at valuation are revalued at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued land and buildings materially differ from the market values.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any surplus or deficit arising from the revaluations will be dealt with in the Revaluation Reserve Account. Any deficit is set-off against the Revaluation Reserve Account only to the extent of the surplus credited from the previous revaluation of the land and buildings and the excess of the deficit is charged to profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained profits.

(j) **Leases**

(i) ***Finance Leases***

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Assets acquired by way of finance lease are stated at an amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses, if any. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance cost, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(ii) ***Operating Leases***

Leases of assets were a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

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

NOTES TO THE FINANCIAL STATEMENTS

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(k) **Investment Properties**

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

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3(f).

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

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

(l) **Property Development Activities**

(i) ***Land held for Development***

Land held for development is stated at cost less any accumulated impairment losses, and classified as non-current asset where no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(o)(ii).

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

Land held for property development is transferred to property development costs and included under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

(ii) ***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 costs that can be allocated on a reasonable basis to these activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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

NOTES TO THE FINANCIAL STATEMENTS

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(l) **Property Development Activities (continued)**

(ii) ***Property Development Costs (continued)***

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

Property development costs not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value. Upon the completion of development, the unsold completed development properties are transferred to inventories.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

(m) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs of food and beverages include purchase price and the incidental expenses incurred. Costs of completed properties comprises all direct construction cost and land cost, and direct development expenditure which is determined by the specific identification basis.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(n) **Financial Instruments**

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

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

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

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

(i) ***Financial Assets***

Financial assets at Fair Value through Profit or Loss

Financial assets are classified as fair value through profit or loss if they are held for trading, including derivatives, or are designated as such upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised as other gains or losses in statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(n) **Financial Instruments (continued)**

(i) Financial Assets (continued)

Loans and Receivables

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

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

Held-to-maturity Investments

Financial assets with fixed or determinable payments and fixed maturity that are quoted in an active market and the Group have the positive intention and ability to hold the investment to maturity is classified as held-to-maturity.

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

Available-for-Sale Financial Assets

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

After initial recognition, available-for-sale financial assets are measured at fair value with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

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

(ii) ***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 value otherwise cannot be reliably measured are measured at cost.

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

NOTES TO THE FINANCIAL STATEMENTS

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(n) **Financial Instruments (continued)**

(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.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, 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 the marketplace concerned.

A regular way purchase or sale of financial asset 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 is derecognised when the contractual right to receive cash flows from the asset has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

(o) **Impairment of Assets**

(i) ***Impairment of Financial Assets***

All financial assets (except for financial assets categorised as fair value through profit or loss, investment 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 equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(o) **Impairment of Assets (continued)**

(i) ***Impairment of Financial Assets (continued)***

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 and recognised 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 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 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) ***Impairment of Non-financial Assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(p) **Provisions for Liabilities**

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

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

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

(q) **Equity Instruments**

Ordinary shares are recorded at the nominal value and the consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the financial year end. A dividend proposed or declared after the financial year end, but before the financial statements are authorised for issue, is not recognised as a liability at the financial year end.

Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(r) **Cash and Cash Equivalents**

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, demand deposits and other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated net of bank overdrafts which are repayable on demand.

(s) **Operating Segment**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Executive Committee (“EXCO”) comprising all Executive Directors of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

(t) **Fair value measurements**

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

For a non-financial asset, the fair value measurement takes into account a market participant’s ability to generate economic benefits by using 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.

NOTES TO THE FINANCIAL STATEMENTS

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(t) **Fair value measurements (continued)**

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

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group 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 and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

(u) **Earnings per ordinary share**

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

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

4. **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

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

(a) **Property Development**

The Group recognises property development profits by reference to the stage of completion of the development activity at the reporting date. The stage of completion is determined based on the proportion that the property development costs incurred to date bear to the estimated total costs for the property development. Where it is probable that the total property development costs of a development phase will exceed the total property development revenue of the development phase, the expected loss on the development phase is recognised as an expense immediately.

Significant judgement is required in the estimation of total property development costs. Where the actual total property development costs is different from the estimated total property development costs, such difference will impact the property development profit or loss recognised.

The carrying amounts of the property development are disclosed in Note 18.

(b) **Provision**

The Group and the Company use a "best estimate" as the basis for measuring a provision. Management evaluates the estimates based on the Group's and the Company's historical experience and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. In the case when a provision relates to large population of customers (such as a warranty provision), a probability-weighted estimate of the outflows required to settle the obligation is used. In the case of a single estimate (such as a provision for site restoration costs), a reference contractor's price or market price is used as the best estimate. If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates made.

The carrying amounts of the provision are disclosed in Note 31.

NOTES TO THE FINANCIAL STATEMENTS

4. **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

(c) **Depreciation and useful lives of property, plant and equipment**

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

The carrying amounts of the property, plant and equipment are disclosed in Note 11.

(d) **Fair value measurement of financial instruments**

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

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

(e) **Impairment of financial assets**

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

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

(f) **Measurement of income taxes**

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

The income tax expense of the Group and the Company are disclosed in Note 9.

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

The Group and the Company assess impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value in use. The value in use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's and the Company's estimates, taking into consideration factors such as historical and industry trends, general market and economic conditions and other available information. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

NOTES TO THE FINANCIAL STATEMENTS

4. **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

(h) **Classification of finance and operating leases**

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

(i) **Write-down of obsolete or slow moving inventories**

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

The carrying amounts of the Group's and the Company's inventories are disclosed in Note 19.

5. **REVENUE**

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Rental income from:-				
- Hotel operations	10,445,869	12,759,813	-	-
- Property investment	6,033,645	5,897,734	-	-
Other income from hotel operations	8,131,451	10,315,591	-	-
Leasing, hire-purchase and other interest income	-	1,338,893	-	-
Sales of development properties	4,831,642	3,487,425	-	-
Sales of completed properties	2,217,530	-	-	-
Management fees	-	-	437,149	435,598
	31,660,137	33,799,456	437,149	435,598

6. **SEGMENTAL INFORMATION**

The Group prepared the following segment information in accordance with FRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the EXCO for the purpose of making decisions about resource allocation and performance assessment.

(a) **General information**

The Group's operating business is classified according to the following operating divisions:-

(i) Investment holding;
(ii) Leasing and financing;
(iii) Hospitality;
(iv) Investment properties; and
(v) Property development.

NOTES TO THE FINANCIAL STATEMENTS

6. **SEGMENTAL INFORMATION (CONTINUED)**

(b) **Measurement of Reportable Segments**

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Inter-segment pricing is determined on negotiated basis.

Segment profit
Segment results is measured based on segment profit before tax that are reviewed by the Group's chief operating decision maker. There are no significant changes from prior financial year in the measurement methods used to determine reported segment results.

Segment assets
The total of segment asset is measured based on all assets of a segment other than current and deferred tax assets.

Segment liabilities
The total of segment liability is measured based on all liabilities of a segment other than current and deferred tax liabilities.

(c) **Geographical Information**

No segmental information by geographical segment has been presented as the Group principally operates in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

6. **SEGMENTAL INFORMATION (CONTINUED)**

The segmental information of the Group are as follows:-

Group 2015	Investment holding RM	Leasing and financing RM	Hospitality RM	Investment properties RM	Property development RM	Others RM	Total RM
Segment profit/(loss)	(2,067,440)	(25,797)	(562,037)*	316,396	13,538,472	(54,983)	11,144,611
Included in the measure of segment profit/(loss) are:							
Revenue from external customers	-	-	18,577,320	6,033,645	7,049,172	-	31,660,137
Inter-segment revenue	437,149	-	69,061	-	840,000	-	1,346,210
Reversal of impairment on trade receivables	-	-	11,525	-	-	-	11,525
Gain on debts restructuring agreement	-	-	-	-	30,918,336	-	30,918,336
Provision for liabilities	-	-	(559,392)	-	(2,003,693)	-	(2,563,085)
Depreciation and amortisation	(130,973)	-	(3,617,717)	(318,206)	(14,908)	-	(4,081,804)
Not included in the measure of segment profit but provided to EXCO:							
Finance cost	(1,611,543)	-	-	(418,398)	(22,909)	-	(2,052,850)
Finance income	17,866	1,510	-	36,147	23,387	-	78,910
Income tax expense	-	-	-	(417,933)	11,406	-	(406,527)
Segment assets	182,975,660	14,062	2,771,679	293,170,035	1,487,272	2,001,191	482,419,899
Included in the measure of segment assets are:							
Additions to non-current assets other than financial instruments and deferred tax assets	183,900	-	2,500,000	231,524	2,710	-	2,918,134
Segment liabilities	1,270,642	15,153,963	2,432,293	85,304,445	33,627,156	3,190,182	140,978,681

* Included in the measure of segment loss of hospitality is an amount totalling RM3,617,717/- which represents depreciation of hotel building.

NOTES TO THE FINANCIAL STATEMENTS

6. **SEGMENTAL INFORMATION (CONTINUED)**

The segmental information of the Group are as follows:-

Group 2014	Investment holding RM	Leasing and financing RM	Hospitality RM	Investment properties RM	Property development RM	Others RM	Total RM
Segment profit/(loss)	582,833	1,235,736	2,544,442 *	3,660,889	(2,211,966)	1,313,649	7,125,583
Included in the measure of segment profit/(loss) are:							
Revenue from external customers	-	1,338,893	23,075,405	5,897,733	3,487,425	-	33,799,456
Inter-segment revenue	435,598	-	120,300	-	-	-	555,898
Fair value gain on investment properties	-	-	-	3,843,000	-	-	3,843,000
Reversal of impairment on trade receivables	-	-	4,027	-	-	-	4,027
Waiver of debts	-	-	-	-	-	1,363,686	1,363,686
Waiver of term loan interest	-	-	-	829,787	-	-	829,787
Provision for liabilities	-	-	(695,871)	(1,397,870)	-	-	(2,093,741)
Reversal of provision of liabilities	1,919,422	-	-	-	-	-	1,919,422
Depreciation and amortisation	(121,655)	-	(3,067,335)	(399,340)	(19,931)	-	(3,608,261)
Not included in the measure of segment profit but provided to EXCO:							
Finance cost	(6,733)	-	-	(123,058)	(131,032)	-	(260,823)
Finance income	-	-	-	28,021	5,346	-	33,367
Income tax expense	-	-	-	(217,579)	23,415	-	(194,164)
Segment assets	216,274,352	11,636	5,220,185	307,319,743	2,263,768	2,001,245	533,090,929
Included in the measure of segment assets are:							
Additions to non-current assets other than financial instruments and deferred tax assets	148,261	-	-	493,083	2,250	-	643,594
Segment liabilities	2,472,891	15,127,250	4,604,074	79,271,736	67,367,330	3,135,252	171,978,533

* Included in the measure of segment profit of hospitality is an amount totaling RM3,067,335/- which represents depreciation of hotel building.

NOTES TO THE FINANCIAL STATEMENTS

6. SEGMENTAL INFORMATION (CONTINUED)

Reconciliation of reportable segment revenue, profit, assets and other material items:-

	Group 2015 RM	Group 2014 RM
Total revenue for reportable segments	33,006,347	34,355,354
Elimination of inter-segment revenue	(1,346,210)	(555,898)
Consolidated total	31,660,137	33,799,456

	Group 2015 RM	Group 2014 RM
Total profit for reportable segments	11,144,611	7,125,583
Finance cost	(2,052,850)	(260,823)
Finance income	78,910	33,367
Consolidated profit before income tax expense	9,170,671	6,898,127

	Group 2015 RM	Group 2014 RM
Total reportable segments assets	482,419,899	533,090,929
Elimination of inter-segment transactions or balances	(196,610,526)	(215,589,565)
Consolidated total	285,809,373	317,501,364

	Group 2015 RM	Group 2014 RM
Total reportable segments liabilities	140,978,681	171,978,533
Elimination of inter-segment transactions or balances	(51,265,111)	(41,808,828)
Consolidated total	89,713,570	130,169,705

7. FINANCE (COSTS)/INCOME (net)

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Finance income :				
- Housing development account	4,800	-	-	-
- Deposits placed with licensed banks	70,286	28,021	17,866	-
- Overdue interest	3,824	5,346	-	-
	78,910	33,367	17,866	-
Finance costs :				
- Business financing - i	(1,781,793)	(254,090)	-	-
- Business cash line - i	(263,023)	-	-	-
- Hire purchase payables	(8,034)	(6,733)	(8,034)	(6,733)
- Amount owing to a subsidiary	-	-	(1,603,509)	-
	(2,052,850)	(260,823)	(1,611,543)	(6,733)
	(1,973,940)	(227,456)	(1,593,677)	(6,733)

NOTES TO THE FINANCIAL STATEMENTS

8. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE

Profit/(Loss) before income tax expense is arrived at:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
After crediting:-				
Impairment loss no longer required on :				
- amount owing by subsidiaries	-	-	-	6,101,720
- trade receivables	11,525	4,027	-	-
Fair value gain on investment properties	-	3,843,000	-	-
Gain on disposal of:				
- non-current assets held for sale	-	750,000	-	750,000
- property, plant and equipment	-	95,000	-	95,000
Gain on debts restructuring agreement	30,918,336	-	-	-
Unrealised gain on foreign exchange	42,183	-	42,183	-
Reversal of provision for commitments	-	1,919,422	-	1,919,422
Rental income	3,623	17,370	-	-
Waiver of term loan interest	-	829,787	-	-
Waiver of debts	-	1,363,686	-	-
and charging:-				
Auditor's remuneration				
- Statutory audit				
- current year	(117,000)	(107,500)	(43,000)	(40,000)
- prior year	(9,500)	(2,000)	(3,000)	(2,000)
- Non-statutory audit	(11,000)	(8,000)	(11,000)	(8,000)
Amortisation of prepaid land lease payments	(53,514)	(95,844)	-	-
Depreciation of property, plant and equipment	(4,028,290)	(3,512,417)	(130,973)	(121,655)
Employee benefits expense (Note A)	(7,368,724)	(8,240,285)	(1,607,686)	(1,601,715)
Impairment loss on:				
- amount owing by subsidiaries	-	-	(28,429,753)	(2,015,605)
- investment in subidiaries	-	-	(5,573)	(5,588)
Provision for foreseeable losses	(17,725,026)	-	-	-
Provision for liabilities	(2,563,085)	(2,093,741)	-	-
Realised loss on foreign exchange	(80,984)	(77,408)	-	-
Rental of:				
- office premises	(60,719)	(55,200)	(60,719)	(55,200)
- parking	(18,000)	(18,000)	-	-
Royalty fees payable	(372,928)	(463,914)	-	-

Note

A. Employee benefits expense

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Wages and salaries	5,200,902	5,602,624	513,151	435,161
Defined contribution plans	723,122	776,126	62,792	49,988
Defined benefit plans	88,006	96,816	5,142	4,597
Other staff related costs	338,934	513,072	8,841	21,870
	6,350,964	6,988,638	589,926	511,616
Included in employee benefits expenses are:				
Directors' fees	265,000	171,000	265,000	171,000
Directors' other emolument	752,760	1,080,647	752,760	919,099
	1,017,760	1,251,647	1,017,760	1,090,099
Total	7,368,724	8,240,285	1,607,686	1,601,715

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAX EXPENSE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Income tax				
- current year	(589,788)	(1,175,009)	-	-
- (under)/over accrual in prior year	(391,725)	(59,819)	-	-
	(981,513)	(1,234,828)	-	-
Deferred tax liabilities (Note 28)				
- current year	212,678	467,035	-	-
- over/(under) accrual in prior year	362,308	573,629	-	-
	574,986	1,040,664	-	-
	(406,527)	(194,164)	-	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 25% (2014: 25%) of the estimated assessable profit for the financial year. In the Budget Speech 2014, the Government announced that the domestic corporate tax rate would be reduced to 24% from the current year's rate of 25% with effect from the year of assessment 2016.

A reconciliation of income tax expense applicable to profit/(loss) before income tax expense at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit/(Loss) before income tax expense	9,170,671	6,898,127	(32,083,946)	4,668,988
Taxation at applicable statutory tax rate of 25% (2014 : 25%)	(2,292,668)	(1,724,532)	8,020,987	(1,167,247)
Tax effects arising from:-				
- non-deductible expenses	(684,421)	(211,166)	(7,211,259)	(75,331)
- non-taxable income	8,184,249	984,503	-	1,549,180
- revaluation of investment properties	-	(192,150)	-	-
- origination of deferred tax assets not recognised in the financial statements	(5,352,394)	1,847,508	(777,338)	(43,207)
- effect of changes in tax rate	(231,876)	(1,412,137)	(32,390)	(263,395)
- over accrual in prior years	(29,417)	513,810	-	-
Tax expense for the financial year	(406,527)	(194,164)	-	-

NOTES TO THE FINANCIAL STATEMENTS

9. **INCOME TAX EXPENSE (CONTINUED)**

Deferred tax assets have not been recognised for the following items:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Deductible temporary differences	20,252,239	519,086	526,079	516,781
Unutilised tax losses	197,704,697	195,136,204	29,456,676	26,227,066
Net deferred tax assets	217,956,935	195,655,290	29,982,755	26,743,847
Potential deferred tax assets not recognised at 24% (2014 : 24%)	52,309,664	46,957,270	7,195,861	6,418,523

10. **EARNING PER SHARE**

(a) **Basic earnings per ordinary share**

The basic earnings per ordinary share which has been calculated based on the profit for the financial year and weighted average number of ordinary shares in issue are disclosed as follows:-

	Group	
	2015 RM	2014 RM
Profit attributable to owners of the Company		
Profit for the financial year	8,764,144	6,703,963
Weighted average number of ordinary shares in issue	245,667,975	245,667,975
Basic earnings per share (sen)	3.57	2.73

(b) **Diluted**

There is no diluted earnings per share as the Company does not have any dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

11. **PROPERTY, PLANT AND EQUIPMENT**

Group 2015 Cost (unless otherwise stated)	Freehold Land, at valuation RM	Building, at valuation RM	Capital Work in progress RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and renovations RM	Computers and office equipment RM	Total RM
At 1 January 2015	4,441,261	116,558,739	13,181,428	3,299,891	1,840,698	2,220,094	349,380	141,891,491
Additions	-	-	-	8,750	182,960	2,500,000	226,424	2,918,134
Disposals	-	-	(13,181,428)	-	-	-	-	(13,181,428)
At 31 December 2015	4,441,261	116,558,739	-	3,308,641	2,023,658	4,720,094	575,804	131,628,197
Accumulated Depreciation								
At 1 January 2015	-	3,067,335	-	1,981,117	1,791,468	1,512,010	324,543	8,676,473
Depreciation charge for the financial year	-	3,067,335	-	140,841	85,846	671,164	63,104	4,028,290
At 31 December 2015	-	6,134,670	-	2,121,958	1,877,314	2,183,174	387,647	12,704,763
Net Carrying Amount at 31 December 2015	4,441,261	110,424,069	-	1,186,683	146,344	2,536,920	188,157	118,923,434

NOTES TO THE FINANCIAL STATEMENTS

11. **PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Group 2014 Cost (unless otherwise stated)	**Freehold Land at valuation RM**	**Building at valuation RM**	**Capital Work in progress RM**	**Plant and machinery RM**	**Motor vehicles RM**	**Furniture, fittings and renovations RM**	**Computers and office equipment RM**	**Total RM**
At 1 January 2014	4,441,261	116,558,739	13,181,428	2,808,066	2,290,047	2,091,289	326,416	141,697,246
Additions	-	-	-	491,825	-	128,805	22,964	643,594
Disposals/Write-off	-	-	-	-	(449,349)	-	-	(449,349)
At 31 December 2014	4,441,261	116,558,739	13,181,428	3,299,891	1,840,698	2,220,094	349,380	141,891,491
Accumulated Depreciation								
At 1 January 2014	-	-	-	1,791,531	2,150,529	1,359,988	311,357	5,613,405
Depreciation charge for the financial year	-	3,067,335	-	189,586	90,288	152,022	13,186	3,512,417
Disposals/Write-off	-	-	-	-	(449,349)	-	-	(449,349)
At 31 December 2014	-	3,067,335	-	1,981,117	1,791,468	1,512,010	324,543	8,676,473
Net Carrying Amount at 31 December 2014	4,441,261	113,491,404	13,181,428	1,318,774	49,230	708,084	24,837	133,215,018

NOTES TO THE FINANCIAL STATEMENTS

11. **PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Company	Motor vehicles RM	Furniture, fittings and renovations RM	Computers and office equipment RM	Total RM
2015				
Cost				
At 1 January 2015	1,532,271	155,633	129,435	1,817,339
Additions	182,960	-	940	183,900
At 31 December 2015	1,715,231	155,633	130,375	2,001,239
Accumulated Depreciation				
At 1 January 2015	1,483,017	49,457	109,628	1,642,102
Depreciation charge for the financial year	85,846	38,879	6,248	130,973
At 31 December 2015	1,568,863	88,336	115,876	1,773,075
Net Carrying Amount at 31 December 2015	146,368	67,297	14,499	228,164
2014				
Cost				
At 1 January 2014	1,981,620	28,087	108,720	2,118,427
Additions	-	127,546	20,715	148,261
Disposals	(449,349)	-	-	(449,349)
At 31 December 2014	1,532,271	155,633	129,435	1,817,339
Accumulated Depreciation				
At 1 January 2014	1,842,078	25,695	102,023	1,969,796
Depreciation charge for the financial year	90,288	23,762	7,605	121,655
Disposals	(449,349)	-	-	(449,349)
At 31 December 2014	1,483,017	49,457	109,628	1,642,102
Net Carrying Amount at 31 December 2014	49,254	106,176	19,807	175,237

Included in property, plant and equipment of the Group and the Company are motor vehicles with a net carrying amount of RM146,368/- and RM146,368/- (2014: RM49,254/- and RM49,254/-) respectively, which are acquired under hire-purchase arrangements.

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group

The hotel land building was revalued at RM121,000,000/- in year 2013.

The hotel land and building have been charged to financial institutions as securities for credit facilities granted to a subsidiary.

Fair value information

Fair value of hotel land building are categorised as level 3, which its value has been arrived at on the basis of valuations carried out by an independent valuer. Valuations were based on current prices in an active market for the properties.

12. INVESTMENT PROPERTIES

	Group	
	2015	**2014**
	RM	**RM**
Shopping complex, at fair value		
At the beginning of the financial year	87,450,000	83,607,000
Net gain from fair value adjustment recognised in profit or loss	-	3,843,000
At the end of the financial year	87,450,000	87,450,000

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

	Group	
	2015	**2014**
	RM	**RM**
Rental income	5,636,205	5,554,293
Direct operating expenses	175,754	173,013

Fair value information

Fair value of investment properties are categorised as level 2, which fair values of shopping complex has been arrived at on the basis of valuations carried out by an independent valuer. Valuations were based on current prices in an active market for the properties.

13. PREPAID LAND LEASE PAYMENTS

Prepaid land lease payments relate to the lease of land for the Group's office premise in Kuala Lumpur and land in Kelantan. These leases will expire in 2085 and 2075 respectively and the Group does not have an option to purchase the leasehold land at the expiry of the lease period. Prepaid land lease payments are amortised over the lease term of the land.

NOTES TO THE FINANCIAL STATEMENTS

13. PREPAID LAND LEASE PAYMENTS (CONTINUED)

	Group 2015 RM	2014 RM
At Cost		
At the beginning of the financial year	7,718,045	7,718,045
Disposals	(5,418,045)	-
At the end of the financial year	2,300,000	7,718,045
Less:		
Accumulated Amortisation		
At the beginning of the financial year	685,353	589,509
Amortisation for the financial year	53,514	95,844
Disposals	(634,939)	-
At the end of the financial year	103,928	685,353
Less:		
Accumulated Impairment Loss		
At the beginning/end of the financial year	124,360	124,360
	2,071,712	6,908,332

14. INVESTMENT IN SUBSIDIARIES

	Company 2015 RM	2014 RM
Unquoted shares, at cost	197,753,003	197,753,003
Less: Allowance for impairment	(244,506)	(238,933)
	197,508,497	197,514,070

Details of the subsidiaries, which are incorporated in Malaysia, are as follows:-

Name of Company	**Effective Ownership Interest 2015 %**	**2014 %**	**Principal Activities**
Direct subsidiaries			
Eastern Biscuit Factory Sdn. Bhd.	100	100	Property development, investment in properties and hotel operations
FBO Land (Setapak) Sdn. Bhd.	100	100	Property development
FBO Properties Sdn. Bhd.	100	100	Dormant
Perfect Diamond Capital Sdn. Bhd.	100	100	Investment holding
EBF Land Sdn. Bhd.	100	100	Investment holding
Indirect subsidiaries			
Subsidiary of Eastern Biscuit Factory Sdn. Bhd.			
FBO Land (Serendah) Sdn. Bhd.	100	100	Property investment
Subsidiary of Perfect Diamond Capital Sdn. Bhd.			
Rimaflex Sdn. Bhd.	100	100	Money lending
Subsidiary of EBF Land Sdn. Bhd.			
Exquisite Properties Sdn. Bhd.	100	100	Dormant
Subsidiary of Rimaflex Sdn. Bhd.			
Rimaflex Nominees (Tempatan) Sdn. Bhd.	100	100	Dormant

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENT IN ASSOCIATE

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Unquoted shares, at cost	400,000	400,000	400,000	400,000
Less: Share of post-acquisition results	(400,000)	(400,000)	-	-
Impairment loss	-	-	(400,000)	(400,000)
	-	-	-	-

Details of the associate which is incorporated in Malaysia, is as follows:-

Name of Company	Effective Ownership Interest 2015 %	Effective Ownership Interest 2014 %	Principal Activities
P.A. Projects Sdn. Bhd. # *	20	20	Design, supply, fabricating and installation of aluminium products

\# Audited by a firm other than Baker Tilly Monteiro Heng.

* The Group has no share of losses in associates during the financial year due to the Group's interest reduced to nil and recognition of further losses is discontinued.

The summarised financial information of the associate is as follow:-

	Group 2015 RM	Group 2014 RM
ASSETS AND LIABILITIES		
Non-Current Assets	705,521	827,688
Current Assets	14,440,245	15,270,254
Total Assets	15,145,766	16,097,942
Current Liabilities	24,065,818	22,519,277
Total Liabilities	24,065,818	22,519,277
RESULTS		
Revenue	13,594,985	9,038,519
Loss for the financial year	(2,498,717)	(1,219,430)

NOTES TO THE FINANCIAL STATEMENTS

16. OTHER INVESTMENTS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Non-current				
Available-for-sale financial assets				
- Equity instruments (quoted outside Malaysia), at cost				
At the beginning of the financial year	435,105	435,105	435,105	435,105
Unrealised gain on foreign exchange	42,183	-	42,183	-
At the end of the financial year	477,288	435,105	477,288	435,105

17. LAND HELD FOR DEVELOPMENT

	Group	
	2015 RM	2014 RM
Leasehold land, at cost	2,800,000	2,800,000
Less: Allowance for impairment	(800,000)	(800,000)
	2,000,000	2,000,000

NOTES TO THE FINANCIAL STATEMENTS

18. PROPERTY DEVELOPMENT EXPENDITURE

	Group	
	2015	**2014**
	RM	**RM**
At the beginning of the financial year		
- Leasehold land, at cost	3,298,103	3,369,978
- Development costs	49,249,171	39,355,107
	52,547,274	42,725,085
Cost incurred during the financial year		
- Development costs	24,974,198	14,608,296
	24,974,198	14,608,296
Costs recognised as expense in profit or loss		
- Leasehold land, at cost	(103,318)	(71,875)
- Development costs	(4,904,043)	(4,714,232)
- Provision for foreseeable losses	(17,725,026)	-
	(22,732,387)	(4,786,107)
At the end of the financial year	54,789,085	52,547,274
Represented by :		
- Leasehold land, at cost	3,194,784	3,298,103
- Development costs	51,594,301	49,249,171
	54,789,085	52,547,274

During the financial year, the borrowing costs capitalised as property development expenditure amounted to RM2,490,414/- (2014: RM1,034,692/-).

19. INVENTORIES

	Group	
	2015	**2014**
	RM	**RM**
At cost		
Completed properties		
- Apartments	-	596,000
- Condominium	4,145,892	4,676,793
Food and beverages	524,928	397,167
	4,670,820	5,669,960

The cost of inventories of the Group recognised as an expense in profit or loss during the financial year was RM468,239/- (2014: RM20,615/-).

NOTES TO THE FINANCIAL STATEMENTS

20. FINANCING RECEIVABLES – SECURED

	Group 2015 RM	Group 2014 RM
Financing receivables	17,065,159	17,065,159
Less: Unearned interest	(590,141)	(590,141)
	16,475,018	16,475,018
Less: Allowance for impairment	(16,475,018)	(16,475,018)
	-	-

21. TRADE AND OTHER RECEIVABLES

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Trade receivables	7,505,059	10,285,110	-	-
Less: Impairment loss	(1,404,253)	(1,415,778)	-	-
	6,100,806	8,869,332	-	-
Other receivables	5,684,079	17,664,675	24,385	24,385
Less: Impairment loss	(4,547,341)	(4,547,341)	(24,385)	(24,385)
	1,136,738	13,117,334	-	-
Deposits	321,320	355,556	11,495	30,955
Prepayments	145,251	1,157,805	10,765	19,734
Total trade and other receivables	7,704,115	23,500,027	22,260	50,689

Group

The trade credit term ranges from 7 to 90 days (2014: 7 to 90 days). Other credit terms are assessed and approved on a case by case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

Group

Ageing analysis of trade receivables

The analysis of the Group's trade receivables is as follows:

	Group 2015 RM	Group 2014 RM
Neither past due nor impaired	1,957,435	2,622,219
1 to 30 days past due not impaired	455,826	2,553,880
31 to 60 days past due not impaired	179,115	241,859
61 to 90 days past due not impaired	818,388	3,069,760
91 to 120 days past due not impaired	121,401	367,200
More than 121 days past due not impaired	2,568,641	14,414
	4,143,371	6,247,113
Impaired	1,404,253	1,415,778
	7,505,059	10,285,110

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

Receivables that are past due but not impaired

At the reporting date, the Group has trade receivables amounting to RM4,143,371/- (2014: RM6,247,113/-) that are past due but not impaired.

Trade receivables that were past due but not impaired relate to customers that have good track records with the Group. Based on past experience and no adverse information to date, the directors of the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group 2015 RM	Group 2014 RM
Collectively impaired		
Trade receivables - nominal amounts	3,259,742	3,631,681
Less: Impaiment loss	(1,404,253)	(1,415,778)
	1,855,489	2,215,903

NOTES TO THE FINANCIAL STATEMENTS

21. **TRADE AND OTHER RECEIVABLES (CONTINUED)**

(a) **Trade receivables (continued)**

Movement in allowance accounts:

	Group 2015 RM	Group 2014 RM
At the beginning of the financial year	(1,415,778)	(1,419,805)
Reversal of impairment loss	11,525	4,027
At the end of the financial year	(1,404,253)	(1,415,778)

(b) **Other receivables**

Group

Included in other receivables is an amount totalling Nil (2014: RM9,360,000/-) which represents advances to a former contractor. The outstanding amount has been settled pursuant to the debts restructuring agreement as detailed in Note 36 to the financial statements.

22. **AMOUNT OWING BY/(TO) SUBSIDIARIES**

	Company 2015 RM	Company 2014 RM
Amount owing by subsidiaries	56,740,551	60,787,008
Less: Impairment loss	(51,206,434)	(22,776,681)
	5,534,117	38,010,327
Amount owing to subsidiaries	(20,948,540)	(20,065,163)

Amount owing by subsidiaries is non-trade in nature, unsecured, interest free and repayable on demand.

Amount owing to subsidiaries is non-trade in nature, unsecured, bear interest at 7.85% (2014: 7.85%) per annum.

23. **DEPOSITS PLACED WITH LICENSED BANKS**

Group

Deposits placed with licensed banks of RM1,918,428/- (2014: RM1,093,582/-) are pledged to the banks for banking facilities granted to a subsidiary.

Included in the deposits placed with licensed banks is an amount of RM1,070,428/- (2014: RM 1,093,582/-) which earn effective interest rate ranging from 3.15% to 3.40% (2014: 3.15% to 3.40%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

24. CASH AND BANK BALANCES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash and bank balances	1,480,712	2,945,176	36,484	23,751
Cash held under Housing Development Account	225,869	221,079	-	-
	1,706,581	3,166,255	36,484	23,751

Group

Cash held under Housing Development Account are opened and maintained under Section 7A of the Housing Development (Control and Licensing) Act, 1966.

25. SHARE CAPITAL

	Group and Company			
	2015		2014	
	Number of shares Unit	RM	Number of shares Unit	RM
Ordinary shares of RM0.50/- each				
Authorised:				
At the beginning/end of the financial year	2,000,000,000	1,000,000,000	2,000,000,000	1,000,000,000
Issued and fully paid:				
At the beginning/end of the financial year	245,667,975	122,833,988	245,667,975	122,833,988

26. (a) SHARE PREMIUM

The share premium arrival at after accounting for the premium received over the nominal value of the shares issued.

(b) CAPITAL RESERVE

Capital reserve arose from the par value reduction exercise undertaken by the Company in year 2009. It represents surplus arising after the off-setting of the Company's issued and paid up capital against its accumulated losses at the date when the reduction of share capital became effective.

The capital reserve is a non-distributable reserve.

(c) FAIR VALUE RESERVE

Fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed off or impaired.

(d) REVALUATION RESERVE

The revaluation reserve represents the surplus arising from revaluation of hotel land and building.

NOTES TO THE FINANCIAL STATEMENTS

27. LOANS AND BORROWINGS

		Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Current					
Business cash line - i	(a)	24,855,369	11,091,145	-	-
Hire purchase payables	(b)	31,086	53,730	31,086	53,730
Business financing - i	(c)	2,002,914	2,438,910	-	-
		26,889,369	13,583,785	31,086	53,730
Non-current					
Hire purchase payables	(b)	105,813	-	105,813	-
Business financing - i	(c)	25,346,296	21,933,006	-	-
		25,452,109	21,933,006	105,813	-
Total borrowings		52,341,478	35,516,791	136,899	53,730

Group and Company

(a) Business cash line - i

The business cash line - i bear interest of 8.10% (2014: 8.35%) per annum.

The business cash line - i of the Group is secured by way of:

(i) First party legal charge over a subsidiary's property;
(ii) First party second legal charge over a subsidiary's property;
(iii) Monthly sinking fund of RM56,000/- in the form of marginal deposit until it reaches RM10,000,000/-; and
(iv) Corporate guarantee of the Company.

(b) Hire purchase payables

	Group and Company	
	2015 RM	2014 RM
Future minimum hire-purchase payables		
- not later than one year	36,840	54,976
- later than one year but not later than five years	113,562	-
	150,402	54,976
Less: Future finance charges	(13,503)	(1,246)
	136,899	53,730
Represented by		
- Current	31,086	53,730
- Non-current	105,813	-
	136,899	53,730

The hire-purchase payables of the Group and of the Company bear interest rate of 6.38% (2014: 4.85% to 7.32%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

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

(c) Business financing - i

	Group	
	2015	**2014**
	RM	**RM**
Total outstanding	27,349,210	24,371,916
Less: Portion due within one year	(2,002,914)	(2,438,910)
Portion repayable after one year	25,346,296	21,933,006

Business financing - i 1 and 2 of a subsidiary amounting to RM1,399,992/- and RM6,674,383/- (2014: RM1,668,407/- and Nil) respectively, which both bear profit payment rate at 7.85% (2014: 7.85%) per annum and is repayable by 72 monthly instalments of RM31,209/- and 72 monthly instalments of RM346,177/- respectively and are secured and supported as follows :

(i) First party legal charge over a subsidiary's property; and
(ii) Corporate guarantee of the Company.

Business financing - i 3 of a subsidiary of RM19,274,835/- (2014: RM20,003,917/-) bears interest at 7.85% (2014: 7.85%) per annum. It is repayable in 180 monthly instalments of RM189,402/- and is secured as follows :

(i) First party second legal charge over a subsidiary's property;
(ii) Monthly sinking fund of RM56,000/- in the form of marginal deposit until it reaches RM10,000,000/-; and
(iii) Corporate guarantee of the Company.

Penyambung - i of a subsidiary of Nil (2014: RM2,699,592/-) bears interest at Nil (2014: 7.85%) per annum and is repayable by 35 monthly instalments of RM132,500/- and final instalment of RM15,132,500/- and is secured and supported by legal charge over a subsidiary's project land and investment properties, deed of assignment on the rental proceeds and corporate guarantee from the Company.

28. **DEFERRED TAX LIABILITIES**

	Group	
	2015	**2014**
	RM	**RM**
At the beginning of the financial year	13,270,403	14,311,067
Transferred to profit or loss (Note 9)	(574,986)	(1,040,664)
At the end of the financial year	12,695,417	13,270,403
Representing the tax effect of:-		
Temporary differences between net book value and corresponding tax written value	12,695,417	13,270,403

NOTES TO THE FINANCIAL STATEMENTS

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade payables	12,288,218	5,549,458	-	-
Other payables	1,969,643	4,337,466	26,981	14,742
Amount owing to a former subsidiary	-	58,773,771	-	-
Accrued expenses	2,888,406	4,811,680	47,100	43,900
Deposits received	1,800,582	1,817,769	2,248	2,248
Advances received from potential purchasers	275,689	213,033	-	-
	19,222,538	75,503,177	76,329	60,890

The normal trade credit term granted to the Group ranges from 30 to 60 days (2014: 30 to 60 days).

Amount owing to a former subsidiary

The amount owing to a former subsidiary has been settled pursuant to the completion of the debts restructuring agreement as detailed in Note 36 to the financial statements.

30. TERM LOAN INSTRUMENTS

(a) Term loan instruments, issued on 30 December 2002 as an integral part of the Restructuring Scheme, are as follows:-

	Group	
	2015 RM	2014 RM
Guaranteed secured term loan ("GSTL")	-	330,299
Non-guaranteed convertible secured term loan ("NGCSTL")	-	456,183
	-	786,482

(b) The salient features of the GSTL include the following:-

- The GSTL bears interest at a fixed interest rate ranging from 2% to 4% per annum and an additional fixed cumulative interest at rates ranging from 2% to 8% per annum. Any unpaid cumulative interest shall be accumulated but not capitalised and shall be payable at the next or subsequent interest payment date.
- Bullet payment on the fifth anniversary from the date of issuance or at an earlier date, depending on the sale of the secured assets.
- The principal payment and interest outstanding of the entire GSTL is guaranteed by the Company.

(c) The salient features of the NGCSTL include the following:-

- The NGCSTL will constitute direct and unconditional obligations of the issuer ranking pari pasu without priority amongst themselves and subject only to other direct and unconditional obligations preferred by mandatory provision of law.
- The NGCSTL bears interest at a fixed interest rate ranging from 2% to 4% per annum and an additional fixed cumulative interest at rates of 2% to 8% per annum on the total amount of NGCSTL. Any unpaid cumulative interest shall be accumulated but not capitalised and shall be payable at the next or subsequent interest payment date.
- Bullet payment on the fifth anniversary from the date of issuance or at an earlier date, depending on the sale of the secured assets. In the event the disposal proceeds are not sufficient to fully settle the NGCSTL, the respective issuer shall issue its shares to the holders of the NGCSTL on the basis of one new ordinary share of RM1 each in the respective issuer for every RM1 principal and interest outstanding on the NGCSTL.

NOTES TO THE FINANCIAL STATEMENTS

30. **TERM LOAN INSTRUMENTS (CONTINUED)**

(d) CIMB through the letter dated 4 February 2013, agreed to the proposed settlement of the GSTL and NGCSTL by way of upfront payment of RM500,000/- due by 18 February 2013 and followed by monthly instalment repayment of RM90,000/- commencing 1 March 2013 to be paid until the entire outstanding sum is repaid to CIMB in full.

(e) The GSTL and NGCSTL are denominated in Ringgit Malaysia and are secured by way of charges over certain inventories of the Group.

(f) The GSTL and NGCSTL has been settled in full during the financial year

31. **PROVISIONS FOR LIABILITIES**

	(a) Provision for commitments RM	(b) Provision for furniture, fittings and equipments RM	(c) Provision for liquidated and ascertained damages RM	Total RM
Group				
At 1 January 2014	25,663,356	220,438	1,782,820	27,666,614
Recognised in profit or loss	-	695,871	1,397,870	2,093,741
Less: Utilisation of provision	(22,443,526)	(670,549)	-	(23,114,075)
Reversal of provision	(1,919,422)	-	-	(1,919,422)
At 31 December 2014	1,300,408	245,760	3,180,690	4,726,858
Recognised in profit or loss	-	559,392	2,003,693	2,563,085
Less: Utilisation of provision	(1,300,408)	(535,398)	-	(1,835,806)
At 31 December 2015	-	269,754	5,184,383	5,454,137

	Provision for commitments RM
Company	
At 1 January 2014	25,663,356
Less: Utilisation of provision	(22,443,526)
Reversal of provision	(1,919,422)
At 31 December 2014	1,300,408
Less: Utilisation of provision	(1,300,408)
At 31 December 2015	-

NOTES TO THE FINANCIAL STATEMENTS

31. **PROVISIONS FOR LIABILITIES (CONTINUED)**

(a) ***Provision for commitments***

This is in respect of anticipated losses arising from a corporate guarantee given to a financial institution for loan granted to a former subsidiary, FBO Leasing Sdn. Bhd. in year 2003. Bank Rakyat through the letter dated 23 June 2011, agreed RM28.5 million as the total settlement amount. The repayment of the outstanding amount will be through the sales proceeds from its subsidiary's development project.

On 11 December 2014, Bank Rakyat has approved the early settlement proposed by the Group for the above facilities with final settlement amount of RM24 million. As at 31 December 2014, the Group has made payment of RM20 million and hence the provision for commitments no longer required of RM1,919,422/- has been reversed and RM829,787/- of waiver of term loan interest has been recognised. The balance of provision for commitments as at 31 December 2014 of RM1,300,000 and term loan of RM2.7 million as disclosed in Note 27(c) has been fully paid off on 2 January 2015.

(b) ***Provision for furniture, fittings and equipment***

The provisions for furniture, fittings and equipment of a subsidiary are the funds used and expended for the following:-

(i) To pay the costs of renewals, revisions, replacements, substitutions, refurbishment and additions to the furnishings and equipment; and
(ii) Refurbishment and extraordinary repairs to the building.

(c) ***Provision for liquidated and ascertained damages***

This was in respect of anticipated loss arising from late deliveries of property development projects to the buyers.

32. **RELATED PARTIES**

(a) **Identification of related parties**

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with the Company or that has an interest in the Group and the Company that gives it significant influence over the Group's and the Company's financial operating policies. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence for which significant voting power in the Group and the Company resides with, directly or indirectly.

The nature of the relationship with the related parties are as follows:

Related Parties	Nature of Relationship
Eastern Biscuit Factory Sdn. Bhd. ("EBF")	Subsidiary company
FBO Land (Setapak) Sdn. Bhd. ("FBOLSTP")	Subsidiary company
FBO Properties Sdn. Bhd. ("FBOP")	Subsidiary company
Perfect Diamond Capital Sdn. Bhd. ("PDC")	Subsidiary company
EBF Land Sdn. Bhd. ("EBFL")	Subsidiary company
FBO Land (Serendah) Sdn. Bhd. ("FBOLSRD")	Subsidiary company
Rimaflex Sdn. Bhd. ("RMF")	Subsidiary company
Rimaflex Nominees (Tempatan) Sdn. Bhd. ("RMFNT")	Subsidiary company
Exquisite Properties Sdn. Bhd. ("EP")	Subsidiary company
P.A. Projects Sdn. Bhd. ("PAP")	Associate company

NOTES TO THE FINANCIAL STATEMENTS

32. **RELATED PARTIES (CONTINUED)**

(b) **Significant Related Party Transactions and Balances**

In the normal course of business, the Group and the Company undertake transactions with some of its related parties listed above. Set out below are the significant related party transactions for the financial year (In addition to the disclosure elsewhere in the financial statements).

	Company	
	2015	**2014**
	RM	**RM**
EBF		
- management fees receivable	437,149	435,598
- transfer of inventories	840,000	-
- transfer of property, plant and equipment	13,295,501	-
- transfer of prepaid land lease payment	4,824,499	-

(c) **Key Management Personnel Compensation**

	Group		**Company**	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Executive Directors				
Salaries and allowances	648,000	944,979	648,000	820,615
Other emoluments	104,760	135,668	104,760	98,484
Non-Executive Directors				
Fees	265,000	171,000	265,000	171,000
	1,017,760	1,251,647	1,017,760	1,090,099

The estimated monetary value of Directors' benefit-in-kind is RM47,200/- (2014: RM44,692/-).

Key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. There is no disclosure for the compensation to other key management personnel of the Company as the authority and responsibility for planning, directing and controlling the activities of the entity is performed by the directors.

33. **FAIR VALUE OF FINANCIAL INSTRUMENTS**

(a) **Categories of financial instruments**

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

(i) Loan and receivables (LR);
(ii) Available-for-sale financial assets (AFS); and
(iii) Other financial liabilities measured at amortised cost (OL).

NOTES TO THE FINANCIAL STATEMENTS

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

	LR RM	AFS RM	OL RM	Total RM
2015				
Group				
Financial Assets				
Other investments	-	477,288	-	477,288
Trade and other receivables (exclude prepayments)	7,558,864	-	-	7,558,864
Deposits placed with licensed banks	1,918,428	-	-	1,918,428
Cash and bank balances	1,706,581	-	-	1,706,581
Financial Liabilities				
Trade and other payables	-	-	19,222,538	19,222,538
Loans and borrowings	-	-	52,341,478	52,341,478
Company				
Financial Assets				
Other investments	-	477,288	-	477,288
Trade and other receivables (exclude prepayments)	11,495	-	-	11,495
Cash and bank balances	36,484	-	-	36,484
Financial Liabilities				
Trade and other payables	-	-	76,329	76,329
Amount owing to subsidiaries	-	-	20,948,540	20,948,540
Loans and borrowings	-	-	136,899	136,899
2014				
Group				
Financial Assets				
Other investments	-	435,105	-	435,105
Trade and other receivables (exclude prepayments)	22,342,222	-	-	22,342,222
Deposits placed with licensed banks	1,093,582	-	-	1,093,582
Cash and bank balances	3,166,255	-	-	3,166,255
Financial Liabilities				
Trade and other payables	-	-	75,503,177	75,503,177
Term loan instruments	-	-	786,482	786,482
Loans and borrowings	-	-	35,516,791	35,516,791
Company				
Financial Assets				
Other investments	-	435,105	-	435,105
Trade and other receivables (exclude prepayments)	30,955	-	-	30,955
Amount owing by subsidiaries	38,010,327	-	-	38,010,327
Cash and bank balances	23,751	-	-	23,751
Financial Liabilities				
Trade and other payables	-	-	60,890	60,890
Amount owing to subsidiaries	-	-	20,065,163	20,065,163
Loans and borrowings	-	-	53,730	53,730

NOTES TO THE FINANCIAL STATEMENTS

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair Value Information

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

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

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

	Carrying amount	Fair value of financial instruments not carried at fair value			
		Fair value			
	Total	Level 1	Level 2	Level 3	Total
Group	RM	RM	RM	RM	RM
2015					
Financial assets					
Other investments	477,288	2,639,247	-	-	2,639,247
Financial liabilities					
Business financing - i	25,346,296	-	-	23,501,433	23,501,433
Hire purchase payables	136,899	-	-	122,253	122,253
2014					
Financial assets					
Other investments	435,105	2,639,247	-	-	2,639,247
Financial liabilities					
Business financing - i	21,933,006	-	-	20,336,584	20,336,584
Hire purchase payables	53,730	-	-	52,842	52,842
Company					
2015					
Financial assets					
Other investments	477,288	2,639,247	-	-	2,639,247
Financial liabilities					
Hire purchase payables	136,899	-	-	122,253	122,253
Company					
2014					
Financial assets					
Other investments	435,105	2,639,247	-	-	2,639,247
Financial liabilities					
Hire purchase payables	53,730	-	-	52,842	52,842

There were no unrecognised financial instruments as at 31 December 2015 that we are required to be disclosed.

NOTES TO THE FINANCIAL STATEMENTS

34. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk, interest rate risk, foreign currency risk, and market price risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

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

(a) **Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter party default on its obligation. The Group's and the Company's exposure to credit risk arises primarily from trade receivables. It is the Group's policy to monitor the financial standing of these receivables on an on-going basis to ensure that the Group is exposed to minimal credit risk.

Trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of these receivables on an on-going basis to ensure that the Group is exposed to minimal credit risk.

Exposure to credit risk

The Group is exposed to credit risk mainly from financing receivables and trade receivables. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history. The Group also ensures a large number of customers so as to limit high credit concentration in a customer or customers from a particular market.

The Group's exposure to credit risk in relation to its financing receivables and trade receivables, should all its customers fail to perform their obligations as of 31 December 2015, is the carrying amount of these receivables as disclosed in the statements of financial position.

Financial assets

Deposits placed with licensed bank and investment securities are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Trade and other receivables that are either past due or impaired

Information regarding trade and other receivables that are past due or impaired is disclosed in Note 21.

Financial guarantees

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

The maximum exposure to credit risk amounts to RM52,204,579/- (2014: RM35,463,061/-) representing the outstanding banking facilities of the 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.

(b) **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 maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

34. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

(b) **Liquidity risk (Continued)**

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Within 1 Year RM	1 - 5 Years RM	> 5 Years RM	Total RM
2015				
Group				
Financial Liabilities				
Trade and other payables	19,222,538	-	-	19,222,538
Business cash line - i	24,855,369	-	-	24,855,369
Hire purchase payables	36,840	113,562	-	150,402
Business financing - i	4,079,862	14,964,983	20,465,196	39,510,041
Company				
Trade and other payables	76,329	-	-	76,329
Amount owing to a subsidiaries	20,948,540	-	-	20,948,540
Hire purchase payable	36,840	113,562	-	150,402
Financial guarantee	28,935,231	14,964,983	20,465,196	64,365,410

	Within 1 Year RM	1 - 5 Years RM	> 5 Years RM	Total RM
2014				
Group				
Trade and other payables	75,503,177	-	-	75,503,177
Business cash line - i	11,091,145	-	-	11,091,145
Hire purchase payables	54,976	-	-	54,976
Business financing - i	4,239,969	11,497,120	23,105,445	38,842,534
Term loans instrument	786,482	-	-	786,482
Company				
Trade and other payables	60,890	-	-	60,890
Amount owing to a subsidiary	65,163	-	-	65,163
Hire purchase payable	54,976	-	-	54,976
Financial guarantee	15,331,114	11,497,120	23,105,445	49,933,679

(c) **Interest rate risk**

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

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and is managed through the use of fixed and floating rate debts. The Group does not use derivative financial instruments to hedge its risk.

NOTES TO THE FINANCIAL STATEMENTS

34. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

(c) **Interest rate risk (Continued)**

The Group and the Company manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an on-going basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweigh the potential risk of interest rate fluctuation.

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Floating rate instruments				
Financial Liabilities				
Business cash line-i	24,855,369	11,091,145	-	-
Business financing-i	27,349,210	24,371,916	-	-
Term loan instruments	-	786,482	-	-
Fixed rate instruments				
Financial Asset				
Deposits placed with licensed banks	1,918,428	1,093,582	-	-
Financial Liabilities				
Hire purchase payables	136,899	53,730	136,899	53,730

Sensitivity analysis for interest rate risk

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

The Group and the Company do not account for any fixed rate financial assets at fair value through profit or loss and equity. Therefore a change in interest rates at the reporting date would not affect profit or loss and equity.

(ii) *Fair value sensitivity analysis for floating rate instruments*

A change of 1% in interest rates at the end of reporting period would have increased/(decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables remain unchanged.

	Profit before tax			
	Increase 1%		Decrease 1%	
	2015 RM	2014 RM	2015 RM	2014 RM
Group				
Floating rate instruments				
Financial Liabilities	(523,415)	(362,495)	523,415	362,495

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments outside Malaysia are listed on ASX in Australia. These instruments are classified as available-for-sale financial assets. The Group does not have exposure to commodity price risk.

(e) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the other investments.

35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group manages its capital structure by monitoring the capital and net debt on an on-going basis. To maintain the capital structure, the group may adjust the dividend payment to shareholders.

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

	Group	
	2015 **RM**	**2014** **RM**
Total borrowings	52,341,478	36,303,273
Less : Cash and cash equivalents	(3,625,009)	(4,259,837)
Net debt	48,716,469	32,043,436
Total equity	196,095,803	187,331,659
Debt-to-equity ratio	0.25	0.17

The Group is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

36. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Debts restructuring agreement

In 2013, the Company had made an announcement on the Debt Restructuring Agreement entered into between Eastern Biscuit Factory Sdn. Bhd. ("EBF"), Fazwin Construction Sdn. Bhd. ("Fazwin"), FBO Land (Setapak) Sdn. Bhd. ("FBOL") and a former subsidiary, Explicit Vantage Sdn. Bhd. ("EVSB").

The Parties agreed to the following:-

(i) with the consent of Fazwin, EBF assigns absolutely Fazwin's Debt to EVSB amounting to RM9,360,000/-, and EVSB accepts such assignment;

NOTES TO THE FINANCIAL STATEMENTS

36. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR (CONTINUED)

Debts restructuring agreement (continued)

(ii) Fazwin shall repay to EVSB within 24 months from the date of the agreement;

(iii) EBF shall transfer a piece of land in Kota Bharu, Kelantan which is valued at RM18,120,000/- and 3 parcels of condominium ("Condos") valued at RM840,000/- in Kota Bharu, Kelantan to EVSB and shall sign and execute all necessary and relevant documents for the Transfer of Properties and to execute a valid and irrevocably Deed of Power of Attorney in favour of EVSB for the said land and Condos; and

(iv) In consideration of item (i) and (iii), EVSB irrevocably waives and forgives entirely and absolutely FBOL's debt amount of RM58,773,771/-.

On 18 March 2015, the Company has received formal confirmation from the lawyer that the documents for the discharge of properties have been submitted to the Pejabat Pengarah Tanah Dan Galian Kelantan and the discharge process is deemed completed upon lodgment.

37. CORPORATE GUARANTEE

	Company	
	2015 RM	2014 RM
Corporate guarantees given by the Company to secure for credit facilities granted to a subsidiary	27,349,210	25,158,395

38. MATERIAL LITIGATION

FBO Land (Setapak) Sdn. Bhd. ("FBOL") vs Tow Kong Liang & 14 others

FBOL, a wholly owned subsidiary of the Company had on 3 March 2006 filed a suit against the previous management and nine other parties ("the defendants") for the return of 9 units of shoplots belonging to FBOL. On 30 April 2012, the High Court ruled in favour of FBOL allowing its claim with costs. The defendants had filed an appeal to the Court of Appeal against the High Court ruling. On 1 April 2015, the Court of Appeal held hearing and heard submissions from FBOL and the defendants. On 15 May 2015, The Court of Appeal allowed the defendants' appeal. FBOL have filed for Motion for Leave from the Federal Court to appeal against the Court of Appeal's decision. The Federal Court has fixed for case management on 24 May 2016 pending the release of Grounds of Judgment from the Court of Appeal. In addition to the above suit for the return of 9 units of shoplots, FBOL had also filed for Assessment of Damages to claim from the defendants for the recovery of rental income generated from the 9 units of shoplots from the time the shoplots were transferred from FBOL.

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

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the accumulated losses of the Group and the Company as at 31 December 2015 are as follows:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total accumulated losses of the Company and its subsidiaries:				
- Realised	39,509,614	59,070,684	(49,461,576)	(17,377,630)
- Unrealised	38,496,431	38,606,543	(1,300,408)	(1,300,408)
	78,006,045	97,677,227	(50,761,984)	(18,678,038)
Total share of accumulated losses from an associate:				
- Realised	(400,000)	(400,000)	-	-
	77,606,045	97,277,227	(50,761,984)	(18,678,038)
Less : Consolidation adjustments	(115,442,062)	(143,877,388)	-	-
Total group accumulated losses as per statements of financial position	(37,836,017)	(46,600,161)	(50,761,984)	(18,678,038)

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

The disclosure of realised and unrealised profits or losses is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

PROPERTIES OWNED BY THE COMPANY AND ITS SUBSIDIARIES

Registered Beneficial Owner	Description and existing use	Location	Tenure	Land Area/ Floor Area	Age of Building (Year)	Net Book Value RM	Date of Acquisition/ Revaluation
FBO Land (Setapak) Sdn Bhd	Office	No. 24, Jalan 8/23E Taman Danau Kota Setapak 53300 Kuala Lumpur	Leasehold (Expiring on 2085)	1,650 square feet	18	771,712	09/01/2008
Exquisite Properties Sdn Bhd	Property development land	Lot 56908 Mukim Pulai Johor	Leasehold (Expiring on 20 Oct 2096)	6,540 square metres	N/A	2,000,000	26/4/2011
Eastern Biscuit Factory Sdn Bhd	2-Level Basement Carpark, 7-Storey Podium Shopping Centre and an 11-storey International Class 5-Star Hotel	Kota Sri Mutiara Jalan Sultan Yahya Petra 15150 Kota Bharu, Kelantan	Freehold	8,058 square metres	18	206,139,987	27/04/2009
Eastern Biscuit Factory Sdn Bhd	Completed condominium 12 units Completed shop lots 20 units	Kota Sri Mutiara Jalan Sultan Yahya Petra 15150 Kota Bharu, Kelantan	Freehold	23,071 square feet	18	4,145,892	27/04/2009
Eastern Biscuit Factory Sdn Bhd	Property development land	Lot No. 82 GN No. 8158 Seksyen 21 Bandar Kota Bharu Jajahan Kota Bharu, Kelantan	Freehold	1,606 square metres	N/A	1,300,000	20/08/2009
Eastern Biscuit Factory Sdn Bhd	Property development land	Mukim Kuala Lemal Jajahan Pasir Mas Kelantan	Leasehold (Expiring on 22 July 2074)	31.72 acres	N/A	3,822,902	27/04/2009

ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2016

Authorised Share Capital	:	RM1,000,000,000
Issued and Paid-up Capital	:	RM122,833,988
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	One vote per ordinary share
No. of Shareholders	:	15,483

DISTRIBUTION OF SHAREHOLDINGS AS AT 31 MARCH 2016

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Issued Share Capital
1 to 99 shares	7,775	50.22%	325,405	0.13%
100 to 1,000 shares	4,575	29.55%	1,392,724	0.57%
1,001 to 10,000 shares	2,052	13.25%	9,155,644	3.73%
10,001 to 100,000 shares	913	5.90%	29,754,472	12.11%
100,001 to 12,283,397 shares	166	1.07%	173,873,800	70.78%
12,283,398 and above	2	0.01%	31,165,930	12.69%
TOTAL	**15,483**	**100%**	**245,667,975**	**100%**

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2016 (as per Register of Directors' Holdings)

Name of Directors	No. of Shares (Direct)	%	No. of Shares (Indirect)	%
Melvinyeo Kiandee	8,397,500	3.42	–	–
Tan Chin Hong	–	–	18,953,928*	7.72
Mau Kam Wai	–	–	–	–
Dato' Sri Abdul Hamidy Bin Abdul Hafiz	–	–	–	–
Datuk Yunus @ Mohd Yunus Bin Awang Hashim	–	–	–	–
Mohamed Akwal Bin Sultan Mohamad	–	–	–	–
Petrus Gimbad	–	–	–	–

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2016 (as per Register of Substantial Security Holders)

Name of Substantial Shareholders	No. of Shares (Direct)	%	No. of Shares (Indirect)	%
Sydney Lim Tau Chin	–	–	17,966,430#	7.31
Tan Kok Aun	1,763,200	0.72	17,966,430#	7.31
Maylex Ventures Sdn. Bhd.	17,966,430	7.31	–	–
Prestige Pavilion Sdn. Bhd.	18,290,000	7.45	–	–
Tan Chin Hong	–	–	18,869,928*	7.72
Tan Chin Hao	84,000	0.03	18,869,928^	7.68

Indirect interest by virtue of his directorship and shareholding in Maylex Ventures Sdn. Bhd..
* Indirect interest by virtue of his directorship and shareholding in Prestige Pavilion Sdn. Bhd. and Danhwa Holding Sdn. Bhd. and deemed interest by virtue of shares held by his sister, Adeline Tan Wan Chen and his brother, Tan Chin Hao.
^ Indirect interest by virtue of his directorship and shareholding in Prestige Pavilion Sdn. Bhd. and Danhwa Holding Sdn. Bhd. and deemed interest by virtue of shares held by his sister, Adeline Tan Wan Chen.

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2016

THIRTY LARGEST SHAREHOLDERS

No.	Name	Shareholdings No. of Shares	Percentage (%)
1	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB BANK FOR PRESTIGE PAVILION SDN. BHD. (MY1661)	18,290,000	7.45
2	**RHB NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR MAYLEX VENTURES SDN. BHD.	12,875,930	5.24
3	**NG VUI KEE @ VICKY NG**	10,766,900	4.38
4	**KULIM (MALAYSIA) BERHAD**	9,713,200	3.95
5	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB FOR CHU SHENG TAUR (PB)	9,119,533	3.71
6	**MAYBANK NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR RICKOH CORPORATION SDN BHD	9,000,000	3.66
7	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB FOR CHU JAN TOW	8,734,813	3.56
8	**MELVINYEO KIANDEE**	8,397,500	3.42
9	**CHONG OI LING**	8,178,000	3.33
10	**CHEW KENG SIEW**	6,680,000	2.72
11	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR CHIN KIM FEN	6,670,700	2.72
12	**ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR GOLDMATRIX RESOURCES SDN. BHD. (MU004)	6,006,200	2.44
13	**MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR MARY TAN @ TAN HUI NGOH (STF)	5,700,000	2.32
14	**MAYBANK NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR THONG MENG CHIL	5,528,800	2.25
15	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR MAYLEX VENTURES SDN. BHD	5,090,500	2.07
16	**POH SHIOW WOAN**	5,078,521	2.07
17	**TEY CHEE THONG**	4,816,000	1.96
18	**LEONG WEE MING**	4,661,700	1.90
19	**CONNIE LEE FEN LING**	4,564,200	1.86
20	**LING HUNG TAH**	2,588,600	1.05
21	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB BANK FOR HII JOON TECK (MQ0439)	2,571,100	1.05
22	**WAQAF AN-NUR CORPORATION BERHAD**	2,250,000	0.92
23	**LIM HONG SANG**	2,161,400	0.88
24	**UNIVERSAL TRUSTEE (MALAYSIA) BERHAD**	1,918,032	0.78
25	**WONG YAPP FAH @ CECELLIA WONG**	1,886,700	0.77

ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2016

No.	Name	Shareholdings	
		No. of Shares	Percentage (%)
26	**WONG LUN LEONG @ HELEN**	1,778,300	0.72
27	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR TAN KOK AUN	1,463,200	0.60
28	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR FINE TASTE LOCAL PRODUCTS INDUSTRIES SDN BHD	1,333,100	0.54
29	**RHB NOMINEES (TEMPATAN) SDN BHD** SOO WING CHING	1,230,800	0.50
30	**MAYBANK NOMINEES (TEMPATAN) SDN BHD** LEE CHIANG SHING	1,118,000	0.46
	Total	**170,171,729**	**69.27**

EASTLAND EQUITY BHD. (515965-A)

Incorporated in Malaysia

PROXY FORM

No. of Shares Held	
CDS Account No.	

I/We ____(name of shareholder as per NRIC, in capital letters)

IC No./ID No./Company No. ________________________ (new)________________________ (old)

of ____(full address)

being a member of EASTLAND EQUITY BHD., hereby appoint ____________________________________

(name of proxy as per NRIC, in capital letters) NRIC No. ____________________(new)____________________(old)

of ____ (full address)

or failing him/her ____________________________________ (name of proxy as per NRIC, in capital letters)

NRIC No. ________________________ (new)________________________ (old) of ____________

____ (full address) or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Sixteenth Annual General Meeting of the Company, to be held at Merbok Room, Level 6, Renaissance Kota Bharu Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan on Monday, 23 May 2016 at 8.30 a.m. and at any adjournment thereof.

NO.	AGENDA	FOR	AGAINST
1.	To re-elect Mr Melvinyeo Kiandee as Director		
2.	To re-elect Dato' Sri Abdul Hamidy Bin Abdul Hafiz as Director		
3.	To re-elect Encik Mohamed Akwal Bin Sultan Mohamad as Director		
4.	To approve the payment of Directors' fees for the financial year ending 31 December 2016		
5.	To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration		
6.	To authorise the Directors to allot and issue shares		
	Special Resolution		
1.	Proposed Amendments to the Articles of Association.		

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.]

____

Signature of Shareholder or Common Seal

Dated this __________ day of __________ 2016

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:	
	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

Notes:-

1. A member entitled to attend, speak and vote and vote at the general meeting is entitled to appoint more than one (1) proxy to attend, speak and vote in his/her stead. Where a member appoints two (2) or more proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
2. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each account it holds.
3. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
4. The instrument appointing a proxy must be under the hand of the appointer or his/her attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Registrars' Office at Boardroom Corporate Services (KL) Sdn. Bhd., Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the Sixteenth Annual General Meeting or at any adjournment thereof.
6. In respect of deposited securities, only members whose names appear in the Company's Record of Depositors as at 13 May 2016 shall be eligible to attend, speak and vote at this meeting or appoint proxy (ies) to attend and vote on his/her behalf.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms pursuant to Personal Date Protection Act, 2010.

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The Share Registrars

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

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