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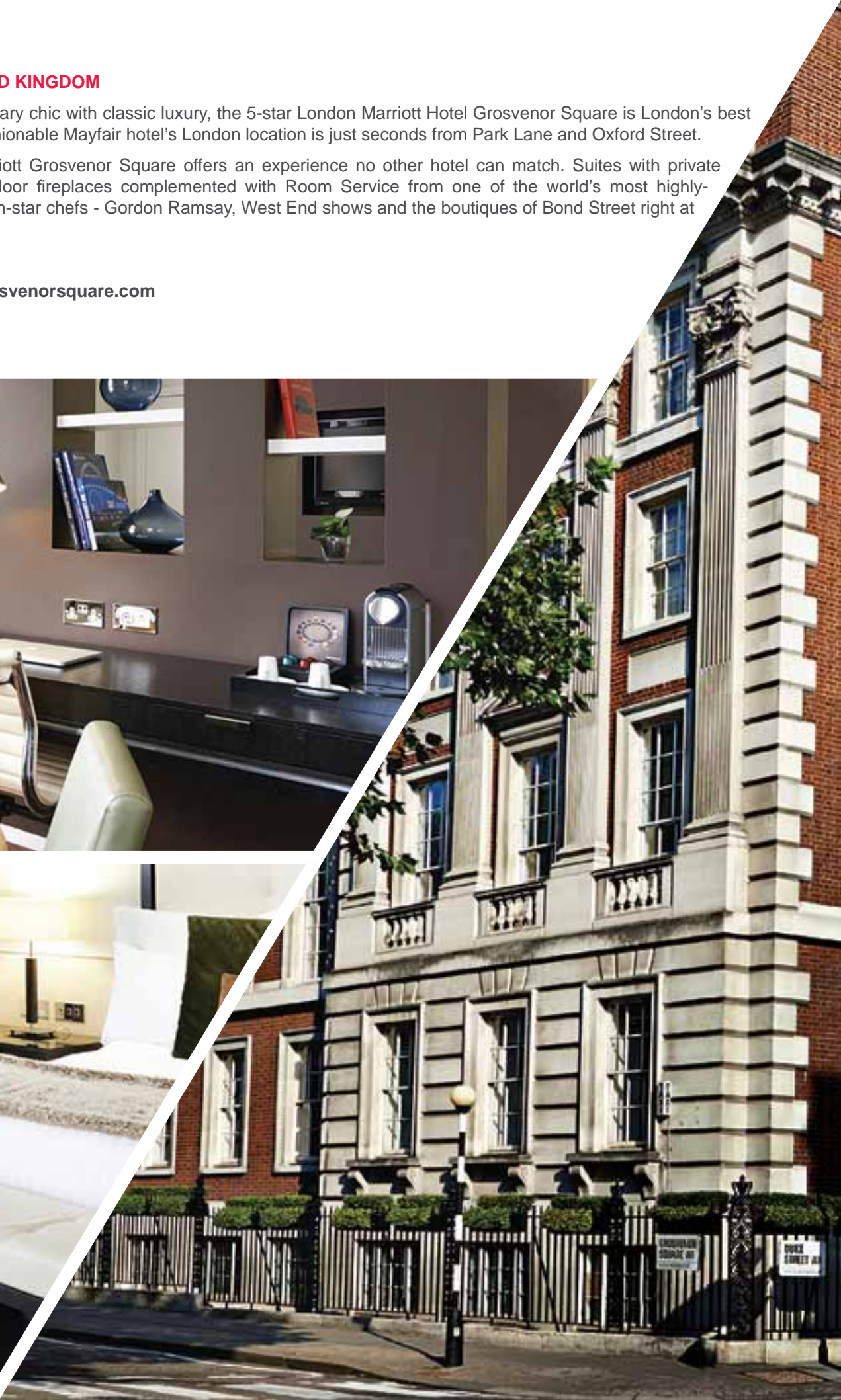


## LONDON, UNITED KINGDOM

Fusing contemporary chic with classic luxury, the 5-star London Marriott Hotel Grosvenor Square is London's best address. This fashionable Mayfair hotel's London location is just seconds from Park Lane and Oxford Street.

The London Marriott Grosvenor Square offers an experience no other hotel can match. Suites with private gardens and outdoor fireplaces complemented with Room Service from one of the world's most highly-decorated Michelin-star chefs - Gordon Ramsay, West End shows and the boutiques of Bond Street right at your doorstep.

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





# LONDON MARRIOTT HOTEL GROSVENOR SQUARE

# CORPORATE PROFILE

## ABOUT MULPHA INTERNATIONAL BHD

Mulpha International Bhd (“Mulpha”) invests in the infrastructure, hospitality and real estate sectors. The Group is committed to long-term value creation with its focus on high-end property development and investment, retirement, healthcare, infrastructure and civil construction. It invests in some of the fastest-growing and most vibrant economies in the region, including Malaysia, Indonesia, Philippines, India, Australia and the United Kingdom.


In Malaysia, Mulpha holds strategic stakes in Mudajaya Group Berhad and Thriven Global Berhad (formerly known as Mulpha Land Berhad), and is the developer of the award winning 1,765-acre Leisure Farm in Iskandar Malaysia.

It is Malaysia’s largest real estate investor and developer in Australia. Assets in Australia include the world renowned, resort-styled Sanctuary Cove, the Norwest Business Park Sydney, as well as the ultra-luxury private island One&Only Hayman Great Barrier Reef. Mulpha holds a strategic stake in the Aveo Group, Australia’s largest owner, operator and manager of retirement communities.

In the United Kingdom, Mulpha has a strategic investment in the London Marriott Grosvenor Square, a landmark hotel in the heart of London’s famous West End.

Listed on the Main Market of Bursa Malaysia Securities Berhad, Mulpha has total assets in excess of RM5.13 billion and shareholders’ funds in excess of RM2.56 billion.

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



One&Only Estates Hayman island, the finest residences set amidst one of the seven natural wonders of the world.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Non-Independent Executive Chairman**  
Lee Seng Huang

**Non-Independent Executive Director**  
Law Chin Wat

**Independent Non-Executive Directors**  
Kong Wah Sang  
Chew Hoy Ping  
Dato' Lim Say Chong  
Dato' Yusli Bin Mohamed Yusoff  
Loong Caesar

**Non-Independent Non-Executive Director**  
Chung Tze Hien

## AUDIT COMMITTEE

Chew Hoy Ping (Chairman)  
Kong Wah Sang  
Dato' Lim Say Chong

## NOMINATION COMMITTEE

Kong Wah Sang (Chairman)  
Chew Hoy Ping  
Loong Caesar

## REMUNERATION COMMITTEE

Dato' Yusli Bin Mohamed Yusoff (Chairman)  
Kong Wah Sang  
Chung Tze Hien

## RISK MANAGEMENT COMMITTEE

Law Chin Wat (Chairman)  
Lee Eng Leong  
Winson Chow  
David Choa Der Huey

## COMPANY SECRETARIES

Lee Eng Leong (MIA 7313)  
Lee Suan Choo (MAICSA 7017562)

## REGISTERED OFFICE

PH2, Menara Mudajaya  
No. 12A, Jalan PJU 7/3  
Mutiara Damansara, 47810 Petaling Jaya  
Selangor Darul Ehsan, Malaysia  
Tel No : (603) 7718 6288  
Fax No : (603) 7718 6363

## SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd (378993-D)  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan, Malaysia  
Tel No : (603) 7849 0777  
Fax No : (603) 7841 8151/52

## AUDITORS

KPMG  
Chartered Accountants

## PRINCIPAL BANKERS

AmBank (M) Berhad  
CIMB Bank Berhad  
Deutsche Bank AG  
OCBC Banking Group  
United Overseas Bank (Malaysia) Bhd  
UBS AG  
Westpac Banking Corporation

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad  
Stock Name : MULPHA  
Stock Code : 3905

## WEBSITE ADDRESS

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

## INVESTOR RELATIONS

Email : [irmulpha@mulpha.com.my](mailto:irmulpha@mulpha.com.my)  
Tel No : (603) 7718 6368 /  
(603) 7718 6266

# AWARDS & ACHIEVEMENTS 2015

## BIMBADGEN ESTATE HUNTER VALLEY

### Royal QLD Wine Show

GOLD – 2014 Signature “Palmers Lane” Semillon

SILVER – 2014 Estate Semillon  
– 2014 Estate Chardonnay

### Spiegla International Wine Show

GOLD – 2014 Signature “Palmers Lane” Semillon

### NSW Wine Awards

GOLD – 2014 Signature “McDonalds Road” Shiraz

### Hunter Valley Wine Show

GOLD – 2014 Signature Hunter Valley Shiraz  
– 2014 Signature “McDonalds Road” Shiraz  
– 2013 Signature Chardonnay

### Hunter Valley Boutique Wine Show

GOLD – 2014 Signature Hunter Valley Shiraz  
– 2014 Estate Semillon  
– 2014 Estate Chardonnay

SILVER – 2014 Signature “McDonalds Road” Shiraz



## INTERCONTINENTAL SYDNEY

### 2015 World Travel Awards

Australia's Leading Hotel

### 2015 World Travel Awards

Australasia's Leading Business Hotel

### 2015 World Travel Awards

Australasia's Leading Executive Club Lounge

### 2015 Condé Nast Traveller USA Readers' Choice Awards

Top 15 hotels in Australia & New Zealand

### 2015 Travel+Leisure

World's Best Hotels, Australia, New Zealand, & the South Pacific

### 2015 TAA Awards for Excellence, NSW

Workplace, Health & Safety Hotel of the Year

### 2015 TAA Awards for Excellence, NSW

David Patt; Concierge of the Year Hall Of Fame

### 2015 Indopac Best Business Hotels in Asia

Best Business Hotel in Australia Nominee

## LEISURE FARM ISKANDAR MALAYSIA

### The Edge Property Excellence Awards 2015

Most Notable Property Development Award

### The Edge Malaysia

Notable Property Achievement Award 2015

## ONE&ONLY HAYMAN ISLAND

### HM Awards for Accommodation Excellence

#16 in the Top 25 Resorts in Australia & South Pacific

### Gourmet Traveller Awards

One of Australia's Leading Lodges and Resorts

### Gourmet Traveller Awards

One of the Most Luxurious Spas

### Connoisseur Circle Hospitality Awards (Germany)

Best Hospitality Newcomer

### Luxury Travel Gold List Awards 2015 (Australia)

Best New or Relunched Property

### Luxury Travel Gold List Awards 2015 (Australia)

Best Australian Family Property

### Condé Nast Traveller (Russia)

Hot List 2015 '40 Best New Resorts' in the 'Best Beach Resorts' category

### Luxury Travel Magazine's Gold List Award

Best Australian Family Property and Best New or Relunched Property

### Travel + Leisure It List 2015

10<sup>th</sup> Annual Editors' Choice Awards for the Best New Hotels

# FINANCIAL CALENDAR

## ANNOUNCEMENT OF QUARTERLY RESULTS

### 29 MAY 2015

Announcement of the unaudited consolidated results for the 1<sup>st</sup> quarter ended 31 March 2015

### 27 AUGUST 2015

Announcement of the unaudited consolidated results for the 2<sup>nd</sup> quarter ended 30 June 2015

### 26 NOVEMBER 2015

Announcement of the unaudited consolidated results for the 3<sup>rd</sup> quarter ended 30 September 2015

### 25 FEBRUARY 2016

Announcement of the unaudited consolidated results for the 4<sup>th</sup> quarter and financial year ended 31 December 2015

## ANNUAL REPORT & ANNUAL GENERAL MEETING

### 29 APRIL 2016

Notice of 42<sup>nd</sup> Annual General Meeting and issuance of Annual Report 2015

### 9 JUNE 2016

42<sup>nd</sup> Annual General Meeting



The stunning view from the One&Only Hayman Island Resort.

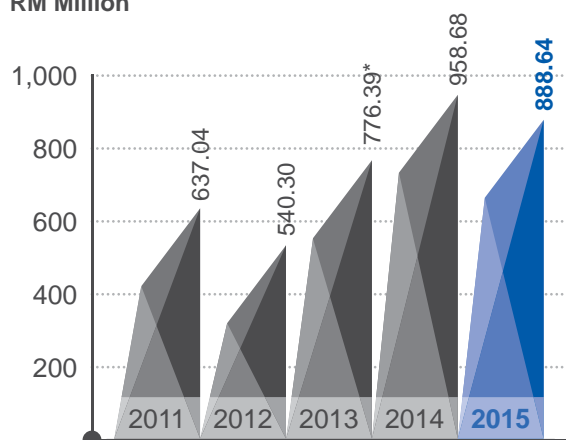
# GROUP'S 5-YEAR FINANCIAL HIGHLIGHTS

	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000
<b>ASSETS</b>					
Non-Current Assets	3,600,923	3,205,704	2,788,996	2,922,191	3,409,079
Current Assets	1,531,580	1,490,370	1,469,086	1,130,003	1,171,933
<b>Total Assets</b>	<b>5,132,503</b>	4,696,074	4,258,082	4,052,194	4,581,012
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share Capital	1,177,957	1,177,957	1,177,957	1,177,957	1,177,957
Reserves	1,391,033	1,181,256	1,107,454	1,309,329	1,826,939
Equity attributable to Owners of the Company	2,568,990	2,359,213	2,285,411	2,487,286	3,004,896
Non-Controlling Interests	—	44,346	52,130	34,926	98,957
<b>Total Equity</b>	<b>2,568,990</b>	2,403,559	2,337,541	2,522,212	3,103,853
<b>Liabilities</b>					
Non-Current Liabilities	947,997	810,318	832,135	843,056	304,429
Current Liabilities	1,615,516	1,482,197	1,088,406	686,926	1,172,730
<b>Total Liabilities</b>	<b>2,563,513</b>	2,292,515	1,920,541	1,529,982	1,477,159
<b>Total Equity and Liabilities</b>	<b>5,132,503</b>	4,696,074	4,258,082	4,052,194	4,581,012
<b>GROUP RESULTS</b>					
Profit/(Loss) before Taxation	160,713	141,463	(43,451)	(461,987)	179,255
Taxation	2,569	(16,904)	15,692	(11,868)	(3,074)
Profit/(Loss) after Taxation	163,282	124,559	(27,759)	(473,855)	176,181
Non-Controlling Interests	1,841	(411)	(4,497)	(1,108)	2,745
Net Profit/(Loss) attributable to Owners of the Company	165,123	124,148	(32,256)	(474,963)	178,926
<b>SELECTED RATIOS</b>					
Earnings/(Loss) Per Share (Sen)	7.74	5.82	(1.49)	(20.84)	7.67
Net Assets Per Share (RM)	1.20	1.11	1.07	1.13	1.30

## GROUP'S 5-YEAR FINANCIAL HIGHLIGHTS (cont'd)

### REVENUE

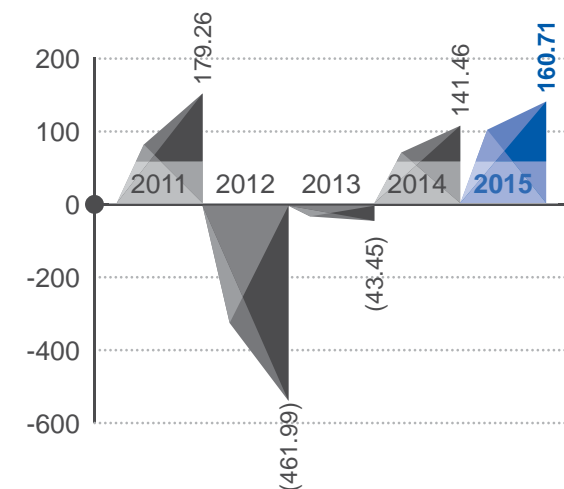
RM Million



\* Restated due to discontinued operations.

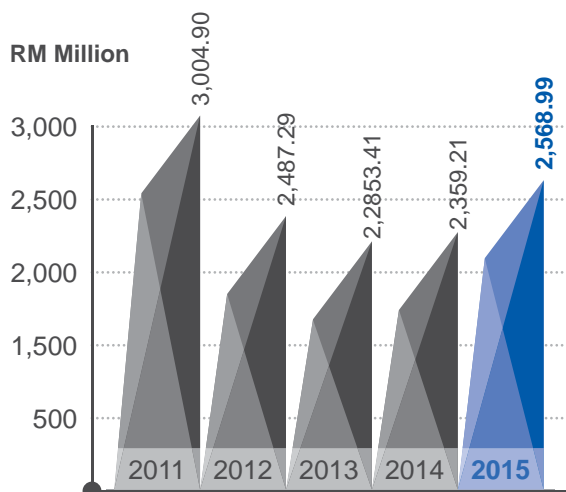
### PROFIT/(LOSS) BEFORE TAX

RM Million



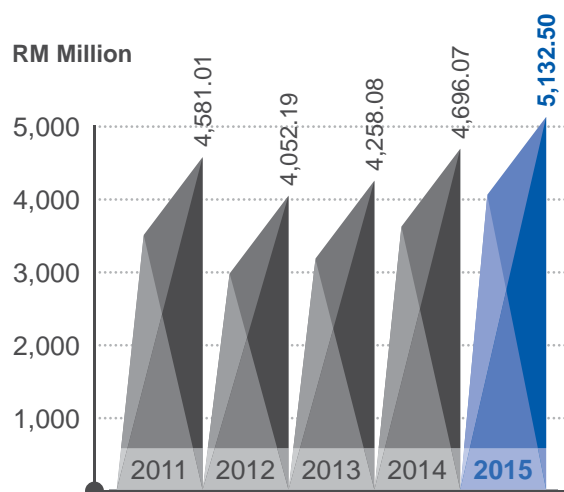
### SHAREHOLDERS' FUNDS

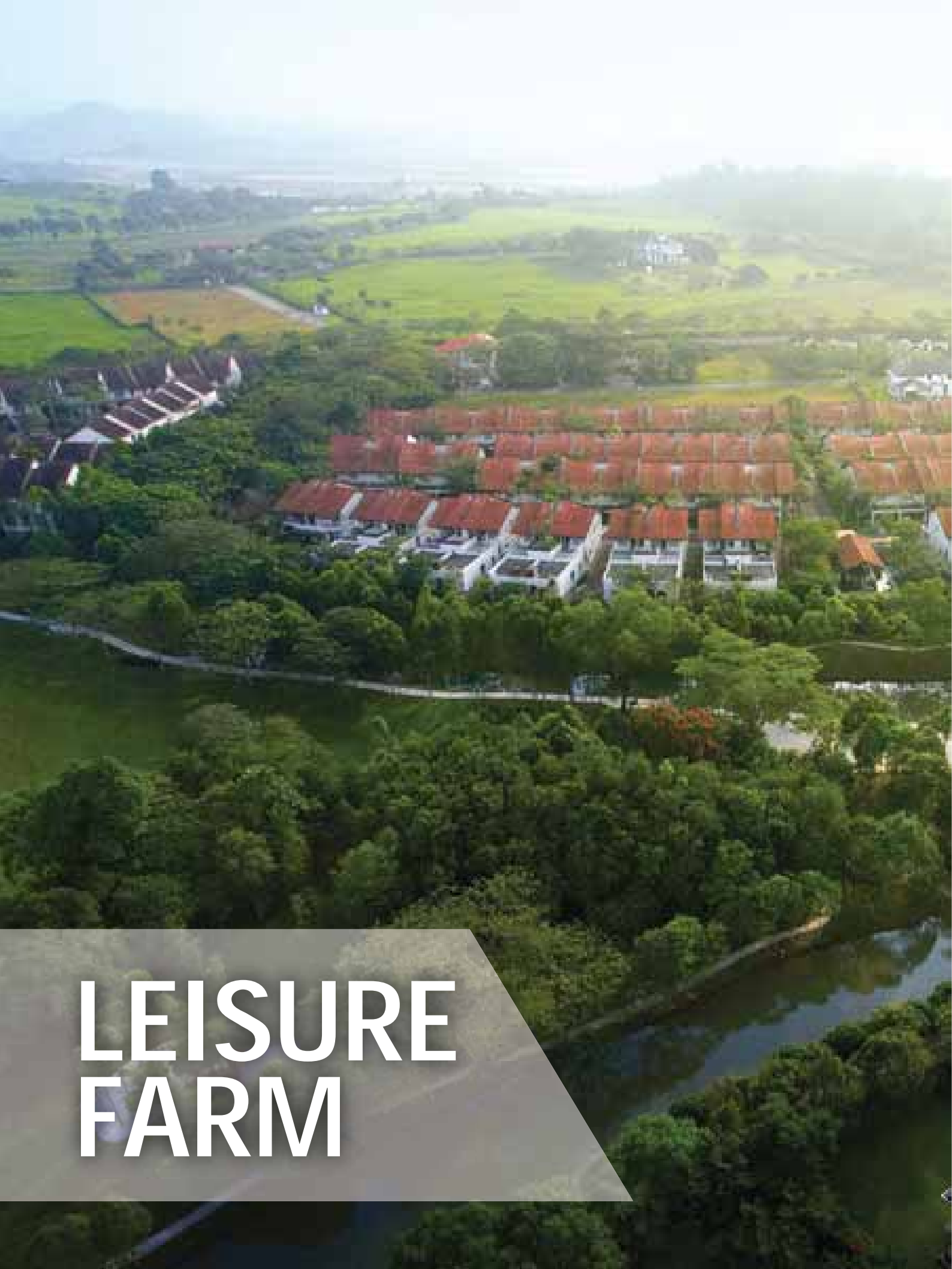
RM Million



### TOTAL ASSETS

RM Million





# LEISURE FARM

## ISKANDAR, MALAYSIA

Mulpha's Leisure Farm is an award-winning gated community in Iskandar Malaysia in Johor, the largest integrated urban development in South-East Asia. Covering 1,765 acres of prime, freehold land, this master-planned resort township was the recipient of the FIABCI PRIX D'Excellence Best Master Plan Development in 2006 and The Most Notable Development Award in The Edge Property Excellence Awards 2015.

Leisure Farm offers a wide range of well-designed estates and residences with world-class amenities. Homes are set amidst expansive, undulating terrain surrounded by mature landscaped open spaces that lend themselves to the many outdoor pursuits, with easy access to the resort's extensive community facilities.

The first double-gated and guarded residential development in Iskandar Malaysia, Leisure Farm offers its international community of residents and visitors a safe, secure environment that at the same time promotes a healthy and natural lifestyle.

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



# PROFILE OF BOARD OF DIRECTORS



## 1. LEE SENG HUANG

Non-Independent Executive Chairman  
Malaysian

## 3. KONG WAH SANG

Independent Non-Executive Director  
Malaysian

## 2. LAW CHIN WAT

Non-Independent Executive Director  
Malaysian

## 4. CHEW HOY PING

Independent Non-Executive Director  
Malaysian

## PROFILE OF BOARD OF DIRECTORS (cont'd)



### 5. DATO' LIM SAY CHONG

Independent Non-Executive Director  
Malaysian

### 7. LOONG CAESAR

Independent Non-Executive Director  
Malaysian

### 6. DATO' YUSLI BIN MOHAMED YUSOFF

Independent Non-Executive Director  
Malaysian

### 8. CHUNG TZE HIEN

Non-Independent Non-Executive Director  
Malaysian

## PROFILE OF BOARD OF DIRECTORS (cont'd)

### LEE SENG HUANG

**Non-Independent Executive Chairman**  
**Malaysian**

Mr Lee, aged 41, was educated at the University of Sydney in Australia and has wide ranging financial services and real estate investment experience in the Asian region.

Mr Lee is currently the Non-Executive Chairman of Aveo Group, a leading retirement group listed on the Australian Securities Exchange. He is also the Non-Executive Director of Mudajaya Group Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad.

Mr Lee was appointed to the Board as Executive Chairman on 15 December 2003.

Mr Lee has no directorships in other public companies in Malaysia apart from Mudajaya Group Berhad.

### LAW CHIN WAT

**Non-Independent Executive Director**  
**Malaysian**

Mr Law, aged 64, graduated with a Master of Business Administration (MBA) Degree from University of East Asia, Macau in 1986. He has previously held directorships and has been involved in many local and overseas companies, dealing in varied businesses including property development and construction, timber, portfolio investments and trading. Prior to this, he has held senior financial management positions in public listed companies after having worked and gained broad experience in finance, auditing and taxation in a major international accounting firm for several years. Currently, he is also a Director of 2 public companies in Singapore and Hong Kong.

Mr Law was appointed to the Board as Executive Director on 11 September 2000 and he also serves as Chairman of the Risk Management Committee.

Mr Law has no directorships in other public companies in Malaysia.

### KONG WAH SANG

**Independent Non-Executive Director**  
**Malaysian**

Mr Kong, aged 57, graduated with a Bachelor of Economics Degree from Monash University in Melbourne, Australia and is a member of CPA Australia. He serves as the Adviser to an internationally networked business consulting firm and has wide ranging experience in accounting, finance, management consulting and information technology.

Mr Kong was appointed to the Board on 21 November 2002 and he also serves as Chairman of the Nomination Committee as well as a member of the Audit and Remuneration Committees.

Mr Kong has no directorships in other public companies.

### CHEW HOY PING

**Independent Non-Executive Director**  
**Malaysian**

Mr Chew, aged 58, is a member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA).

Mr Chew began his career at Messrs Price Waterhouse ("PwC") in 1976, serving in various capacities for almost 30 years, and was admitted as a Partner of the firm in 1990. Whilst at PwC, he covered a wide range of professional service areas including business advisory, corporate recovery and corporate finance. He also held several leadership roles including that of Asia Pacific Chairman of Financial Advisory Services and was the Malaysian firm's Risk Management & Independence Leader, its Deputy Chairman of the Governance Board and a member of its Country Management Team. Mr Chew was seconded for assignments to the PwC Houston, Texas office (1982-1984) and to Bank Negara Malaysia (1986-1988). In 2005, he became the Chief Financial Officer for Southern Bank Berhad ("SBB") and left in mid-2006 when SBB was acquired by Bumiputra Commerce Holdings Berhad (CIMB).

Mr Chew was appointed to the Board on 16 May 2007 and he also serves as Chairman of the Audit Committee as well as a member of the Nomination Committee. He is also a member of the Audit Committee of Mulpha Australia Limited, a wholly-owned subsidiary of the Company.

Mr Chew has no directorships in other public companies apart from Carlsberg Brewery Malaysia Berhad and Mudajaya Group Berhad.

#### NOTES:

##### 1. Family Relationship with Director and/or Major Shareholder

Mr Lee Seng Huang, the Executive Chairman and major shareholder of the Company, is the son of Madam Yong Pit Chin, who is a major shareholder of the Company.

Save as disclosed above, none of the other Directors has any family relationship with any director and/or major shareholder of the Company.

##### 2. Conflict of Interest

None of the Directors has any conflict of interest with the Company.

## PROFILE OF BOARD OF DIRECTORS (cont'd)

### **DATO' LIM SAY CHONG**

**Independent Non-Executive Director**  
**Malaysian**

Dato' Lim, aged 75, obtained a Bachelor of Arts with honours in Economics from University of Malaya and a Masters in Business Administration from University of British Columbia, Canada. He also attended an Advanced Management Programme at Harvard Business School, Boston, USA.

Dato' Lim worked with the Imperial Chemical Industries (ICI) PLC's Group of Companies in Malaysia and abroad for 30 years, during which time he served on the Board of several companies within the Group in Malaysia and South East Asia. He later became the Managing Director of ICI (Malaysia) Group for 5 years. He was also the Group Managing Director of Chemical Company of Malaysia Bhd from 1989 to 2004.

Dato' Lim was appointed to the Board on 6 August 2007 and he also serves as a member of the Audit Committee.

Dato' Lim has no directorships in other public companies apart from serving as the Chairman of Carlsberg Brewery Malaysia Berhad.

### **DATO' YUSLI BIN MOHAMED YUSOFF**

**Independent Non-Executive Director**  
**Malaysian**

Dato' Yusli, aged 57, graduated with a Bachelor of Economics Degree from University of Essex, England and is a member of the Institute of Chartered Accountants in England & Wales, Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants as well as an Honorary Member of the Institute of Internal Auditors Malaysia.

Dato' Yusli began his career with Peat Marwick Mitchell & Co. in London and has since held various key positions in a number of public listed and private companies in Malaysia, providing him with experience in property and infrastructure development, telecommunications, engineering, merchant banking and stockbroking. He was the Chief Executive Officer and Executive Director of Bursa Malaysia Berhad from 10 April 2004 to 31 March 2011.

Dato' Yusli was appointed to the Board on 13 July 2011 and he also serves as Chairman of the Remuneration Committee.

Dato' Yusli has no directorships in other public companies apart from Mudajaya Group Berhad, YTL Power International Berhad, AirAsia X Berhad, Westports Holdings Berhad, Australasia Resources and Minerals Berhad, Malaysian Institute of Corporate Governance and Infinity Trustee Berhad.

### **LOONG CAESAR**

**Independent Non-Executive Director**  
**Malaysian**

Mr Loong, aged 56, was trained at Raffles Institution, Singapore, London School of Economics and Political Science (LSE) and Caius College, Cambridge University. He was admitted as a Barrister of the Middle Temple, London in 1983 and as an Advocate and Solicitor of the High Court of Malaya in 1985. In 1994, he was admitted as an Advocate and Solicitor of the Supreme Court of Singapore.

Mr Loong is a Senior Advocate and Solicitor practising at Raslan Loong. He is a corporate and commercial lawyer with extensive experience in all areas of corporate and commercial law including mergers and acquisitions, investment funds, capital markets, securities, listings, public offerings, corporate banking, structured finance, power and corporate restructuring. He is a Director and Exco member of the EU-Malaysia Chamber of Commerce and Industry (EUMCCI) and Malaysia-Australia Business Council (MABC).

Mr Loong was appointed to the Board on 13 July 2011 and he also serves as a member of the Nomination Committee.

Mr Loong has no directorships in other public companies apart from EU-Malaysia Chamber of Commerce and Industry and Malaysia-Australia Business Council.

### **CHUNG TZE HIEN**

**Non-Independent Non-Executive Director**  
**Malaysian**

Mr Chung, aged 65, graduated with a Commerce Degree from University of Otago, New Zealand and later qualified as an Associate Member of the Institute of Chartered Accountants of New Zealand, and Institute of Chartered Secretaries and Administrators of United Kingdom. He is also a member of the Malaysian Institute of Accountants.

Mr Chung was appointed as the Chief Executive Officer and Director of the Company on 27 February 2001 and has helmed the position for almost 12 years until his retirement on 31 January 2013. He was subsequently redesignated as Non-Independent Non-Executive Director on 1 February 2013. Prior to joining the Company, Mr Chung worked for and held senior managerial positions in several public listed companies in Hong Kong, Singapore and Malaysia involving a variety of industries and businesses.

Mr Chung serves as a member of the Remuneration Committee.

Mr Chung has no directorships in other public companies.

### **3. Conviction for Offences**

None of the Directors has any conviction for offences within the past 10 years other than traffic offences, if any.

### **4. Attendance of Board Meetings**

The attendance of the Directors at Board Meetings held during the financial year ended 31 December 2015 is disclosed in the Statement on Corporate Governance.

## WHITSUNDAY ISLANDS, AUSTRALIA

One&Only Hayman Island, in the heart of the Great Barrier Reef, presents astonishing natural beauty, restorative peace, indulgence and adventure. Australia's most iconic private island resort which opened in July 2014, is located off the coast of Queensland, nestled at the northernmost point of the Whitsunday archipelago.

Within this private island resort, stylish elegance reflects the harmony of nature with beautifully appointed accommodation set against the backdrop of the Coral Sea. Discover endless opportunities to delight the senses in a place where the beauty of nature inspires each day.

Relish in spectacular dining experiences, surrender to a signature Ocean Massage, explore private beaches and immerse yourself in captivating underwater adventures. One&Only Hayman Island is a unique destination of discovery set in one of the seven wonders of the natural world – Australia's Great Barrier Reef.

[www.oneandonlyhaymanisland.com.au](http://www.oneandonlyhaymanisland.com.au)





*One & Only*

HAYMAN ISLAND

# CHAIRMAN'S STATEMENT

## FINANCIAL HIGHLIGHTS

The Group reported revenue of RM888.64 million for the financial year ended December 31, 2015, a marginal 7% drop from revenue (excluding discontinued operations) of RM958.68 million the previous financial year.

Pre-tax profit (excluding discontinued operations) stood at RM160.71 million, a substantial improvement of 43% from the RM112.38 million of the previous year, marking a second consecutive year of improving profit.

The Group's Net Assets increased from RM1.11 per share in 2014 to RM1.20 per share, with total assets increasing from RM4.70 billion at the end of 2014 to RM5.13 billion at the end of 2015.

Global economic activity in 2015 remained weak. While emerging markets and developing economies still accounted for over 70% of global growth, they declined for a fifth consecutive year. Advanced economies enjoyed a modest, though patchy, recovery.

In Malaysia, the second half of 2015 saw a slowdown in the economy, faced with severe headwinds following unanticipated global commodity and currency shocks, financial market turbulence and a sudden reversal of capital flows. Despite these challenges, the Malaysian economy grew 5.0% in 2015, down from the 6.0% of 2014.

The business environment in Australia in 2015 was positive. The economy remained stable, interest rates and the Australian dollar stayed low, and the environment was business-friendly. Rising wealth, lower oil prices and government fiscal stimulus packages resulted in property and construction activities in key markets like Sydney and Melbourne registering an upswing.

**LEE SENG HUANG**  
Executive Chairman

## CHAIRMAN'S STATEMENT (cont'd)

### REVIEW OF OPERATIONS

#### MALAYSIA

##### LEISURE FARM

Leisure Farm ended the year on a high note by clinching *The Edge Malaysia's Most Notable Development Award 2015*. This award is part of The Edge's Annual Property Excellence Awards event and recognises outstanding projects that showcase unique concepts and designs, and the commitment of the developer in translating them into reality.

This recognition is in part attributed to Mulpha's philosophy of continually enhancing the facilities, activities and living environment in Leisure Farm, recognised as one of the most-desired addresses in Southern Johor.

Construction work on the Coastal Highway Southern Link (CHSL) is progressing well, on track for completion in 2017. A joint initiative by Mulpha, Iskandar Investment Berhad, UEM Sunrise and Sunway Iskandar, this 5.2km highway will pass through Leisure Farm, Sunway Iskandar and the proposed Gerbang Nusajaya South Development, providing a direct connection from the Second Link Highway to Medini, and reducing travelling distance from the Singapore Second Link to Leisure Farm by approximately 10km. When completed, it will take just 5 minutes to travel from the CIQ Checkpoint to Leisure Farm via this proposed linkage.

Community building and engagement activities continued to be a priority at Leisure Farm, with amongst others, the introduction of a football academy as well as a tennis academy for residents, festive open houses, Halloween parties, a Christmas Bazaar and a Community Farming Initiative.

We continued to deliver on our promise of world-class security with the commencement of an Auxiliary Police Patrol to enhance resort security, and introduced a complimentary shuttle service to Johor City Centre for better connectivity. The newly-renovated Sales Gallery became a focal gathering point for residents, with activities such as talks by property consultants and ID professionals, amongst others.

We noted that potential purchasers were becoming more discerning and wanted to view the finished product before committing to a purchase. Hence, we decided to use a different approach to market the second phase of Bayou Creek, consisting of 40 units of semi-detached homes and 17 units of bungalows, preferring to launch it upon completion in 2016 via a build-then-sell (BTS) concept.

The launch of 92 units of Bayou Garden homes was delayed pending certain final authority approvals. Plans are currently in place for the completion of two show units in time for the launch in mid-2016.

The Tier II Villa is the latest addition to Leisure Farm's portfolio of luxury villas and private estates.



## CHAIRMAN'S STATEMENT (cont'd)

### Mudajaya Group Berhad

Mudajaya Group Berhad ("Mudajaya") is a 22.34% associated company of Mulpha that is listed on Bursa Malaysia Securities Berhad and is focused on power, infrastructure and construction.

The Group recorded revenue of RM543.5 million and profit after tax of RM2.4 million for the year ended 31 December 2015, compared to RM1,050.8 million and loss after tax of RM70.5 million in 2014, primarily due to the turnaround in its construction segment, whilst the lower revenue was a result of the completion of a number of major projects.

The construction sector continues to be the Group's main revenue contributor. During the year 2015, Mudajaya successfully clinched three major projects worth over RM750 million including the Engineering, Procurement, Construction and Commissioning of Workers Village and Temporary Construction Facilities for the Utilities, Interconnecting and Offsite (UIO) Facilities for the RAPID Project worth RM489 million.

Other major on-going projects include the MRT-Package V3 from Dataran Sunway to Section 17, the Tanjung Bin IV 1000 MW coal-fired power plant and the Pengerang Cogen Power Plant in Johor. The past year has seen the Group make further headway in its transformation from mainly a construction player into sectors that provide a steady stream of recurring income. In this regard, the Group's 46%-owned associate, PT Harmoni Energy Indonesia achieved commercial operation date ("COD") in October 2015 for its 2 x 7 MW coal-fired steam power plant on a Build-Operate-Own concept for 25 years in Sulawesi, Indonesia and is expected to provide a recurring income stream to the Group over the concession period. Additionally, units 1 and 2 of the Group's 4x360 MW coal-fired power plant in Chhattisgarh, India have achieved COD recently and are ready to commence the sale of power.



The Tanjung Bin IV 1000 MW coal-fired power plant in Johor is the biggest in South East Asia.

Moving forward, the Group continues to pursue new profitable projects to enhance shareholders' value. The Group's excellent track record in its 50 years of experience in the construction industry, supported by a strong and professional management team coupled with its healthy financial position will provide the Group with competitive advantages in securing and undertaking new and major projects in the future.

### Thriven Global Berhad (formerly known as Mulpha Land Berhad)

Thriven Global Berhad ("Thriven") is a 24.45% associated company of Mulpha that is listed on Bursa Malaysia and is focused on property development.

2015 was a ground-breaking year for Thriven, which underwent a renaming exercise, and in tandem, introduced its eagerly anticipated Lumi Tropicana development. During the year, it also sold the three remaining residences in Enclave Bangsar, while revenue generated from its Desa Aman development in Kedah rose significantly.

In July 2015, Thriven acquired a 51% stake in Thriven Amona Sdn Bhd (formerly known as Demi Wangsa Development Sdn Bhd), the owner of the Enesta Kepong project.

Thriven's revenue increased significantly to RM56.81 million in 2015, from RM44.68 million in 2014, while registering a lower profit after tax of RM0.37 million in 2015 compared with RM5.54 million in 2014, primarily due to the one-off disposal gain from Raintree Residence in 2014.

Moving forward and in view of the muted property market, Thriven is adopting a cautious approach and focusing on completing existing projects on a timely basis, with emphasis on its Desa Aman project, where its experience in developing affordable housing stands it in good stead. It is prioritising joint ventures and other prospects which require minimal outlay, whilst expanding its recurring income streams arising from its facility management services, hospitality and lifestyle retail services, as well as its property investment portfolio.

## CHAIRMAN'S STATEMENT (cont'd)

### AUSTRALIA

#### HOTELS & INVESTMENT PROPERTY

Overall, the business environment in Australia in 2015 was positive. The economy remained stable, interest rates and the Australian dollar stayed low, while the Liberal Federal Government maintained its business-friendly policies. Rising wealth amongst the Generation X, lower oil prices and fiscal stimulus packages resulted in property and construction activities in key markets like Sydney and Melbourne registering an upswing.

Domestic tourism continued to grow, registering its strongest growth in 15 years. Corporate travel grew at record numbers, registering a 14% growth, with international holiday arrivals up 7%. Outbound travel growth continued to slow, easing back to 2.9% due to the weaker Australian dollar.

The Gold Coast economy continued to recover at modest levels of growth. The main drivers of the local economy – service-based industries such as hospitality, tourism and to a lesser extent education and property – saw a steady upturn in activity through most of 2015. The upcoming 2018 Commonwealth Games has had a positive impact on the building industry, with cranes returning to the skyline, indicating increased activity. All these factors contributed to an improvement in prices and volumes in the Queensland property market.

##### (a) InterContinental Sydney Hotel

The InterContinental Sydney recorded a higher revenue in 2015, due to a further increase in its already strong occupancy rates as well as higher average room rates compared to 2014.

With its unrivaled location overlooking the Sydney Harbour and the famous landmarks surrounding the hotel such as the Sydney Opera House, the Harbour Bridge, the Royal Botanic Gardens and Circular Quay, the hotel is well placed to take advantage of the increasing demand and is expected to continue to perform strongly.

##### (b) InterContinental Sanctuary Cove Resort Hotel

InterContinental Sanctuary Cove Resort Hotel continued to perform well, reflecting the positive demand in the tourism and property markets as well as the increasing domestic and international flight connectivity at the Gold Coast Airport. In 2016, the hotel will continue to focus on increasing its revenue generated from corporate meetings and food and beverage events such as conventions, exhibitions and weddings.

##### (c) One&Only Hayman Island, Great Barrier Reef

Located in the heart of the Great Barrier Reef, One&Only Hayman Island is an ultra-luxury private island resort, offering a wealth of activities for discerning travellers, from families to honeymooners, weddings and groups. Managed by the world-renowned international resort operator, Kerzner International, the hotel registered 2015 sales that were significantly higher compared to 2014.

The hotel's strong 2015 performance was attributed to increased global marketing and media engagement activities, including the launch of a brand new One&Only Resorts website and the promotion of exclusive signature experiences at the hotel. The resort also targeted the family segment with new features for the entire family.

In 2016, the resort will continue to place equal emphasis on the domestic market and countries with currencies that have performed strongly against the Australian dollar – in particular the UK and US markets.



Watermark luxury apartments by Mulpha Norwest have commanding views across the Norwest Lake.

## CHAIRMAN'S STATEMENT (cont'd)

### DEVELOPMENTS

#### (a) Sanctuary Cove

Property market transactions in south-east Queensland performed well in 2015, and Sanctuary Cove's land sales performed admirably with record prices and very strong sales and revenue growth for the year.

Sanctuary Cove has few competitors offering similar product whereby land sales to foreigners are exempt from authority approval, giving it a strong advantage in the property market, and this has enabled it to successfully tap into the expanding demand from purchasers from China.

For 2016, Sanctuary Cove expects further growth in land sales to both the local and international markets by further leveraging on its strong brand name and its diverse offerings of waterfront, golf fronting and dry land lots for sale.

#### (b) Norwest Land

Mulpha Norwest's diverse portfolio in Sydney includes the multi award winning Norwest Business Park, The Lakes and Watermark at Norwest, Edgewater, which neighbours Bella Vista Waters as well as Mulgoa Rise in the foothills of the Blue Mountains.

With the expected completion of the North West Rail Link and 2 train stations within the boundaries of Norwest Business Park in the first half of 2019, Mulpha Norwest has started to transform and refocus the Business Park into a modern mixed-use, higher density urban city hub.

In line with this objective, the company has placed great emphasis on refreshing and rejuvenating its brand including a rebranding campaign, strong product delivery and the construction of a new central Sales and Visitor Centre.

Moving forward, Mulpha Norwest will build on its market leadership and branding as a premium developer by continuing with its delivery of iconic developments that withstand the test of time.

### AVEO GROUP

With a 25.46% equity interest, the Group is the largest security holder of Aveo, an S&P/ASX 200 company listed on the Australian Stock Exchange.

Aveo is a leading and trusted owner, operator and manager of retirement communities across Australia, with over 30 years of experience and 12,000 units in 75 retirement villages. Its philosophy is underpinned by a commitment to grow with older Australians by inspiring greater living choices. Aveo also manages and develops a diversified A\$456 million property portfolio that encompasses retirement, residential, industrial and mixed-use property assets. Together, these communities define how hundreds of thousands of people in Australia live, work, retire and invest.

In 2015, Aveo continued to make significant progress in its transformation to become Australia's leading pure retirement group with proceeds from strong sales at its land estates being recycled into its retirement village developments.

This focused strategy enabled Aveo to deliver a record financial net profit after tax of A\$58 million for the full year ended 30 June 2015 and A\$66.5 million for the half year ended 31 December 2015, an increase of 122% and 121% respectively as compared to the previous full / half year ended 2014. The strategic acquisition of Freedom retirement villages in February 2016 has further boosted Aveo's development pipeline and enhanced Aveo's higher care services capability. Freedom owns and operates 1,004 units in 15 retirement village communities across Australia and has a development pipeline of an additional 533 new units.

With a large retirement development pipeline of over 5000 units, a planned increase in care and support services across the entire retirement portfolio and the continued strong sales of its non-retirement assets, Aveo is well positioned to continue with its solid growth performances in the years ahead.



The 377-hectare Norwest Business Park is a thriving business community in the heart of Sydney's CBD.

## CHAIRMAN'S STATEMENT (cont'd)

### UNITED KINGDOM

#### LONDON MARRIOTT HOTEL GROSVENOR SQUARE

2015 was a very successful year for the hotel as it achieved record performances in its average room rates, occupancy levels and revenue per available room driven by a significant growth in group bookings. Coupled with a strong performance in its food and beverage business and considerable success achieved in its cost control measures, the hotel generated revenue and profits which significantly outperformed expectations.

In 2016, the hotel will continue to focus its efforts on expanding the group bookings business and yielding the corporate business better, to ensure rate maximisation.

### SIGNIFICANT EVENTS

#### Completion of sale of Mulpha Land Berhad to Teladan Kuasa Sdn Bhd

On 9 March 2015, Mulpha completed the sale of 75 million shares of Mulpha Land Berhad (now known as Thriven Global Berhad) to Teladan Kuasa Sdn Bhd pursuant to a call option exercised by Teladan Kuasa Sdn Bhd, at an adjusted option price of RM0.47 per share. Upon completion of the sale, Thriven became an associated company of Mulpha.

#### Purchase of Norwest Marketown

On 27 February 2015, the Group completed the acquisition of Norwest Marketown comprising a neighbourhood shopping mall which houses a Coles Supermarket and 45 speciality stores, a Shell/Coles Express Service Station, a Liquorland store and a parcel of undeveloped land located at Norwest Boulevard, Baulkham Hills, New South Wales, Australia, for a total purchase consideration (inclusive of acquisition cost) of A\$127.1 million. The Group intends to re-develop the site into a higher density mixed use development including residential, commercial, retail and leisure and is in the process of applying for planning approval.

### Proposed renounceable two-call rights issue

On 9 November 2015, the company proposed to undertake the following:-

- (i) A renounceable two-call rights issue of 1,066,826,679 new ordinary shares of RM0.50 each in Mulpha, on the basis of one (1) Rights Share for every two (2) existing Mulpha Shares held on an entitlement date to be determined later, at an indicative issue price of RM0.50 per Rights Share, of which the indicative first call of RM0.25 per Rights Share is payable in cash on application and the indicative second call of RM0.25 per Rights Share is to be capitalized from the share premium of the company.
- (ii) An exemption to Yong Pit Chin, Mount Glory Investments Limited and the persons acting in concert with them from the obligation to undertake a mandatory take-over offer for all remaining Mulpha Shares not already held by them upon completion of the proposed rights issue.

Based on the indicative First Call of RM0.25 per Rights Share, the total gross proceeds are expected to amount to RM266.71 million and the Company intends to use the proceeds for the repayment of borrowings, development expenditure and general working capital.

All relevant approvals have been obtained and the proposed rights issue is expected to be completed in the 2<sup>nd</sup> quarter of 2016.



The 5-star London Marriott Hotel Grosvenor Square is London's best address, located just seconds from Park Lane and Oxford Street.

## CHAIRMAN'S STATEMENT (cont'd)

### PROSPECTS

#### AUSTRALIA

The Australian economic outlook is forecasted to be modestly positive in 2016. Consumer confidence remains flat while GDP growth is expected to hit 2.7%. The economy is still largely driven by the mining industry, with consumer, business and government activities accounting for a relatively smaller part of the economy.

House prices, mainly in Sydney and Melbourne, are rising slowly. The Australian Prudential Regulation Authority (APRA)'s clampdowns on lending to investors alongside high dwelling prices are expected to temper further price increases.

The Australian dollar is expected to drop further against the US dollar, Euro and Japanese yen, exacerbated by the higher interest rates in the US and steady rates in Australia. Interest rates are expected to stay at current levels in view of the expected stabilising of commodities prices. As these are the country's major trading partners, it has helped Australian exporters by making them more competitive and helping to rebalance the economy.

Given the favourable foreign exchange rates, the outlook for the Australian hotel market is good. Demand for tourism and hospitality related products is expected to continue to grow resulting in record high occupancy rates. International visitor arrivals are projected to grow by 5.6% to 7.9 million in 2016-2017.

#### MALAYSIA

The Malaysian economy is expected to face another challenging year in 2016. The country's outlook, however, based on ratings by Fitch and Moody's, remains favourable. Real GDP growth for 2016 is estimated to register between 4-5%, a respectable growth figure considering the weak and uneven global economic outlook.

The ringgit is expected to achieve some stability against the US dollar this year in tandem with the more stable political climate and firmer energy prices. However, interest rates are expected to rise, albeit from a low base, leading to subdued private domestic consumption, which may slow down growth.


The Group's strong balance sheet and geographically diversified portfolio of assets has enabled it to navigate its way through the persistent uncertainties in the global economy. This is evident from the strong performance of its Australian assets in 2015 which outweighed the slowdown in the Malaysian property sector in the same period. Going forward, the Group continues to keep a stringent eye on operational efficiency whilst continually upgrading the quality of its talent pool, and looking for every opportunity to improve the quality and mix of its products.

### APPRECIATION

2015 was a good year for Mulpha; one where we made significant progress in our aim of building and growing our unique collection of assets. I would like to thank the Mulpha team for their passion and commitment, which has enabled us to continue in our efforts to create sustainable long term value at the Mulpha Group.

#### LEE SENG HUANG

Executive Chairman  
12 April 2016



A world-class clubhouse at the water's edge of The Pines Golf Course, Sanctuary Cove.

# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“the Board”) of Mulpha (or “the Company”) remains committed to high standards of corporate governance driven by the ultimate objective of protecting and enhancing shareholders’ value and the financial performance of the Company and its subsidiaries (“the Group”).

The Board recognises that maintaining good corporate governance practices is critical to business integrity and performance, and key to delivering shareholders’ value. The Board evaluates and continues to reinforce the existing corporate governance practices in order to remain relevant with the developments in market practice and regulations.

This Statement outlines how Mulpha has applied the Principles and Recommendations of the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”) during the financial year ended 31 December 2015, following the release of this framework by the Securities Commission in late March 2012. The reasons for non-observance of specific Recommendations in the MCCG 2012 during the financial year under review are also included in this Statement.

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

### 1.1 Clear Functions of the Board and Management

The Board’s role is to control and provide stewardship of Mulpha’s business and affairs on behalf of shareholders. By pursuing its objective of creating long-term shareholders’ value, the Board takes into account the interests of all stakeholders in its decision-making.

The Board shall be involved in matters that may have a significant impact on the Group’s business such as, but not limited to, issues within the objectives, strategies, operations and financials of the Group.

Beyond the matters reserved for the Board’s decision, the Board has delegated the authority to achieve the corporate objectives to the Executive Chairman and Executive Director. The Executive Chairman and Executive Director remain accountable to the Board for the authorities that are delegated to them, and for the performance of the Group.

To ensure the effective discharge of its functions and responsibilities, the Board has set and approved business authority limits which set out relevant matters which the Board may delegate to the Management. These authority limits are reviewed and revised as and when required, to ensure an optimum structure for efficient and effective decision-making in the Group.

### 1.2 Clear Roles and Responsibilities

The Board is responsible for the overall performance of the Group and focuses on strategies, performance, standards of conduct, financial and major business matters.

The main functions and roles of the Board are as follows:-

- Setting and reviewing the objectives, goals and strategic plans for the Group with a view to maximising shareholders’ value.
- Adopting and monitoring progress of the Company’s strategies, budgets, plans and policies.
- Overseeing the conduct of the Group’s businesses to evaluate whether the businesses are properly managed.
- Identifying principal risks of the Group and ensuring the implementation of appropriate systems to mitigate and manage these risks.
- Considering Management’s recommendations on key issues including acquisitions, divestments, restructuring, funding and significant capital expenditure.
- Succession planning for senior management.
- Reviewing the adequacy and integrity of the Group’s internal control systems and management information systems.
- Overseeing the development and implementation of a shareholders’ communication policy for the Company.

The Board has established Board Committees, namely the Audit Committee (“AC”), Nomination Committee, Remuneration Committee and Risk Management Committee to examine specific matters within their respective terms of reference as approved by the Board and these Board Committees will report to the Board with their proceedings and recommendations. The ultimate responsibility for decision-making, however, lies with the Board.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

### 1.3 Formalised Ethical Standards through Code of Conduct

#### *Corporate Code of Conduct*

The Board has a formalised Corporate Code of Conduct (“the Code”) which reflects Mulpha’s vision and core values of integrity, respect, trust and openness. The Code provides clear direction on conduct of business, dealing with the community/stakeholders and general workplace behaviour. It also includes guidance on disclosure of conflict of interests, maintaining confidentiality and disclosure of information, compliance with the relevant laws and regulations, and the duty to report where there is a breach of the Code, amongst others.

The Directors and employees are expected to behave ethically and professionally at all times and protect the reputation and performance of the Group. The Code is communicated to all Directors and employees upon their appointment or employment.

The Code is reviewed periodically by the Board when the need arises to address the changing conditions of the business environment. The Code is made available on Mulpha’s website at [www.mulpha.com.my](http://www.mulpha.com.my).

#### *Whistleblowing Policy*

Mulpha has in place a Whistleblowing Policy to provide an avenue and mechanism to all employees and stakeholders of the Group to report concerns about any suspected wrongdoing, inappropriate behavior or misconduct relating to fraud, corrupt practices and/or abuse, for investigation and Management’s action.

The Head of Internal Audit and Risk Management Department shall be responsible for the administration and compliance with this policy and procedures. Reports can be made anonymously without fear of retaliation or repercussions and will be treated confidentially. There is a process in place to independently investigate all reports received to ensure the appropriate follow-up actions are taken.

The Whistleblowing Policy is published on Mulpha’s website at [www.mulpha.com.my](http://www.mulpha.com.my).

#### *Conflict of Interest Policy*

It is the policy of Mulpha that Directors and employees acting on the Group’s behalf must be free from conflicts of interest that could adversely influence their judgment, objectivity, professionalism or conduct in line with the Company’s interests. Mulpha’s Conflict of Interest Policy requires all employees to promptly disclose any conflict of interest situation to Management. In addition, all Management personnel would be required to make an annual declaration on the “Conflict of Interest Disclosure Statement” set out in the Policy.

### 1.4 Strategies promoting Sustainability

The Board is mindful of the importance of building a sustainable business and therefore takes into consideration its environmental, social and governance impact when developing Mulpha’s corporate strategies. Mulpha’s sustainability agenda includes upholding high corporate governance standards and ethics across the organisation and streamlining all policies, processes and internal controls, and strengthening compliance with the relevant laws and regulations.

The Group’s corporate responsibility activities for the financial year under review are disclosed in the Statement on Corporate Responsibility.

### 1.5 Access to Information and Advice

The Directors have full and unrestricted access to all information pertaining to the Group’s business affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties.

The Board normally meets quarterly to review financial, operational and business performances, with additional meetings convened when necessary. In the intervals between Board meetings, Board decisions for urgent matters are obtained via circular resolutions, to which are attached sufficient information required for an informed decision.

All Directors are provided with an agenda and a set of agenda papers at least a week prior to the Board and Committee meetings to enable the Directors to review and consider the items to be deliberated at the meetings. The Directors may seek advice from the Management, or request further explanation, information or updates on the matters of the Company, where necessary.

The Board papers include, inter alia, the progress report on the Group’s developments, business plan and budget, quarterly financial results and minutes/decisions of meetings of the Board Committees. Additionally, the Board is furnished with adhoc reports to ensure that it is apprised of key business, financial and operational matters, as and when the need arises.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

At the Board and Committee meetings, the Group Chief Financial Officer and members of the senior management who attend Board and Committee meetings by invitation, will report and update on areas within their responsibility to give the Directors thorough insights into the business and affairs of the Group.

### **Access to Independent and Professional Advice**

The Board or an individual Director may seek professional expert advice at the Company's expense with prior approval from the Board on any matters in relation to the discharge of their responsibilities, when considered necessary.

### **1.6 Qualified and Competent Company Secretaries**

The Board is supported by suitably qualified and competent Company Secretaries who ensure the flow of information to the Board and its Committees. They are responsible for developing and maintaining the processes that enable the Board to fulfill its roles, ensuring compliance with the Company's constitution and the relevant guidelines, regulatory and statutory requirements, and advising the Board on all governance matters.

The Board is regularly updated and advised by the Company Secretaries on new statutory and regulatory requirements, and the implications on the Group and the Directors in relation to their duties and responsibilities. The Company Secretaries, whose appointment and removal are matters for the Board to decide, oversee the adherence to Board policies and procedures.

The Company Secretaries attend the Board and Committee meetings to ensure that meetings are properly convened, that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

All Directors have access to the advice and services of the Company Secretaries.

### **1.7 Board Charter**

The Board has a formalised Board Charter which sets out inter alia, the roles and responsibilities of the Board and Board Committees, the procedures for convening Board meetings, financial reporting, investor relations and shareholder communication. The Charter which serves as a source of reference for new Directors, will be reviewed periodically to keep it up-to-date with changes in regulations and best practices to ensure its effectiveness and relevance to the Board's objectives.

The Board Charter is made available on Mulpha's website at [www.mulpha.com.my](http://www.mulpha.com.my).

## **2. STRENGTHEN COMPOSITION OF THE BOARD**

### **2.1 Nomination Committee**

The Nomination Committee comprises all Independent Non-Executive Directors. In observance with the MCCG 2012, the Nomination Committee is chaired by the Senior Independent Non-Executive Director. The members of the Nomination Committee are as follows:-

- (i) Kong Wah Sang (Chairman)  
(Independent Non-Executive Director)
- (ii) Chew Hoy Ping  
(Independent Non-Executive Director)
- (iii) Loong Caesar  
(Independent Non-Executive Director)

The main responsibilities of the Nomination Committee are as follows:-

- (a) To recommend to the Board, candidates for directorships to be filled.
- (b) To recommend to the Board, Directors or officers of the Company to fill the seats on Board Committees.
- (c) To review the Board's mix of skills, experience and other qualities including core competencies which Directors should bring to the Board, as well as the size and diversity of the Board composition taking into account the current and future needs of the Company.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

- (d) To carry out the process annually for assessing the effectiveness of the Board as a whole and the Board Committees, the contributions and performance of individual Directors, and the independence of the Independent Non-Executive Directors.
- (e) To review the Directors' training programmes and assess the training needs of the Directors.

The Nomination Committee met once during the financial year ended 31 December 2015 and the meeting was attended by all the Committee members. The activities of the Nomination Committee during the financial year are summarised as follows:-

- (i) Reviewed the results of the Board evaluations and assessment of Independent Directors.
- (ii) Reviewed and recommended the re-election and re-appointment of Directors.
- (iii) Reviewed the training programmes attended by the Directors and assessed the training needs of Directors.

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

#### *Appointments of New Directors to the Board*

The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous, and that appointments are based on merit. A formal procedure and process has been established for the nomination and appointment of new Directors. The process for the nomination and appointment of new Directors is summarised as follows:-

- (a) Identification of skills required for the Board.
- (b) Selection of candidates.
- (c) Review and assessment by the Nomination Committee.
- (d) Recommendation to the Board for approval.

A proposed candidate is first considered by the Nomination Committee which takes into account, among others, the skills and experience of the candidate, before making a recommendation to the Board for approval. In evaluating the suitability of the candidates, the following factors are considered:-

- (i) background, character, competence, integrity and time commitment;
- (ii) qualifications, skills, expertise and experience;
- (iii) professionalism; and
- (iv) in the case of candidates for the position of Independent Non-Executive Directors, the candidate's independence and ability to discharge such responsibilities as expected from Independent Non-Executive Directors, will be evaluated.

Diversity of gender, ethnicity and age within the Board is also important, and this includes appropriate mix of skills, experience and competencies which are relevant to enhance the Board's composition. The Board recognises that the evolution of this mix is a long-term process that is deliberated each time a vacancy arises to ensure a balanced and diverse Board composition is maintained. The Board does not have any such diversity policies and targets or any set measures to meet any target. Nevertheless, the Nomination Committee will endeavour to consider women candidates in the recruitment exercise, when the need arises.

#### *Re-Election and Re-Appointment of Directors*

The Company's Articles of Association provides that one-third of the Board is subject to retirement by rotation at each Annual General Meeting ("AGM"). Each Director shall retire once at least in each 3 years but shall be eligible for re-election. The Directors to retire in each year are those who have been longest in office since their last election or appointment. As for Directors who are appointed by the Board, they are subject to re-election at the next AGM following their appointment.

Pursuant to Section 129(2) of the Companies Act, 1965, the office of a Director who is of or over the age of 70 years shall become vacant at the conclusion of the forthcoming AGM and subject to approval being obtained from the shareholders, may be re-appointed to hold office until the next AGM in accordance with Section 129(6) of the Companies Act, 1965.

The performance of those Directors who are subject to re-election and re-appointment at the AGM will be subject to assessment conducted by the Nomination Committee, whereupon the Committee's recommendations are made to the Board on the proposed re-election and re-appointment of the Directors concerned for shareholders' approval at the AGM. The re-election of each Director is voted as a separate resolution during the AGM.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

### **Annual Assessment of Directors**

The Board annually evaluates its performance and governance processes with the aim of improving individual Director's contributions, and effectiveness of the Board and its Committees.

During the financial year, a Board evaluation exercise was carried out to assess the effectiveness of the Board, its Committees and the contribution of each Director. The evaluation exercise was conducted via questionnaires, which were distributed to all the Directors and cover areas which include, amongst others, the Board's mix, composition and structure, operations, roles and responsibilities and performance/contribution of the Board Committees. The evaluation also encompassed Director's Self & Peer Evaluation, assessing the individual Director's contributions and interaction, quality of input and understanding of roles and responsibilities as a Director.

The Nomination Committee reviewed the overall results of the evaluations conducted and subsequently tabled the same to the Board and highlighted those areas which required further and continuous improvement.

The Nomination Committee also reviewed and recommended to the Board, those retiring Directors who were eligible to stand for re-election at the AGM in 2015, namely Mr Chew Hoy Ping, Dato' Yusli Bin Mohamed Yusoff and Mr Loong Caesar, as well as the re-appointment of Dato' Lim Say Chong. The recommendation was based on the review and assessment of the performance of these Directors. The Board approved the Nomination Committee's recommendation to support the re-election and re-appointment of these Directors at the AGM.

All assessments and evaluations carried out by the Nomination Committee are documented and maintained by the Company Secretary.

### **2.3 Remuneration Policies and Procedures**

The objective of Mulpha's policy on Directors' remuneration is to attract and retain Directors of high calibre needed to run the Company successfully. Non-Executive Directors' remuneration reflects the experience, expertise and level of responsibilities undertaken by the Non-Executive Director concerned.

#### **Remuneration Committee**

The role of the Remuneration Committee is to assist the Board in overseeing the remuneration policy of the Group. The Remuneration Committee consists of all Non-Executive Directors, a majority of whom are Independent Directors. The members of the Remuneration Committee are as follows:-

- (i) Dato' Yusli Bin Mohamed Yusoff (Chairman)  
*(Independent Non-Executive Director)*
- (ii) Kong Wah Sang  
*(Independent Non-Executive Director)*
- (iii) Chung Tze Hien  
*(Non-Independent Non-Executive Director)*

The main responsibilities of the Remuneration Committee are to review and recommend to the Board the following:-

- (a) remuneration package of each Director; and
- (b) incentive schemes, profit sharing arrangements or the like for Management or other employees.

The Remuneration Committee met once during the financial year ended 31 December 2015 and the meeting was attended by all the Committee members.

The Remuneration Committee evaluated the Executive Chairman and Executive Director against the set performance criteria and reviewed the compensation package for them subject to the Board's approval, with the Director concerned abstaining from deliberation and voting on the same. Their remunerations are structured so as to link rewards to corporate and individual performance.

The Board collectively determined the remuneration for the Non-Executive Directors based on the recommendation from the Remuneration Committee. Each of the Non-Executive Directors abstained from deliberating and voting in respect to his individual remuneration. Directors' fees payable to the Non-Executive Directors are subject to the approval of shareholders at the AGM. The Non-Executive Directors are also paid meeting allowance for attendance of each Board or Committee meetings.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

### Details of Directors' Remuneration

Details of the aggregate remuneration of the Directors of the Company, categorised into appropriate components, for the financial year ended 31 December 2015 are as follows:-

	Executive Directors RM'000	Non-Executive Directors RM'000
Fees	—	390
Allowance	—	26
Salaries and other remuneration	1,575	-
Benefits-in-kind	26	-
Total:	1,601	416

The number of Directors whose total remuneration falls within the following bands is as follows:-

Range of Remuneration	No. of Executive Directors	No. of Non-Executive Directors	Total
RM50,000 to RM100,000	—	6	6
RM400,000 to RM450,000	1	—	1
RM1,150,000 to RM1,200,000	1	—	1
Total:	2	6	8

### 3. REINFORCE INDEPENDENCE

#### 3.1 Annual Assessment of Independence

The Board acknowledges the importance of Independent Directors who are tasked with ensuring that there is a proper check and balance on the Board as they are able to provide unbiased and independent views in Board deliberations and decision-making of the Board taking into account the interests of the Group and the minority shareholders.

Taking into cognisance of the importance of the interests of the shareholders and stakeholders, the Board has appointed Mr Kong Wah Sang as Senior Independent Non-Executive Director to whom any concern regarding the Company may be conveyed.

In its annual assessment, the Nomination Committee reviewed the independence of Independent Directors. Based on their self-assessment of independence, the Independent Directors namely Mr Kong Wah Sang, Mr Chew Hoy Ping, Dato' Lim Say Chong, Dato' Yusli Bin Mohamed Yusoff and Mr Loong Caesar have declared that they fulfilled the criteria of independence, as defined under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and other independence criteria applied by the Company which took into account that the individual Director is independent of Management and free from any business or other relationship which could interfere with the exercise of independent and objective judgment. Based on the assessment in respect of the financial year 2015, the Board is of the opinion that the Independent Directors consistently provided independent and objective judgment in all Board and Board Committee deliberations and is satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company.

The Company fulfills the requirement to have at least one-third of the Board comprising Independent Non-Executive Directors.

#### 3.2 Tenure of Independent Directors

For the financial year 2015, Mr Kong Wah Sang has served on the Board as an Independent Non-Executive Director for a cumulative term of more than 9 years. Based on the self-assessment of independence, Mr Kong has declared that he satisfied and fulfilled all the criteria of independence, as defined under the Main Market Listing Requirements of Bursa Securities. Mr Kong has demonstrated that he is independent of Management and free from any business or other relationship which could interfere with the exercise of independent judgment, objectivity or the ability to act in the best interests of the Company.

#### 3.3 Shareholders' Approval to retain Independent Directors who have served for more than 9 years

Upon the assessment and recommendation by the Nomination Committee, the Board recommended for Mr Kong to continue to serve as an Independent Non-Executive Director at the 41<sup>st</sup> AGM of the Company which was held on 25 June 2015, based on the following justifications:-

- Mr Kong fulfilled the criteria under the definition of "Independent Director" as stated in the Main Market Listing Requirements of Bursa Securities and thus, he would be able to function as a check and balance to the Board.
- Mr Kong performed his duties diligently and in the best interest of the Company and brings an element of objectivity and independent judgment to the Board without being subject to influence of the Management.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

- (c) Based on the Director's Peer Evaluation undertaken by the Board, Mr Kong has performed satisfactorily in fulfilling his duties and responsibilities, including among others, contribution to Board deliberations, regular and timely attendance of Board meetings and understanding of the roles and responsibilities of an Independent Director.

Approval of the shareholders was obtained at the said 41<sup>st</sup> AGM.

### 3.4 Separation of Positions of the Chairman and Executive Director

There is a clear division of responsibilities between the Executive Chairman and the Executive Director to ensure that there is a balance of power and authority.

The Executive Chairman is primarily responsible for the vision and strategic direction of the Group as well as leadership and governance of the Board. He leads the Board effectively and encourages contribution from all members.

The Executive Director is responsible for the implementation of the objectives, goals and operational matters of the Group.

### 3.5 Board Composition and Balance

The Board currently has 8 members, comprising the Executive Chairman, Executive Director and 6 Non-Executive Directors. Out of the 6 Non-Executive Directors, 5 are Independent Directors.

Although the Executive Chairman, Mr Lee Seng Huang is not an Independent Director, a majority of the Board members consists of Independent Directors, who account for more than half of the members to ensure balance of power and authority on the Board.

The Board has an appropriate mix of relevant skills, knowledge and experience in the areas of business, accounting, finance, economics, legal, real estate investment and property development, which are relevant to the Group. A brief profile of each Director is presented on pages 14 and 15 of the Annual Report.

The Board is satisfied that the current composition of Directors provides the appropriate size and balance of expertise, skills and core competencies among the Directors, which are necessary to lead the Group effectively. The Independent Directors provide independent judgment, objectivity and check and balance on the Board.

## 4. FOSTER COMMITMENT

### 4.1 Time Commitment

For the financial year 2015, the level of time commitment given by the Directors was satisfactory, which was evidenced by the attendance record of the Directors at the Board meetings held.

In accordance with the Board Charter, Directors are required to notify the Chairman before accepting any new directorship and to indicate the time that will be spent on the new appointment.

To facilitate the Directors' time planning, a schedule of meetings comprising the dates of Board and Committee meetings and AGM, would be prepared and circulated to them at the end of every year.

A total of 5 Board meetings were held during the financial year ended 31 December 2015 and the record of attendance of the Directors is as follows:-

Name of Directors	Number of Meetings Attended	Percentage of Attendance (%)
Lee Seng Huang	4/5	80
Law Chin Wat	5/5	100
Kong Wah Sang	5/5	100
Chew Hoy Ping	5/5	100
Dato' Lim Say Chong	5/5	100
Dato' Yusli Bin Mohamed Yusoff	5/5	100
Loong Caesar	3/5	60
Chung Tze Hien	4/5	80

All the Directors have complied with the minimum requirement of at least 50% on attendance of Board meetings during the financial year as stipulated in the Main Market Listing Requirements of Bursa Securities.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

### 4.2 Training and Development of Directors

The Board acknowledges that continuous education is vital to gain insight into the state of economy, technological advances, regulatory updates and management strategies to enhance the skills and knowledge in discharging its responsibilities.

All the Directors, apart from attending the Mandatory Accredited Programme as required by Bursa Securities, have also attended other training programmes and seminars organised by the relevant regulatory authorities or professional bodies to broaden their knowledge and to keep abreast with the relevant changes in laws, regulations and the business environment. The Directors are mindful that they should continue to update their skills and knowledge to sustain their active participation in Board deliberations.

The Directors have on-going access to continuing education programmes as they are kept informed of relevant training programmes by the Company Secretary. The records of all training programmes attended by the Directors are maintained by the Company Secretary.

Annually, the Board (through the Nomination Committee) reviewed the training programmes attended by the Directors and assessed the training needs of its members to assist them in the discharge of their duties as Directors. Details of the training programmes attended by the Directors during the financial year ended 31 December 2015 are as follows:-

Name of Directors	Title	Organiser	Date
Lee Seng Huang	• Cyber Security Sharing	Deloitte Touche Tohmatsu	4 June 2015
Law Chin Wat	• Understanding and Awareness of Goods and Services Tax (GST) in Malaysia	Bursatra Sdn Bhd	5 May 2015
	• Maximising Board Effectiveness through a Strong Board Risk Oversight Role beyond Financial Performance	Bursatra Sdn Bhd	2 October 2015
	• Malaysian Standards related to Risk Management	Department of Standards Malaysia	24 November 2015
Kong Wah Sang	• Malaysian Private Entities Reporting Standard Conference 2015	Malaysian Institute of Accountants	19 October 2015
	• Negotiating to Create Value: Using Win-win Principles to Negotiate Better Agreements	Malaysian Institute of Accountants	4 & 5 November 2015
Chew Hoy Ping	• CG Breakfast Series with Directors: "The Board's Response in Light of Rising Shareholder Engagements"	Bursa Malaysia Berhad & The ICLIF Leadership and Governance Centre	4 August 2015
	• CG Breakfast Series with Directors: "Future of Auditor Reporting – The Game Changer for Boardroom"	Bursa Malaysia Berhad, Malaysian Institute of Accountants & Malaysian Institute of Certified Public Accountants	2 November 2015
	• Changing Scope of Capital Market Regulations	Malaysian Institute of Accountants	24 November 2015
	• CG Breakfast Series with Directors: "Board Reward and Recognition"	Bursa Malaysia Berhad & Malaysian Directors Academy (MINDA)	26 November 2015
Dato' Lim Say Chong	• Corporate Governance: Balancing Rules and Practices	Association of Chartered Certified Accountants, KPMG & Minority Shareholder Watchdog Group	11 May 2015
	• Maximising Board Effectiveness through a Strong Board Risk Oversight Role beyond Financial Performance	Bursatra Sdn Bhd	2 October 2015

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

Name of Directors	Title	Organiser	Date
Dato' Yusli Bin Mohamed Yusoff	• Knowing how to detect, prevent and report Financial Irregularities and Scandalous Activities	Bursatra Sdn Bhd	15 June 2015
	• Board Chairman Series: "Tone from the Chair and Establishing Boundaries"	Bursa Malaysia Berhad & The ICLIF Leadership and Governance Centre	15 September 2015
	• CG Breakfast Series with Directors: "Future of Auditor Reporting – The Game Changer for Boardroom"	Bursa Malaysia Berhad, Malaysian Institute of Accountants & Malaysian Institute of Certified Public Accountants	21 September 2015
Loong Caesar	• Global M&A Forum	TalklawGlobal	7 July 2015
	• MIA International Accountants Conference 2015	Malaysian Institute of Accountants	26 & 27 October 2015
Chung Tze Hien	• CG Breakfast Series with Directors: "Bringing the best out in Boardrooms"	Bursa Malaysia Berhad & The ICLIF Leadership and Governance Centre	31 July 2015
	• CG Breakfast Series with Directors: "The Board's Response in light of Rising Shareholder Engagements"	Bursa Malaysia Berhad & The ICLIF Leadership and Governance Centre	4 August 2015
	• MIA International Accountants Conference 2015	Malaysian Institute of Accountants	26 & 27 October 2015

If new Directors are appointed to the Board, they will undergo an induction programme, which includes briefings on Mulpha's business and its governance process, meeting with senior management and visit to the business operations.

## 5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

### 5.1 Compliance with Applicable Financial Reporting Standards

#### *Financial Reporting*

The Board is committed to providing a balanced, clear and meaningful assessment of the financial performance and prospects in all the disclosures made to the stakeholders and the regulatory authorities.

Timely release of announcements on quarterly results, annual financial statements and annual report reflects the Board's commitment to provide transparent and up-to-date disclosures to the public.

The Board is assisted by the AC in governing the Group's financial reporting processes and the quality of its financial reporting. The quarterly results and audited financial statements are reviewed by the AC and the external auditors (for audited financial statements) and approved by the Board before being released to Bursa Securities.

#### *Directors' Responsibilities Statement in respect of the Financial Statements*

The Directors are required by the Companies Act, 1965 to prepare financial statements which are in accordance with applicable financial reporting standards and give a true and fair view of the financial position of the Company and the Group at the end of the financial year, as well as of the financial performance and cash flows of the Company and the Group for the financial year.

In preparing the financial statements, the Directors have:-

- ensured that the financial statements are in accordance with the provisions of the Companies Act, 1965, the applicable financial reporting standards and the Main Market Listing Requirements of Bursa Securities;
- adopted the appropriate accounting policies and applied them consistently; and
- made judgments and estimates that are prudent and reasonable.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy, the financial position of the Company and the Group which enable them to ensure that the financial statements comply with the relevant statutory requirements.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

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

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

The Company maintains a transparent relationship with its external auditors and seeks their professional advice to ensure that accounting standards are complied with. The AC discusses with the external auditors, the nature and scope of the audit and reporting obligations prior to the commencement of audit. The AC ensures that Management provides timely responses on all material queries raised by the external auditors.

During the financial year, the external auditors attended 3 of the total AC meetings held. The AC also met with the external auditors on 25 February 2015 and 23 November 2015 without the presence of the executive Board member and Management, to discuss the extent of assistance rendered by Management as well as issues and reservations arising from their audit.

The AC in reviewing the re-appointment of external auditors for tabling at the AGM, had considered their independence, objectivity and cost effectiveness. The external auditors have provided confirmation on their independence in accordance with the terms of relevant professional and regulatory requirements.

The Company has in place policies governing the provision of non-audit services, which are designed to ensure that such services do not impair the external auditors' independence or objectivity. Audit and non-audit fees of the external auditors will be reviewed by the AC before recommending to the Board for approval.

## 6. RECOGNISE AND MANAGE RISKS

### 6.1 Sound Framework to Manage Risks

The Board has the ultimate responsibility of approving the risk management framework and policy as well as overseeing the Group's risk management and internal control framework.

Mulpha has in place an ongoing process for identifying, evaluating and managing significant risks that may affect the achievement of the business objectives of the Group. The Board through its Risk Management Committee, reviews the key risks identified on a regular basis to ensure proper management and mitigation of risks within its control.

The Statement on Risk Management and Internal Control set out on pages 42 and 43 of the Annual Report, provides an overview of the state of internal controls and risk management within the Group.

### 6.2 Internal Audit Function

The Board has the ultimate responsibility for the Group's system of internal controls which includes the establishment of an appropriate control environment and framework, and the review of its effectiveness, adequacy and integrity. A sound system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable rather than absolute assurance against material misstatement, loss or fraud.

The Board has established procedures to review the key financial, operational and compliance controls. These procedures, which are subject to regular review, provide an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

The Group has an established internal audit function performed in-house by the Internal Audit and Risk Management Department, which reports directly to the AC. Its principal objective is to undertake regular reviews of the systems of controls, procedures and operations so as to provide reasonable assurance that the internal control system is sound, adequate and operating satisfactorily.

## 7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

### 7.1 Corporate Disclosure Policies and Procedures

The Board acknowledges the need for shareholders and other stakeholders to be informed of all material business matters of the Company. Announcements to Bursa Securities are made on significant developments and matters of the Group. Financial results are released on a quarterly basis to provide shareholders and other stakeholders with a regular overview of the Group's performance. All announcements made by the Company to Bursa Securities are available to shareholders and the market on the Investor Relations section of Mulpha's website.

The Corporate Communication Department of the Company also arranges press interviews and briefings, and releases press announcements to provide information on the Group's business activities, performance and major developments, as and when necessary.

While the Company endeavours to provide as much information as possible to its shareholders and other stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

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

#### **Company Website**

The Company's website, [www.mulpha.com.my](http://www.mulpha.com.my) provides detailed information on the Group's businesses and latest development. The website has a section dedicated to investor relations and corporate governance which contains announcements to Bursa Securities, quarterly financial results, annual reports and stock information, among others.

Mulpha will continue efforts to bring increased transparency to its financial reporting, and will continually add new interactive capabilities to its website.

#### **Shareholders and Investors Queries**

Whilst the Company aims to provide sufficient information to shareholders and investors about Mulpha and its activities, it also recognises that shareholders and investors may have specific queries and require additional information.

To ensure that shareholders and investors can obtain all relevant information about the Group, they are encouraged to direct their queries to:

Investor Relations  
Mulpha International Bhd  
PH2, Menara Mudajaya  
No. 12A, Jalan PJU 7/3  
Mutiar Damansara  
47810 Petaling Jaya  
Selangor Darul Ehsan  
Tel No : (603) 7718 6368 / (603) 7718 6266  
Email : [irmulpha@mulpha.com.my](mailto:irmulpha@mulpha.com.my)

## 8. STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS

### 8.1 Encourage Shareholder Participation at General Meetings

General meetings represent the principal forum for dialogue and interaction with shareholders.

In 2015, the notice of AGM with sufficient information of business to be dealt with thereat, was sent to shareholders more than 21 days ahead of the meeting date together with the audited financial statements. The notice of AGM is published in one national newspaper to provide for wider dissemination of such notice to encourage shareholder participation. In addition, the notice of AGM and Proxy Form which are contained in the Annual Report are posted on the websites of Mulpha and Bursa Securities.

Each item of special business included in the notice of AGM is accompanied by an explanatory statement for the proposed resolution to facilitate better understanding and evaluation of issues involved.

### 8.2 Encourage Poll Voting

At the outset of general meetings, the Chairman would inform the shareholders of their right to request for poll vote. Generally, resolutions will be carried out by show of hands, except for related party transactions wherein poll will be conducted, as required under the Main Market Listing Requirements of Bursa Securities. The Board will endeavour to put substantive resolutions to be voted by way of poll and make an announcement of the detailed results to Bursa Securities.

All resolutions put forth for shareholders' approval at the 41<sup>st</sup> AGM held on 25 June 2015 were voted by a show of hands.

### 8.3 Effective Communication and Proactive Engagements with Shareholders

At the general meetings, shareholders have direct access to the Board and are encouraged to participate in the question and answer session.

At the AGM in 2015, all the Directors save for 2 Directors who had conveyed their leave of absence, were present in person to engage directly with the shareholders. The external auditors were invited to attend the AGM to answer questions from shareholders on the audited financial statements.

The outcome of the AGM was announced to Bursa Securities on the same day.

**This Statement on Corporate Governance was approved by the Board on 12 April 2016.**

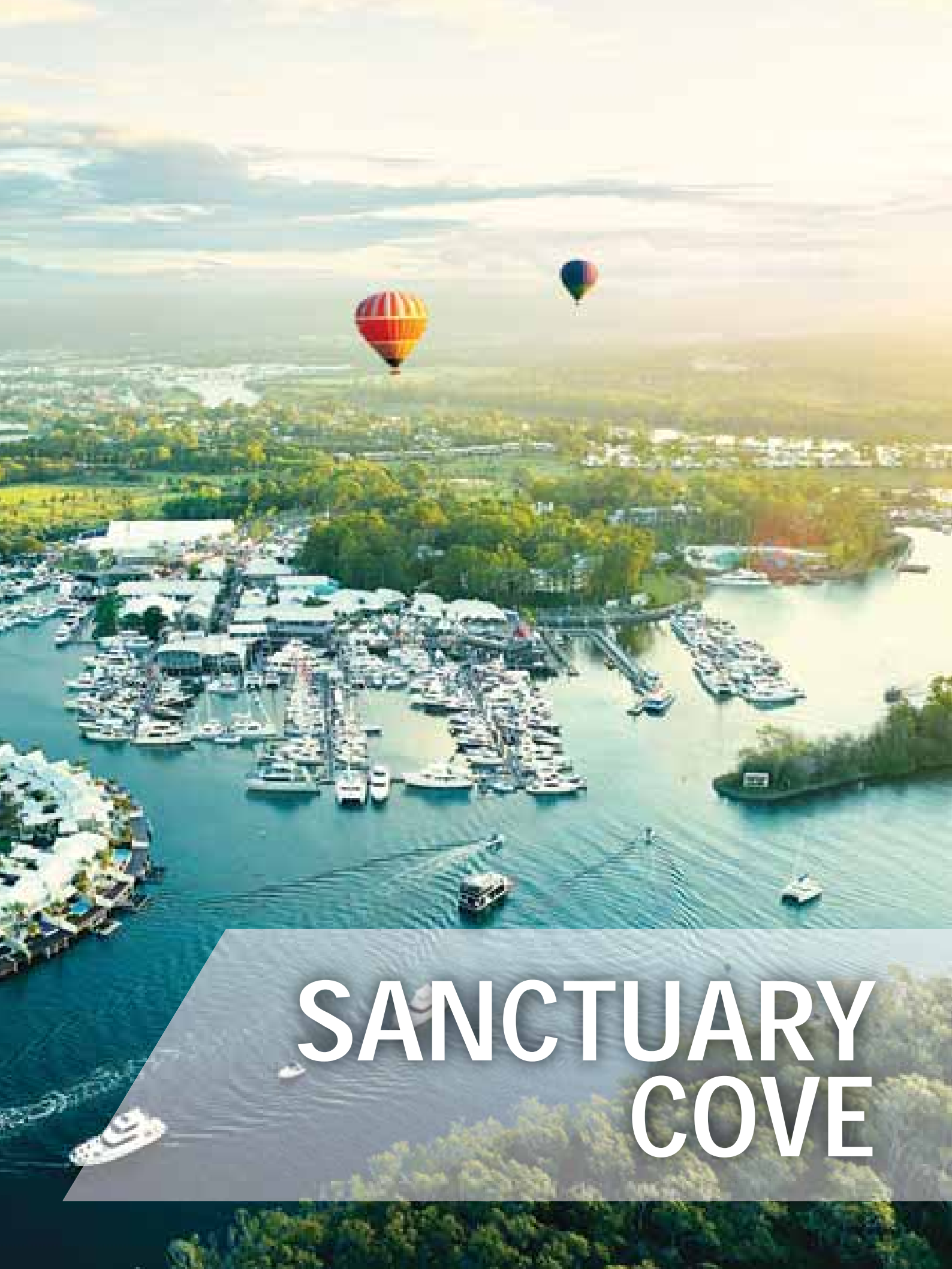
## GOLD COAST, AUSTRALIA

As the first development of its kind, Sanctuary Cove is Australia's leading integrated residential community offering a unique lifestyle, magnificent facilities and 24-hour active land and water security.

Nestled within the 474-hectare residential enclave lies established lifestyle options that are complemented by 2 championship golf courses, 4 harbours, 15 restaurants and harbourside cafes, fashion boutiques and specialties overlooking the tranquil 330 berth marina, the most extensive Recreation Club within a residential resort, the casual elegance of the eminent Country Club and the 5-star InterContinental Sanctuary Cove Resort.

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





# SANCTUARY COVE

# ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:-

## 1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

The Company had on 9 November 2015, announced that it proposed to undertake a renounceable two-call rights issue of 1,066,826,679 new ordinary shares of RM0.50 each ("Rights Shares") on the basis of 1 Rights Share for every 2 existing shares held on an entitlement date to be determined later, at an indicative issue price of RM0.50 per Rights Share, of which the indicative first call of RM0.25 per Rights Share is payable in cash on application and the indicative second call of RM0.25 per Rights Share is to be capitalised from the share premium of the Company ("Proposed Rights Issue").

Bursa Malaysia Securities Berhad had on 28 December 2015, approved the listing of 1,066,826,679 Rights Shares to be issued pursuant to the Proposed Rights Issue. As at 31 December 2015, the Proposed Rights Issue has not been completed.

## 2. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company had on 17 May 2012, entered into a Call Option Agreement with Teladan Kuasa Sdn Bhd ("TKSB") to grant TKSb the right to require the Company to sell to TKSb up to 75,000,000 ordinary shares or 32.85% ("Call Option") in Thriven Global Berhad (*formerly known as Mulpha Land Berhad*) ("Thriven"). The Call Option is exercisable at any time during the period commencing from the date falling 3 months after the date of the Call Option Agreement and ending on the day immediately preceding the 3<sup>rd</sup> anniversary of the Call Option Agreement.

The Company had on 6 March 2015, received a notice of Call Option ("Call Option Notice") pursuant to the Call Option Agreement. Under the Call Option Notice, TKSb had informed that it wished to exercise the Call Option at the adjusted option price of RM0.47 per share (adjusted after the bonus issue exercise of Thriven).

On 9 March 2015, the Company sold and transferred 75,000,000 ordinary shares to TKSb at RM0.47 per share. With the completion of the sale and transfer of shares on 9 March 2015, Thriven has ceased to be a subsidiary of the Company and has become an associated company of the Company.

The Company did not issue any warrants or convertible securities during the financial year ended 31 December 2015.

## 3. AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

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

## 4. SANCTIONS AND/OR PENALTIES

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

## 5. NON-AUDIT FEES

The non-audit fees paid/payable to the external auditors for services rendered to the Company and/or its subsidiaries for the financial year ended 31 December 2015 amounted to RM199,000.

## 6. VARIATION IN RESULTS

There was no variance of 10% or more between the audited results for the financial year ended 31 December 2015 and the unaudited results previously announced by the Company. The Company did not release any profit estimate, forecast or projection for the financial year.

## 7. PROFIT GUARANTEE

There was no profit guarantee received by the Company during the financial year ended 31 December 2015.

## 8. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving directors' and major shareholders' interests during the financial year ended 31 December 2015.

## 9. STATEMENT BY THE AC IN RELATION TO ALLOCATION OF OPTIONS OR SHARES PURSUANT TO SHARE ISSUANCE SCHEME

The Company does not have any Share Issuance Scheme and as such, there was no allocation of options or shares during the financial year ended 31 December 2015.

## 10. SHARE BUY-BACK

The details on the share buy-back during the financial year ended 31 December 2015 are disclosed under Note 18(b) of the Notes to the Financial Statements.

# AUDIT COMMITTEE REPORT

## CONSTITUTION AND COMPOSITION

The AC was established pursuant to a resolution of the Board passed on 28 July 1994. The current members of the AC are as follows:-

1. **Chew Hoy Ping (Chairman)**  
(Independent Non-Executive Director)
2. **Kong Wah Sang**  
(Independent Non-Executive Director)
3. **Dato' Lim Say Chong**  
(Independent Non-Executive Director)

All members of the AC are financially literate and well-equipped with relevant knowledge to effectively discharge their duties and responsibilities as members of the AC. In particular, the AC Chairman, Mr Chew Hoy Ping is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants, as required under Chapter 15, Paragraph 15.09(1)(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The profile of each member of the AC is set out in the Profile of Board of Directors section.

## TERMS OF REFERENCE

The terms of reference of the AC are as follows:-

### 1. Composition

The AC shall be appointed by the Board from amongst the Directors of the Company. The AC shall comprise not less than 3 members. All the members must be Non-Executive Directors, with a majority of them being Independent Directors. At least one member of the AC must be a member of the Malaysian Institute of Accountants or fulfil such other requirements as prescribed or approved by the Exchange. One of the members of the AC who is an Independent Director shall be appointed Chairman of the AC by the members of the AC.

### 2. Meetings and Minutes

The AC shall meet at least 4 times a year. The quorum shall be at least 2 members, the majority of whom shall be Independent Directors. The AC may request any member of the management and representatives of the external auditors to be present at meetings of the AC. Minutes of each AC meeting are to be prepared and distributed to each member of the AC and the Board. The Company Secretary or his Assistant shall be the Secretary of the AC.

### 3. Authority

The AC is authorised by the Board:-

- (a) to investigate any activity of the Company and its subsidiaries within its terms of reference;
- (b) to seek any information it requires from any employee for the purpose of discharging its functions and responsibilities and all employees are directed to cooperate with any request made by the AC;
- (c) to obtain legal or other independent professional advice and to secure the attendance of outsiders with the relevant experience and expertise if it considers it necessary to do so; and
- (d) to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company and its subsidiaries, whenever deemed necessary.

### 4. Duties and Responsibilities

The duties and responsibilities of the AC shall be as follows and will cover the Company and its subsidiaries:-

- (a) to consider the appointment of external auditors, their terms of appointment and reference and any questions of resignation or dismissal;
- (b) to review with the external auditors their audit plan, scope and nature of audit;
- (c) to review the quarterly and annual financial statements before submission to the Board;
- (d) to review and assess the adequacy and effectiveness of the systems of internal control and accounting control procedures by reviewing the external auditors' management letters and management response;
- (e) to hear from and discuss with the external auditors any problem and reservation arising from their interim and final audits or any other matter that the external auditors may wish to highlight;
- (f) to review the internal audit programme, consider the findings of internal audit and the actions and steps taken by management in response to such findings and ensure coordination between the internal and external auditors;
- (g) to review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;

## AUDIT COMMITTEE REPORT (cont'd)

- (h) to review related party transactions entered into by the Company and the Group to ensure that such transactions are undertaken on the Group's normal commercial terms and that the internal control procedures relating to such transactions are adequate;
- (i) to review the process for identifying, evaluating, monitoring and managing significant risks;
- (j) to undertake such other responsibilities as may be delegated by the Board from time to time; and
- (k) to report to the Board its activities and findings.

### MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2015, the AC held 5 meetings. The details of attendance of the AC members are as follows:-

Name of AC Members	Number of Meetings Attended
Chew Hoy Ping	5/5
Kong Wah Sang	5/5
Dato' Lim Say Chong	5/5

The Executive Director, Group Chief Financial Officer, Head of Finance and Internal Audit Manager were invited to attend the meetings. The external auditors were present at 3 of the total meetings held. The AC also met with the external auditors without the presence of the executive board member and management.

### SUMMARY OF ACTIVITIES OF THE AC

During the financial year, the AC carried out its activities in line with its terms of reference, which are summarised as follows:-

#### 1. Financial and Annual Reporting

- Reviewed the quarterly financial results and annual audited financial statements for recommendation to the Board for approval and release to Bursa Malaysia Securities Berhad and Securities Commission, focusing particularly on:
  - i. changes in or adoption of accounting policies and practices changes;
  - ii. compliance with accounting standards and other legal requirements;
  - iii. significant and unusual events, including the latest status of the ongoing material litigation;
  - iv. going concern assumptions; and
  - v. significant audit issues and adjustments arising from audit.

- Reviewed and discussed the Management Accounts and cash flows of the Company and the Group with management.
- Reviewed and recommended to the Board for approval, the Statement on Risk Management and Internal Control for inclusion in the Annual Report.
- Reviewed and approved the AC Report for inclusion in the Annual Report.

#### 2. Internal Audit

- Reviewed and approved the revised internal audit report template and rating criteria for the Group.
- Reviewed and approved the internal audit plan proposed by the Internal Audit and Risk Management Department ("IARMD") to ensure adequacy of the scope and coverage of key business and operational units within the Group.
- Reviewed and approved the internal audit reports presented by the IARMD on the audit findings and recommended corrective measures as well as management's responses and action plans in addressing the identified risks and internal control deficiencies.
- Reviewed the selection (including the interview) of candidates for the replacement of the Internal Audit and Risk Management Manager who resigned in July 2015.

#### 3. External Audit

- Reviewed with the external auditors, their audit plan and scope of audit prior to the commencement of audit.
- Reviewed with the external auditors, the audit report, issues, reservations and management responses arising from their audit.
- Reviewed with the external auditors on 25 February 2015 and 23 November 2015 without the presence of the executive board member and management, the extent of assistance rendered by management and issues arising from their audit.
- Evaluated the suitability and independence of the external auditors for its re-appointment as Auditors of the Company at the Annual General Meeting, with recommendations made to further safeguard and improve the independence and quality of services rendered by the external auditors. Upon the request of the AC, the external auditors have also provided confirmation on their independence in accordance with the terms of relevant professional and regulatory requirements.
- Reviewed and recommended to the Board for approval, the audit and non-audit fees of the external auditors for the financial year ended 31 December 2014.

## AUDIT COMMITTEE REPORT (cont'd)

### 4. Risk Management

- Reviewed and approved the risk management plan proposed by the IARMD, which encompassed key deliverables to facilitate the identification, evaluation and management of material risks that may impede the achievement of the Group's business objectives and strategies, including an independent assessment of the effectiveness of the governance and risk management processes within the Group.
- Reviewed and adopted the revised Enterprise Risk Management ("ERM") risk impact ratings to ensure appropriate and balanced mix of quantitative and qualitative risk parameters.
- Reviewed the proposal (including fees) from an external service firm for its risk management consultancy services to enhance and implement the ERM framework and policy within the Group, including continuous review and update of enterprise and corporate-level risk scorecards as well as risk reporting to the Board.

### 5. Related Party Transactions

- Reviewed the related party transactions entered into by the Company and the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms.

### 6. Others

- Reviewed and recommended to the Board for approval, the revised Conflict of Interest Policy for the Group. This Policy imposes an obligation on the Group's employees (particularly the management personnel) to promptly disclose a conflict of interest situation before any transaction is carried out.
- Reviewed and recommended to the Board for approval, the revised Whistleblowing Policy and Procedures for the Group. The objective of this Policy is to provide information and mechanism to all employees and stakeholders of the Group to report concerns about any suspected wrongdoing, inappropriate behavior or misconduct relating to fraud, corrupt practices and/or abuse, for investigation and management's action.
- Reported to the Board on significant issues and concerns discussed during the AC meetings together with applicable recommendations. Minutes of the AC meetings were tabled and noted by the Board.

### INTERNAL AUDIT AND RISK MANAGEMENT FUNCTIONS

The Group has an established independent internal audit function performed in-house by the IARMD, which reports directly to the AC. Its principal objective is to undertake regular reviews of the systems of controls, procedures and operations so as to provide reasonable assurance that the internal control system is sound, adequate and operating satisfactorily.

Apart from the aforesaid internal audit mandate, the IARMD is responsible to facilitate and assist management in maintaining a structured risk management framework to identify, evaluate and manage material risks faced by the Group as well as monitoring the effectiveness of the Group's risk management processes.

The IARMD's scope of responsibilities encompasses all business and operational units within the Group, with the exception of Australian operations for which the internal audit and risk management functions are outsourced.

The attainment of such objectives involved the following activities being carried out by the IARMD during the financial year:-

- (a) Prepared the internal audit and risk management plans for approval by the AC.
- (b) Prepared the revised internal audit rating criteria and report template for adoption by the AC.
- (c) Performed 6 risk-based audits on selected business units within the Group based on the approved internal audit plan, which covered reviews of the system of internal controls, risk management and governance pertaining to accounts payable and management of assets and capital expenditure.
- (d) Tabled to the AC, 6 audit reports incorporating the audit findings, audit recommendations and management responses. Particularly, 2 follow-up audits were conducted and the status of implementation on the agreed action plan was highlighted to the AC.
- (e) Performed independent evaluation on the operations of ERM framework focusing primarily on the completeness of the risk registers and robustness of risk information reported to the Board.
- (f) Reviewed and tabled the revised ERM risk impact ratings for adoption by the AC.
- (g) Tabled to the AC, the fees proposal from an external service firm for the provision of risk management consultancy services to enhance and implement the ERM framework and policy within the Group, including continuous review and update of enterprise and corporate-level risk scorecards as well as risk reporting to the Board.
- (h) Prepared and tabled to the AC, the Statement on Risk Management and Internal Control for inclusion in the Annual Report.
- (i) Prepared and tabled to the AC, the revised Conflict of Interest Policy and the revised Whistleblowing Policy and Procedures for the Group.

The costs incurred for the internal audit function for the financial year ended 31 December 2015 amounted to RM735,671.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Malaysian Code on Corporate Governance 2012 requires listed companies to establish and maintain a sound risk management framework and internal controls system to safeguard shareholders' investments and the Group's assets. Bursa Malaysia's Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines") provides guidance for compliance with these requirements. The AC, being the delegated committee of the Board, is responsible for the preparation of the Statement on Risk Management and Internal Control in accordance with the Guidelines. Set out below is the Statement on Risk Management and Internal Control which has been prepared in accordance with the Guidelines.

## RESPONSIBILITY

The Board affirms its responsibility for maintaining a sound system of internal controls, including the assurance on its adequacy and integrity. The system of internal controls, designed to safeguard shareholders' investments and the Group's assets, covers not only financial controls but also operational and compliance controls and risk management. Such system, however, is designed to manage rather than to eliminate risks that may hinder the achievement of the Group's business objectives. Accordingly, the system can only provide reasonable but not absolute assurance against material misstatement, loss and fraud.

## RISK MANAGEMENT

Risk management is considered by the Board as an integral part of the business operations. Operationally, the Group has in place a ERM framework, which encapsulates the Group's risk governance structure, policy and procedures to identify, evaluate, manage and monitor risks that may impede the achievement of the Group's business objectives and strategies.

The aforesaid ERM framework, policy and procedures, which are in line with the Malaysian Standard ISO 31000:2010, are administered and facilitated by the IARMD of the Group.

The Group adopts a decentralised approach to risk management whereby individual Risk Management Units ("RMUs") are established at the business unit level. The RMUs are led by the Heads of Department while the members are appointed employees. The RMUs are responsible to identify, prioritise, manage and monitor risk inherent in their business activities in accordance with the Group's risk management parameters, procedures and policy. The last risk review exercise to update the respective RMUs' risk registers was facilitated by the IARMD in 2014.

## INTERNAL AUDIT

The IARMD undertakes the review of the system of internal controls, procedures and operations so as to provide reasonable assurance that the internal controls system and risk management framework are sound, adequate and operating satisfactorily. The activities carried out by the IARMD during the financial year are set out in the AC Report, which is also included in this Annual Report.

During the financial year, the IARMD carried out audits of selected business units within the Group based on a risk-based approach. 6 out of the 11 approved audit assignments were completed throughout the financial year, with 5 audit assignments rescheduled to be carried out in subsequent years.

## KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Group's internal controls system include the following:-

- Clearly defined delegation of responsibilities, organisation structure and appropriate authority limits have been established by the Board for the Board Committees and Management.
- Internal policies and procedures are in place, which are updated as and when necessary.
- Whistleblowing Policy and Procedures are in place to provide appropriate communication avenue for all employees and stakeholders to report suspected inappropriate behavior or misconduct relating to fraud, corrupt practices, abuse and/or bribery in a transparent and confidential manner.
- Reporting requirements and procedures are established and set out in the Group's Conflict of Interest Policy to manage and address any real or potential conflict of interest faced by management personnel.
- Reporting systems are in place, which generate financial and other reports for the Board and Management. Monthly management meetings are held during which the reports are discussed and the necessary actions taken.
- Annual business plans and budgets are prepared by the individual companies and units within the Group. Actual performance is monitored against the budgets on a monthly basis, with major variances followed up and the necessary actions taken.
- The adequacy and effectiveness of the system of internal controls and risk management are continually assessed by the IARMD based on a risk-based audit plan approved by the AC.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

### MONITORING AND REVIEW OF THE SYSTEM OF INTERNAL CONTROL AND RISK MANAGEMENT

During the financial year, a number of improvements to internal controls and risk management framework were identified and implemented. No weaknesses were noted which have a material impact on the Group's financial performance or operations.

The current monitoring, review and reporting procedures provide reasonable assurance on the adequacy and effectiveness of the Group's system of internal controls and risk management. Such procedures, however, do not eliminate the possibility of human error, the deliberate circumvention of control procedures by employees and others and the occurrence of unforeseeable circumstances.

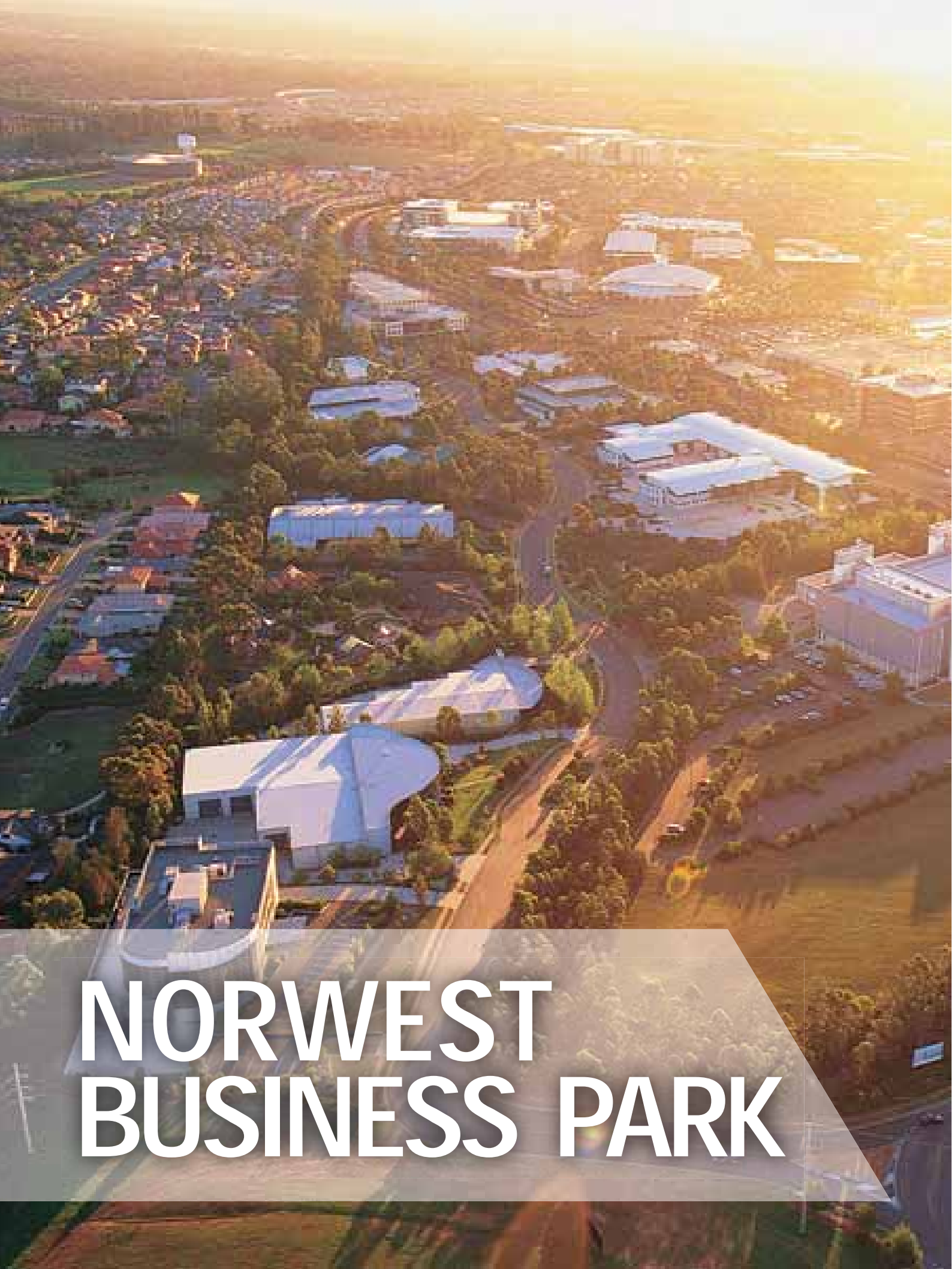
This Statement on Risk Management and Internal Control does not deal with the Group's associated companies as the Group does not have management control over their operations.

The Board has also received assurance from the Group Chief Financial Officer that the Group's risk management and internal controls systems are operating adequately and effectively, in all material aspects, based on the risk management and internal controls systems of the Group.

**This Statement on Risk Management and Internal Control was approved by the Board on 25 February 2016.**



The picturesque InterContinental Sanctuary Cove Resort.



# NORWEST BUSINESS PARK

## SYDNEY, AUSTRALIA

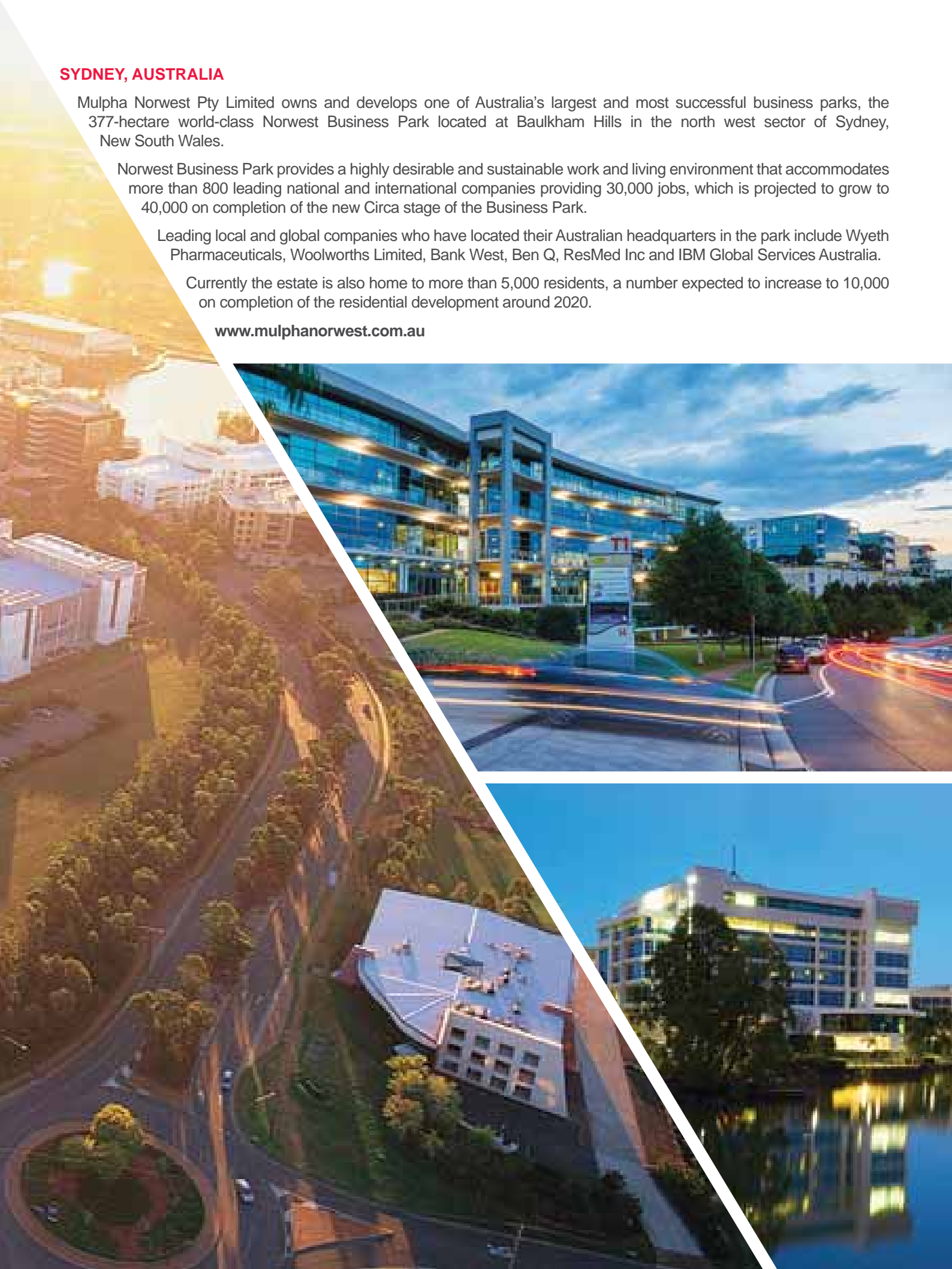
Mulpha Norwest Pty Limited owns and develops one of Australia's largest and most successful business parks, the 377-hectare world-class Norwest Business Park located at Baulkham Hills in the north west sector of Sydney, New South Wales.

Norwest Business Park provides a highly desirable and sustainable work and living environment that accommodates more than 800 leading national and international companies providing 30,000 jobs, which is projected to grow to 40,000 on completion of the new Circa stage of the Business Park.

Leading local and global companies who have located their Australian headquarters in the park include Wyeth Pharmaceuticals, Woolworths Limited, Bank West, Ben Q, ResMed Inc and IBM Global Services Australia.

Currently the estate is also home to more than 5,000 residents, a number expected to increase to 10,000 on completion of the residential development around 2020.

[www.mulphanorwest.com.au](http://www.mulphanorwest.com.au)



# STATEMENT ON CORPORATE RESPONSIBILITY



The Marina at Sanctuary Cove Brisbane received Level 3 Accreditation under the International Clean Marina Program.

**Mulpha's corporate responsibility strategy is aligned with its credo of 'Committed to Long Term Value Creation'. In our continuous pursuit of excellence, we are ever mindful of our responsibility as a corporate citizen towards our Environment, Community and Workplace.**

## ENVIRONMENT

Mulpha makes a conscientious effort into putting a stamp of green living to all our developments. And increasingly we are making sustainable living a core design philosophy.

Leisure Farm, the Group's flagship project in Iskandar Malaysia, is built upon the principles of eco-living. From preserving the eco-systems and bio-diversity to the usage of recyclable materials wherever possible, every aspect of the development is designed for sustainability with minimal impact on the local ecology.

These environmental friendly practices extend across the Group to our Australian operations as well. In 2015, the Sanctuary Cove Marina was independently audited by a trained and qualified Clean Marina Consultant in areas such as fuelling, facility management, emergency planning and good environmental standards and awarded Level 3 Accreditation under the International Clean Marina Program. Overseen by the Marina Industries Association of Australia, the Clean Marina program encourages environmental compliance and the use of best management practices for marinas.

## COMMUNITY

### LEISURE FARM

In March 2015, Leisure Farm supported the Malaysian Arts fraternity with a Leisure Farm Arts Fest. The event featured more than 30 established and emerging local artists who displayed their masterpieces at the Bale Equestrian and Country Club. The festival received great response from the residents as well as visitors from neighbouring areas, Singapore and even Kuala Lumpur. Besides display of artworks, public talks and hands-on activities such as batik painting were also held for the public.

Leisure Farm also supported the Friends of Marlborough College by sponsoring their third annual Christmas Bazaar. The event held on the grounds of the Marlborough College saw the participation of parents and school kids with a host of activities and games for all. In line with Leisure Farm's green living concept, the bazaar also featured a green theme with some hands on gardening activities for the kids.

## STATEMENT ON CORPORATE RESPONSIBILITY (cont'd)

### SANCTUARY COVE

The Sanctuary Cove Community Service efforts were channeled towards these various different beneficiaries :

- Mayoress' Annual Ball for homeless charities
- Ray White Annual Ball for Muscular Dystrophy
- Sea World Research and Rescue Foundation
- Gold Coast Community Fund
- Rotary Hope Island
- Rotary Coomera
- Breast Cancer Foundation
- Cancer Council
- Fishing for Freedom
- One Day to Conquer Cancer
- Gold Coast - Coast Guard
- Gold Coast Waterways Authority
- Volunteer Marine Rescue
- Gold Coast Water Police

### INTERCONTINENTAL SYDNEY

As part of their Shelter in A Storm project, staff of InterContinental Sydney had 1811 acts of participation and raised A\$3,709. Activities completed were Cake Sale, Waffle Bake, Raffle for Nepal, Glassware Sale, and other various raffles throughout the year. All the money raised went to the assistance of our sister properties around the world after natural disasters such as the Earthquake in Nepal and Typhoon in Vanuatu.

Locally, the hotel supported St Canice Parish with 150 Christmas Hampers packed and delivered to the church. Additionally, the Hotel also had a Green Day to assist with the re-painting of the St Canice Kitchen.

### INTERCONTINENTAL SANCTUARY COVE

InterContinental Sanctuary Cove held a number of activities to drive support for OzHarvest. OzHarvest is the first perishable food rescue organisation in Australia collecting quality excess food from commercial outlets and delivering it, direct and free of charge, to 800 charities providing much needed assistance to vulnerable men, women and children across the country. The Hotel supported the cause through weekly schedule of food donations and special bins for food collection as well as donations of buffet food prep and non-perishables. Support was also offered through our corporate team building program for meetings guests - OzHarvest Cooking Masterclass with sale of cook books, and merchandise to bookers as gifts for delegates.

The IHG Training Academy continued with their student placement activities with the Blue Mountain Hotel School and the International College of Hotel Management. In its effort to expand its portfolio of academy partners, an MOU was undertaken with the QLD Hotel & Hospitality School.

InterContinental Sanctuary Cove also participated in the IHG Shelter in a Storm Campaign and raised a total of A\$9,401 over 3532 acts of participation through fundraising, raffles, charity auctions, donations, etc.

### WORKPLACE

We are aware that an organisation is only as strong as the people within it - so we strive hard to ensure our workforce is healthy, engaged and productive. By promoting equality and inclusion, we aim to attract a diverse group of talented people. By fostering a supportive and engaging culture, we aim to inspire loyalty and leadership. And by investing in ongoing training and career development, we aim to unlock talent and performance in the short and long-term.

The Company actively promotes and supports activities that improve employees' relationships with each other via the Mulpha Recreation Club. The Club encourages staff participation in sporting activities, family day events and social gatherings. The Club also organises yearly company trips to foster relationships between the staff from different disciplines. These efforts provide an enriching social experience for all staff.

### INTERCONTINENTAL SYDNEY & SANCTUARY COVE

In a climate where employees, guests and other stakeholders are seeking confirmation that companies share their values, the things we do to instill a culture of responsible business across the Group contribute to the credibility and value of the IHG brand. These include:

- Strong governance and leadership which promotes responsible business attitudes and behaviours throughout IHG.
- Ensuring our colleagues understand key legal and reputational issues.
- Engaging in responsible procurement.
- Ensuring the safety and security of employees, guests and other visitors to our hotels and offices.
- Operating effective risk management and internal controls.



# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

for the year ended 31 December 2015

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

## Principal activities

The principal activity of the Company is investment holding, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## Results

Profit for the year attributable to:

Owners of the Company

Non-controlling interests

Group RM'000	Company RM'000
165,123	175,914
(1,841)	—
163,282	175,914

## Reserves and provisions

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

## Dividends

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

## Directors of the Company

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

Lee Seng Huang  
Law Chin Wat  
Chung Tze Hien  
Kong Wah Sang  
Chew Hoy Ping  
Dato' Lim Say Chong  
Dato' Yusli bin Mohamed Yusoff  
Loong Caesar

## Directors' interests in shares

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

	Number of ordinary shares of RM0.50 each			At 31.12.2015
	At 1.1.2015	Acquired	Sold	
<b>The Company</b>				
<b>Deemed interest</b>				
Lee Seng Huang	859,787,549	—	—	859,787,549

By virtue of Lee Seng Huang's substantial interest in the shares of the Company, he is also deemed interested in the shares of all the subsidiaries during the financial year to the extent that the Company has an interest.

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

## DIRECTORS' REPORT (cont'd)

for the year ended 31 December 2015

### Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 37 to the financial statements.

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

### Issue of shares and debentures

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

There were no debentures issued during the financial year.

### Treasury shares

During the financial year, the Company repurchased 60,000 of its issued ordinary shares from the open market at an average price of RM0.367 per share. The total consideration paid was RM22,035 including transaction costs. The shares repurchased were retained as treasury shares.

As at 31 December 2015, the Company held a total of 222,259,800 treasury shares out of its 2,355,913,158 issued ordinary shares. Such treasury shares are held at a carrying amount of RM92.14 million and further relevant details are disclosed in Note 18 to the financial statements.

The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

### Options granted over unissued shares

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

### Other statutory information

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

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

## DIRECTORS' REPORT (cont'd)

for the year ended 31 December 2015

### Other statutory information (cont'd)

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report, other than certain items as disclosed in Notes 26, 27 and 30 to the financial statements.

### Significant events during the year

The significant events are as disclosed in Note 40 to the financial statements.

### Subsequent events

The subsequent events are as disclosed in Note 41 to the financial statements.

### Auditors

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

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

**Lee Seng Huang**

**Law Chin Wat**

Date: 31 March 2016

# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Assets</b>					
Property, plant and equipment	3	1,087,824	1,011,017	2	—
Prepaid land lease payments	4	—	—	—	—
Investment properties	5	416,938	21,962	—	—
Investments in subsidiaries	6	—	—	599,430	691,768
Investments in associates	7	1,354,347	1,181,490	24,433	1,507
Investments in joint ventures	8	12,798	2,534	—	—
Investment securities	9	1,156	88,447	1,043	1,043
Other investments	10	5,080	5,080	5,051	5,051
Goodwill	11	2,722	9,113	—	—
Inventories	12	645,560	813,842	—	—
Trade and other receivables	13	—	—	362,643	308,368
Other non-current assets	14	14,742	18,469	—	—
Deferred tax assets	15	59,756	53,750	—	—
<b>Total non-current assets</b>		<b>3,600,923</b>	<b>3,205,704</b>	<b>992,602</b>	<b>1,007,737</b>
Inventories	12	725,387	593,189	—	—
Trade and other receivables	13	233,570	260,710	889,013	675,069
Other current assets	16	26,658	18,360	182	31
Investment securities	9	2,516	6,682	—	—
Current tax assets		3,549	10,633	57	279
Cash and cash equivalents	17	539,900	600,796	16	57
<b>Total current assets</b>		<b>1,531,580</b>	<b>1,490,370</b>	<b>889,268</b>	<b>675,436</b>
<b>Total assets</b>		<b>5,132,503</b>	<b>4,696,074</b>	<b>1,881,870</b>	<b>1,683,173</b>

STATEMENTS OF FINANCIAL POSITION (cont'd)  
as at 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Equity</b>					
Share capital	18	<b>1,177,957</b>	1,177,957	<b>1,177,957</b>	1,177,957
Share premium		<b>579,863</b>	579,863	<b>579,863</b>	579,863
Treasury shares	18	<b>(92,137)</b>	(92,115)	<b>(92,137)</b>	(92,115)
Reserves	19	<b>305,608</b>	260,797	<b>108,335</b>	108,335
Retained earnings/(Accumulated losses)		<b>597,699</b>	432,711	<b>24,591</b>	(151,323)
<b>Total equity attributable to owners of the Company</b>		<b>2,568,990</b>	2,359,213	<b>1,798,609</b>	1,622,717
<b>Non-controlling interests</b>		<b>—</b>	44,346	<b>—</b>	—
<b>Total equity</b>		<b>2,568,990</b>	2,403,559	<b>1,798,609</b>	1,622,717
<b>Liabilities</b>					
Loans and borrowings	20	<b>932,341</b>	794,648	<b>—</b>	—
Trade and other payables	21	<b>13,431</b>	13,491	<b>—</b>	—
Provision for liabilities	22	<b>2,225</b>	2,179	<b>—</b>	—
<b>Total non-current liabilities</b>		<b>947,997</b>	810,318	<b>—</b>	—
Loans and borrowings	20	<b>1,314,683</b>	1,163,079	<b>81,174</b>	56,366
Trade and other payables	21	<b>264,443</b>	272,045	<b>2,087</b>	4,090
Other current liabilities	23	<b>6,604</b>	14,801	<b>—</b>	—
Current tax liabilities		<b>6,360</b>	6,979	<b>—</b>	—
Provision for liabilities	22	<b>23,426</b>	20,365	<b>—</b>	—
Derivative liabilities	24	<b>—</b>	4,928	<b>—</b>	—
<b>Total current liabilities</b>		<b>1,615,516</b>	1,482,197	<b>83,261</b>	60,456
<b>Total liabilities</b>		<b>2,563,513</b>	2,292,515	<b>83,261</b>	60,456
<b>Total equity and liabilities</b>		<b>5,132,503</b>	4,696,074	<b>1,881,870</b>	1,683,173

The notes on pages 66 to 170 are an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Continuing operations</b>					
Revenue	25	<b>888,639</b>	958,682	<b>26,581</b>	40,663
Other income	26	<b>186,910</b>	148,332	<b>160,200</b>	49,866
Land and property development costs		<b>(192,666)</b>	(287,017)	–	–
Finished goods and services rendered		<b>(104,035)</b>	(133,733)	–	–
Employee benefits expenses		<b>(272,104)</b>	(219,493)	<b>(576)</b>	(576)
Depreciation		<b>(55,399)</b>	(53,826)	–	(1)
Other expenses		<b>(257,159)</b>	(247,226)	<b>(7,100)</b>	(9,615)
<b>Results from operating activities</b>		<b>194,186</b>	165,719	<b>179,105</b>	80,337
Finance costs	28	<b>(113,343)</b>	(92,236)	<b>(2,860)</b>	(1,870)
Share of profit of associates		<b>70,579</b>	33,702	–	–
Share of profit of joint ventures		<b>9,291</b>	5,191	–	–
<b>Profit before tax</b>	27	<b>160,713</b>	112,376	<b>176,245</b>	78,467
Tax benefit/(expense)	29	<b>2,569</b>	(16,842)	<b>(331)</b>	(75)
<b>Profit from continuing operations</b>		<b>163,282</b>	95,534	<b>175,914</b>	78,392
<b>Discontinued operation</b>					
Profit net of tax from discontinued operation	30(b)	–	29,025	–	–
<b>Profit for the year</b>		<b>163,282</b>	124,559	<b>175,914</b>	78,392

**STATEMENTS OF PROFIT OR LOSS &  
OTHER COMPREHENSIVE INCOME (cont'd)**  
for the year ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Other comprehensive income/(expense)</b>					
Foreign currency translation differences for foreign operations and share of other comprehensive income/(expense) in associates		84,015	(47,601)	—	—
Fair value movement of available-for-sale financial assets		(11,932)	8,301	—	—
Share of other comprehensive income/(expense) of associates		5,722	(2,767)	—	—
Reclassification to profit or loss on:					
- dilution of interest in an associate		(544)	—	—	—
- discontinued operation		—	(10,552)	—	—
- disposal of a subsidiary		(16,099)	—	—	—
- disposal of available-for-sale financial assets		(16,486)	—	—	—
<b>Other comprehensive income/(expense) for the year</b>		<b>44,676</b>	<b>(52,619)</b>	<b>—</b>	<b>—</b>
<b>Total comprehensive income for the year</b>		<b>207,958</b>	<b>71,940</b>	<b>175,914</b>	<b>78,392</b>
<b>Profit attributable to:</b>					
Owners of the Company		165,123	124,148	175,914	78,392
Non-controlling interests		(1,841)	411	—	—
<b>Profit for the year</b>		<b>163,282</b>	<b>124,559</b>	<b>175,914</b>	<b>78,392</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		209,799	71,529	175,914	78,392
Non-controlling interests		(1,841)	411	—	—
<b>Total comprehensive income for the year</b>		<b>207,958</b>	<b>71,940</b>	<b>175,914</b>	<b>78,392</b>
<b>Earnings per ordinary share (sen):</b>					
from continuing operations	31	7.74	4.47		
from discontinued operation	31	—	1.35		
		<b>7.74</b>	<b>5.82</b>		

The notes on pages 66 to 170 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015



	Share capital RM'000	Share premium RM'000	Exchange reserve RM'000	Capital reserve RM'000	Other reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>Group</b>										
<b>At 1 January 2014</b>	1,177,957	579,863	179,982	115,386	15,707	(92,049)	308,565	2,285,411	52,130	2,337,541
Fair value of movement of available-for-sale financial assets	-	-	-	-	8,301	-	-	8,301	-	8,301
Foreign currency translation differences for foreign operations and share of other comprehensive expense of associates	-	-	(45,184)	-	(2,417)	-	-	(47,601)	-	(47,601)
Share of other comprehensive expense of associates	-	-	-	-	(2,767)	-	-	(2,767)	-	(2,767)
Reserves of discontinued operation reclassified to profit or loss	-	-	(10,552)	-	-	-	-	(10,552)	-	(10,552)
Total other comprehensive (expense)/income for the year	-	-	(55,736)	-	3,117	-	-	(52,619)	-	(52,619)
Profit for the year	-	-	-	-	-	-	124,148	124,148	411	124,559
<b>Total comprehensive (expense)/income for the year</b>	-	-	(55,736)	-	3,117	-	124,148	71,529	411	71,940

## for the year ended 31 December 2015

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)**  
for the year ended 31 December 2015



Group	Share capital RM'000	Share premium RM'000	Exchange reserve RM'000	Capital reserve RM'000	Other reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>At 1 January 2015</b>	<b>1,177,957</b>	<b>579,863</b>	<b>124,246</b>	<b>117,727</b>	<b>18,824</b>	<b>(92,115)</b>	<b>432,711</b>	<b>2,359,213</b>	<b>44,346</b>	<b>2,403,559</b>
Fair value movement of available-for-sale financial assets	-	-	-	-	(11,932)	-	-	(11,932)	-	(11,932)
Foreign currency translation differences for foreign operations and share of other comprehensive income of associates	-	-	84,015	-	-	-	-	84,015	-	84,015
Share of other comprehensive income of associates	-	-	1,915	-	3,807	-	-	5,722	-	5,722
Reclassification to profit or loss on:										
- dilution of interest in an associate	-	-	(544)	-	-	-	-	(544)	-	(544)
- disposal of a subsidiary	-	-	-	(16,099)	-	-	-	(16,099)	-	(16,099)
- disposal of available-for-sale financial assets	-	-	-	-	(16,486)	-	-	(16,486)	-	(16,486)
Total other comprehensive income/(expense) for the year	-	-	85,386	(16,099)	(24,611)	-	-	44,676	-	44,676
Profit for the year	-	-	-	-	-	-	165,123	165,123	(1,841)	163,282
<b>Total comprehensive income/(expense) for the year</b>	<b>-</b>	<b>-</b>	<b>85,386</b>	<b>(16,099)</b>	<b>(24,611)</b>	<b>-</b>	<b>165,123</b>	<b>209,799</b>	<b>(1,841)</b>	<b>207,958</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)**  
for the year ended 31 December 2015



Group	Share capital RM'000	Share premium RM'000	Exchange reserve RM'000	Capital reserve RM'000	Other reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Purchase of treasury shares	-	-	-	-	-	(22)	-	(22)	-	(22)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(42,505)	(42,505)
Transfer within reserves	-	-	-	135	-	-	(135)	-	-	-
<b>Total transactions with owners of the Company</b>	-	-	-	135	-	(22)	(135)	(22)	(42,505)	(42,527)
<b>At 31 December 2015</b>	<b>1,177,957</b>	<b>579,863</b>	<b>209,632</b>	<b>101,763</b>	<b>(5,787)</b>	<b>(92,137)</b>	<b>597,699</b>	<b>2,568,990</b>	<b>-</b>	<b>2,568,990</b>
	Note 18		Note 19	Note 19	Note 19	Note 18				

The notes on pages 66 to 170 are an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

← ————— *Non-distributable* ————— →

Company	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Other reserve RM'000	Treasury shares RM'000	(Accumulated losses)/ Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2014</b>	1,177,957	579,863	108,228	107	(92,049)	(229,715)	1,544,391
Total comprehensive income for the year	-	-	-	-	-	78,392	78,392
Purchase of treasury shares	-	-	-	-	(66)	-	(66)
<b>At 31 December 2014/1 January 2015</b>	1,177,957	579,863	108,228	107	(92,115)	(151,323)	1,622,717
Total comprehensive income for the year	-	-	-	-	-	175,914	175,914
Purchase of treasury shares	-	-	-	-	(22)	-	(22)
<b>At 31 December 2015</b>	<b>1,177,957</b>	<b>579,863</b>	<b>108,228</b>	<b>107</b>	<b>(92,137)</b>	<b>24,591</b>	<b>1,798,609</b>
	<b>Note 18</b>		<b>Note 19</b>	<b>Note 19</b>	<b>Note 18</b>		

The notes on pages 66 to 170 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

for the year ended 31 December 2015

Note	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Cash flows from operating activities</b>				
Profit before tax				
- Continuing operations	<b>160,713</b>	112,376	<b>176,245</b>	78,467
- Discontinued operation	30(b) <b>—</b>	656	<b>—</b>	<b>—</b>
	<b>160,713</b>	113,032	<b>176,245</b>	78,467
Adjustments for:				
Bad debts recovered	<b>(14)</b>	(18)	<b>(14)</b>	(8)
Bad debts written off	<b>398</b>	3	<b>8</b>	3
Dividend income	<b>(19)</b>	(2,719)	<b>(26,581)</b>	(40,663)
Fair value adjustment of investment properties	5 <b>—</b>	(1,357)	<b>—</b>	<b>—</b>
Fair value loss/(gain) on financial assets at fair value through profit or loss	<b>1,993</b>	(2,249)	<b>—</b>	<b>—</b>
Gain on dilution of interests in associates	<b>(9,835)</b>	—	<b>—</b>	<b>—</b>
Gain on disposal of assets classified as held for sale	<b>—</b>	(13,854)	<b>—</b>	<b>—</b>
Gain on disposal of an investment property	<b>—</b>	(68)	<b>—</b>	<b>—</b>
Gain on disposal of investment securities	<b>(3,779)</b>	(945)	<b>—</b>	<b>—</b>
Gain on disposal of a subsidiary	<b>(50,385)</b>	—	<b>(9,191)</b>	(30,962)
Gain on partial disposal of an associate	<b>(1,411)</b>	—	<b>(2,023)</b>	<b>—</b>
Gain on waiver of amount due from subsidiaries	<b>—</b>	<b>—</b>	<b>—</b>	(350)
Impairment loss on financial assets				
- Investment securities	<b>61</b>	11,005	<b>—</b>	<b>—</b>
- Trade and other receivables	<b>1,155</b>	898	<b>—</b>	<b>—</b>
Impairment loss on investments in associates	<b>—</b>	—	<b>—</b>	2,605
Inventories written down	<b>20</b>	7,600	<b>—</b>	<b>—</b>
Interest income (including discontinued operation)	<b>(4,191)</b>	(5,795)	<b>(7,161)</b>	(2,144)
Interest expense (including discontinued operation)	<b>113,343</b>	92,273	<b>2,860</b>	1,870
Negative goodwill arising from acquisition of subsidiaries	38(ii) <b>—</b>	(36,463)	<b>—</b>	<b>—</b>
Net unrealised foreign exchange (gain)/loss (including discontinued operation)	<b>(1,803)</b>	150	<b>(136,470)</b>	(16,401)

**STATEMENTS OF CASH FLOWS (cont'd)**  
for the year ended 31 December 2015

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
<b>Cash flows from operating activities (cont'd)</b>					
Property, plant and equipment					
- Depreciation (including discontinued operation)	3	<b>55,399</b>	54,333	—	1
- Written off		<b>1,634</b>	9,920	—	2
- (Gain)/Loss on disposal		<b>(29)</b>	(1,166)	—	15
- Reversal of impairment loss	3	—	(5,214)	—	—
Provision for foreseeable loss on inventories		<b>1,242</b>	—	—	—
Provision for staff benefits		<b>14,052</b>	12,269	—	—
Reversal of impairment loss on					
- Trade and other receivables		<b>(193)</b>	(6,069)	—	—
- Investments in associates	7	—	(3,000)	—	—
- Inventories		<b>(571)</b>	(32)	—	—
- Investment securities		<b>(771)</b>	—	—	—
Share of profit of associates		<b>(70,579)</b>	(33,702)	—	—
Share of profit of joint ventures		<b>(9,291)</b>	(5,191)	—	—
<b>Operating profit/(loss) before changes in working capital</b>		<b>197,139</b>	183,641	<b>(2,327)</b>	(7,565)
Changes in working capital					
Inventories		<b>(110,746)</b>	(180,121)	—	—
Receivables		<b>12,014</b>	(21,607)	<b>92</b>	(39)
Other current assets		<b>(8,298)</b>	16,119	<b>(151)</b>	(30)
Other non-current assets		<b>4,225</b>	(13,014)	—	—
Financial assets at fair value through profit or loss		<b>3,277</b>	(184)	—	—
Payables		<b>20,141</b>	32,236	<b>(39)</b>	(481)
Other current liabilities		<b>(8,197)</b>	2,224	—	—
Intercompany balances		—	—	<b>(65,678)</b>	(134,528)
<b>Cash generated from/(used in) operations</b>		<b>109,555</b>	19,294	<b>(68,103)</b>	(142,643)
Interest paid		<b>(113,343)</b>	(92,273)	<b>(2,860)</b>	(1,870)
Interest received		<b>4,191</b>	5,795	<b>7,161</b>	2,144
Income tax refunded/(paid)		<b>3,624</b>	(21,694)	<b>(109)</b>	(106)
Staff benefits paid		<b>(14,071)</b>	(10,531)	—	—
<b>Net cash used in operating activities</b>		<b>(10,044)</b>	(99,409)	<b>(63,911)</b>	(142,475)

**STATEMENTS OF CASH FLOWS (cont'd)**  
for the year ended 31 December 2015

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
<b>Cash flows from investing activities</b>					
Purchase of investment securities		–	(1,608)	–	–
Purchase of other investments		–	(19)	–	(19)
Purchase of property, plant and equipment		<b>(39,373)</b>	(111,086)	<b>(2)</b>	–
Purchase of an investment property		<b>(366,149)</b>	–	–	–
Proceeds from disposal of					
- Property, plant and equipment		<b>323</b>	2,206	–	1
- Assets classified as held for sale		–	32,719	–	–
- Investment property		–	400	–	–
- Investment securities and other investment		<b>65,506</b>	4,259	–	–
- Subsidiary		–	–	<b>35,196</b>	–
- Discontinued operation, net of cash and cash equivalents disposed of	30(b)	–	29,795	–	30,962
Disposal of a subsidiary, net of cash and cash equivalents disposed of	30(a)	<b>(9,306)</b>	–	–	–
Proceeds from partial disposal of an associate		<b>3,890</b>	–	<b>3,890</b>	–
Refurbishment of investment properties		<b>(27)</b>	(549)	–	–
Additional investments in associates		–	(115,883)	–	–
Additional investments in joint ventures		<b>(24)</b>	–	–	–
Proportionate consolidation of joint operations, net of cash and cash equivalents acquired		<b>1,985</b>	–	–	–
Acquisition of subsidiaries, net of cash and cash equivalents acquired	38(ii)	–	(348)	–	–
Proceeds from redemption of preference shares		–	–	–	2,148
Dividend received		<b>19</b>	2,719	–	17,930
Dividend received from associates and joint ventures		<b>38,486</b>	25,780	–	–
<b>Net cash (used in)/generated from investing activities</b>		<b>(304,670)</b>	<b>(131,615)</b>	<b>39,084</b>	<b>51,022</b>

**STATEMENTS OF CASH FLOWS (cont'd)**  
for the year ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Cash flows from financing activities</b>					
Acquisition of non-controlling interests		–	(300)	–	–
Purchase of treasury shares		(22)	(66)	(22)	(66)
Payment of finance lease liabilities		(195)	(6,312)	–	–
Dividend paid to non-controlling interests		–	(3,745)	–	–
Withdrawal of pledged deposits		108,327	30,872	–	–
Net drawdown of borrowings		243,614	212,259	25,000	56,000
<b>Net cash generated from financing activities</b>		<b>351,724</b>	<b>232,708</b>	<b>24,978</b>	<b>55,934</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>37,010</b>	<b>1,684</b>	<b>151</b>	<b>(35,519)</b>
Effect of exchange rate fluctuations on cash held		11,161	(30,173)	–	–
Cash and cash equivalents at 1 January		106,452	134,941	(309)	35,210
<b>Cash and cash equivalents at 31 December</b>		<b>154,623</b>	<b>106,452</b>	<b>(158)</b>	<b>(309)</b>

**Cash and cash equivalents**

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

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	17	247,521	193,187	16	57
Deposits	17	292,379	407,609	–	–
		<b>539,900</b>	<b>600,796</b>	<b>16</b>	<b>57</b>
Less: Pledged bank balances and deposits	17	(383,855)	(492,182)	–	–
Bank overdraft	20	(1,422)	(2,162)	(174)	(366)
		<b>154,623</b>	<b>106,452</b>	<b>(158)</b>	<b>(309)</b>

**Purchase of property, plant and equipment**

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM39,559,000 (2014: RM118,980,000) of which RM186,000 (2014: RM7,894,000) were acquired by means of hire purchase and finance lease arrangements with the balance paid in cash.

The notes on pages 66 to 170 are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

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

## Principal place of business and registered office

PH2, Menara Mudajaya  
No.12A, Jalan PJU 7/3  
Mutiara Damansara  
47810 Petaling Jaya  
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2015 also include joint operations.

The principal activity of the Company is investment holding whilst the principal activities of the subsidiaries are as stated in Note 6.

These financial statements were authorised for issue by the Board of Directors on 31 March 2016.

## 1. Basis of preparation

### (a) Statement of compliance

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

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

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

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

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

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

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

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

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

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for MFRS 14 and Amendments to MFRS 116 and MFRS 141 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

#### **(i) MFRS 15, *Revenue from Contracts with Customers***

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group will assess the financial impact that may arise from the adoption of MFRS 15.

#### **(ii) MFRS 9, *Financial Instruments***

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group will assess the financial impact that may arise from the adoption of MFRS 9.

#### **(iii) Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception***

The amendments to MFRS 10, MFRS 12 and MFRS 128 require an investment entity parent to fair value a subsidiary providing investment-related services that is itself an investment entity, an intermediate parent owned by an investment entity group can be exempt from preparing consolidated financial statements and a non-investment entity investor can retain the fair value accounting applied by its investment entity associate or joint venture.

The Group will assess the financial impact that may arise from the adoption of the amendments.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

#### (b) Basis of measurement

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

The Group has prepared its financial statements by applying the going concern assumption, notwithstanding that as at 31 December 2015, the current liabilities of the Group exceeded its current assets by RM83,936,000, thereby indicating the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The validity of the going concern assumption is dependent upon the following:

- (i) the Group is successful in raising funds from the proposed rights issue;
- (ii) the banks continue to provide the required financing facilities to the Group; and
- (iii) ability of the Group to generate sufficient cash from its operations

to enable the Group to fulfill its obligations as and when they fall due so as to ensure the Group's ability to continue as a going concern for the foreseeable future.

As at the date of this report, there is no reason for the Directors to believe that the banks will not continue to provide the required financing facilities, that the Group will not generate sufficient cash from its operations, and that the Group will not be able to raise the funds from the proposed rights issue. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that may be necessary if the Group is unable to continue as a going concern.

#### (c) Functional and presentation currency

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

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

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

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

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

- Note 5 - valuation of investment properties
- Note 6 - valuation of investments in subsidiaries
- Note 7 - valuation of investments in associates
- Note 11 - measurement of recoverable amounts of cash generating units
- Note 15 - recognition of capital allowances and tax losses carried forward
- Note 22 - provision and contingencies
- Note 38 - business combinations

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 2. Significant accounting policies

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

#### (a) Basis of consolidation

##### (i) Subsidiaries

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

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

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

##### (ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

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

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

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

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

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

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

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

##### (iv) Loss of control

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

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

##### (v) Associates

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

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

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

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

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

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

##### (vi) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group accounts for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

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

##### (vii) Non-controlling interests

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

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

##### (viii) Transactions eliminated on consolidation

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

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

#### (b) Foreign currency

##### (i) Foreign currency transactions

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

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

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

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognised in other comprehensive income.

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

#### (b) Foreign currency (cont'd)

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

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

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

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

#### (c) Financial instruments

##### (i) Initial recognition and measurement

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

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

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

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

The Group and the Company categorise financial instruments as follows:

#### *Financial assets*

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

#### (c) Financial instruments (cont'd)

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

###### **(b) Loans and receivables**

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

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

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

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

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

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

###### **Financial liabilities**

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

#### (c) Financial instruments (cont'd)

##### (iii) Financial guarantee contracts

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

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

##### (iv) Derecognition

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

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

#### (d) Property, plant and equipment

##### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

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

##### (i) Recognition and measurement (cont'd)

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

##### (ii) Subsequent costs

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

##### (iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Freehold buildings	20 - 99 years
• Leasehold buildings	over period of lease
• Leasehold land	perpetuity
• Land improvements	10 - 40 years
• Plant, machinery, office equipment and furniture	3 - 20 years
• Motor vehicles	4 - 8 years

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

#### (e) Investment in works of art and club memberships

Works of art and club memberships are measured at cost less any accumulated impairment losses. Works of art are deemed inexhaustible and are not depreciated.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

#### (f) Leased assets

##### (i) Finance lease

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

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

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

##### (ii) Operating leases

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

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

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

#### (g) Intangible assets

##### (i) Goodwill

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

##### (ii) Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that they may be impaired.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

#### (h) Investment property

##### (i) Investment property carried at fair value

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

The Directors estimate the fair values of the Group's certain investment properties without involvement of independent valuers. Fair value is arrived at by reference to market evidence of transaction prices for similar properties within the same/adjacent location.

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

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

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

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

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

#### (i) Inventories

##### (i) Properties held for development

Properties held for development consists of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the Group's operating cycle of 2 to 3 years. Such land is classified as non-current asset and is measured at cost less any accumulated impairment losses.

Properties held for development is classified as property under development at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's operating cycle of 2 to 3 years.

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

#### (i) Inventories (cont'd)

##### (ii) Properties under development

Properties under development comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Cost of properties under development not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

##### (iii) Completed properties

Completed properties held for sale are measured at the lower of cost and net realisable value. The cost of completed properties includes expenditures incurred in the acquisition of land, direct cost and appropriate proportions of common cost attributable to developing the properties to completion and borrowing costs.

##### (iv) Others

Other inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their existing location and condition are accounted for as follows:

- Raw material: Purchase costs on a first-in-first-out/weighted average basis.
- Finished goods and work-in-progress: Costs of direct materials and labour, and a proportion of production overheads based on normal operating capacity. These costs are assigned on a first-in-first-out/weighted average basis.

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

#### (j) Non-current assets held for sale or distribution to owners

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

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

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

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

#### (k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

#### (l) Impairment

##### (i) Financial assets

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

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

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

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

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

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

##### (ii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax asset and investment property measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

#### (l) Impairment (cont'd)

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

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

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

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

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

#### (m) Equity instruments

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

##### (i) Issue expenses

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

##### (ii) Ordinary shares

Ordinary shares are classified as equity.

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

#### (n) Employee benefits

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

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

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

##### (ii) State plans

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

#### (o) Provisions

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

#### (p) Revenue and other income

##### (i) Revenue from property development

Revenue from property development is measured at the fair value of the consideration receivable and is recognised, in the profit or loss when significant risks and rewards of ownership have been transferred to the buyer based on the following key considerations:-

- (a) the risks and rewards of the properties under development passes to the buyer on delivery in its entirety at a single time on vacant possession and not continuously as construction progresses;
- (b) the Group entities maintain control over the properties under development during the construction period, i.e. the Group entities retain the obligation to construct the property in accordance with terms of the Sale and Purchase Agreement and correspondingly, construction risks is retained with the Group entities;
- (c) the Sale and Purchase Agreement does not give the right to the buyer to take over the work-in-progress during construction; and
- (d) the buyers have limited ability to influence the design of the property.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

#### (p) Revenue and other income (cont'd)

##### (ii) Goods sold

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

##### (iii) Services

Revenue from services rendered is recognised in profit or loss in the period the services provided to the customers.

##### (iv) Rental income

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

##### (v) Dividend income

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

##### (vi) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

##### (vii) Management fee income

Management fee income from the provision of management services is recognised when services are rendered.

#### (q) Borrowing costs

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

#### (r) Income tax

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

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

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

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(h), 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 with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

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

#### (s) Discontinued operations

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

#### (t) Earnings per ordinary share

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

#### (u) Operating segments

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

#### (v) Contingencies

##### (i) Contingent liabilities

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

##### (ii) Contingent assets

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

#### (w) Fair value measurements

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Property, plant and equipment

Group	Land RM'000	Land improve- ments RM'000	Buildings RM'000	*Plant and equipment RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>						
At 1 January 2014	156,982	—	945,076	401,188	37,233	1,540,479
Additions	8,172	1,722	22,908	68,513	17,665	118,980
Disposals	—	—	(99)	(7,907)	(99)	(8,105)
Written off	—	(410)	(5,854)	(17,670)	—	(23,934)
Reclassifications	26,435	26,582	(45,043)	25,410	(33,384)	—
Acquisition of subsidiaries	—	—	—	1,764	—	1,764
Disposal of a subsidiary	—	—	(36,578)	(8,193)	—	(44,771)
Assets fully depreciated reinstated	—	—	—	12,200	—	12,200
Effect of movements in exchange rates	(5,360)	(946)	(23,725)	(13,588)	(444)	(44,063)
At 31 December 2014/1 January 2015	186,229	26,948	856,685	461,717	20,971	1,552,550
Additions	—	158	295	7,389	31,717	39,559
Disposals	—	—	—	(777)	—	(777)
Written off	—	—	(1,647)	(2,257)	—	(3,904)
Reclassifications	—	—	6,175	25,066	(31,241)	—
Increase of share in joint operations	—	—	167	1,484	—	1,651
Disposal of a subsidiary	—	—	(902)	(406)	(80)	(1,388)
Effect of movements in exchange rates	17,939	2,659	82,547	46,132	2,053	151,330
At 31 December 2015	<b>204,168</b>	<b>29,765</b>	<b>943,320</b>	<b>538,348</b>	<b>23,420</b>	<b>1,739,021</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Property, plant and equipment (cont'd)

Group	Land RM'000	Land improve- ments RM'000	Buildings RM'000	*Plant and equipment RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Depreciation and impairment loss</b>						
At 1 January 2014						
Accumulated depreciation	–	–	166,566	219,950	–	386,516
Accumulated impairment losses	709	–	153,626	6,072	–	160,407
	709	–	320,192	226,022	–	546,923
Depreciation for the year	–	2,007	20,050	32,276	–	54,333
Disposals	–	–	(99)	(6,966)	–	(7,065)
Written off	–	(281)	(1,023)	(12,710)	–	(14,014)
Reclassifications	(709)	13,082	(9,486)	(2,887)	–	–
Acquisition of subsidiaries	–	–	–	1,619	–	1,619
Disposal of a subsidiary	–	–	(23,210)	(7,989)	–	(31,199)
Assets fully depreciated reinstated	–	–	–	12,200	–	12,200
Reversal of impairment loss	–	(510)	–	(4,704)	–	(5,214)
Effect of movements in exchange rates	–	(448)	(8,924)	(6,678)	–	(16,050)
At 31 December 2014/1 January 2015						
Accumulated depreciation	–	7,989	165,146	228,821	–	401,956
Accumulated impairment losses	–	5,861	132,354	1,362	–	139,577
	–	13,850	297,500	230,183	–	541,533
Depreciation for the year	–	696	21,289	33,414	–	55,399
Disposals	–	–	–	(483)	–	(483)
Written off	–	–	(606)	(1,664)	–	(2,270)
Reclassifications	–	–	167	(167)	–	–
Increase of share in joint operations	–	–	8	1,219	–	1,227
Disposal of a subsidiary	–	–	(104)	(111)	–	(215)
Effect of movements in exchange rates	–	1,412	30,279	24,315	–	56,006
At 31 December 2015						
Accumulated depreciation	–	9,521	203,176	285,249	–	497,946
Accumulated impairment losses	–	6,437	145,357	1,457	–	153,251
	–	15,958	348,533	286,706	–	651,197

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Property, plant and equipment (cont'd)

Group	Land RM'000	Land improve- ments RM'000	Buildings RM'000	*Plant and equipment RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Carrying amounts</b>						
At 1 January 2014	156,273	-	624,884	175,166	37,233	993,556
At 31 December 2014/1 January 2015	186,229	13,098	559,185	231,534	20,971	1,011,017
At 31 December 2015	204,168	13,807	594,787	251,642	23,420	1,087,824

\* Plant and equipment comprise plant, machinery, office equipment, motor vehicles, furniture and fittings.

Company	*Plant and equipment RM'000
<b>Cost</b>	
At 1 January 2014	1,701
Disposals	(26)
Written off	(59)
At 31 December 2014/1 January 2015	1,616
Additions	2
At 31 December 2015	<b>1,618</b>
<b>Depreciation</b>	
At 1 January 2014	1,682
Depreciation for the year	1
Disposals	(10)
Written off	(57)
At 31 December 2014/1 January 2015	1,616
Depreciation for the year	—
At 31 December 2015	<b>1,616</b>
<b>Carrying amounts</b>	
At 1 January 2014	19
At 31 December 2014/1 January 2015	—
At 31 December 2015	<b>2</b>

\* Plant and equipment comprise plant, machinery, office equipment, motor vehicles, furniture and fittings.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Property, plant and equipment (cont'd)

- (i) Net carrying amounts of assets pledged as security for borrowings as disclosed in Note 20 are as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Land	<b>197,498</b>	171,410
Land improvements	<b>7,128</b>	7,399
Buildings	<b>544,731</b>	521,093
Plant and equipment	<b>220,311</b>	77,892
	<b>969,668</b>	777,794

- (ii) The following are assets held by the Group which earn rental income under operating leases. The details of future annual rentals receivable under the operating leases are included in Note 35.

<b>Group</b>	<b>Land and buildings RM'000</b>
<b>At 31 December 2015</b>	
Cost	<b>215,541</b>
Accumulated depreciation	<b>(39,978)</b>
Net carrying amount	<b>175,563</b>
<b>At 31 December 2014</b>	
Cost	118,926
Accumulated depreciation	(14,985)
Net carrying amount	103,941

- (iii) The carrying amount of plant, machinery, office equipment, furniture and motor vehicles held under hire purchase and finance leases as at the reporting date was RM127,000 (2014: RM89,000).

- (iv) Included in the total carrying amounts of land are:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Freehold land	<b>195,498</b>	178,334
Leasehold land with unexpired lease period of more than 50 years	<b>8,670</b>	7,895
Plant and equipment	<b>204,168</b>	186,229

- (v) The Group's capital work-in-progress relates to refurbishment of hotels' assets.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 4. Prepaid land lease payments

Note	Group	
	2015 RM'000	2014 RM'000
<b>Long term leasehold land</b>		
At 1 January	–	733
Disposal	–	(733)
At 31 December	–	–

### 5. Investment properties

	Group	
	2015 RM'000	2014 RM'000
At 1 January	21,962	18,449
Addition	366,149	–
Transfer from inventories	–	1,939
Capital expenditure capitalised	27	549
Fair value adjustment of investment properties	–	1,357
Disposal	–	(332)
Disposal of a subsidiary (Note 30(a))	(2,984)	–
Effect of movements in exchange rates	31,784	–
At 31 December	416,938	21,962

Included in the above are:

	Group	
	2015 RM'000	2014 RM'000
<b>At fair value</b>		
Freehold land and buildings	416,938	20,023
<b>At cost</b>		
Building under construction	–	1,939
	416,938	21,962

On 18 December 2014, Norwest City Pty Limited, an indirect wholly-owned subsidiary of the Company entered into a Contract for the Sale of Land with Norwest Marketown Pty Limited as trustee for Norwest Lakeside Unit Trust ("Vendor") for the proposed acquisition of Norwest Marketown and certain surrounding lands located at Norwest Boulevard, Baulkham Hills, NSW, Australia from the Vendor for a total purchase consideration (inclusive of acquisition costs) of AUD127.1 million (equivalent to RM366.1 million). The said acquisition was completed on 27 February 2015.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 5. Investment properties (cont'd)

Investment properties comprise a commercial property that is leased to third parties. Each of the leases contains an initial non-cancellable period of 2 to 20 years, with annual rents indexed to consumer prices (see Note 35). Subsequent renewals are negotiated with the lessee and on average renewal periods are 5 years. No contingent rents are charged.

Investment properties of the Group with a carrying amount of RM397,933,000 (2014: RM1,939,000 which was under construction work-in-progress) is pledged as a security for bank borrowings as disclosed in Note 20.

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

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Rental income	<b>21,427</b>	461
Direct operating expenses:		
- income generating investment properties	<b>6,550</b>	265
- non-income generating investment properties	<b>133</b>	123

#### 5.1 Fair value information

Fair value of investment properties are categorised as follows:

<b>Group</b>	<b>2015</b>			<b>2014</b>		
	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Freehold land and buildings	<b>14,058</b>	<b>402,880</b>	<b>416,938</b>	14,052	5,971	20,023

#### Level 2 fair value

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 5. Investment properties (cont'd)

#### 5.1 Fair value information (cont'd)

##### Level 3 fair value

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

Note	Group	
	2015 RM'000	2014 RM'000
At 1 January	5,971	1,356
Addition	366,149	–
Disposal	–	(332)
Disposal of a subsidiary	(1,024)	–
Transfer into Level 3	a	4,947
Effect of movements in exchange rates	31,784	–
At 31 December	402,880	5,971

##### Note a – Transfer into Level 3

In 2013, this property was valued using the sales comparison approach, as there was a valuation report near reporting date, which resulted in a Level 2 fair value. In 2014, the Group estimated the fair value of the property based on market research on similar properties listed for sale within the same locality. The revised valuation technique for the property uses significant unobservable inputs. The fair value was therefore reclassified to Level 3.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The Group estimates the fair value of certain investment properties based on the comparison of the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities.	Market price of property in vicinity compared.	The estimated fair value would increase/(decrease) if market prices of property were higher/(lower).
The Group estimates the fair value of certain investment properties using the capitalisation rate methodology which considers the net passing income and percentage rent, present value of cost not paid by tenants and rental reversions capitalised at the core capitalisation rate.	Capitalisation rate of 6.38% and current passing base rentals.	The estimated fair value would increase/(decrease) if the expected capitalisation rate was (higher)/lower, and the current passing base rentals were higher/(lower).

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 5. Investment properties (cont'd)

#### 5.1 Fair value information (cont'd)

##### Level 3 fair value (cont'd)

##### Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is determined based on:

- i) the comparison of the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities; and
- ii) internal valuation using the capitalisation rate method which is the rate of return on investment properties based on the income that the property is expected to generate.

Assessment of the fair values of the Group's investment properties is undertaken annually. The changes in Level 3 fair values are analysed by the management based on the assessment undertaken.

### 6. Investments in subsidiaries

	Company	
	2015 RM'000	2014 RM'000
At cost		
Quoted shares in Malaysia	–	52,799
Unquoted shares in Malaysia	414,017	453,556
Foreign unquoted shares	242,271	242,271
	656,288	748,626
Less: Accumulated impairment losses	(56,858)	(56,858)
	599,430	691,768
Market value of quoted shares in Malaysia	–	55,144

Movement in the accumulated impairment losses are as follows:

	Company	
	2015 RM'000	2014 RM'000
At 1 January/31 December	56,858	56,858

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 6. Investments in subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Principal activities	Proportion of ownership interest	
			2015 %	2014 %
Subsidiaries of Mulpha International Bhd.				
Leisure Farm Corporation Sdn. Bhd.	Malaysia	Property development, property investment and resort operation	100	100
M Sky Services Sdn. Bhd.	Malaysia	Private air transportation services	100	100
Mulpha Land & Property Sdn. Bhd.	Malaysia	Property development	100	100
Mulpha Ventures Sdn. Bhd.	Malaysia	Licensed money lending and trading in securities	100	100
Mulpha Capital Holdings Sdn. Bhd.	Malaysia	Investment holding	100	100
Mulpha Far East Sdn. Bhd.	Malaysia	Investment holding	100	100
Mulpha Infrastructure Holdings Sdn. Bhd.	Malaysia	Investment holding	100	100
Thriven Global Berhad <sup>[2]</sup> (formerly known as Mulpha Land Berhad) (“Thriven”) (listed on Bursa Securities)	Malaysia	Investment holding, property development	–	62
Mulpha Group Services Sdn. Bhd.	Malaysia	Investment holding and provision of management services	100	100
Mulpha SPV Limited	Malaysia (Labuan)	Issuance of medium term notes	100	100
Mulpha Australia Limited <sup>[1]</sup>	Australia	Investment holding	100	100
Rosetec Investments Limited <sup>[5]</sup>	British Virgin Islands	Investment holding	100	100
Subsidiaries of Leisure Farm Corporation Sdn. Bhd.				
Leisure Farm Horticulture Services Sdn. Bhd.	Malaysia	Maintenance and upkeep of landscape services	100	100
Leisure Farm Equestrian Sdn. Bhd.	Malaysia	Investment holding, property development and property investment	100	100
Leisure Farm Polo Club Berhad	Malaysia	Dormant	100	100

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 6. Investments in subsidiaries (cont'd)

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

Name of entity	Country of incorporation	Principal activities	Proportion of ownership interest	
			2015 %	2014 %
Subsidiaries of Thriven Global Berhad				
Bukit Punchor Development Sdn. Bhd. <sup>[2]</sup>	Malaysia	Property development	–	70
Dynamic Unity Sdn. Bhd. <sup>[2]</sup>	Malaysia	Investment holding	–	100
Indahview Sdn. Bhd. <sup>[2]</sup>	Malaysia	Investment holding	–	100
MLB Quarry Sdn. Bhd. <sup>[2]</sup>	Malaysia	Licensing of a quarry plant	–	60
Mulpha Argyle Property Sdn. Bhd. <sup>[2]</sup>	Malaysia	Property development	–	51
Eco Green Services Sdn. Bhd. <sup>[2]</sup>	Malaysia	Maintenance services and facilities management services	–	100
Mulpha Properties (M) Sdn. Bhd. <sup>[2]</sup>	Malaysia	Property ownership and management	–	100
Mayfair Ventures Sdn. Bhd. <sup>[2]</sup>	Malaysia	Property development and property investment	–	51
Bakat Stabil Sdn. Bhd. <sup>[2]</sup>	Malaysia	Property development and property investment	–	100
Subsidiary of Dynamic Unity Sdn. Bhd.				
Golden Cignet Sdn. Bhd. <sup>[2]</sup>	Malaysia	Property development	–	100
Subsidiaries of Mulpha Capital Holdings Sdn. Bhd.				
Mulpha Capital Markets Sdn. Bhd.	Malaysia	Provision of corporate advisory and professional services and investment holding	100	100
Mulpha Capital Asset Management Sdn. Bhd.		Dormant	70	70
Subsidiary of Mulpha Capital Markets Sdn. Bhd.				
Mulpha Credit Sdn. Bhd.	Malaysia	Dormant	100	100

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 6. Investments in subsidiaries (cont'd)

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

Name of entity	Country of incorporation	Principal activities	Proportion of ownership interest	
			2015 %	2014 %
Subsidiaries of Mulpha Group Services Sdn. Bhd.				
Mulpha Strategic Limited <sup>[5]</sup>	British Virgin Islands	Investment holding and funds management	100	100
Manta Equipment (Malaysia) Sdn. Bhd.	Malaysia	Dormant	70	70
Subsidiaries of Mulpha Australia Limited				
Bimbadgen Estate Pty. Limited <sup>[1]</sup>	Australia	Winery and vineyard	100	100
Mulpha Australia (Holdings) Pty. Limited <sup>[1]</sup>	Australia	Investment holding	100	100
Caldisc Pty. Limited <sup>[1]</sup>	Australia	Administration	100	100
Enacon Parking Pty. Limited <sup>[1]</sup>	Australia	Car park operator	100	100
HD Diesels Pty. Limited <sup>[1]</sup>	Australia	Investment holding and hotelier	100	100
Mulpha Investments Pty. Limited <sup>[1]</sup>	Australia	Investment holding	100	100
Mulpha Sanctuary Cove Pty. Limited <sup>[1]</sup>	Australia	Investment holding	100	100
Mulpha Hotel Investments (Australia) Pty. Limited <sup>[1]</sup>	Australia	Investment holding	100	100
Mulpha Hotel Management Pty. Limited <sup>[1]</sup>	Australia	Investment holding	100	100
Mulpha (Hotel Bonds) Group Pty. Limited <sup>[1]</sup>	Australia	Dormant	100	100
Mulpha Core Plus Trust <sup>[1]</sup>	Australia	Investment holding	100	100
Mulpha Core Plus Pty. Limited <sup>[1]</sup>	Australia	Trustee	100	100
Mulpha Education Group Pty. Limited <sup>[1]</sup>	Australia	Investment holding and administration	100	100
Norwest City Pty. Limited <sup>[1]</sup>	Australia	Trustee	100	100
MAL Hayman Pty. Limited <sup>[1] [4]</sup>	Australia	Management of construction contract refurbishments	100	—
Norwest Flexi Pty. Limited <sup>[1] [3]</sup>	Australia	Trustee	100	—
Mulpha Funds Management Pty. Limited <sup>[1] [3]</sup>	Australia	Dormant	100	—

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 6. Investments in subsidiaries (cont'd)

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

Name of entity	Country of incorporation	Principal activities	Proportion of ownership interest	
			2015 %	2014 %
Subsidiaries of Mulpha Sanctuary Cove Pty. Limited				
Mulpha Sanctuary Cove (Developments) Pty. Limited <sup>[1]</sup>	Australia	Property ownership and development	100	100
Mulpha Sanctuary Cove International Boat Show Pty. Limited <sup>[1]</sup>	Australia	Boat show operator	100	100
Sanctuary Cove (Real Estate) Pty. Limited <sup>[1]</sup>	Australia	Investment holding	100	100
Mulpha Sanctuary Cove Hotel Operations Pty. Limited <sup>[1]</sup>	Australia	Hotelier	100	100
Mulpha Sanctuary Cove Marine Village Pty. Limited <sup>[1]</sup>	Australia	Property ownership	100	100
Mulpha Sanctuary Cove Marina Pty. Limited <sup>[1]</sup>	Australia	Marina operations	100	100
Mulpha Sanctuary Cove Hotel Investments Pty. Limited <sup>[1]</sup>	Australia	Land and property ownership	100	100
Subsidiaries of Mulpha Sanctuary Cove (Developments) Pty. Limited				
Mulpha Sanctuary Cove (Alpinia) Pty. Limited <sup>[1]</sup>	Australia	Land ownership	100	100
Mulpha SPV2 Pty Limited <sup>[1]</sup>	Australia	Dormant	100	100
Subsidiary of HD Diesels Pty. Limited				
Salzburg Apartments (Perisher Valley) Pty. Limited <sup>[1]</sup>	Australia	Investment holding	100	100
Subsidiaries of Mulpha Hotel Investments (Australia) Pty. Limited				
Mulpha Hotels Holdings Trust <sup>[1]</sup>	Australia	Investment holding	100	100
Mulpha Hotels Holdings Pty. Limited <sup>[1]</sup>	Australia	Trustee	100	100
Subsidiaries of Mulpha Hotels Holdings Trust				
Mulpha Hotels Australia Trust <sup>[1]</sup>	Australia	Investment holding	100	100
Mulpha Hotels Australia Pty. Limited <sup>[1]</sup>	Australia	Trustee	100	100

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 6. Investments in subsidiaries (cont'd)

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

Name of entity	Country of incorporation	Principal activities	Proportion of ownership interest	
			2015 %	2014 %
Subsidiaries of Mulpha Australia (Holdings) Pty. Limited				
Mulpha Hotel (Sydney) Pty. Limited <sup>[1]</sup>	Australia	Trustee	100	100
Mulpha Transport House Pty. Limited <sup>[1]</sup>	Australia	Property ownership	100	100
Mulpha Hotel (Sydney) Trust <sup>[1]</sup>	Australia	Property ownership	100	100
Mulpha Hotel Operations Pty. Limited <sup>[1]</sup>	Australia	Hotelier	100	100
Subsidiary of Mulpha Investment Pty. Limited				
Mulpha Norwest Pty. Limited <sup>[1]</sup>	Australia	Property ownership and development	100	100
Subsidiary of Mulpha Education Group Pty. Limited				
iLead Training Pty. Limited <sup>[1]</sup>	Australia	Training organisation	100	100
Subsidiaries of Mulpha Hotels Australia Trust				
Mulpha Hotel Pty. Limited <sup>[1]</sup>	Australia	Hotelier	100	100
Mulpha Hotel Trust <sup>[1]</sup>	Australia	Property ownership and development	100	100
Subsidiaries of Mulpha Norwest Pty. Limited				
Norwest Real Estate Pty. Limited <sup>[1]</sup>	Australia	Property development	100	100
Mulpha SPV 3 Pty. Limited <sup>[1]</sup>	Australia	Dormant	100	100
Subsidiaries of Mulpha Hotel Trust				
Hotel Land Trust <sup>[1]</sup>	Australia	Land ownership	100	100
Mulpha Hotel Bonds (Holdings) Pty. Limited <sup>[1]</sup>	Australia	Investment holding	100	100
Bisritra Pty. Limited <sup>[1]</sup>	Australia	Trustee	100	100

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 6. Investments in subsidiaries (cont'd)

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

Name of entity	Country of incorporation	Principal activities	Proportion of ownership interest	
			2015 %	2014 %
Subsidiary of Mulpha Hotel Bonds (Holdings) Pty. Limited				
Mulpha Hotel Bonds Pty. Limited <sup>[1]</sup>	Australia	Bond holder	100	100
Subsidiaries of Mulpha Core Plus Trust				
Norwest City Trust <sup>[1]</sup>	Australia	Property ownership and development	100	100
Flexi Trust <sup>t[1] [3]</sup>	Australia	Property ownership and development	100	—
Subsidiaries of Mulpha Strategic Limited				
Jumbo Hill Group Limited <sup>[5]</sup>	British Virgin Islands	Investment holding	100	100
Flame Gold Group Limited <sup>[5]</sup>	British Virgin Islands	Investment holding	100	100
View Link Global Limited <sup>[5]</sup>	British Virgin Islands	Investment holding and consultancy services	100	100

[1] Subsidiaries audited by other member firms of KPMG International.

[2] Subsidiaries disposed of during the financial year. The financial impact of the Group is as disclosed in Note 30(a).

[3] Subsidiaries incorporated during the financial year.

[4] Subsidiaries acquired during the financial year.

[5] Not required to be audited pursuant to the relevant regulations of the country of incorporation.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 6. Investments in subsidiaries (cont'd)

#### (a) Additional investments in subsidiaries

During the financial year, the Company made an additional investment of redeemable preference shares in a subsidiary amounting to RM50,000,000.

#### (b) Disposal of a subsidiary/Redemption of redeemable preference shares

During the financial year, the Company undertook the following transactions:

- (i) Disposal of 75 million ordinary shares of Thriven with cost of investment of RM28,005,000. The disposal resulted in a gain of RM9,191,000 to the Company. The remaining of the cost of investment of RM24,794,000 was classified as investments in associates in the Company level. The effects of the disposal to the Group are disclosed in Note 30(a).
- (ii) Net redemption of redeemable preference shares of certain existing subsidiaries amounting to RM89,540,000.

In the previous year, the Company undertook the following transactions:

- (i) Disposal of its wholly-owned subsidiary, AF Investment Limited with cost of investment of RM1. The disposal resulted in a gain of RM30,962,000 to the Company. The effects of the disposal to the Group are disclosed in Note 30(b).
- (ii) Redemption of redeemable preference shares of a subsidiary amounting to RM2,148,000.

#### Non-controlling interest in subsidiaries

The Group does not have subsidiaries with material non-controlling interests in the current year subsequent to the disposal of equity interest in Thriven as disclosed in Note 6(b)(i).

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 6. Investments in subsidiaries (cont'd)

#### Non-controlling interest in subsidiaries (cont'd)

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

	Thriven Global Berhad*	Other subsidiaries with immaterial NCI	Total
<b>2014</b>			
NCI percentage of ownership interest and voting interest	38.07%		
Carrying amount of NCI (RM'000)	44,675	(329)	44,346
Profit allocated to NCI (RM'000)	140	271	411

#### Summarised financial information before intra-group elimination As at 31 December

RM'000

Non-current assets	55,154
Current assets	269,624
Non-current liabilities	(98,591)
Current liabilities	(85,385)
Net assets	140,802

#### Year ended 31 December

Revenue	45,076
Profit for the year	5,225
Total comprehensive income	5,225
Cash flows from operating activities	21,647
Cash flows from investing activities	(9,276)
Cash flows from financing activities	(16,157)
Net decrease in cash and cash equivalents	(3,786)
Dividends paid to NCI	3,745

\* Thriven Global Berhad was formally known as Mulpha Land Berhad

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 7. Investments in associates

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At cost:				
Quoted shares in Malaysia	75,037	44,208	22,926	—
Unquoted shares in Malaysia	55	55	—	—
Foreign quoted shares	1,226,874	1,226,874	—	—
Foreign unquoted shares	137,846	137,846	21,963	21,963
Exchange difference	233,257	123,758	—	—
	1,673,069	1,532,741	44,889	21,963
Share of post-acquisition reserves	(310,392)	(342,921)	—	—
	1,362,677	1,189,820	44,889	21,963
Less: Accumulated impairment losses	(8,330)	(8,330)	(20,456)	(20,456)
	1,354,347	1,181,490	24,433	1,507
At market value:				
Quoted shares				
- In Malaysia	178,776	174,416	36,837	—
- Foreign	1,293,271	807,512	—	—
	1,472,047	981,928	36,837	—

Movement in the accumulated impairment losses account is as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 January	8,330	12,530	20,456	17,851
(Reversal)/Charge for the year	—	(3,000)	—	2,605
Written off during the year	—	(1,200)	—	—
At 31 December	8,330	8,330	20,456	20,456

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 7. Investments in associates (cont'd)

Details of the associates are as follows:

Name of entity	Country of incorporation	Principal activities	Proportion of ownership interest	
			2015 %	2014 %
Held by Mulpha International Bhd.				
Rotol Singapore Ltd. <sup>(2)</sup>	Singapore	Investment holding	38.00	38.00
Thriven Global Berhad <sup>(3)</sup> (formerly known as Mulpha Land Berhad) ("Thriven")	Malaysia	Investment holding, property development and property investment	24.45	—
Held through Mulpha Infrastructure Holdings Sdn. Bhd.				
Mudajaya Group Berhad ("Mudajaya")	Malaysia	Building contractor and civil engineering	22.34	22.34
Held through Mulpha Australia Limited				
AVEO Group <sup>(2)</sup> ("AVEO")	Australia	Ownership and management of retirement villages and property development	2.65	2.74
Held through Rosetec Investments Limited				
AVEO <sup>(2)</sup>	Australia	Ownership and management of retirement villages and property development	22.81	23.52
Held through View Link Global Limited				
New Pegasus Holdings Limited <sup>(1)</sup> ("New Pegasus")	British Virgin Island	Investment holding	33.00	33.00

(1) Associates audited by other member firms of KPMG International.

(2) Associates not audited by other member firms of KPMG International.

(3) Subsidiary which became an associate during the financial year upon partial disposal of equity interest as disclosed in Note 30(a).

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 7. Investments in associates (cont'd)

The following table summarises the information of the Group's associates and reconciles the information to the carrying amount of the Group's interest in the associates:

Group	AVEO RM'000	Mudajaya RM'000	New Pegasus RM'000	Thriven RM'000
<b>2015</b>				
<b>Summarised financial information</b>				
<b>As at 31 December</b>				
Non-current assets	9,736,178	871,254	757,150	65,637
Current assets	902,066	1,169,716	71,874	334,830
Non-current liabilities	(1,085,797)	(404,791)	(410,759)	(107,881)
Current liabilities	(4,635,843)	(546,197)	(30,696)	(129,678)
Net assets	4,916,604	1,089,982	387,569	162,908
<b>Year ended 31 December</b>				
Profit	272,728	2,392	22,580	376
Other comprehensive income	1,460	5,960	522	–
Total comprehensive income	274,188	8,352	23,102	376
<b>Included in the total comprehensive income is:</b>				
Revenue	1,281,880	543,509	154,026	56,810

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 7. Investments in associates (cont'd)

The following table summarises the information of the Group's associates and reconciles the information to the carrying amount of the Group's interest in the associates (cont'd):

Group	AVEO RM'000	Mudajaya RM'000	New Pegasus RM'000	Thriven RM'000	Other immaterial associates RM'000	Total RM'000
2015						
<b>Reconciliation of net assets to carrying amount as at 31 December</b>						
Group's share of net assets	937,180	252,340	128,205	34,304	2,318	1,354,347
<b>Group's share of results for the year ended 31 December</b>						
Group's share of profit/(loss)	70,716	(456)	(884)	1,080	123	70,579
Group's share of other comprehensive income	640	1,343	2,773	–	966	5,722
Group's share of total comprehensive income	71,356	887	1,889	1,080	1,089	76,301
<b>Other information</b>						
Dividends received	20,529	–	17,811	–		

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 7. Investments in associates (cont'd)

The following table summarises the information of the Group's associates and reconciles the information to the carrying amount of the Group's interest in the associates (cont'd):

Group	AVEO RM'000	Mudajaya RM'000	New Pegasus RM'000
<b>2014</b>			
<b>Summarised financial information</b>			
<b>As at 31 December</b>			
Non-current assets	8,531,190	891,779	679,794
Current assets	942,495	960,225	60,206
Non-current liabilities	(1,056,495)	(410,513)	(352,950)
Current liabilities	(4,257,045)	(355,821)	(15,049)
Net assets	4,160,145	1,085,670	372,001
<b>Year ended 31 December</b>			
Profit/(Loss)	153,105	(70,462)	29,235
Other comprehensive income/(expense)	3,135	1,424	(8,402)
Total comprehensive income/(expense)	156,240	(69,038)	20,833
<b>Included in the total comprehensive income is:</b>			
Revenue	1,331,140	1,050,805	103,741

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 7. Investments in associates (cont'd)

The following table summarises the information of the Group's associates and reconciles the information to the carrying amount of the Group's interest in the associates (cont'd):

Group	AVEO RM'000	Mudajaya RM'000	New Pegasus RM'000	Other immaterial associates RM'000	Total RM'000
2014					
<b>Reconciliation of net assets to carrying amount as at 31 December</b>					
Group's share of net assets	806,016	251,453	122,793	1,228	1,181,490
<b>Group's share of results for the year ended 31 December</b>					
Group's share of profit/(loss)	41,828	(15,613)	9,647	(2,160)	33,702
Group's share of other comprehensive income/(expense)	689	2,670	(2,773)	(3,353)	(2,767)
Group's share of total comprehensive income/(expense)	42,517	(12,943)	6,874	(5,513)	30,935
<b>Other information</b>					
Dividends received	14,954	10,826	—		

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 7. Investments in associates (cont'd)

- (i) On 9 March 2015, Thriven was regarded as an associated company of the Group and the Company subsequent to the Call Option exercise as mentioned in Note 30(a). The effect of the Call Option exercise reduced the Group's and the Company's shareholding in Thriven from 61.93% to 29.08%.

On 17 April 2015, the Group and the Company further disposed of 5 million ordinary shares of Thriven with cost of investment of RM2,479,000 and RM1,868,000 respectively which reduced the Group's and the Company's shareholding in Thriven from 29.08% to 26.89%. This resulted in a gain on partial disposal of RM1,411,000 and RM2,023,000 at the Group level and the Company level respectively.

Subsequently, on 25 June 2015, Thriven had placed out 10% of its issued shares to third parties via a private placement. Consequently, the Group's and the Company's shareholding in Thriven was diluted from 26.89% to 24.45%. This resulted in a gain on dilution of interest in associate amounting to RM2,395,000 at the Group level.

- (ii) On 29 May 2015, AVEO placed out 3.19% of its issued shares to third parties. Consequently, the Group's shareholding in AVEO was diluted from 26.26% to 25.46%. This resulted in a gain on dilution of interest in associate amounting to RM7,440,000 at the Group level.
- (iii) View Link Global Limited, a wholly-owned subsidiary of Mulpha Strategic Limited which is wholly-owned by Mulpha Group Services Sdn. Bhd. and is in turn a wholly-owned subsidiary of the Company, had on 20 February 2014 subscribed for 33 shares of US\$1.00 each, representing 33% of the share capital of New Pegasus Holdings Limited, a company incorporated in the British Virgin Islands for a total consideration of GBP21.34 million (equivalent to approximately RM115.88 million). The principal activity of New Pegasus Holdings Limited is investment holding which owns a property in London through its wholly-owned subsidiary.
- (iv) The quoted shares of a foreign associate with a carrying value of RM937,180,000 (2014: RM806,016,000) are pledged as security for other borrowings as disclosed in Note 20.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 8. Investments in joint ventures

	Note	Group	
		2015 RM'000	2014 RM'000
Unquoted shares at cost		3,040	3,016
Add: Share of post-acquisition profit		9,145	-
Exchange differences		613	(482)
		<b>12,798</b>	<b>2,534</b>
The movements of investments in joint ventures are as follows:			
Carrying amount at 1 January		2,534	157,557
Addition		24	-
Disposal of interest in a joint venture	38(ii)	-	(169,145)
Share of net result from investment in joint ventures		9,291	5,191
Dividend received		(146)	-
Exchange differences		1,095	8,931
Carrying amount at 31 December		<b>12,798</b>	<b>2,534</b>

Details of the joint ventures are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest	
			2015 %	2014 %
<b>Held through Mulpha Sanctuary Cove (Management) Pty. Limited</b>				
SC Realty Pty. Limited <sup>[1]</sup>	Australia	Real estate agency	50.00	50.00
<b>Held through Mulpha Norwest Pty. Limited</b>				
Spamb Pty. Limited <sup>[1] [2]</sup>	Australia	Property developer	60.00	—
<b>Held through Mulpha Credit Sdn. Bhd.</b>				
Mondrian Real Estate Services Sdn. Bhd. (formerly known as Mondrian Property Consultants Sdn. Bhd.) <sup>[1] [2]</sup>	Malaysia	Providing real estate project marketing and brokerage services	45.00	—

[1] Joint ventures not audited by other member firms of KPMG International.

[2] Joint ventures acquired during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 8. Investments in joint ventures (cont'd)

The following tables summarise the financial information of joint ventures and also reconcile the summarised financial information to the carrying amount of the Group's interests in joint ventures, which is accounted for using the equity method.

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Summarised financial information</b>		
<b>As at 31 December</b>		
Non-current assets	17	43
Current assets	26,998	576
Current liabilities	(10,412)	(137)
	<b>16,603</b>	<b>482</b>
<b>Year ended 31 December</b>		
Total comprehensive income	15,764	5,191
<b>Included in the total comprehensive income is:</b>		
Revenue	28,099	54,074
<b>Reconciliation of net assets to carrying amount as at 31 December</b>		
Group's share of net assets	12,798	2,534
<b>Group's share of results for the year ended 31 December</b>		
Group's share of total comprehensive income	9,291	5,191
<b>Other information</b>		
Cash dividends received by the Group	146	—

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 9. Investment securities

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Non-current</b>				
Available-for-sale financial assets				
Foreign quoted shares	112	78,516	—	—
Unquoted shares				
- In Malaysia	1,000	1,000	1,000	1,000
- Foreign	44	8,931	43	43
	<b>1,156</b>	<b>88,447</b>	<b>1,043</b>	<b>1,043</b>
<b>Current</b>				
Financial assets at fair value through profit or loss				
Quoted shares				
- In Malaysia	431	491	—	—
- Foreign	2,085	1,945	—	—
Unquoted investment funds	—	4,246	—	—
	<b>2,516</b>	<b>6,682</b>	<b>—</b>	<b>—</b>
	<b>3,672</b>	<b>95,129</b>	<b>1,043</b>	<b>1,043</b>
Market value of quoted investments	<b>2,628</b>	<b>80,952</b>	<b>—</b>	<b>—</b>

The current investment securities with a carrying value of RM2,516,000 (2014: RM6,682,000) are pledged to financial institutions for credit facilities granted to subsidiaries as disclosed in Note 20.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 10. Other investments

<b>Group</b>	<b>Club memberships RM'000</b>	<b>Investments in works of art RM'000</b>	<b>Total RM'000</b>
At 1 January 2014	959	4,102	5,061
Additions	—	19	19
At 31 December 2014/1 January 2015/ 31 December 2015	<b>959</b>	<b>4,121</b>	<b>5,080</b>

<b>Company</b>			
At 1 January 2014	930	4,102	5,032
Additions	—	19	19
At 31 December 2014/1 January 2015/ 31 December 2015	<b>930</b>	<b>4,121</b>	<b>5,051</b>

### 11. Goodwill

<b>Group</b>	<b>Goodwill on consolidation RM'000</b>	<b>Purchased goodwill RM'000</b>	<b>Total RM'000</b>
At 1 January 2014	8,921	198	9,119
Exchange differences	—	(6)	(6)
At 31 December 2014/1 January 2015	8,921	192	9,113
Disposal of a subsidiary (Note 30(a))	(6,409)	—	(6,409)
Exchange differences	—	18	18
At 31 December 2015	<b>2,512</b>	<b>210</b>	<b>2,722</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 11. Goodwill (cont'd)

#### Impairment tests for goodwill

#### Allocation of goodwill

Goodwill has been allocated to the Group's CGUs identified according to country of operation and business segment as follows:

	Malaysia RM'000	Australia RM'000	Total RM'000
<b>At 31 December 2015</b>			
Boat show	–	210	210
Investment business	2,512	–	2,512
	<b>2,512</b>	<b>210</b>	<b>2,722</b>
<b>At 31 December 2014</b>			
Boat show	–	192	192
Investment business	2,512	–	2,512
Property development	6,409	–	6,409
	<b>8,921</b>	<b>192</b>	<b>9,113</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 11. Goodwill (cont'd)

Key assumptions used

#### Property development segment

In the previous year, the recoverable amount of the CGU was determined based on the value in use ("VIU") calculation. The VIU was calculated using the pre-tax cash flow projections based on financial budgets approved by management. VIU was determined by discounting the future cash flows generated from the development of properties of the CGU and was based on the following key assumptions:

- i) Cash flows projected were based on the gross development value of projects planned and that there will be continual demand for quality residential properties; and
- ii) The pre-tax discount rates of 6% was applied in discounting the cash flows and were based on the estimated cost of funds of the CGU.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and were based on both external sources and internal sources (historical data).

Based on the impairment test undertaken, no additional impairment loss was required to be recognised.

The above estimates were particularly sensitive in the following areas:

- i) Fluctuations in future planned revenues and development costs arising from fluctuations in raw material costs and constructions costs; and
- ii) Fluctuations in the discount rate used and general interest rates.

#### Investment business segment

The recoverable amount of quoted securities held is determined based on observable market prices, less costs to sell.

Where there is no observable market price for unquoted securities, recoverable amount is determined based on the VIU calculation, using pre-tax cash flow projections over a 3 to 5 year period. Pre-tax discount rate of 6% (2014: 6%) is applied in discounting the cash flows and was based on the estimated cost of funds of the CGU.

These estimates are sensitive towards fluctuations in the discount rate and general interest rates.

Based on the impairment test undertaken, no additional impairment loss is required to be recognised.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 12. Inventories

	Group	
	2015 RM'000	2014 RM'000
<b>Non-current assets</b>		
Properties held for development		
- Cost of acquisition for freehold land	460,939	401,561
- Capitalised development cost	184,621	412,281
Total non-current inventories	645,560	813,842
<b>Current assets</b>		
Properties under development		
- Cost of acquisition for freehold land	176,831	261,835
- Capitalised development cost	484,934	236,822
	661,765	498,657
Completed properties	42,964	74,730
Finished goods	3,118	3,345
Work-in-progress	7,818	7,543
Other consumables	9,722	8,914
	63,622	94,532
Total current inventories	725,387	593,189
Total inventories	1,370,947	1,407,031

Included in properties under development of the Group is interest capitalised during the financial year amounting to RM2,227,000 (2014: RM10,398,000).

Certain properties held for development and properties under development amounting to RM886,196,000 (2014: RM603,444,000) are pledged to financial institutions as security for banking facilities granted as disclosed in Note 20.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 13. Trade and other receivables

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Non-current</b>					
<b>Non-trade</b>					
Amount due from a subsidiary	13.1	—	—	362,643	308,368
		—	—	362,643	308,368
<b>Current</b>					
<b>Trade</b>					
Trade receivables	13.2	80,820	87,053	—	—
Less: Allowance for impairment losses		(1,405)	(5,389)	—	—
		79,415	81,664	—	—
Accrued billings	13.3	5,174	—	—	—
		84,589	81,664	—	—
<b>Non-trade</b>					
Other receivables		142,900	173,658	103,306	103,315
Less: Allowance for impairment losses	13.4	—	(1,315)	—	—
		142,900	172,343	103,306	103,315
Deposits		5,837	6,703	48	125
Amounts due from associates		244	—	22	—
Amounts due from subsidiaries	13.1	—	—	785,637	571,629
		148,981	179,046	889,013	675,069
		233,570	260,710	889,013	675,069
Total trade and other receivables		233,570	260,710	1,251,656	983,437

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 13. Trade and other receivables (cont'd)

#### 13.1 Amounts due from subsidiaries

Company	2015 RM'000	2014 RM'000
Bearing interest	452,397	289,987
Non-interest bearing	695,883	590,010
	<b>1,148,280</b>	<b>879,997</b>

The non-interest bearing amounts due from subsidiaries are unsecured and receivable on demand.

The non-current amount due from a subsidiary consist of the following:

- (i) Foreign unquoted cumulative redeemable preference shares ("CRPS") amounted to RM253,246,000 (2014: RM230,591,000) owing by Mulpha Australia Limited ("MAL"), a wholly owned subsidiary of the Company. The Company has no intention of holding them to maturity nor converting them to equity. The CRPS is subject to dividend of 9.50% (2014: 9.50%) per annum.
- (ii) Unsecured loan owing by MAL amounted to RM40,821,000 (2014: RM33,630,000) is subject to interest of 7.00% (2014: 7.00%) per annum; and
- (iii) Remaining amount owing by MAL was accrued dividend payables on CRPS and interest on the unsecured loan as mentioned in Note 13.1(i) and 13.1(ii) respectively.

The current amounts due from subsidiaries are unsecured, non-interest bearing and receivable on demand except for amounts due from subsidiaries amounting to RM14,564,000 (2014: RM25,766,000) and RM143,766,000 (2014: Nil) which are subject to interest of 4.05% (2014: 4.05%) per annum and 8.50% (2014: Nil) per annum respectively.

#### 13.2 Trade receivables

Included in trade receivables of the Group in the current year is an amount of RM716,000 due from an associate company of the Group. The amount is subject to normal trade terms.

#### 13.3 Accrued billings

The accrued billings represent the amount due from customers of which services have been rendered but billings have yet to be issued. Included in accrued billings of the Group in the current year are amounts of RM524,000 due from an associate company of the Group, RM1,380,000 due from a company related to a director of the Company and RM2,754,000 due from a company related to a person connected to a director of the Company.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 13. Trade and other receivables (cont'd)

#### 13.4 Allowance for impairment losses

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

Group	Individually impaired	
	2015 RM'000	2014 RM'000
At 1 January	1,315	7,243
Charge for the year	–	449
Bad debts written off	–	(308)
Reversal of impairment loss	–	(6,069)
Disposal of a subsidiary	(1,315)	–
At 31 December	–	1,315

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and/or have defaulted on payments.

### 14. Other non-current assets

	Group	
	2015 RM'000	2014 RM'000
Prepayments and others	14,742	18,469

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 15. Deferred tax assets

#### Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Inventories	12,963	10,645	—	—	12,963	10,645
Provision for liabilities and other payables	20,456	16,768	—	—	20,456	16,768
Unabsorbed capital allowances	36,451	31,835	—	—	36,451	31,835
Fair value adjustment	—	365	(268)	—	(268)	365
Tax losses	33,759	33,938	—	—	33,759	33,938
Accelerated capital allowances	—	—	(21,564)	(20,875)	(21,564)	(20,875)
Receivables and others	—	—	(22,041)	(18,926)	(22,041)	(18,926)
Tax assets/(liabilities)	103,629	93,551	(43,873)	(39,801)	59,756	53,750
Set off of tax	(43,873)	(39,801)	43,873	39,801	—	—
Net tax assets/(liabilities)	59,756	53,750	—	—	59,756	53,750

#### Unrecognised deferred tax assets

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unutilised tax losses	103,090	109,988	335	335
Unabsorbed capital allowances	7,134	7,134	3,646	3,646
Other deductible temporary differences	11,491	49,920	—	—
	121,715	167,042	3,981	3,981

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 15. Deferred tax assets (cont'd)

#### Unrecognised deferred tax assets (cont'd)

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available in subsidiaries against which the Group can utilise the benefits there from.

Pursuant to guidelines issued by the Malaysian tax authorities in 2008, the Ministry of Finance ("MOF") has exempted all companies from the provision of Section 44(5A) and Paragraph 75A of Schedule 3 except dormant companies. Therefore, all active subsidiaries are allowed to carry forward their unabsorbed capital allowances and business losses.

The components and movements of deferred tax assets and liabilities during the financial year are as follows:

	Note	Group	
		2015 RM'000	2014 RM'000
At 1 January		53,750	23,915
Recognised in profit or loss		4,283	(9,364)
Realisation upon acquisition of remaining shares in a former joint venture	38(ii)	–	38,192
Acquisition of subsidiaries	38(ii)	–	3,763
Disposal of a subsidiary	30(a)	(2,502)	–
Exchange adjustments		4,225	(2,756)
At 31 December		59,756	53,750

### 16. Other current assets

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Prepayments	26,658	18,360	182	31

### 17. Cash and cash equivalents

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	247,521	193,187	16	57
Deposits with licensed banks	292,379	407,609	–	–
	539,900	600,796	16	57

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 17. Cash and cash equivalents (cont'd)

Bank balances and deposits amounting to RM383,855,000 (2014: RM492,182,000) of the Group are pledged to licensed banks as security for banking facilities granted to certain subsidiaries and the Company as disclosed in Note 20.

Included in the cash and bank balances of the Group is an amount of RM13,000 (2014: RM5,363,000) maintained under the Housing Developers Accounts pursuant to the Housing Developers (HDA) Regulations 1991, which are restricted from use in other operations.

An amount of RM2,803,000 (2014: RM2,515,000) held in an interest reserve account by a subsidiary was pledged to the bank for borrowings by the Group as disclosed in Note 20.

The weighted average effective interest rates as at 31 December 2015 for the Group was 0.5% (2014: 0.5%) per annum.

The average maturities of fixed deposits for the Group as at reporting date was 71 days (2014: 28 days).

### 18. Share capital and treasury shares

#### Share capital

	Group and Company			
	Amount 2015 RM'000	Number of shares 2015 '000	Amount 2014 RM'000	Number of shares 2014 '000
Authorised:				
Ordinary shares of RM0.50 each	2,000,000	4,000,000	2,000,000	4,000,000

	Group and Company			
	Number of ordinary shares of RM0.50 each		Amount	
	Share capital '000	Treasury shares '000	Share capital RM'000	Treasury shares RM'000
Issued and fully paid:				
At 1 January 2014	2,355,913	(222,049)	1,177,957	(92,049)
Purchase of treasury shares	—	(150)	—	(66)
At 31 December 2014/				
1 January 2015	2,355,913	(222,199)	1,177,957	(92,115)
Purchase of treasury shares	—	(60)	—	(22)
At 31 December 2015	2,355,913	(222,259)	1,177,957	(92,137)

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 18. Share capital and treasury shares (cont'd)

#### (a) Share capital

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

#### (b) Treasury shares

Under the Company's current share buyback scheme approved by its shareholders, the Company proposed to purchase up to a maximum of 235,591,315 ordinary shares of RM0.50 each. The purpose of the scheme is to allow the Company to buy back its shares when the market does not fully reflect the value of its shares.

As at 31 December 2015, the details of the Company's share purchase are as follows:

		Number of shares purchased	Total consideration RM'000	Average price* RM
2010	Purchased	11,055,700	5,442	0.490
2011	Purchased	33,333,500	13,910	0.417
2012	Purchased	114,396,400	46,903	0.410
2013	Purchased	63,264,200	25,794	0.408
2014	Purchased	150,000	66	0.440
2015	Purchased	<b>60,000</b>	<b>22</b>	<b>0.367</b>
		<b>222,259,800</b>	<b>92,137</b>	

During the financial year, the Company purchased 60,000 shares from the open market, as follows:

Month	Number of shares purchased	Total consideration RM'000	Highest price RM	Lowest price RM	Average price* RM
March	50,000	19	0.383	0.383	0.383
September	10,000	3	0.290	0.290	0.290
	<b>60,000</b>	<b>22</b>			

\* The average price includes transaction costs.

The purchases of shares were funded by internal funds. The shares purchased have been retained as treasury shares.

Of the total 2,355,913,158 (2014: 2,355,913,158) issued and fully paid ordinary shares as at 31 December 2015, 222,259,800 (2014: 222,199,800) are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 19. Reserves

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Non-distributable</b>				
Exchange reserve	209,632	124,246	—	—
Capital reserve	101,763	117,727	108,228	108,228
Other reserve	(5,787)	18,824	107	107
	<b>305,608</b>	<b>260,797</b>	<b>108,335</b>	<b>108,335</b>

The movements in reserves are shown in the statements of changes in equity.

The nature and purpose of each category of reserve are as follows:

#### (a) Exchange reserve

The exchange reserve represents foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries as well as from the translation of foreign currency loans used to hedge the investments in foreign subsidiaries.

#### (b) Capital reserve

This reserve includes:

- (i) reserve arising from the cancellation of treasury shares representing the nominal value of the shares repurchased and cancelled;
- (ii) reserve arising from the capitalisation of bonus issue of a certain subsidiary; and
- (iii) changes in ownership interests in subsidiaries.

#### (c) Other reserve

Other reserve comprises mainly share of post acquisition reserve of associates and available-for-sale reserve.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 20. Loans and borrowings

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Non-current</b>				
Finance lease liabilities				
- secured	8,777	8,004	—	—
Bonds - secured	101,939	620,189	—	—
Term loans				
- secured	821,625	166,455	—	—
	<b>932,341</b>	<b>794,648</b>	<b>—</b>	<b>—</b>
<b>Current</b>				
Finance lease liabilities				
- secured	148	132	—	—
Bank overdraft				
- secured	1,422	2,162	174	366
Bonds - secured	647,170	3,150	—	—
Revolving credit				
- secured	226,483	210,862	81,000	56,000
Term loans				
- secured	432,821	941,648	—	—
- unsecured	6,639	5,125	—	—
	<b>1,314,683</b>	<b>1,163,079</b>	<b>81,174</b>	<b>56,366</b>
Total borrowings	<b>2,247,024</b>	<b>1,957,727</b>	<b>81,174</b>	<b>56,366</b>

(a) Obligations under finance lease:

These obligations are secured by the leased assets as disclosed in Note 3. The finance lease and hire purchase payables were subjected to interest ranging from 5.5% to 8.6% (2014: 7.0% to 8.6%) per annum during the financial year.

(b) The bank overdrafts, revolving credit and term loans are secured by the following:

- (i) Corporate guarantees by the Company and certain of its subsidiaries;
- (ii) Pledge of land, buildings and plant and equipment of certain subsidiaries, as disclosed in Note 3(i);
- (iii) Pledge of investment properties with a carrying amount of RM397,933,000 (2014: RM1,939,000) as disclosed in Note 5;

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 20. Loans and borrowings (cont'd)

(b) The bank overdrafts, revolving credit and term loans are secured by the following (cont'd):

- (iv) Pledge over quoted shares of a foreign associate as disclosed in Note 7(iv);
- (v) Pledge over current investment securities as disclosed in Note 9;
- (vi) Pledge of inventories of certain subsidiaries as disclosed in Note 12;
- (vii) Deposits of the Company and certain subsidiaries and an interest reserve account of a subsidiary, as disclosed in Note 17;
- (viii) Floating charge over assets of certain subsidiaries; and
- (ix) In the previous financial year, term loans included a loan of RM81.27 million and a bank overdraft of RM2.15 million obtained by a subsidiary whereby the 49% joint venture partners had agreed to indemnify and reimburse the subsidiary for its share of any losses incurred by the subsidiary.

(c) Bonds

- (i) In the previous financial year, a subsidiary in Labuan issued medium term notes amounting to USD90 million with interest rate of 8% per annum which is fully repayable in September 2016. This subsidiary also issued medium term notes amounting to USD60 million with interest rate of 8.5% per annum in 2013 which is repayable in full in November 2016. Both the bonds are secured by corporate guarantee by the Company.
- (ii) A subsidiary in Australia issued bonds in 1999 for a term of 30 years. The bond has an effective interest rate of 7.90% (2014: 8.17%) per annum and is payable quarterly in arrears. These bonds are secured against the freehold land of a subsidiary as disclosed in Note 3(i).

(d) Finance lease liabilities

Finance lease liabilities are payables as follows:

Group	Future minimum lease payments 2015 RM'000	Interest 2015 RM'000	Present value of minimum lease payments 2015 RM'000	Future minimum lease payments 2014 RM'000	Interest 2014 RM'000	Present value of minimum lease payments 2014 RM'000
Less than one year	168	20	148	161	29	132
Between one and five years	110	3	107	259	150	109
More than five years	8,670	—	8,670	7,895	—	7,895
	8,948	23	8,925	8,315	179	8,136

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 21. Trade and other payables

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Non-current</b>				
<b>Non-trade</b>				
Other payables	13,431	13,491	—	—
<b>Current</b>				
<b>Trade</b>				
Trade payables	47,822	62,327	—	—
<b>Non-trade</b>				
Other payables	147,852	138,773	847	885
Amounts due to related parties				
- Non-controlling interests of a subsidiary	—	2,142	—	—
- A company related to person connected to a director	—	8,375	—	—
- Subsidiaries	—	—	1,240	1,205
- Associate	—	18,967	—	—
- Deferred revenue	68,769	41,461	—	2,000
	264,443	272,045	2,087	4,090
Total trade and other payables	277,874	285,536	2,087	4,090

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 21. Trade and other payables (cont'd)

#### (a) Trade payables

These are generally non-interest bearing. The normal credit terms granted to the Group range from 30 to 90 days.

#### (b) Amounts due to related parties

- (i) In the previous financial year, the amounts due to non-controlling interests and a company related to a person connected to a director of a subsidiary borne interest at 6.5% per annum, was unsecured and repayable on demand. The amounts were fully repaid in the current financial year.
- (ii) Amounts due to subsidiaries are non-interest bearing, unsecured and repayable on demand.
- (iii) In the previous financial year, the amount due to an associated company borne interest at 8.0% per annum, was unsecured and repayable by 7 June 2015.

#### (c) Other payables

The amounts are non-interest bearing and are normally settled on commercial terms except for the non-current portion where the amount due is not expected to be repaid within twelve months.

#### (d) Deferred revenue

Included in deferred revenue of the Group is an amount of RM66,904,000 (2014: RM39,461,000) arising from the disposal of development properties to third parties (2014: 2 parcels of land to an associated company). The balance of RM2,000,000 in the previous year relates to the call option agreement entered into between the Company with Teladan Kuasa Sdn. Bhd. with expiry date on 16 May 2015. See Note 30(a).

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 22. Provision for liabilities

	Note	Group	
		2015 RM'000	2014 RM'000
Provision for staff benefits	(a)	17,480	15,935
Others		8,171	6,609
		<b>25,651</b>	<b>22,544</b>
<b>Analysed as:</b>			
Current		23,426	20,365
Non-current		2,225	2,179
		<b>25,651</b>	<b>22,544</b>

#### (a) Provision for staff benefits

At 1 January	15,935	14,210
Provision for the year	14,052	12,269
Acquisition of subsidiaries (Note 38(ii))	–	984
Payments during the year	(14,071)	(10,531)
Exchange adjustments	1,564	(997)
At 31 December	<b>17,480</b>	<b>15,935</b>

Provision for staff benefits accrues to employees in subsidiaries in Australia who are entitled to a two-month paid leave after having served ten years of continuous employment.

### 23. Other current liabilities

	Group	
	2015 RM'000	2014 RM'000
Deferred revenue - advance billings on property sales	6,604	14,801

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 24. Derivative liabilities

	Group	
	2015 RM'000	2014 RM'000
Derivatives held for market trading at fair value		
- Forward exchange contracts	–	4,628
- Currency options contracts	–	300
	–	4,928

Forward exchange and currency option contracts are used to manage the foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than functional currencies of Group entities. All the forward exchange and currency options have maturities less than one year after the end of the reporting period. Where necessary, the forward exchange contracts and currency options contracts are rolled over at maturity.

### 25. Revenue

Group	Continuing operations		Discontinued operation (see Note 30)		Total	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sale of goods	–	243	–	–	–	243
Performance of services	479,868	390,276	–	2,697	479,868	392,973
Sale of properties	388,586	565,602	–	–	388,586	565,602
Rental income	18,519	–	–	–	18,519	–
Interest income from money lending activities	1,666	2,561	–	–	1,666	2,561
	888,639	958,682	–	2,697	888,639	961,379
<b>Company</b>						
Dividends	26,581	40,663	–	–	26,581	40,663

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 26. Other income

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Bad debts recovered	14	18	14	8
Dividend income:				
- Foreign unquoted shares	18	2,693	—	—
- Foreign quoted shares	1	26	—	—
Fair value adjustment of investment properties	—	1,357	—	—
Fair value gain on financial assets at fair value through profit or loss	—	2,249	—	—
Gain on dilution of interests in associates	9,835	—	—	—
Gain on disposal of assets classified as held for sale	—	13,854	—	—
Gain on disposal of an investment property	—	68	—	—
Gain on disposal of investment securities	4,152	945	—	—
Gain on disposal of property, plant and equipment	29	1,166	—	—
Gain on foreign exchange:				
- Realised	59,111	32,991	5,336	—
- Unrealised	1,816	—	136,470	16,401
Gain on disposal of a subsidiary	50,385	—	9,191	30,962
Gain on partial disposal of an associate	1,411	—	2,023	—
Gain on waiver of amount due from subsidiaries	—	—	—	350
Insurance recoveries	446	2,675	—	—
Interest income:				
- Deposits with licensed banks	2,840	3,467	73	301
- Subsidiaries	—	—	7,088	1,843
- Others	1,351	2,325	—	—
Liquidated ascertained damages from contractor	1,948	3,001	—	—
Management fees received	389	—	—	—
Negative goodwill arising from acquisition of subsidiaries (Note 38(ii))	—	36,463	—	—

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 26. Other income (cont'd)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Property maintenance and agency fee	3,965	—	—	—
Rental income from:				
- Investment property	2,908	—	—	—
- Land and buildings	34,738	25,645	—	—
Reversal of impairment loss on:				
- Trade and other receivables	193	6,069	—	—
- Inventories	571	32	—	—
- Property, plant and equipment	—	5,214	—	—
- Investment securities	771	—	—	—
- Investments in associates	—	3,000	—	—
Shared services income	4,445	3,993	—	—
Miscellaneous income	5,573	1,081	5	1
	<b>186,910</b>	<b>148,332</b>	<b>160,200</b>	<b>49,866</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 27. Profit before tax

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Profit before tax is arrived at after charging:</b>				
Auditors' remuneration:				
- Audit fees				
KPMG in Malaysia	258	395	120	115
Overseas affiliates of KPMG in Malaysia	1,336	1,076	—	—
- Non-audit fees				
KPMG in Malaysia	13	61	13	10
Overseas affiliates of KPMG in Malaysia	186	68	—	—
Bad debts written off:				
- Trade and other receivables	398	3	8	3
Impairment loss on financial assets:				
- Investment securities	61	11,005	—	—
- Trade and other receivables	1,155	898	—	—
Impairment loss on investments in associates	—	—	—	2,605
Inventories written down	20	7,600	—	—
Loss on disposal of investment securities	373	—	—	—
Fair value loss on financial assets at fair value through profit or loss	1,993	—	—	—
Loss on disposal of property, plant and equipment	—	—	—	15
Loss on foreign exchange:				
- Realised	7	2,480	—	5
- Unrealised	13	150	—	—
Loss on derivatives	5,056	1,225	—	—
Management fee paid	—	—	1,581	1,615
Minimum operating lease payments:				
- Land and buildings	17,229	6,330	62	67
- Plant and equipment	18,264	4,019	—	—

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 27. Profit before tax (cont'd)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Provision for foreseeable loss on inventories	1,242	—	—	—
Property, plant and equipment:				
- Depreciation	55,399	53,826	—	1
- Written off	1,634	9,920	—	2
Employee benefits expenses (including key management personnel):				
- Pension costs - defined contribution plans	16,200	12,586	61	61
- Short-term accumulating compensated absences	12,935	11,007	—	—
- Social security costs	47	59	—	—
- Termination benefits	—	249	—	—
- Wages, salaries and others	242,922	195,592	515	515

### 28. Finance costs

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest expense on:				
- overdrafts	89	47	47	22
- revolving loans and term loans	60,610	56,369	2,813	1,848
- bonds	54,842	43,479	—	—
- others	29	2,739	—	—
	115,570	102,634	2,860	1,870
Less: Interest expense capitalised in properties under development (Note 12)	(2,227)	(10,398)	—	—
Total finance costs	113,343	92,236	2,860	1,870

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 29. Tax (benefit)/expense

#### Recognised in profit or loss

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Income tax (benefit)/expense on continuing operations	(2,569)	16,842	331	75
Income tax expense on discontinued operation (excluding gain on sale) (Note 30)	—	62	—	—
Total income tax (benefit)/expense	(2,569)	16,904	331	75
<b>Current tax expense</b>				
Malaysian - current year	1,669	7,077	332	65
- prior year	45	401	(1)	10
Overseas - current	—	62	—	—
	1,714	7,540	331	75
<b>Deferred tax expense</b>				
- Origination and reversal of temporary differences	(1,205)	10,685	—	—
- Over provision in prior year	(3,078)	(1,321)	—	—
	(4,283)	9,364	—	—
Total income tax (benefit)/expense	(2,569)	16,904	331	75

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 29. Tax (benefit)/expense (cont'd)

#### Reconciliation of tax expense

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before tax from continuing operations	<b>160,713</b>	112,376	<b>176,245</b>	78,467
Profit before tax from discontinued operation	—	656	—	—
Profit before tax	<b>160,713</b>	113,032	<b>176,245</b>	78,467
Income tax calculated using Malaysian tax rate of 25%	<b>40,178</b>	28,258	<b>44,061</b>	19,617
Different tax rates in other countries	<b>2,236</b>	(95)	—	—
Effect of lower tax rate on gain on disposal of investment property	—	(3,012)	—	—
Non-deductible expenses	<b>7,719</b>	9,247	<b>1,780</b>	1,578
Group relief	—	—	<b>(503)</b>	—
Income not subject to taxation	<b>(23,753)</b>	(17,162)	<b>(45,006)</b>	(21,130)
Benefits from previously unrecognised tax losses and unabsorbed capital allowances	<b>(11,931)</b>	—	—	—
Deferred tax assets not recognised during the year	<b>5,982</b>	10,311	—	—
Over provision of deferred tax in prior years	<b>(3,078)</b>	(1,321)	—	—
Under/(Over) provision of income tax in prior years	<b>45</b>	401	<b>(1)</b>	10
Shares of results of associates and joint ventures	<b>(19,967)</b>	(9,723)	—	—
Income tax (benefit)/expense recognised in profit or loss	<b>(2,569)</b>	16,904	<b>331</b>	75

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The corporate tax rates applicable to subsidiaries located in Australia and Hong Kong are 30% (2014: 30%) and 16.5% (2014: 16.5%) respectively.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

During the current financial year, under the provision of S44A of the Malaysia Income Tax Act 1967, the Company has utilised RM2,010,000 of tax losses surrendered from a subsidiary.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 30. Disposal of a subsidiary/Discontinued operation

#### (a) Thriven Global Berhad (formerly known as Mulpha Land Berhad) ("Thriven")

The Company entered into a call option agreement ("Call Option Agreement") on 17 May 2012 with Teladan Kuasa Sdn. Bhd. ("Option Holder") to grant the Option Holder the right to require the Company to sell to the Option Holder up to 75 million ordinary shares in Thriven (adjusted after the bonus issue exercise of Thriven) at an adjusted option price of RM0.47 per share ("Call Option"). The Option Holder has paid the Company a non-refundable cash consideration of RM2 million upon execution of the Call Option Agreement as disclosed in Note 21(d). As at 31 December 2014, Thriven is a 61.93% owned subsidiary of the Company.

The Option Holder is entitled to exercise the Call Option at any time during the period commencing from the date falling three (3) months after the date of the Call Option Agreement and ending on the day immediately preceding the third anniversary of the Call Option Agreement.

On 6 March 2015, the Option Holder exercised the entire Call Option. The sale and transfer of the 75 million ordinary shares by the Company to the Option Holder was completed on 9 March 2015. Upon completion, the Company owns 29.08% of Thriven and Thriven became an associated company of the Company. This resulted in a gain on disposal of a subsidiary of RM50,385,000 and RM9,191,000 recognised at the Group and the Company level respectively.

**Effect of disposal on the financial position of the Group are as follows:**

	<b>2015 RM'000</b>
Property, plant and equipment	1,173
Investment properties	2,984
Deferred tax assets	2,502
Inventories	222,883
Cash and bank balances	46,502
Trade and other receivables	4,383
Current tax assets	1,127
Trade and other payables	(57,267)
Bank borrowings	(151,973)
<b>Total identifiable net assets</b>	<b>72,314</b>
Attributable goodwill	6,409
Realisation of reserves	(16,099)
Non-controlling interests	(42,505)
Transfer to investments in associates	(33,308)
Gain on disposal of a subsidiary	50,385
Consideration received, satisfied in cash	37,196
Cash and cash equivalents disposed of	(46,502)
Net cash outflow	(9,306)

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 30. Disposal of a subsidiary/Discontinued operation (cont'd)

#### (b) AF Investments Limited

The Company had on 16 May 2014 entered into a Share Purchase Agreement with Lemongrass Master Fund I ("Purchaser") to dispose of its entire 100% equity interest in AF Investments Limited ("AFIL") to the Purchaser for a total net consideration of USD9.47 million (equivalent to approximately RM30.96 million). AFIL is a company incorporated in Hong Kong with a paid-up share capital of HKD2. The principal activity of AFIL is investment holding which holds 70% equity interest in Indochine Park Tower Joint Venture Company ("IPT"). IPT is the owner and operator of Indochine Park Tower, an 18-storey serviced residences building located at Ho Chi Minh City, Vietnam, which comprises 55 fully serviced 3-bedroom apartments and penthouses ranging from 128 to 249 square metres each. The disposal was completed in the second quarter of 2014. Certain comparative figures relating to consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

Profit attributable to the discontinued operation was as follows:

#### Results of discontinued operation

	Note	Group 1.1.2014 to disposal date RM'000
Revenue	25	2,697
Other income		21
Finished goods and services rendered		(127)
Employee benefits expense		(597)
Depreciation and amortisation		(507)
Other expenses		(794)
<b>Results from operating activities</b>		693
Finance costs		(37)
<b>Profit before tax</b>		656
Tax expense	29	(62)
Gain on disposal of discontinued operation		28,431
<b>Profit for the year</b>		29,025

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 30. Disposal of a subsidiary/Discontinued operation (cont'd)

#### (b) AF Investments Limited (cont'd)

The following items have been included in arriving at profit before tax from discontinued operation:

	<b>Group 1.1.2014 to disposal date RM'000</b>
Interest income	(3)
Interest expense	37
Depreciation of property, plant and equipment	507
Realised loss on foreign exchange	4
	<hr/>
	<b>Group 2014 RM'000</b>
	<hr/>
<b>Cash flows from/(used in) discontinued operation</b>	
Net cash from operating activities	195
Net cash from investing activities	29,795
Net cash used in financing activities	(3,328)
	<hr/>
Effect on cash flows	26,662
	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 30. Disposal of a subsidiary/Discontinued operation (cont'd)

#### (b) AF Investments Limited (cont'd)

Effect of disposal on the financial position of the Group are as follows:

	2014 RM'000
Property, plant and equipment	13,572
Prepaid land lease payments	733
Inventories	73
Trade and other receivables	314
Cash and bank balances	1,167
Trade and other payables	(989)
Total identifiable net assets	14,870
Non-controlling interests	(1,787)
Realisation of reserves	(10,552)
Gain on disposal of discontinued operation	28,431
Consideration received, satisfied in cash	30,962
Cash and cash equivalents disposed of	(1,167)
Net cash inflow	29,795

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 31. Earnings per ordinary share

#### Basic earnings per ordinary share

Basic earnings per ordinary share amounts are calculated by dividing profit from continuing operations, net of tax, attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the financial year.

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
Profit attributable to ordinary shareholders (RM'000)		
Profit net of tax from continuing operations attributable to owners of the Company	<b>165,123</b>	95,394
Profit net of tax from discontinued operation attributable to owners of the Company	<b>–</b>	28,754
	<b>165,123</b>	124,148
Weighted average number of ordinary shares ('000)		
Issued ordinary shares at 1 January	<b>2,355,913</b>	2,355,913
Effect of share buy back	<b>(222,239)</b>	(222,137)
Weighted average number of ordinary shares at 31 December	<b>2,133,674</b>	2,133,776
Basic earnings per ordinary share (sen)		
From continuing operations	<b>7.74</b>	4.47
From discontinued operation	<b>–</b>	1.35
	<b>7.74</b>	5.82

#### Diluted earnings per ordinary share

Diluted earnings per share amounts are calculated by dividing profit from continuing operations, net of tax, attributable to ordinary shareholders (after adjusting for interest expense on convertible redeemable preference shares) by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

There were no potential dilution effects on ordinary shares of the Company for the current financial year. Accordingly, the diluted earnings per ordinary share for the current and previous years are equal to the basic earnings per ordinary share.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 32. Operating segments

#### Business segments

For management purposes, the Group is organised into three main business segments in the Asia Pacific region as follows:

Property	property development and investments
Hospitality	hotels and service apartments ownership and operation
Investment and others	investment holding, investments in securities, licensed money lending and others

None of the other operations are of sufficient size to be reported separately.

Performance is measured based on segment revenue and profit before tax as included in the internal management reports that are reviewed by the Exco Committee (the Group's chief operating decision maker).

The operating results of its business units were monitored separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate expenses and finance costs.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 32. Operating segments (cont'd)

#### Business segments (cont'd)

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

	Property		Hospitality (includes disposal group)		Investment and others		Adjustments and eliminations		Note	Per consolidated financial statements	
	2015	2014	2015	2014	2015	2014	2015	2014		2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
<b>Revenue</b>											
External customers	407,105	569,144	459,469	389,661	22,065	2,574	-	(2,697)	(i)	888,639	958,682
Inter-segment	21,815	44,887	-	-	1,207	2,697	(23,022)	(47,584)	(ii)	-	-
Total revenue	428,920	614,031	459,469	389,661	23,272	5,271	(23,022)	(50,281)		888,639	958,682
<b>Results</b>											
Inventories written down/off	(20)	(7,600)	-	-	-	-	-	-		(20)	(7,600)
Reversal of impairment loss on inventories	571	32	-	-	-	-	-	-		571	32
Share of profit from associates and joint ventures	-	-	-	-	14,640	9,552	65,230	29,341	(iii)	79,870	38,893
Depreciation and amortisation	(10,149)	(10,648)	(43,887)	(40,669)	(1,363)	(3,016)	-	507	(i)	(55,399)	(53,826)
Segment profit/(loss)	152,315	256,901	(14,047)	(81,683)	84,137	42,739	(61,692)	(105,581)	(iii)	160,713	112,376
<b>Assets and liabilities</b>											
Investments in associates and joint ventures	-	-	-	-	1,367,145	1,184,024	-	-		1,367,145	1,184,024
Additions to non-current assets*	375,172	21,088	25,094	96,295	5,442	2,146	-	-		405,708	119,529
Segment assets	1,180,535	1,821,294	1,170,311	1,583,129	4,680,111	3,719,354	(1,898,454)	(2,427,703)	(iv)	5,132,503	4,696,074
Segment liabilities	731,792	942,425	250,791	1,673,893	3,922,604	2,103,900	(2,341,674)	(2,427,703)	(iv)	2,563,513	2,292,515

\* Addition to non-current assets consist of additions to property, plant and equipment and investment properties.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 32. Operating segments (cont'd)

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

- (i) Results from discontinued operation are eliminated on consolidation and presented under a separate line in the profit or loss.
- (ii) Inter-segment revenues and dividend incomes are eliminated on consolidation.
- (iii) The following items are added to/(deducted from) segment profit/(loss) to arrive at "Profit before tax" presented in the consolidated statement of profit or loss and other comprehensive income:

	2015 RM'000	2014 RM'000
Share of results of associates and joint ventures	65,230	34,533
Unallocated corporate expenses and finance costs	(126,922)	(111,027)
Segment results of discontinued operation	–	(29,087)
	<b>(61,692)</b>	<b>(105,581)</b>

- (iv) Inter-segment balances are eliminated on consolidation.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 32. Operating segments (cont'd)

#### Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of the business segments. The Group operates in two main geographical areas in the Asia Pacific region.

#### Continuing operations:

- Australia - mainly property development and investments and hotels.
- Malaysia - property development and investments, licensed money lending and investments in securities.

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Australia	868,747	769,014	1,887,176	1,576,865
Malaysia	19,892	189,668	265,868	279,069
	<b>888,639</b>	<b>958,682</b>	<b>2,153,044</b>	<b>1,855,934</b>

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2015 RM'000	2014 RM'000
Property, plant and equipment	1,087,824	1,011,017
Investment properties	416,938	21,962
Goodwill	2,722	9,113
Inventories	645,560	813,842
	<b>2,153,044</b>	<b>1,855,934</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 33. Financial instruments

#### 33.1 Categories of financial instruments

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

- (a) Loans and receivables ("L&R");
- (b) Fair value through profit or loss ("FVTPL") - Designated upon initial recognition ("DUIR");
- (c) Available-for-sale financial assets ("AFS"); and
- (d) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL -DUIR RM'000	AFS RM'000
<b>2015</b>				
<b>Financial assets</b>				
<b>Group</b>				
Investment securities	3,672	—	2,516	1,156
Trade and other receivables	233,570	233,570	—	—
Cash and cash equivalents	539,900	539,900	—	—
	<b>777,142</b>	<b>773,470</b>	<b>2,516</b>	<b>1,156</b>
<b>Company</b>				
Investment securities	1,043	—	—	1,043
Trade and other receivables	1,251,656	1,251,656	—	—
Cash and cash equivalents	16	16	—	—
	<b>1,252,715</b>	<b>1,251,672</b>	<b>—</b>	<b>1,043</b>
<b>Financial liabilities</b>				
<b>Group</b>				
Loans and borrowings	(2,247,024)	(2,247,024)	—	—
Trade and other payables	(277,874)	(277,874)	—	—
	<b>(2,524,898)</b>	<b>(2,524,898)</b>	<b>—</b>	<b>—</b>
<b>Company</b>				
Loans and borrowings	(81,174)	(81,174)	—	—
Trade and other payables	(2,087)	(2,087)	—	—
	<b>(83,261)</b>	<b>(83,261)</b>	<b>—</b>	<b>—</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 33. Financial instruments (cont'd)

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

	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL -DUIR RM'000	AFS RM'000
<b>2014</b>				
<b>Financial assets</b>				
<b>Group</b>				
Investment securities	95,129	—	6,682	88,447
Trade and other receivables	260,710	260,710	—	—
Cash and cash equivalents	600,796	600,796	—	—
	956,635	861,506	6,682	88,447
<b>Company</b>	1,043	—	—	1,043
Investment securities	983,437	983,437	—	—
Trade and other receivables	57	57	—	—
Cash and cash equivalents	984,537	983,494	—	1,043
<b>Financial liabilities</b>				
<b>Group</b>				
Loans and borrowings	(1,957,727)	(1,957,727)	—	—
Trade and other payables	(285,536)	(285,536)	—	—
Derivative financial liabilities	(4,928)	—	(4,928)	—
	(2,248,191)	(2,243,263)	(4,928)	—
<b>Company</b>				
Loans and borrowings	(56,366)	(56,366)	—	—
Trade and other payables	(4,090)	(4,090)	—	—
	(60,456)	(60,456)	—	—

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 33. Financial instruments (cont'd)

#### 33.2 Net gains and losses arising from financial instruments

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Net gains/(losses) on:				
Fair value through profit or loss				
- Designated upon initial recognition	1,610	2,249	—	—
- Derivatives	(5,056)	(1,225)	—	—
Available-for-sale financial assets				
- Recognised in other comprehensive income	(8,080)	8,301	—	—
- Recognised in profit or loss, net	4,489	(11,005)	—	—
Loans and receivables				
- Receivables, net	4,204	5,171	148,900	1,843
- Cash and cash equivalents	97,801	3,467	73	301
Financial liabilities measured at amortised cost	(159,051)	(92,236)	(2,860)	(1,870)
	(64,083)	(85,278)	146,113	274

#### 33.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 33. Financial instruments (cont'd)

#### 33.4 Credit risk

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

##### **Receivables**

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

##### *Exposure to credit risk, credit quality and collateral*

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

The Group's normal credit terms range from 14 to 60 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The Group has credit risk concentration of 66% (2014: 56%) arising from the exposure to two debtors in the outstanding amount of trade and other receivables. Management constantly monitors the recovery of these outstanding balances and is confident of its recoverability as the said amounts are fully secured.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 33. Financial instruments (cont'd)

#### 33.4 Credit risk (cont'd)

##### Receivables (cont'd)

##### *Impairment losses*

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

<b>Group</b>	<b>Gross RM'000</b>	<b>Individual impairment RM'000</b>	<b>Net RM'000</b>
<b>2015</b>			
Not past due	23,912	–	23,912
Past due 1 - 30 days	29,842	–	29,842
Past due 31 - 60 days	2,001	–	2,001
Past due more than 60 days	30,239	(1,405)	28,834
	<b>85,994</b>	<b>(1,405)</b>	<b>84,589</b>
<b>2014</b>			
Not past due	57,913	–	57,913
Past due 1 - 30 days	3,515	–	3,515
Past due 31 - 60 days	4,285	–	4,285
Past due more than 60 days	21,340	(5,389)	15,951
	<b>87,053</b>	<b>(5,389)</b>	<b>81,664</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 33. Financial instruments (cont'd)

#### 33.4 Credit risk (cont'd)

##### Receivables (cont'd)

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

	Group	
	2015 RM'000	2014 RM'000
At 1 January	5,389	5,374
Impairment loss recognised	1,155	449
Impairment loss reversed	(193)	–
Impairment loss written off	(343)	(374)
Disposal of a subsidiary	(4,742)	–
Exchange adjustment	139	(60)
At 31 December	1,405	5,389

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

#### Investments and other financial assets

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

Investments are allowed only in liquid securities and only with reputable financial institutions. Transactions involving derivative financial instruments are with approved financial institutions.

##### *Exposure to credit risk, credit quality and collateral*

The Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties for investments and other financial assets.

The investments and other financial assets are unsecured.

##### *Impairment losses*

As at the end of the reporting period, there was no indication that the investments are not recoverable.

#### Financial guarantees

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

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

The Company has undertaken to provide financial support to certain subsidiaries to enable them to continue to operate as going concerns.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 33. Financial instruments (cont'd)

#### 33.4 Credit risk (cont'd)

##### *Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM799,902,000 (2014: RM536,798,000) representing the outstanding banking facilities of the subsidiaries and guarantee given to a third party as at end of the reporting period.

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

As at reporting date, no values are ascribed on corporate guarantees provided by the Company to secure bank loans and other banking facilities granted to its subsidiaries where such loans and bank facilities are fully collateralised by charges over the property, plant and equipment of the subsidiaries and where the Directors regard the value of the credit enhancement provided by the corporate guarantees as minimal.

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

##### **Inter-company loans and advances**

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

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

##### *Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in Note 13. The Company has undertaken to provide financial support to certain subsidiaries to enable them to continue to operate as going concerns.

##### *Impairment losses*

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

#### 33.5 Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As explained in Note 1(b), the Group is dependent on certain banks continuing to provide the required financing facilities to the Group and the ability of the Group to generate sufficient cash from its operations as well as on the Group successfully raising funds via the proposed rights issue, to enable the Group to meet its obligations as and when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 33. Financial instruments (cont'd)

#### 33.5 Liquidity risk (cont'd)

##### *Maturity analysis*

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

Group	Carrying amount RM'000	Contractual interest %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
<b>2015</b>						
Non-derivative financial liabilities						
Bank overdraft - secured	1,422	8.60 - 8.85	1,422	1,422	—	—
Bonds - secured	749,109	8.00 - 8.50	877,151	707,220	62,214	107,717
Revolving credit	226,483	3.00 - 5.42	227,186	227,186	—	—
Term loans	1,261,085	1.91 - 4.98	1,301,836	452,707	849,129	—
Finance lease liabilities	8,925	5.49 - 8.60	8,948	168	110	8,670
Trade and other payables	277,874	—	277,874	264,443	—	13,431
	<b>2,524,898</b>		<b>2,694,417</b>	<b>1,653,146</b>	<b>911,453</b>	<b>129,818</b>
<b>Company</b>						
<b>2015</b>						
Bank overdraft - secured	174	8.85	174	174	—	—
Revolving credit	81,000	4.65 - 5.42	81,000	81,000	—	—
Other payables	2,087	—	2,087	2,087	—	—
Financial guarantees	—	—	799,902	799,902	—	—
	<b>83,261</b>		<b>883,163</b>	<b>883,163</b>	<b>—</b>	<b>—</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 33. Financial instruments (cont'd)

#### 33.5 Liquidity risk (cont'd)

##### *Maturity analysis (cont'd)*

Group	Carrying amount RM'000	Contractual interest %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
<b>2014</b>						
Non-derivative financial liabilities						
Bank overdraft - secured	2,162	7.85 - 8.85	2,162	2,162	—	—
Bonds - secured	623,339	8.00 - 8.50	785,775	53,023	624,698	108,054
Revolving credit	210,862	3.45 - 5.60	211,610	211,610	—	—
Term loans	1,113,228	0.74 - 8.70	1,165,391	988,313	177,078	—
Finance lease liabilities	8,136	7.00 - 8.60	8,315	161	259	7,895
Trade and other payables	283,536	—	283,536	270,045	—	13,491
	<u>2,241,263</u>		<u>2,456,789</u>	<u>1,525,314</u>	<u>802,035</u>	<u>129,440</u>
<b>Company</b>						
<b>2014</b>						
Bank overdraft - secured	366	8.85	366	366	—	—
Revolving credit	56,000	4.65 - 5.50	56,000	56,000	—	—
Other payables	4,090	—	4,090	4,090	—	—
Financial guarantees	—	—	536,798	536,798	—	—
	<u>60,456</u>		<u>597,254</u>	<u>597,254</u>	<u>—</u>	<u>—</u>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 33. Financial instruments (cont'd)

#### 33.6 Market risk

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

##### 33.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases, cash and cash equivalents and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Australian Dollar (AUD), Hong Kong Dollar (HKD), Great Britain Pound (GBP), Japanese Yen (JPY) and U.S. Dollar (USD).

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

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

*Exposure to foreign currency risk*

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

Group	Denominated in				
	HKD RM'000	JPY RM'000	AUD RM'000	USD RM'000	GBP RM'000
<b>2015</b>					
Bank loans	–	(108,124)	(222,613)	–	–
Other payables	(1,061)	–	–	(757)	–
Short term deposits	66,087	–	–	200,924	18,191
Trade receivables	–	–	–	5,889	–
Bank balances	162	–	6	137,744	–
	<b>65,188</b>	<b>(108,124)</b>	<b>(222,607)</b>	<b>343,800</b>	<b>18,191</b>
<b>2014</b>					
Bank loans	–	(88,420)	(327,145)	–	–
Short term deposits	–	–	–	367,202	–
Bank balances	–	–	–	121,778	306
	<b>–</b>	<b>(88,420)</b>	<b>(327,145)</b>	<b>488,980</b>	<b>306</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 33. Financial instruments (cont'd)

#### 33.6 Market risk (cont'd)

##### 33.6.1 Currency risk (cont'd)

Company	Denominated in			
	HKD RM'000	AUD RM'000	USD RM'000	GBP RM'000
<b>2015</b>				
Amounts due from subsidiaries	382,633	367,208	126,820	69,297
<b>2014</b>				
Amounts due from subsidiaries	315,446	312,540	123,024	59,258

#### *Currency risk sensitivity analysis*

A 5% (2014: 5%) strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant.

Group	Profit or Loss	
	2015 RM'000	2014 RM'000
HKD	(2,445)	–
JPY	4,055	3,316
AUD	8,348	12,268
USD	(12,893)	(18,337)
GBP	(682)	(11)
<b>Company</b>		
HKD	(14,349)	(11,829)
AUD	(13,770)	(11,720)
USD	(4,756)	(4,613)
GBP	(2,599)	(2,222)

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 33. Financial instruments (cont'd)

#### 33.6 Market risk (cont'd)

##### 33.6.2 Interest rate risk

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk and borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group's interest-bearing financial assets are mainly short-term in nature and have been mostly placed in fixed deposits.

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

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

*Exposure to interest rate risk*

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Fixed rate instruments</b>				
Financial liabilities	(758,034)	(631,475)	—	—
<b>Floating rate instruments</b>				
Financial liabilities	(1,488,990)	(1,326,252)	(81,174)	(56,366)

*Interest rate risk sensitivity analysis*

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

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 33. Financial instruments (cont'd)

#### 33.6 Market risk (cont'd)

##### 33.6.2 Interest rate risk (cont'd)

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

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

Group	Group		Company	
	Profit or Loss			
	50bp increase RM'000	50bp decrease RM'000	50bp increase RM'000	50bp decrease RM'000
<b>2015</b>				
Floating rate instruments	(5,584)	5,584	(304)	304
<b>2014</b>				
Floating rate instruments	(4,973)	4,973	(211)	211

##### 33.6.3 Other price risk

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

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

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

###### *Equity price risk sensitivity analysis*

A 10% (2014: 10%) increase in equity and debt securities market prices at the end of the reporting period would have increased equity by RM11,200 (2014: RM7,852,000) for investment classified as available-for-sale and post-tax profit or loss by RM188,700 (2014: RM183,000) for investments classified as fair value through profit or loss. A 10% (2014: 10%) weakening in equity and debt securities market prices would have had equal but opposite effect on equity and profit or loss respectively.

##### 33.7 Fair value information

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

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 33. Financial instruments (cont'd)

#### 33.7 Fair value information (cont'd)

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

Group 2015	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets								
Quoted shares	2,628	-	-	2,628	-	-	-	2,628
Financial liabilities								
Loans and borrowings	-	-	-	-	-	-	(1,928,422)	(1,928,422)
								(2,247,024)
Company 2015								
Financial liabilities								
Loans and borrowings	-	-	-	-	-	-	(77,248)	(77,248)
								(81,174)

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 33. Financial instruments (cont'd)

### 33.7 Fair value information (cont'd)

Group 2014	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Financial assets</b>								
Quoted shares	80,952	-	-	80,952	-	-	-	80,952
<b>Financial liabilities</b>								
Currency option contracts	-	(4,928)	-	(4,928)	-	-	-	(4,928)
Loans and borrowings	-	-	-	-	-	-	(1,780,747)	(1,780,747)
	-	(4,928)	-	(4,928)	-	-	(1,785,675)	(1,962,655)
<b>Company 2014</b>								
<b>Financial liabilities</b>								
Loans and borrowings	-	-	-	-	-	-	(53,373)	(53,373)
	-	-	-	-	-	-	(53,373)	(53,373)

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 33. Financial instruments (cont'd)

#### 33.7 Fair value information (cont'd)

##### Policy on transfer between levels

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

##### Level 1 fair value

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

##### Level 2 fair value

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

##### *Derivatives*

The fair value of forward exchange contracts was estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

##### Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2014: no transfer in either directions).

##### Level 3 fair value

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

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Loans and borrowings	Discounted cash flows	Interest rate (2015: 1.91% to 8.85%)	The estimated fair value would increase (decrease) if the interest rate were higher (lower).

##### Valuation processes applied by the Group for Level 3 fair value

##### *Non-derivative financial liabilities*

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 34. Capital management

The Group's financial risk management objective seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Group. The Group may adjust the capital structure by issuing new shares or returning capital to shareholders.

As explained in Note 1(b), the Group is dependent on certain banks continuing to provide the required financing facilities to the Group and the ability of the Group to generate sufficient cash from its operations as well as on the Group successfully raising funds via the proposed rights issue, to enable the Group to meet its obligations as and when they fall due.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio up to 50%. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent less capital reserve.

<b>Group</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Loans and borrowings (Note 20)	<b>2,247,024</b>	1,957,727
Trade and other payables (Note 21)	<b>277,874</b>	285,536
Less: Cash and cash equivalents (Note 17)	<b>(539,900)</b>	(600,796)
<i>Net debt</i>	<b>1,984,998</b>	1,642,467
Equity attributable to the owners of the Company	<b>2,568,990</b>	2,359,213
Less: Capital reserves	<b>(101,763)</b>	(117,727)
<i>Total capital</i>	<b>2,467,227</b>	2,241,486
Capital and net debt	<b>4,452,225</b>	3,883,953
Gearing ratio	<b>45%</b>	42%

There was no change in the Group's approach to capital management during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 35. Operating leases

#### Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2015 RM'000	2014 RM'000
Not later than 1 year	29,410	27,426
Later than 1 year but not later than 5 years	119,191	99,494
Later than 5 years	9,378	53,515
	<b>157,979</b>	<b>180,435</b>

The Group leases various assets under operating leases. The leases will run for a period between 1 and 12.5 years, with an option to renew certain leases after that date.

Included in the total payable amount is an amount of RM122.42 million (2014: RM116.52 million) which is severally and jointly guaranteed by the Company and one of its subsidiaries.

#### Leases as lessor

The Group lease out their property, plant and equipment (see Note 3) and investment properties (see Note 5) under operating leases. The future minimum lease receivables under non-cancellable leases are as follows:

	Group	
	2015 RM'000	2014 RM'000
Not later than 1 year	45,751	24,147
Later than 1 year but not later than 5 years	134,998	66,848
Later than 5 years	68,717	19,262
	<b>249,466</b>	<b>110,257</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 36. Capital commitments

	Group	
	2015 RM'000	2014 RM'000
<b>Capital expenditure commitments</b>		
<b>Property, plant and equipment</b>		
Contracted but not provided for	11,855	1,958
Approved but not contracted for	9,658	710
<b>Investment properties</b>		
Contracted but not provided for	64,912	—
	<b>86,425</b>	<b>2,668</b>

### 37. Related parties

#### Identity of related parties

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

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

The Group has related party relationship with its subsidiaries, associates, joint ventures, other related parties and key management personnel.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 37. Related parties

#### Identity of related parties (cont'd)

#### Significant related party transactions

The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 13 and Note 21.

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>A. Subsidiaries</b>				
Interest income	—	—	7,088	1,843
Dividend income	—	—	26,581	40,663
Rental expense	—	—	79	67
Rendering of services	—	—	338	—
Management fee expense	—	—	1,581	1,615
<b>B. Associates</b>				
Agency fee	1,327	1,258	—	—
Dividend income	38,340	26,304	—	—
Director fees	254	257	—	—
Interest expense	240	1,239	—	—
Management fees	266	—	—	—
Project management fee	20	1,965	—	—
Rental income	1,545	1,610	—	—
Rental expense	729	720	—	—
Rendering of services	1,097	—	—	—
Share service income	620	2,236	—	—
Sale proceeds from disposal of inventories	—	78,117	—	—
<b>C. Joint ventures</b>				
Dividend income	146	—	—	—

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 37. Related parties

#### Significant related party transactions (cont'd)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>D. Other related parties</b>				
Non-controlling interests of a subsidiary:				
- Interest expense	29	100	—	—
Companies related to a director:				
- Director fees income	112	—	—	—
- Rental income	129	—	—	—
- Share service income	1,250	—	—	—
- Rendering of services	4,650	—	—	—
- Insurance expense	210	—	—	—
Companies related to a person connected to a director:				
- Interest expense	50	390	—	—
- Rental income	687	—	—	—
- Rendering of services	3,290	—	—	—
- Sale proceeds from disposal of investment securities	54,674	—	—	—
A firm related to a director:				
- Legal fees	—	174	—	—
<b>E. Key management personnel</b>				
<b>Directors</b>				
- Remuneration	1,492	1,395	536	515
- Fees	390	390	390	390
- Defined contribution plans	109	86	61	61
- Estimated money value of benefits-in-kind	26	62	1	27
	<b>2,017</b>	<b>1,933</b>	<b>988</b>	<b>993</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 37. Related parties

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>E. Key management personnel (cont'd)</b>				
<i>Other key management personnel</i>				
- Remuneration	29,196	25,253	–	–
- Defined contribution plans	2,315	2,238	–	–
	<b>31,511</b>	<b>27,491</b>	<b>–</b>	<b>–</b>

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

### 38. Acquisition of subsidiaries

#### (i) MAL Hayman Pty Limited

Mulpha Australia Limited ("MAL"), a wholly-owned subsidiary of the Company has on 5 May 2015, acquired 800,101 ordinary shares, representing 100% of the total issued and paid-up share capital of MAL Hayman Pty Limited ("MALH") from Aveo Group Limited for a total purchase consideration of AUD1.00. As a result of the acquisition, MALH has become an indirect wholly-owned subsidiary of the Company. The consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date is immaterial to the Group.

#### (ii) Mulpha Norwest Pty Limited

Mulpha Investments Pty Limited ("MIPL"), an indirect wholly-owned subsidiary of the Company had on 12 February 2014 entered into a conditional share sale agreement with Aveo Group Limited, Mulpha Australia Limited, Mulpha FKP Pty Limited ("MFKP") and Norwest Real Estate Pty Ltd to acquire the remaining 49.99% of the total issued and paid-up share capital of MFKP, from Aveo Group Limited for a total purchase consideration of AUD55.95 million (equivalent to approximately RM167.88 million) ("Proposed Acquisition"). Prior to the acquisition, MIPL held 50.01% of the total issued and paid-up share capital of MFKP, which was a joint venture of MIPL. The Proposed Acquisition was completed in May 2014 and MFKP (currently known as Mulpha Norwest Pty Limited), has become a wholly-owned subsidiary of MIPL. The effective date of control was 1 April 2014 when all conditions precedent had been satisfied or waived. The revenue contribution of the investment from effective date of control to 31 December 2014 was AUD101.8 million (equivalent to approximately RM300.3 million) and profit after tax of AUD31.5 million (equivalent to approximately RM92.9 million).

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

#### Fair value of consideration transferred

	Group 2014 RM'000
Cash and cash equivalents	7,121
Settlement of pre-existing relationship	162,415
Transaction costs	6,902
Total cash flows	176,438

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 38. Acquisition of subsidiaries (cont'd)

#### (ii) Mulpha Norwest Pty Limited (cont'd)

##### Identifiable assets acquired and liabilities assumed

	<b>Group 2014 RM'000</b>
Property, plant and equipment	145
Inventories	467,738
Trade and other receivables	14,742
Cash and cash equivalents	13,675
Deferred tax assets	3,763
Loans and borrowings	(142,410)
Deferred tax liabilities	(1,900)
Provisions for liabilities	(984)
Provision for income tax	(255)
Trade and other payables	(9,670)
Total identifiable net assets	<u>344,844</u>

##### Net cash outflow arising from acquisition of subsidiaries

	<b>Group 2014 RM'000</b>
Purchase consideration settled in cash and cash equivalents	(7,121)
Cash and cash equivalents acquired	13,675
Transaction costs	(6,902)
Total cash flows	<u>(348)</u>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 38. Acquisition of subsidiaries (cont'd)

#### (ii) Mulpha Norwest Pty Limited (cont'd)

##### Goodwill

	<b>Group 2014 RM'000</b>
Total consideration transferred	176,438
Fair value of identifiable assets	(344,844)
Existing investment cost in joint venture	169,145
Realisation of deferred tax liabilities	(38,192)
Exchange differences	990
Negative goodwill	<u>(36,463)</u>

### 39. Interest in joint operations

In the current year, the Group has 57% and 51% ownership interest in joint operations, The Hotel School Sydney and The Hotel School Melbourne respectively. Both entities are principally engaged in providing education.

### 40. Significant events

#### Proposed renounceable two-call rights issue

On 9 November 2015, the Company ("Mulpha") proposed to undertake the following:-

- (a) a renounceable two (2)-call rights issue of 1,066,826,679 new ordinary shares of RM0.50 each in Mulpha ("Mulpha Shares" or "Shares") ("Rights Shares") on the basis of one (1) Rights Share for every two (2) existing Mulpha Shares held on an entitlement date to be determined later, at an indicative issue price of RM0.50 per Rights Share, of which the indicative first call of RM0.25 per Rights Share is payable in cash on application and the indicative second call of RM0.25 per Rights Share is to be capitalised from the share premium of the Company ("Proposed Rights Issue"); and
- (b) an exemption to Yong Pit Chin, Mount Glory Investments Limited and the persons acting in concert with them from the obligation to undertake a mandatory take-over offer for all the remaining Mulpha Shares not already held by them upon completion of the Proposed Rights Issue under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-Overs and Mergers, 2010 ("Proposed Exemption").

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 40. Significant events (cont'd)

#### Proposed renounceable two-call rights issue (cont'd)

Based on the indicative First Call of RM0.25 per Rights Share, the total gross proceeds that is expected to be raised from the Proposed Rights Issue and the intended manner of utilisation are set out as follows:-

	Timeframe for utilisation	RM'000
Repayment of borrowings	Within 6 months	200,000
Development expenditure and general working capital	Within 24 months	65,626
Estimated expenses in relation to the Proposals	Upon completion	1,080
		<u>266,706</u>

The Proposed Rights Issue are conditional on the following:-

- (a) the approval of the Securities Commission ("SC") for the Proposed Exemption which was obtained on 28 March 2016;
- (b) the approval of the shareholders of Mulpha at an extraordinary general meeting which was obtained on 12 February 2016;
- (c) the approval from Bursa Securities Malaysia Berhad ("Bursa Securities") for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities. The approval from the Bursa Securities was obtained on 28 December 2015; and
- (d) any other relevant authority or party, if required.

The Proposals are inter-conditional upon each other. However, the Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

### 41. Subsequent events

#### (i) Investment in a joint venture and disposal of development lands

Leisure Farm Corporation Sdn Bhd ("LFC"), a wholly-owned subsidiary of the Company has on 16 February 2016, entered into a Joint Venture cum Shareholders' Agreement ("JVA") with UEM Land Berhad ("UEML"), a wholly-owned subsidiary of UEM Sunrise Berhad ("UEMS") and JV Axis Sdn Bhd ("JVASB"), the intended joint venture company for the proposed collaboration between LFC and UEML.

Both LFC and UEML wish to work together as strategic joint development partners to jointly develop and optimise the value of 38 parcels of freehold lands located in Gerbang Nusajaya and near the Leisure Farm Resort within Mukim Pulau, District of Johor Bahru, Johor ("JV Lands").

On even date, LFC also entered into a Master Agreement with Nusajaya Seaview Sdn Bhd ("NSSB") and Nusajaya Rise Sdn Bhd ("NRSB"), both being indirect wholly-owned subsidiaries of UEMS, and JVASB to record the agreed framework and parameters for the disposal of the JV Lands by LFC, NSSB and NRSB to JVASB and subject to terms and conditions in the JVA and Master Agreement.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 41. Subsequent events (cont'd)

#### (ii) Purchase of investment property

On 14 December 2015, Norwest Flexi Pty. Limited, an indirect wholly-owned subsidiary of the Company entered into a contract to purchase a property located at 2-8 Lexington Drive, Bella Vista, NSW 2153 for AUD20.7 million (equivalent to RM64.6 million) excluding GST. The property is improved with a modern freestanding bulky goods retail building, formerly a Bunnings Warehouse facility with on-grade car parking for 277 vehicles. As at 31 December 2015, a deposit of AUD1.0 million (equivalent to RM3.2 million) was paid and the remaining sum was settled on 22 January 2016. This acquisition was fund a combination of existing debt facilities and new debt facilities entered into in January 2016.

#### (iii) Renewal of bank borrowings

On 3 March 2016, a term loan facility with an outstanding amount of AUD16.0 million (equivalent to RM50.1 million) as at 31 December 2015 of Rosetec Investments Limited, a wholly-owned subsidiary of the Company was renewed and extended for another 2 years.

### 42. Material Litigation

In September 2012, the Company disposed of the entire equity interest in its wholly-owned subsidiary, Bestari Sepang Sdn Bhd ("Bestari") for a cash consideration of RM1.0 million to Mula Holdings Sdn Bhd ("Mula"). As part of this transaction, the Company also entered into a Settlement Agreement with Mula whereby Mula shall pay a settlement sum ("Settlement Sum") of RM104.0 million on or before 15 December 2012, as full and final settlement of the advances that the Company had previously made to Bestari and its subsidiaries, Spanstead Sdn Bhd ("Spanstead") and Seri Ehsan (Sepang) Sdn Bhd ("Seri Ehsan"), failing which, additional payments will apply until the final settlement date of 15 December 2013 ("final settlement date").

Mula failed to pay the Settlement Sum on the final settlement date. Accordingly, the Settlement Agreement automatically terminated and the Company's right to receive payment of the full amount of RM301,506,429 as at 30 June 2012 ("Full Outstanding Amount") that the Company had previously advanced to Bestari, Spanstead and Seri Ehsan (collectively "Bestari Group") was reinstated, the Full Outstanding Amount is secured by land titles belonging to Seri Ehsan ("the Land") and an irrevocable Power of Attorney to deal with the Land.

As Bestari Group failed to settle the Full Outstanding Amount, the Company filed a Writ of Summons and Statement of Claim against Mula and Bestari Group on 30 January 2015 claiming for, amongst others, a declaration that the Full Outstanding Amount of RM301,506,429 as at 30 June 2012 together with interest thereon is due and owing by Bestari Group.

Mula and Bestari Group then filed their Defence and Counterclaim on 9 February 2015. Thereafter, the Company filed its Reply and Defence to Counterclaim on 18 February 2015. The Trial commenced on 15 February 2016 until 17 February 2016 with the Company's witnesses giving evidence in Court. The Judge then vacated the Trial date on 18 February 2016 and the Trial will continue on new dates to be fixed by the Court.

The outcome of this litigation is not expected to have any material financial and operational impact on the Group as the net receivables in the Group's accounts of RM103 million is below 5% of the net assets of the Group. Furthermore, the net receivables are secured by the Land. The Company is pursuing the Full Outstanding Amount of RM301,506,429 as at 30 June 2012 and if successful, the Company expects to be able to recover substantially more than the net receivables of RM103 million. The net receivables recognised in the Company's accounts have been reduced to RM103 million, mainly due to past impairments and the loss incurred upon disposal of Bestari Sepang Sdn Bhd.

The Company's solicitors have advised that the Group has a strong case based on contemporaneous documentary evidence and the express terms of the documents with Mula and Bestari Group. Accordingly, it will be forcefully argued that the counterclaim filed by Mula and Bestari Group is without merit.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained earnings/(accumulated losses)				
- realised	993,111	905,511	(111,879)	(167,724)
- unrealised	64,192	52,883	136,470	16,401
Total share of retained earnings/(accumulated losses) from associates				
- realised	180,468	181,982	—	—
- unrealised	2,623	485	—	—
- breakdown unavailable*	(554,247)	(571,139)	—	—
Total share of retained earnings from joint ventures				
- breakdown unavailable*	9,145	—	—	—
	695,292	569,722	24,591	(151,323)
Less: Consolidation adjustments	(97,593)	(137,011)	—	—
Total retained earnings/(accumulated losses)	597,699	432,711	24,591	(151,323)

\* There is no separate disclosure shown between the realised and unrealised profits or losses components for the Group's associates, AVEO Group, New Pegasus Holdings Limited and Rotol Singapore Ltd., and joint ventures as such classification is not governed by the reporting requirements in their respective local jurisdictions.

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

# STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 53 to 169 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 43 on page 170 to the financial statements has been compiled in accordance with Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

**Lee Seng Huang**

**Law Chin Wat**

Date: 31 March 2016

# STATUTORY DECLARATION

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

I, **Lee Eng Leong**, the officer primarily responsible for the financial management of Mulpha International Bhd., do solemnly and sincerely declare that the financial statements set out on pages 53 to 170 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named at Petaling Jaya in the State of Selangor on 31 March 2016.

**Lee Eng Leong**

Before me:

Lawrence Low  
No: B484  
Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MULPHA INTERNATIONAL BHD.

(Company No. 19764-T)  
(Incorporated in Malaysia)

## Report on the Financial Statements

We have audited the financial statements of Mulpha International Bhd., which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 53 to 169.

### *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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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

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

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

### *Opinion*

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

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MULPHA INTERNATIONAL BHD. (cont'd)

(Company No. 19764-T)  
(Incorporated in Malaysia)

### Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 43 on page 170 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

### Other Matters

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

#### KPMG

Firm Number: AF 0758  
Chartered Accountants

Petaling Jaya, Selangor

Date: 31 March 2016

#### Chew Beng Hong

Approval Number: 2920/02/18(J)  
Chartered Accountant

# MATERIAL PROPERTIES OF THE GROUP

as at 31 December 2015

Location/Address	Year of Acquisition/ Completion	Tenure	Year Lease Expiring	Age of Building	Land Area/ Built Up Area	Description/ Existing Use	Net Book Value RM'000
1. 117, Macquarie Street Sydney New South Wales Australia	2004	Freehold	N/A	30 years	3,909.00 sq. metres	5 star hotel	573,469
2. Lot 679, 7, 8, 1141 and 1514 Mukim Pulau and Tanjung Kupang Daerah Johor Bahru	1991	Freehold	N/A	N/A	372.95 hectares	Land being used for a resort & recreation, residential and commercial developments	472,994
3. Norwest Marketown Norwest Boulevard Baulkham Hills New South Wales Australia	2015	Freehold	N/A	16 years	4.40 hectares	Commercial property and development	398,112
4. Hayman Island Great Barrier Reef Queensland, Australia	2004	Leasehold	Perpetuity	27 years	291.48 hectares	5 star island resort and residential development	341,107
5. Sanctuary Cove Gold Coast Brisbane Queensland Australia	2002	Freehold	N/A	N/A	72.59 hectares	Integrated resort with hotel, clubs & marina and residential development	324,947
6. The Greens, Watermark and Haven Baulkham Hills New South Wales Australia	2014	Freehold	N/A	N/A	4.68 hectares	High density residential development	191,849
7. 99-113, Macquarie Street Sydney New South Wales Australia	2004	Freehold	N/A	77 years	1,600.00 sq. metres	Commercial property	125,550
8. Bella Vista Waters and Circa Bella Vista New South Wales Australia	2014	Freehold	N/A	N/A	14.60 hectares	Residential and commercial developments	122,225
9. Mulgoa Rise Bradley Street Glenmore Park New South Wales Australia	2014	Freehold	N/A	N/A	21.76 hectares	Residential development	107,981
10. Lot 84-89, 696, 908 and 2991 Mukim Pulau Daerah Johor Bahru	2011	Freehold	N/A	N/A	41.79 hectares	Land to be used for mixed residential development	39,124

Note: The list of properties above shows the particulars of the top 10 properties in terms of highest net book value as at the end of the financial year.

# ANALYSIS OF SHAREHOLDINGS

as at 21 March 2016

Authorised Share Capital	:	RM2,000,000,000 divided into 4,000,000,000 ordinary shares of RM0.50 each
Issued and Paid-up Share Capital	:	RM1,177,956,579 divided into 2,355,913,158 ordinary shares of RM0.50 each
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	1) One vote per shareholder on a show of hands 2) One vote per ordinary share on a poll

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	726	2.65	22,593	0.00
100 - 1,000	4,447	16.21	4,138,790	0.20
1,001 - 10,000	14,271	52.03	69,320,903	3.25
10,001 - 100,000	6,892	25.12	232,834,219	10.91
100,001 - 106,682,666 (Less than 5% of issued shares)	1,093	3.98	1,140,056,904	53.43
106,682,667 (5%) and above	2	0.01	687,279,949	32.21
	27,431	100.00	2,133,653,358*	100.00*

\* Excludes 222,259,800 treasury shares retained by the Company as per the Record of Depositors.

## THIRTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%*
1.	Nautical Investments Limited	503,380,000	23.59
2.	Magic Unicorn Limited	183,899,949	8.62
3.	Alliancegroup Nominees (Asing) Sdn Bhd - Exempt AN for Sun Hung Kai Investment Services Limited	71,935,000	3.37
4.	Klang Enterprise Sendirian Berhad	66,906,600	3.14
5.	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Vista Power Sdn Bhd	64,638,333	3.03
6.	Alliancegroup Nominees (Asing) Sdn Bhd - Sun Hung Kai Investment Services Limited for Honest Opportunity Limited	59,080,300	2.77
7.	Jimmy Thomas @ James Abraham Thomas	56,000,000	2.62
8.	Yong Pit Chin	48,153,000	2.26
9.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Exempt AN for Sun Hung Kai Investment Services Limited (A/C Client)	40,000,000	1.87
10.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for Morgan Stanley & Co. International Plc (IPB Client Acct)	28,000,000	1.31

**ANALYSIS OF SHAREHOLDINGS (cont'd)**  
as at 21 March 2016

No.	Name of Shareholders	No. of Shares	%*
11.	Vista Power Sdn Bhd	25,363,700	1.19
12.	First Positive Sdn Bhd	24,762,300	1.16
13.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	23,959,000	1.12
14.	UOB Kay Hian Nominees (Asing) Sdn Bhd - Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	23,749,184	1.11
15.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for Bank Julius Baer & Co. Ltd (Singapore Bch)	18,568,400	0.87
16.	Nautical Investments Limited	17,448,000	0.82
17.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	15,758,300	0.74
18.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Small Cap Series	15,364,800	0.72
19.	Wong Sue Yin	14,900,000	0.70
20.	Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	13,777,744	0.65
21.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	12,712,800	0.60
22.	Citigroup Nominees (Asing) Sdn Bhd - UBS AG for CGO Fund	11,769,900	0.55
23.	Citigroup Nominees (Asing) Sdn Bhd - CGML IPB for ASM Co-Investment Opportunity Trust II LP	10,116,800	0.47
24.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for The Hongkong and Shanghai Banking Corporation Limited (PB-HKDIV-ACCL)	8,700,000	0.41
25.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Teh Siew Wah (021)	8,487,000	0.40
26.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd - Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	7,868,883	0.37
27.	RHB Nominees (Asing) Sdn Bhd - Pledged Securities Account for Lee Sui Hee	6,426,900	0.30
28.	DB (Malaysia) Nominee (Asing) Sdn Bhd - BNYM SA/NV for William Blair Directional Multialternative Fund (TST for PROF MG)	5,720,200	0.27
29.	DB (Malaysia) Nominee (Asing) Sdn Bhd - Exempt AN for Bank of Singapore Limited	5,641,000	0.26
30.	Tan Hua Tong	5,555,300	0.26

\* Excludes 222,259,800 treasury shares retained by the Company as per the Record of Depositors.

# ANALYSIS OF SHAREHOLDINGS (cont'd)

as at 21 March 2016

## SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	<———— Direct ————>		<———— Indirect ————>	
	No. of Shares	%*	No. of Shares	%*
Nautical Investments Limited	520,828,000	24.41	—	—
Magic Unicorn Limited	183,899,949	8.62	—	—
Mountbatten Corporation	—	—	520,828,000 <sup>a</sup>	24.41
Mount Glory Investments Limited	—	—	704,727,949 <sup>b</sup>	33.03
Yong Pit Chin	88,153,000	4.13	771,634,549 <sup>c</sup>	36.16
Lee Seng Huang	—	—	859,787,549 <sup>d</sup>	40.30
Mackenzie Cundill Investment Management Ltd	156,544,100	7.34	—	—

## DIRECTOR'S SHAREHOLDING IN MULPHA INTERNATIONAL BHD

Name of Director	<———— Direct ————>		<———— Indirect ————>	
	No. of Shares	%*	No. of Shares	%*
Lee Seng Huang	—	—	859,787,549 <sup>d</sup>	40.30

By virtue of Lee Seng Huang's substantial interest in the shares of Mulpha International Bhd, he is also deemed interested in the shares of all the subsidiaries to the extent that Mulpha International Bhd has an interest.

### Notes:

- a Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of its shareholding in Nautical Investments Limited.
- b Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of its shareholdings in Mountbatten Corporation and Magic Unicorn Limited.
- c Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of her shareholdings in Mount Glory Investments Limited and Klang Enterprise Sdn Bhd.
- d Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of his family relationship with Yong Pit Chin and his shareholding in Klang Enterprise Sdn Bhd.

\* Excludes 222,259,800 treasury shares retained by the Company as per the Record of Depositors.

# NOTICE OF 42<sup>ND</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 42<sup>nd</sup> Annual General Meeting of Mulpha International Bhd will be held at Level 11, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Thursday, 9 June 2016 at 2.30 p.m. for the following purposes:-

## AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Directors' and Auditors' Reports thereon. *(Please refer to Explanatory Note A)*
2. To re-elect the following Directors who retire by rotation pursuant to Article 101 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-
  - (a) Lee Seng Huang *(Ordinary Resolution 1)*
  - (b) Kong Wah Sang *(Ordinary Resolution 2)*
3. To consider and if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:-

"THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' Lim Say Chong who is over the age of 70 years, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."

*(Ordinary Resolution 3)*
4. To approve the payment of Directors' fees amounting to RM390,000 for the financial year ended 31 December 2015. *(Ordinary Resolution 4)*
5. To re-appoint Messrs KPMG as Auditors of the Company for the ensuing year 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 Resolutions:-

6. **ORDINARY RESOLUTION:**  
**Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965**

"THAT subject always to the Companies Act, 1965, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company's Articles of Association and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

*(Ordinary Resolution 6)*

## NOTICE OF 42<sup>ND</sup> ANNUAL GENERAL MEETING (cont'd)

### 7. **ORDINARY RESOLUTION:**

#### **Proposed Renewal of Authority to Allot and Issue Shares pursuant to the Company's Dividend Reinvestment Plan**

"THAT pursuant to the Dividend Reinvestment Plan as approved by the shareholders at the Extraordinary General Meeting held on 27 June 2011, the Directors be and are hereby authorised to allot and issue new ordinary shares of RM0.50 each in the Company from time to time as may be required under the Company's Dividend Reinvestment Plan until the conclusion of the next Annual General Meeting of the Company, upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit and in the interest of the Company.

THAT the Directors and the Secretary be and are hereby authorised to do all such acts and enter into all such transactions, agreements, arrangements and documents as may be necessary or expedient in order to give full effect to the Dividend Reinvestment Plan, with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or at the discretion of the Directors in the best interest of the Company."

*(Ordinary Resolution 7)*

### 8. **ORDINARY RESOLUTION:**

#### **Proposed Renewal of Authority for the Purchase by the Company of its Own Shares**

"THAT subject to compliance with the Companies Act, 1965, the Company's Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant rules and regulations that may be in force from time to time, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM0.50 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities, upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company PROVIDED THAT:-

- (a) the aggregate number of ordinary shares in the Company which may be purchased and/or held by the Company shall not exceed 10% of the issued and paid-up share capital of the Company at any point in time; and
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the Company's share premium account.

THAT such authority shall commence upon the passing of this ordinary resolution and shall remain in force until:-

- (i) the conclusion of the next Annual General Meeting of the Company at which time such authority shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

THAT authority be and is hereby given to the Directors of the Company to decide in their discretion to retain the ordinary shares in the Company so purchased by the Company as treasury shares and/or to cancel them and/or to resell the treasury shares and/or to distribute them as share dividend and/or subsequently cancel them.

## NOTICE OF 42<sup>ND</sup> ANNUAL GENERAL MEETING (cont'd)

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to give full effect to the aforesaid with full power to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company."

*(Ordinary Resolution 8)*

**9. ORDINARY RESOLUTION:  
Continuing in Office as Independent Non-Executive Director**

"THAT subject to the passing of Ordinary Resolution 2, approval be and is hereby given to Kong Wah Sang, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to serve as an Independent Non-Executive Director of the Company, in accordance with the Malaysian Code on Corporate Governance 2012."

*(Ordinary Resolution 9)*

**10. ORDINARY RESOLUTION:  
Continuing in Office as Independent Non-Executive Director**

"THAT approval be and is hereby given to Chew Hoy Ping, who will be serving as an Independent Non-Executive Director of the Company for a cumulative term of 9 years, to continue to serve as an Independent Non-Executive Director of the Company, in accordance with the Malaysian Code on Corporate Governance 2012."

*(Ordinary Resolution 10)*

**11. ORDINARY RESOLUTION:  
Continuing in Office as Independent Non-Executive Director**

"THAT subject to the passing of Ordinary Resolution 3, approval be and is hereby given to Dato' Lim Say Chong, who will be serving as an Independent Non-Executive Director of the Company for a cumulative term of 9 years, to continue to serve as an Independent Non-Executive Director of the Company, in accordance with the Malaysian Code on Corporate Governance 2012."

*(Ordinary Resolution 11)*

By Order of the Board

**LEE ENG LEONG** (MIA 7313)  
**LEE SUAN CHOO** (MAICSA 7017562)  
Company Secretaries

Petaling Jaya  
29 April 2016

## NOTICE OF 42<sup>ND</sup> ANNUAL GENERAL MEETING (cont'd)

### NOTES:

1. A member of the Company who is entitled to attend and vote at a general meeting of the Company, may appoint not more than 2 proxies to attend and vote instead of the member at the meeting.
2. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the proxy shall have the same rights as the member to speak at the meeting.
3. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than 2 proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.
5. Where a member or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or under the hand of its officer duly authorised.
7. The instrument appointing a proxy must be deposited at the Registered Office of the Company at PH2, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
8. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Securities Berhad to issue a Record of Depositors as at 1 June 2016 and only members whose names appear in the Record of Depositors shall be entitled to attend, speak and vote at this meeting.

### EXPLANATORY NOTE A:

This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require the Audited Financial Statements to be formally approved by the shareholders. As such, this item on the agenda is not put forward for voting.

### EXPLANATORY NOTES ON SPECIAL BUSINESS:

#### 1. Ordinary Resolution 6 - Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 6 is to empower the Directors to issue shares in the Company up to an aggregate amount not exceeding 10% of the total issued share capital of the Company for such purposes as they consider would be in the interest of the Company, such as investment(s), acquisition of asset(s) or working capital. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. The Company did not issue any shares pursuant to the mandate granted last year. Nevertheless, a renewal of the mandate is sought to avoid any delay and cost involved in convening a general meeting to approve such issue of shares.

#### 2. Ordinary Resolution 7 - Proposed Renewal of Authority to Allot and Issue Shares pursuant to the Company's Dividend Reinvestment Plan

The proposed Ordinary Resolution 7 will give authority to the Directors to allot and issue new ordinary shares in the Company from time to time as may be required under the Company's Dividend Reinvestment Plan until the conclusion of the next Annual General Meeting of the Company. A renewal of this authority will be sought at the subsequent Annual General Meeting.

#### 3. Ordinary Resolution 8 - Proposed Renewal of Authority for the Purchase by the Company of its Own Shares

The details on the proposed renewal of authority for the purchase by the Company of its own shares are set out in the Share Buy-back Statement dated 29 April 2016.

## NOTICE OF 42<sup>ND</sup> ANNUAL GENERAL MEETING (cont'd)

### 4. Ordinary Resolutions 9, 10 and 11 - Continuing in Office as Independent Non-Executive Directors

The proposed Ordinary Resolutions 9, 10 and 11 are to seek the shareholders' approval to retain Kong Wah Sang, Chew Hoy Ping and Dato' Lim Say Chong as Independent Non-Executive Directors of the Company. Kong Wah Sang has served on the Board for a cumulative term of more than 9 years, whilst Chew Hoy Ping and Dato' Lim Say Chong will be holding the position as Independent Non-Executive Directors for 9 years in 2016.

The Board has via the Nomination Committee, assessed the independence of Kong Wah Sang, Chew Hoy Ping and Dato' Lim Say Chong and recommended them to continue to serve as Independent Non-Executive Directors based on the following justifications:-

#### **Ordinary Resolution 9: Kong Wah Sang**

- (a) Mr Kong fulfilled the criteria under the definition of "Independent Director" as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and thus, he would be able to function as a check and balance to the Board.
- (b) Mr Kong performed his duties diligently and in the best interest of the Company and brings an element of objectivity and independent judgment to the Board without being subject to influence of the management.
- (c) Based on the Director's Peer Evaluation undertaken by the Board, Mr Kong has performed satisfactorily in fulfilling his duties and responsibilities, including among others, contribution to Board deliberations, regular and timely attendance of Board meetings and understanding of the roles and responsibilities of an Independent Director.

#### **Ordinary Resolution 10: Chew Hoy Ping**

- (a) Mr Chew fulfilled the criteria under the definition of "Independent Director" as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and thus, he would be able to function as a check and balance to the Board.
- (b) Mr Chew performed his duties diligently and in the best interest of the Company and brings an element of objectivity and independent judgment to the Board without being subject to influence of the management.
- (c) Based on the Director's Peer Evaluation undertaken by the Board, Mr Chew has performed satisfactorily in fulfilling his duties and responsibilities, including among others, contribution to Board deliberations, regular and timely attendance of Board meetings and understanding of the roles and responsibilities of an Independent Director.
- (d) Mr Chew, who is Chairman of the Audit Committee, has vast experience in the accounting and audit industry, which enabled him to provide constructive advice, expertise and independent judgment.

#### **Ordinary Resolution 11: Dato' Lim Say Chong**

- (a) Dato' Lim fulfilled the criteria under the definition of "Independent Director" as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and thus, he would be able to function as a check and balance to the Board.
- (b) Dato' Lim performed his duties diligently and in the best interest of the Company and brings an element of objectivity and independent judgment to the Board without being subject to influence of the management.
- (c) Based on the Director's Peer Evaluation undertaken by the Board, Dato' Lim has performed satisfactorily in fulfilling his duties and responsibilities, including among others, contribution to Board deliberations, regular and timely attendance of Board meetings and understanding of the roles and responsibilities of an Independent Director.

## NOTICE OF 42<sup>ND</sup> ANNUAL GENERAL MEETING (cont'd)

### **STATEMENT ACCOMPANYING NOTICE OF 42<sup>ND</sup> ANNUAL GENERAL MEETING**

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

**1. Details of persons who are standing for election as Directors (excluding Directors standing for re-election)**

No individual is seeking for election as a Director at the 42<sup>nd</sup> Annual General Meeting of the Company.

**2. A statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

The proposed Ordinary Resolution 6 for the general mandate for issue of securities is a renewal mandate. As at the date of this Notice, no new shares were issued pursuant to the said mandate granted to the Directors at the last Annual General Meeting held on 25 June 2015.

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No. of Shares held

CDS Account No.

## PROXY FORM

I/We \_\_\_\_\_ NRIC No./Company No. \_\_\_\_\_

Tel No. \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ being a member of the Company, hereby appoint

\_\_\_\_\_ NRIC No. \_\_\_\_\_

of \_\_\_\_\_

and/or \_\_\_\_\_ NRIC No. \_\_\_\_\_

of \_\_\_\_\_

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote on my/our behalf at the 42<sup>nd</sup> Annual General Meeting of the Company to be held at Level 11, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on **Thursday, 9 June 2016 at 2.30 p.m.** and at any adjournment thereof.

Please indicate with 'X' in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion.

ORDINARY RESOLUTIONS		FOR	AGAINST
<b>Resolution 1</b>	Re-election of Lee Seng Huang		
<b>Resolution 2</b>	Re-election of Kong Wah Sang		
<b>Resolution 3</b>	Re-appointment of Dato' Lim Say Chong		
<b>Resolution 4</b>	Approval of the payment of Directors' fees		
<b>Resolution 5</b>	Re-appointment of KPMG as Auditors		
<b>Resolution 6</b>	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
<b>Resolution 7</b>	Proposed renewal of authority to allot and issue shares pursuant to the Company's Dividend Reinvestment Plan		
<b>Resolution 8</b>	Proposed renewal of authority for the purchase by the Company of its own shares		
<b>Resolution 9</b>	Continuing in office as Independent Non-Executive Director – Kong Wah Sang		
<b>Resolution 10</b>	Continuing in office as Independent Non-Executive Director – Chew Hoy Ping		
<b>Resolution 11</b>	Continuing in office as Independent Non-Executive Director – Dato' Lim Say Chong		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016

\_\_\_\_\_  
Signature of Member

For appointment of 2 proxies, the percentage of shareholdings to be represented by the proxies:-		
	No. of Shares	Percentage
1 <sup>st</sup> Proxy		%
2 <sup>nd</sup> Proxy		%
Total:		100%

Common Seal  
(for Corporate  
Members)

### NOTES:

- A member of the Company who is entitled to attend and vote at a general meeting of the Company, may appoint not more than 2 proxies to attend and vote instead of the member at the meeting.
- A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the proxy shall have the same rights as the member to speak at the meeting.
- Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than 2 proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.
- Where a member or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or under the hand of its officer duly authorised.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at PH2, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Securities Berhad to issue a Record of Depositors as at **1 June 2016** and only members whose names appear in the Record of Depositors shall be entitled to attend, speak and vote at this meeting.

FOLD THIS FLAP TO SEAL

2ND FOLD HERE

AFFIX  
STAMP  
HERE

The Company Secretary  
**MULPHA INTERNATIONAL BHD** (19764-T)  
PH2, Menara Mudajaya  
No. 12A, Jalan PJU 7/3  
Mutiarra Damansara  
47810 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

1ST FOLD HERE

# CORPORATE DIRECTORY

## 1. MULPHA INTERNATIONAL BHD

PH1, Menara Mudajaya  
No.12A, Jalan PJU 7/3  
Mutiara Damansara  
47810 Petaling Jaya  
Selangor Darul Ehsan, Malaysia

Tel No : (+603) 7718 6288  
[www.mulpha.com.my](http://www.mulpha.com.my)

## 2. LEISURE FARM RESORT

D'Rimbunan Sales and Information Centre  
No. 8, Jalan Peranginan, Leisure Farm  
81560, Gelang Patah, Johor  
Malaysia

Tel No : (+607) 556 3003  
[www.leisurefarm.com.my](http://www.leisurefarm.com.my)

## 3. MULPHA AUSTRALIA LIMITED

L5, 99 Macquarie Street  
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Australia

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## 4. MULPHA SANCTUARY COVE PTY LTD.

PO Box 199  
Sanctuary Cove, Queensland 4212  
Australia

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## 5. NORWEST BUSINESS PARK

L5, 99 Macquarie Street  
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Australia

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## 6. ONE&ONLY HAYMAN ISLAND

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Australia

Tel No : (+617) 4940 1838  
[www.oneandonlyhaymanisland.com.au](http://www.oneandonlyhaymanisland.com.au)

## 7. INTERCONTINENTAL SYDNEY

117, Macquarie Street  
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Australia

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## 9. BIMBADGEN

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Australia

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## 10. 99 MACQUARIE STREET

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New South Wales 2000  
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[www.hotelschool.scu.edu.au](http://www.hotelschool.scu.edu.au)

## 12. MARRITZ HOTEL

12 Porcupine Road  
Perisher Valley  
New South Wales 2624  
Australia

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[www.marritzalpine.com.au](http://www.marritzalpine.com.au)

## 13. SALZBURG APARTMENT

24 Porcupine Road  
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Australia

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# Sanctuary Cove

Gold Coast, Australia



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