Malayan United Industries Berhad

Company No: 3809 - W

LAPORAN TAHUNAN 2016 ANNUAL REPORT

CONTENTS

Malayan United Industries Berhad
3809-W
Incorporated in Malaysia

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Forty-Fifth Annual General Meeting of the Company will be held at Rembau Room, Corus Paradise resort Port Dickson, 3.5km, Jalan Pantai, 71000 Port Dickson, Negeri Sembilan Darul Khusus on Thursday, 8 December 2016 at 4.00 p.m. for the following purposes:-

As Ordinary Business

1. To receive the audited financial statements together with the reports of the Directors and Auditors thereon for the financial period ended 30 June 2016.

2. To approve the payment of Directors' Fees of RM270,000 for the financial period ended 30 June 2016. **(Resolution 1)**

3. To consider and, if thought fit, pass a resolution that pursuant to Section 129(6) of the Companies Act, 1965, Tan Sri Dato' Khoo Kay Peng be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company. **(Resolution 2)**

4. To consider and, if thought fit, pass a resolution that pursuant to Section 129(6) of the Companies Act, 1965, Tan Sri Dato' Paduka Dr Mazlan bin Ahmad be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company. **(Resolution 3)**

5. To consider and, if thought fit, pass a resolution that pursuant to Section 129(6) of the Companies Act, 1965, Dr Wong Hong Meng be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company. **(Resolution 4)**

6. To re-appoint Messrs Crowe Horwath as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

As Special Business

To consider and, if thought fit, pass the following resolutions:-

7. Ordinary Resolution
   - Proposed authority for Tan Sri Dato' Paduka Dr Mazlan bin Ahmad to continue in office as Independent Non-Executive Director

   "THAT, subject to the passing of Ordinary Resolution 3, authority be and is hereby given to Tan Sri Dato' Paduka Dr Mazlan bin Ahmad who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company."

   (Resolution 6)

8. Ordinary Resolution
   - Proposed authority for YB Dato' Dr Tan Kee Kwong to continue in office as Independent Non-Executive Director

   "THAT authority be and is hereby given to YB Dato' Dr Tan Kee Kwong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company."

   (Resolution 7)

9. Ordinary Resolution
   - Proposed authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965

   "THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting or until the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided always that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being." **(Resolution 8)**

10. Ordinary Resolution
    - Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature

"THAT, subject to the provision of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements, the Company and/or its subsidiary companies ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related party as set out in the Circular to Shareholders dated 31 October 2016 ("the Related Party"), provided that such transactions are:-

(a) necessary for the day to day operations;
(b) undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Party than those generally available to the public; and
(c) not to the detriment of the minority shareholders.

AND THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution, and will continue to be in force until the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution or the expiry of the period within which the next Annual General Meeting is required by law to be held (unless earlier revoked or varied by ordinary resolution in a general meeting of shareholders of the Company), whichever occurs first and in any event, in accordance with the provisions of Bursa Securities Main Market Listing Requirements and/or any other relevant authorities;

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this ordinary resolution which shall include, without limitation, taking any action which the Directors may, in their absolute discretion deem fit, to recover any sums due to the Company under the said transactions or to settle the same." **(Resolution 9)**

11. Ordinary Resolution
    - Proposed renewal of authority for the purchase of own shares by Malayan United Industries Berhad

"THAT, subject to the Companies Act, 1965 and all other applicable laws, guidelines, rules and regulations, approval be and is hereby given to the Company to purchase and/or hold such amount of ordinary shares of RM1.00 each in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad ("Bursa Securities") provided that the aggregate number of ordinary shares which may be purchased and/or held by the Company pursuant to this resolution shall not exceed ten per centum (10%) of the issued and paid-up share capital of the Company at the time of purchase;

AND THAT the maximum funds to be allocated by the Company for the purpose of the Proposed Share Buy-Back shall not exceed the Company's share premium account. Based on the audited financial statements for the financial period ended 30 June 2016, the Company's share premium account stood at RM220,305,000;

AND THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution, and will, subject to renewal thereat, expire at the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution or the expiry of the period within which the next Annual General Meeting is required by law to be held (unless earlier revoked or varied by ordinary resolution in a general meeting of shareholders of the Company), whichever occurs first and in any event, in accordance with the provisions of Bursa Securities Main Market Listing Requirements and/or any other relevant authorities;

AND THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to:-
(a) cancel the shares so purchased; or

NOTICE OF MEETING (Cont'd)

(b) retain the shares so purchased as treasury shares; or
(c) retain part of the shares so purchased as treasury shares and cancel the remainder; or
(d) distribute the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them;

AND THAT the Directors be and are hereby authorised to do all such acts and things (including executing any relevant documents) as they may consider expedient or necessary to complete and give effect to the aforesaid authorisation with full powers to assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things thereafter in accordance with the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association and the requirements of Bursa Securities and all other governmental/ regulatory authorities." **(Resolution 10)**

12. To transact any other business of which due notice shall have been received.

By order of the Board

Lee Chik Siong
Chin Suan Yong
Joint Company Secretaries

Kuala Lumpur
31 October 2016

Notes:

1. *Only a member whose name appears on the Record of Depositors as at 28 November 2016 shall be entitled to attend and vote at the meeting. A member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy.*
2. *A member entitled to attend and vote shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meetings. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint one (1) proxy only in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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 Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the Securities Industry (Central Depositories) Act, 1991.*
3. *Where a member and/or an exempt authorised nominee appoint two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy in the instrument appointing the proxies.*
4. *The Form of Proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of the attorney.*
5. *The Form of Proxy must be deposited at the registered office of the Company at Unit 3, 191, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

Explanatory Notes On Special Business

1. The Ordinary Resolution proposed under item 7, if passed, will authorise Tan Sri Dato' Paduka Dr Mazlan bin Ahmad to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company.

   The Nomination Committee, with Tan Sri Dato' Paduka Dr Mazlan bin Ahmad abstaining from the deliberation of his own assessment, had assessed the independence of Tan Sri Dato' Paduka Dr Mazlan bin Ahmad who has served on the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. Tan Sri Dato' Paduka Dr Mazlan bin Ahmad has met the independence guidelines as set out in Chapter 1 of Bursa Securities Main Market Listing Requirements. The length of his service does not interfere with Tan Sri Dato' Paduka Dr Mazlan bin Ahmad's ability and exercise of independent judgement as Independent Director.

2. The Ordinary Resolution proposed under item 8, if passed, will authorise YB Dato' Dr Tan Kee Kwong to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company.

   The Nomination Committee had assessed the independence of YB Dato' Dr Tan Kee Kwong who has served on the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. YB Dato' Dr Tan Kee Kwong has met the independence guidelines as set out in Chapter 1 of Bursa Securities Main Market Listing Requirements. The length of his service does not interfere with YB Dato' Dr Tan Kee Kwong's ability and exercise of independent judgement as Independent Director.

3. The Ordinary Resolution proposed under item 9 is a renewal of the general authority for the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965. If passed, it will empower the Directors of the Company, from the date of the above Annual General Meeting until the next Annual General Meeting to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued and paid-up share capital of the Company for the time being for such purposes as they consider would be in the interests of the Company. This authority will expire at the next Annual General Meeting of the Company, unless revoked or varied at a general meeting.

   The Company has not issued any new shares under the general authority which was approved at the Forty-Fourth Annual General Meeting held on 25 June 2015 and which will lapse at the conclusion of the Forty- Fifth Annual General Meeting to be held on 8 December 2016.

   The general authority to issue shares will allow the Company to take advantage of any strategic opportunities, including but not limited to, issuance of new shares for purpose of funding investment project(s), working capital and/or acquisitions which require new shares to be allotted and issued speedily and would also save the cost involved in convening a general meeting to approve such issuance of shares.

4. The Ordinary Resolution proposed under item 10, if passed, will allow the Group to enter into recurrent related party transactions of a revenue or trading nature with the Related Party pursuant to Bursa Securities Main Market Listing Requirements. Please refer to Circular to Shareholders dated 31 October 2016 for more information.

5. The Ordinary Resolution proposed under item 11, if passed, will empower the Directors of the Company to purchase Malayan United Industries Berhad shares through Bursa Securities up to ten per centum (10%) of the issued and paid-up share capital of the Company.

Malayan United Industries Berhad
3809-W
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CORPORATE INFORMATION

Board of Directors

Tan Sri Dato' Khoo Kay Peng, P.S.M., D.P.M.J., K.M.N., J.P., HonD Litt, Hon LLD, Hon Ph.D, *Chairman & Chief Executive*
Tan Sri Dato' Paduka Dr Mazlan bin Ahmad, P.S.M., P.J.N., D.S.P.J., D.P.M.P., D.S.D.K., J.M.N.
YB Dato' Dr Tan Kee Kwong, D.M.P.N.
Dr Wong Hong Meng

Joint Company Secretaries

Lee Chik Siong
Chin Suan Yong

Auditors

Crowe Horwath *Chartered Accountants*

Principal Bankers

Affin Bank Berhad
CIMB Bank Berhad
Malayan Banking Berhad
Public Bank Berhad
United Overseas Bank Limited

Registrar

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South,
No.8, Jalan Kerinchi 59200 Kuala Lumpur
Tel No. 03 - 27839299 Fax No. 603 - 27839222

Registered Office

Unit 3, 191, Jalan Ampang, 50450 Kuala Lumpur
Tel. No. 03-21487696 Fax. No. 03-21445209 Website: www.muiglobal.com

PROFILE OF DIRECTORS

Tan Sri Dato' Khoo Kay Peng

Age 77, Male. Chairman and Chief Executive of Malayan United Industries Berhad. Appointed as Director on 18 January 1971 and has been Chairman since 1987. Currently, he is also the Chairman and Chief Executive of MUI Properties Berhad. He is also the Chairman of Pan Malaysian Industries Berhad, Laura Ashley Holdings plc and Corus Hotels Limited (formerly known as Corus Hotels plc), United Kingdom. He also sits on the Board of Metrojaya Berhad and MUI Continental Berhad. He is presently a trustee of Regent University, Virginia, USA, a board member of Northwest University, a Council Member of the Malaysian-British Business Council, the Malaysia-China Business Council and the Asia Business Council. He was the Chairman of the then Tourist Development Corporation (now known as the Malaysia Tourism Promotion Board), Vice Chairman of Malayan Banking Berhad (Maybank), a trustee of the National Welfare Foundation and sat on the Boards of SCMP Group Limited (South China Morning Post) and The Bank of East Asia Limited, Hong Kong. He was conferred an Honorary Doctor of Letters by the Curtin University of Technology, Perth, Australia in 1993, Honorary Doctor of Law by Northwest University, Kirkland, Seattle, USA in 2000 and Doctor of Philosophy in Business Management (Honoris Causa) by UCSI University, Malaysia in 2011. In 1985, he was awarded the Manager of the Year by the Harvard Business School Alumni Club of Malaysia and he was also honoured with the Entrepreneur of the Year Award by the Asian Institute of Management Graduates' Association of Malaysia and the Association of Banks, Malaysia. In 2012, he was awarded the Lifetime Achievement Award for 'Leadership in Global Business' by the Asian Strategy & Leadership Institute at the World Chinese Economic Forum. In 2013, was awarded the Lifetime Achievement Award for entrepreneurship by Enterprise Asia and the BrandLaureate Premier Brand ICON Leadership Award. Also in 2013, was conferred a medal by the United States Commission on International Religious Freedom, a Commission established by the United States Congress. In February 2015, he was awarded Chairman of the Year by the BrandLaureate Brand Leadership Awards 2014-2015. He is a deemed substantial shareholder of Malayan United Industries Berhad. He attended all the six (6) Board Meetings held during the financial period ended 30 June 2016.

Tan Sri Dato' Paduka Dr Mazlan bin Ahmad

Age 72, Male. Independent Non-Executive Director. Appointed as Director on 3 January 2007. Chairman of the Remuneration Committee and Nomination Committee. Also member of the Audit Committee. He began his career in the Administrative and Diplomatic Service of the Malaysian Government in August 1966. During the course of his 33 years in Public Service, he had served as INTAN Director, Secretary General of the Ministry of Justice, Secretary General of the Ministry of Information, Deputy Secretary General of the Ministry of Finance and Mayor of Kuala Lumpur. He retired from the Malaysian Civil Service as Director General of the Public Service Department in December 1998. He was then appointed and served for 6 years as Chairman of the Education Service Commission until January 2005. Currently, he sits on the Boards of MUI Continental Berhad, Wing Tai Malaysia Berhad and Wing Tai Holdings Limited. He holds a Bachelor of Arts (Honours) in History from University of Malaya, Master of Public Administration from University of Pittsburgh and PhD in Public Administration from the University of Southern California, Los Angeles, USA. He also attended The Executive Development Programme (Philippinés Executive Academy), and The Advanced Management Programme (Harvard Business School). He attended five (5) Board Meetings held during the financial period ended 30 June 2016.

PROFILE OF DIRECTORS (Cont'd)

YB Dato' Dr Tan Kee Kwong

Age 69, Male. Independent Non-Executive Director. Appointed as Director on 3 January 2007. Member of the Audit Committee and the Remuneration Committee. Currently, he also sits on the Board of TMC Life Sciences Berhad. He is also the Chairman of the Board of Governors of Sekolah Menengah Laki-Laki Methodist Sentul and Chairman of Pusat Bantuan Sentul; Chairman of the Management Committee of Wesley Methodist School and Chairman of the Board of Management of Methodist College Kuala Lumpur. He graduated with a Bachelor of Medicine and Bachelor of Surgery from the Faculty of Medicine, University of Malaya in 1973. He joined the Government service as a medical officer in 1974 until 1977. Between 1977 and 1980, he worked as a medical officer with the British National Health Service. From 1981 to 1983, he was a volunteer rural health officer in Southern Sudan, Africa. In 1985, he commenced private medical general practice until 1999, when he was made a Deputy Minister in the Ministry of Land and Cooperative Development, a post he held until 2004. He had previously served as a Member of Parliament for Segambut, Kuala Lumpur from 1995 until 2008. Presently, he is a Member of Parliament for Wangsa Maju, Kuala Lumpur. He attended all the six (6) Board Meetings held during the financial period ended 30 June 2016.

Dr Wong Hong Meng

Age 70, Male. Independent Non-Executive Director. Appointed on 4 October 2011. Chairman of the Audit Committee and member of the Nomination Committee. Dr Wong Hong Meng, an economics graduate from the University of Malaya with an MBA from Cranfield School of Management, earned his DBA from the University of South Australia in 2007. Professionally he was a Fellow of the Institute of Chartered Accountant in England and Wales. Currently he is a Chartered Accountant member of the Malaysian Institute of Accountants and an Associate of the Institute of Chartered Secretaries and Administrators. For more than thirty years Dr Wong had held senior management positions in management consultancy, merchant banking, commercial banking and stock broking. In January 1999 he took early retirement from his employment career as Executive Director of TA Enterprise Berhad. After retirement he remained active in the business world and had served as an independent non-executive director and chairman of the audit committee of two companies listed on Bursa Securities Malaysia Berhad. Currently he is an independent non-executive director and member of the investment committee of TA Investment Management Berhad and an independent non-executive director of Pan Malaysia Holdings Berhad. He is also a director of the Full Gospel Business Men's Fellowship Berhad and MUI Continental Berhad. He attended all the six (6) Board Meetings held during the financial period ended 30 June 2016.

Note: -
None of the Directors has any family relationship with any Director and/or major shareholder of the Company. None of the Directors has any conflict of interest with the Company nor have they been convicted of any offences within the past five (5) years. There were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial period ended 30 June 2016.

All the Directors are Malaysians.

PROFILE OF KEY SENIOR MANAGEMENT

Wong Nyen Faat

Age 59. Male. He is the Chief Operating Officer of MUI Group since August 2011. He also sits on the Boards of Pan Malaysia Corporation Berhad, Pan Malaysian Industries Berhad, Pan Malaysia Holdings Berhad, Pan Malaysia Capital Berhad, Metrojaya Berhad, Laura Ashley Holdings plc and Corus Hotels Limited. He holds a First Class Honours Bachelor's Degree in Science (Mathematics) with Education from University of Malaya and a Master's Degree in Business Management from Asian Institute of Management. He had served as Executive Director of Morning Star Resources Limited in Hong Kong.

Raymond Yeoh Huat Hock

Age 61. Male. He is the Vice President of the Group's Hotel Division in Malaysia and was appointed on 15 August 2012. He has a Diploma in Hotel Management from American Hotel & Motel Association. He has over 40 years of experience in the hotel industry and worked with the Holiday Inns in Kuala Lumpur, Penang and Hong Kong. He has extensive hotel pre-opening experience with Equatorial Penang and Swiss Garden International Group and worked with a 5-star Bali Padma hotel in Bali, Indonesia. In 1994, he was appointed as the General Manager to pre-open two of the Swiss Garden Hotels and subsequently held the position of Vice President Operations.

Lawrence Ooi Jiann Dar

Age 40. Male. He is the Vice President of the Group's Food Division and was appointed on 18 May 2015. He holds a Bachelor's Degree in Science (Microelectronics) from University of Campbell in the USA and a Master's Degree in Business Management from University of Melbourne, Australia. He has more than 16 years of experience in export sales and marketing and production operations. His previous positions held include the Chief Management and Vice President (Sales and Marketing) with PK Agro Industrial Product (M) Sdn Bhd (a member of CP Group Malaysia), the Regional General Manager with Kuala Lumpur Kepong Berhad and the Export Sales and Marketing Manager with Unza Overseas Limited.

Lee Boon Kong

Age 48. Male. He is the General Manager of the Group's Retailing Division in Malaysia and was appointed on 1 September 2016. He has a Bachelor's Degree in Science from Oklahoma City University in the USA. He was with IKEA for 13 years as the Store Sales Manager, Regional Merchandising Manager and subsequently as the Store General Manager of IKEA in Taiwan. He was the Store General Manager of Apple's store in Beijing and the General Manager for Robinsons Department Stores in Singapore.

Chin Suan Yong

Age 45. Male. He is the Group Financial Controller of MUI Group and was appointed on 18 May 2015. He was also appointed as the Joint Company Secretary of the Company on 4 September 2015. He is a Chartered Accountant member of the Malaysian Institute of Accountants (MIA), a Certified Public Accountant member of The Malaysian Institute of Certified Public Accountants (MICPA) and a Chartered Member of The Institute of Internal Auditors Malaysia (IIAM). He was the Head of Group Internal Audit of IOI Corporation Berhad and has more than 25 years of experience in external audit, internal audit, accounting and finance in various industries.

Note: -
None of the Key Senior Management has any family relationship with any Director and/or major shareholder of the Company. None of the Key Senior Management has any conflict of interest with the Company nor have they been convicted of any offences within the past five (5) years. There were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial period ended 30 June 2016.

All the Key Senior Management are Malaysians except for Mr Lee Boon Kong who is Singaporean.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (the "Board") is committed to the principles of corporate governance set out in the Malaysian Code on Corporate Governance 2012 (the "Code").

The Board will continuously evaluate the status of the Group's corporate governance practices and procedures with a view to adopt and implement the recommendations of the Code wherever applicable in the best interests of the shareholders of the Company. The Board considers that it has generally applied the principles and recommendations of the Code.

Set out below is the description on the manner in which the Company has applied the principles and recommendations of the Code.

1. Board of Directors

1.1 Composition of Board

The Board is responsible for the overall performance of the Company and focuses mainly on strategies, performance, standards of conduct and critical business issues.

The Board currently consists of four (4) Directors:-
- One (1) Chairman and Chief Executive
- Three (3) Independent Non-Executive Directors

The Chairman functions both as Chairman of the Board and Chief Executive. The Board is mindful of the combined roles but is comfortable that there is no concern as all related party transactions are dealt with in accordance with the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements").

Recommendation 3.5 of the Code states that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director. Currently, the Board has a majority of Independent Directors.

The Board complies with the Bursa Securities Listing Requirements that requires at least two (2) or one-third (1/3) of the Board, whichever is higher, to be independent Directors.

The Board has reserved certain material matters for the collective review and decision by the Board. The roles and contributions of independent Directors also provide an element of objectivity, independent judgement and check and balance on the Board.

Together, the Directors bring a wide range of business and financial experience for effective direction and management of the Group's businesses. A brief description of the background of each Director is presented in pages 7 to 8 of the Annual Report.

Tan Sri Dato' Paduka Dr Mazlan bin Ahmad has been identified as the senior independent non-executive Director to whom concerns regarding the Company may be conveyed.

The Board has established Board committees, which operate within defined terms of reference. These committees are:-

- Audit Committee
- Nomination Committee
- Remuneration Committee

1. Board of Directors (Cont'd)

1.1 Composition of Board (Cont'd)

The Report of the Audit Committee for the financial period ended 30 June 2016 is set out in pages 22 to 23 of the Annual Report.

Details of the Nomination Committee and Remuneration Committee are set out in Section 2.2 and Section 2.3 respectively of this Statement.

1.2 Independence of Directors

Recommendation 3.2 of the Code recommends that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, upon completion of the nine years, the Independent Director may continue to serve the Board.

The Board will continually evaluate from time to time the independence of each of its Independent Directors. In this regard, the Board will be guided by the criterias set out in the Bursa Securities Listing Requirements.

1.3 Board Charter

The Board has established a Board Charter which prescribes, among other things, the roles of the Board, schedule of matters reserved for the Board's collective decision and a Code of Ethics and Conduct.

The Board Charter is subject to review by the Board from time to time to ensure that the Board Charter remains consistent with the Board's objectives, current laws and practices.

The Board Charter is available in the Company's corporate website.

1.4 Board Meetings

The Board meets at least four (4) times a year, with additional meetings convened as necessary. The Chairman is responsible for setting the agenda for Board meetings. Any Board member may, however, recommend the inclusion of items on the agenda. Such recommendations will be accommodated to the extent practicable. The agenda typically reaches the Board at least two (2) weeks prior to Board meetings. Board meetings are typically scheduled a year in advance.

Six (6) Board Meetings were held during the financial period ended 30 June 2016. Details of the attendance of the Directors are set out in the Profile of Directors appearing in pages 7 to 8 of the Annual Report.

1.5 Appointments to the Board

The Nomination Committee has the responsibility to identify and evaluate potential candidates based on their skills, experience, knowledge, expertise and commitment to fulfill the role and responsibilities of the position before making any recommendation to the Board for approval of the appointment. The proposed appointment of each new Director will be deliberated by the Board based on the recommendation by the Nomination Committee.

The Board has taken note of the recommendation in the Code pertaining to the establishment of board gender diversity policy. The Board recognises the importance of boardroom diversity and aims to ensure diversity in its composition. The Board currently has no female Director.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

1. Board of Directors (Cont'd)

1.5 Appointments to the Board (Cont'd)

The Directors have direct access to the services of the Joint Company Secretaries who are responsible for ensuring that all appointments are properly made and all necessary information is obtained from Directors, both for the Company's own records and for the purposes of meeting the requirements of the Companies Act, 1965, Bursa Securities Listing Requirements and other regulatory requirements.

1.6 Re-election and Re-appointment of Directors

In accordance with the Company's Articles of Association, Directors who are appointed by the Board are subject to election by shareholders at the next Annual General Meeting following their appointment.

The Company's Articles of Association provide that at every Annual General Meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office and shall be eligible for re-election. The Company's Articles of Association further provide that subject to the provisions of any contract between a Managing Director and the Company, all Directors shall retire from office at least once in every three years and shall be eligible for re-election.

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

1.7 Directors' Remuneration

The Remuneration Committee will review the remuneration of the Directors and submit its recommendations to the Board for approval. The individual director concerned will abstain from discussion of their own remuneration. Directors' fees are approved at the Annual General Meeting by the shareholders.

For the financial period ended 30 June 2016, the aggregate of remuneration of the Directors received from the Company and the Group its subsidiaries categorised into appropriate components were as follows:-

Directors' Remuneration	*Salaries RM'000*	*Fees RM'000*	*Benefits-in-kind RM'000*	*Allowance &Others RM'000*	*Total RM'000*
Group					
Executive Directors	1,440	403	12	3,327	5,182
Non-Executive Directors	-	132	-	30	162
	1,440	535	12	3,357	5,344
Company					
Executive Directors	450	72	-	158	680
Non-Executive Directors	-	108	-	24	132
	450	180	-	182	812

1. Board of Directors (Cont'd)

1.7 Directors' Remuneration (Cont'd)

The number of Directors of the Company whose remuneration during the year falls within the respective bands are as follows:-

	Group		*Company*	
	Number of Directors		*Number of Directors*	
Range of Remuneration	*Executive Directors*	*Non-Executive Directors*	*Executive Directors*	*Non-Executive Directors*
Below RM50,000	-	2	-	3
RM50,001 to RM100,000	-	1	-	-
RM650,001 to RM700,000	-	-	1	-
RM5,150,001 to RM5,200,000	1	-	-	-

1.8 Supply of Information

The Board has unrestricted access to information necessary for the furtherance of their duties.

The Board is also updated by the Joint Company Secretaries on new statutory and regulatory requirements concerning their duties and responsibilities from time to time.

Board papers are distributed to Board members prior to the meeting. Important matters that are reasonably expected to have a material effect on the price, value or market activity of the Company's shares may be discussed at the meeting without materials being distributed prior to the meeting.

All Directors have access to the advice and services of the Joint Company Secretaries and where necessary, in the furtherance of their duties, obtain independent professional advice at the Group's expense.

1.9 Directorships in Other Companies

In accordance with the Bursa Securities Listing Requirements, each member of the Board holds not more than five (5) directorships in public listed companies. Prior to acceptance of any other appointment for directorships in other public listed companies, the Directors are required to consult with the Chairman to ensure that the acceptance of the new directorships would not affect their commitments and responsibilities to the Group. Any acceptance of new directorship must be notified to the Company immediately and the Board is informed on changes to the directorships held by the Directors at the following Board meeting.

1.10 Directors' Training

All the Directors have attended and successfully completed the Mandatory Accreditation Programme prescribed by Bursa Securities. During the period, all the Directors have attended annual training which aims to assist them in the discharge of their duties as Directors.

For the period under review, Tan Sri Dato' Khoo Kay Peng, Tan Sri Dato' Paduka Dr Mazlan bin Ahmad, YB Dato' Dr Tan Kee Kwong and Dr Wong Hong Meng had attended a training on the subject of "“Best Practices for Sustainability Reporting – What a Company Director Needs to Know". The training was organised by the Company and held in-house. Apart from the in-house training, the Directors were also encouraged to attend various training programmes and seminars which they feel may be conducive to ensure that they are kept abreast on various aspects related to business of the Group and its regulations, compliance, risk management and sustainability.

2. Board Committees

2.1 Audit Committee

The Audit Committee comprises exclusively of Non-Executive Directors, and all are Independent Directors. The members of Audit Committee are as follows:-

Chairman	Dr Wong Hong Meng	-	Independent Non-Executive Director
Members	Tan Sri Dato' Paduka Dr Mazlan bin Ahmad	-	Independent Non-Executive Director
	YB Dato' Dr Tan Kee Kwong	-	Independent Non-Executive Director

The attendance of members at the Audit Committee Meeting and work of the Audit Committee for the financial period ended 30 June 2016 are set out in the Report of the Audit Committee in page 22 to 23 of the Annual Report. The terms of reference of the Audit Committee is available in the Company's corporate website.

2.2 Nomination Committee

The Nomination Committee comprises exclusively of Non-Executive Directors, and all are Independent Directors. The members of the Nomination Committee are as follows:-

Chairman	Tan Sri Dato' Paduka Dr Mazlan bin Ahmad	-	Independent Non-Executive Director
Member	Dr Wong Hong Meng	-	Independent Non-Executive Director

The Nomination Committee held one (1) meeting during the financial period ended 30 June 2016. The Nomination Committee has carried out the annual assessment for the financial period ended 30 June 2016 and is satisfied that the size of the Board is optimum and there is an appropriate mix of knowledge, skills, attributes, diversity and core competencies in the Board's composition.

The terms of reference of the Nomination Committee is available in the Company's corporate website.

2.3 Remuneration Committee

The Remuneration Committee comprises exclusively of Non-Executive Directors. The members of the Remuneration Committee are as follows:-

Chairman	Tan Sri Dato' Paduka Dr Mazlan bin Ahmad	-	Independent Non-Executive Director
Member	YB Dato' Dr Tan Kee Kwong	-	Independent Non-Executive Director

The primary duty and responsibility of the Remuneration Committee is to recommend to the Board the remuneration of Executive Directors in all forms, drawing from outside advice as necessary. Nevertheless, the determination of remuneration packages of Executive Directors is a matter for the Board as a whole and individual Executive Directors are required to abstain from discussion of their own remuneration.

2. Board Committees (Cont'd)

2.3 Remuneration Committee (Cont'd)

The Remuneration Committee shall also recommend to the Board the remuneration of Non-Executive Directors. The determination of the remuneration of the Non-Executive Directors is a matter for the Board collectively.

3. Corporate Disclosure Policy

The Company aims to provide accurate and fair disclosure of corporate information to enable informed and orderly market decisions by investors in accordance with the requirements under the Bursa Securities Listing Requirements.

4. Whistleblower Policy

The Company has adopted and implemented a Whistleblower Policy which is committed to promoting and maintaining high standards of transparency, accountability and ethics in the workplace, in line with good corporate governance and prevailing legislation.

Pursuant to this Whistleblower Policy, employees in the Company are encouraged to report or disclose alleged, suspected and/or known improper conduct in the workplace without fear of retribution or detrimental action.

5. Relationship with Shareholders and Investors

In addition to various announcements made during the year, the timely release of quarterly interim financial reports provides shareholders with a regular overview of the Group's performance and operations.

Shareholders and members of the public can also obtain information on the annual and quarterly reports and the announcements made by the Company by accessing Bursa Securities' website and the Company's corporate website.

Notice of the Annual General Meeting and the Annual Report are sent to all shareholders. At Annual General Meetings, shareholders have direct access to the Directors and are given the opportunity to ask questions during the question and answer session.

Pursuant to Paragraph 8.29A(1) of the Bursa Securities Listing Requirements, the Company is required to ensure that any resolution set out in the notice of general meetings is voted by poll.

Shareholders and other interested parties may contact the Joint Company Secretaries for investor relations matter by writing or via telephone/facsimile as follows:

Postal Address : Unit 3, 191, Jalan Ampang, 50450 Kuala Lumpur
Telephone number : 03-21487696
Facsimile number : 03-21445209

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

6. Accountability and Audit

6.1 Financial Reporting

The Audit Committee is tasked to assist the Board in ensuring that the financial statements comply with the Companies Act, 1965 and the applicable financial reporting standards. The Board has the overall responsibility to ensure that the financial statements reviewed and recommended by the Audit Committee for the Board's approval are prepared in accordance with the Companies Act, 1965 and applicable financial reporting standards so as to present a true and fair view of the state of affairs of the Group.

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out in page 46 of the Annual Report, and the Statement explaining the Directors' responsibilities for preparing the annual audited financial statements pursuant to paragraph 15.26(a) of Bursa Securities Listing Requirements is set out in page 17 of the Annual Report.

6.2 Risk Management and Internal Control

The Directors acknowledge their responsibilities for the internal control system in the Group, covering not only financial controls but also controls relating to operational, compliance and risk management. The system of internal control involves each key business unit and its management, including the Board, and is designed to meet the business units' particular needs, and to manage the risks to which they are exposed. The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. The concept of reasonable assurance recognises the costing aspect, whereby the cost of control procedures is not to exceed the expected benefits. The Board has established an internal audit function who reports directly to the Audit Committee. Details of the internal audit function is set out in Report of the Audit Committee in page 23 of the Annual Report.

The Board recognises that risks cannot be fully eliminated. As such, the Group has an Enterprise Risk Management ("ERM") framework in place to minimise and manage them. The Audit Committee has established a Risk Management Committee which is guided by documented terms of reference and meetings are held regularly to deliberate on risk and control issues. Ongoing reviews are continuously carried out to ensure the effectiveness, adequacy and integrity of the system of internal controls and ERM framework in safeguarding the Group's assets.

Details of the Company's internal control system and risk management are set out in Statement on Risk Management and Internal Control in pages 18 to 20 of the Annual Report.

6.3 Relationship with the External Auditors

The Company's external auditors has continued to report to members of the Audit Committee on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. In doing so, the Company has established a transparent arrangement with the auditors to meet their professional requirements.

The Audit Committee met the external auditors three (3) times during the financial period ended 30 June 2016 without presence of management to discuss on key concerns and obtain feedback relating to the Company's affairs.

Further, the Audit Committee carries out its own evaluation on the external auditors to determine their suitability from various aspects such as their audit scope and independence. The external auditors have also provided assurances to the Audit Committee on its independence via the Audit Planning Memorandum.

The role of the Audit Committee in relation to the external auditors is set out in the Report of the Audit Committee in pages 22 to 23 of the Annual Report.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial period which give a true and fair view of the financial position of the Group and of the Company as at the end of the financial period and of the financial performance and cash flows of the Group and of the Company for the financial period.

The Directors ensure that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements.

The Directors also ensure that applicable approved Financial Reporting Standards in Malaysia have been followed.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Board's Responsibility

The Board of Directors ("Board") is responsible for the Group's system of internal control and risk management and for reviewing the adequacy and integrity of the system. The system covers risks and controls on financial, operational, compliance/legal aspects. This system is designed to manage, rather than to eliminate, the risks in the pursuit of the Group's business objective as well as to safeguard shareholders' investments and Group's assets. The system serves to provide reasonable but not absolute assurance against the risk of material misstatement, loss or fraud.

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements require directors of public listed companies to include a statement in their annual reports on their risk management and internal control system. The Bursa Securities' Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines") provides guidance for compliance with these requirements. Set out below is the Board's Statement on Risk Management and Internal Control, which has been prepared in accordance with the Guidelines.

Risk Management

The Board confirms that an ongoing process for identifying, measuring and managing the Group's principal risks is in place. This process is carried out via the following risk management governance structure:-

- The Board – discharges its responsibilities and duties by ensuring a sound system of risk management and internal control is in place for the Group. The Board has established the Audit Committee to assist them in fulfilling their responsibilities and duties. The Board formulates the Group's business strategies and reviews the Group's performance on a quarterly basis. The Board also directs appropriate actions as and when significant risks and internal control issues arise.

- The Audit Committee – on behalf of the Board, the Audit Committee, with the assistance of the Risk Management Committee and the Group's Internal Audit Department, establishes a system of risk management and internal control. The Audit Committee, on behalf of the Board, reviews the significant risks and internal controls of the Group's business and activities and highlights significant risks and issues to the Board on a quarterly basis. The Group Internal Audit Department which reports directly and independently to the Audit Committee regularly conducts audits on the Group's business and activities, and reviews the adequacy and effectiveness of the Group's system of risk management and internal control.

- The Risk Management Committee ("RMC") – assists the Audit Committee in establishing risk management framework and process capable of identifying and managing significant risks inherent or developed in the Group's business and activities. The RMC meets with the risk owners to review the risks on a quarterly basis and presents its reports to the Audit Committee quarterly. Additional meetings may be called as and when the RMC deems necessary. The RMC comprises the Group Chief Operating Officer, the Group Financial Controller, Financial Controller and the Head of Business.

Risk Management Process

Risks are reported, monitored and managed at the operational level using Risk Register which captures risks, mitigating measures and risk ratings. The Risk Register is presented to the RMC for review on a quarterly basis.

Significant risks are consolidated and presented by the RMC to the Audit Committee for review quarterly, and if deemed necessary to be escalated for review at the Board level.

Changes in significant existing risks and significant emerging risks are reported to the Audit Committee/Board.

Types of Risks

The principal business activities of the Group are retailing, hotels, property, food and financial services. There have been no significant changes in the nature of these activities during the financial period ended 30 June 2016.

The significant risks faced by the Group during the financial period ended 30 June 2016 can be broadly categorised as follows:

Financial Risk

- Impairment of investments
- Results of associates
- Bank loans and payments of principal/interest

Operational Risk

- Design, sourcing and buying of merchandise
- Service standards
- Safety and fire hazards
- Recoverability of trade receivables
- Food safety and quality issues
- Demand forecasting
- Machinery & equipment failures
- Inventory obsolescence
- Product recalls

Compliance/Legal Risk

- Failures of compliance with statutory/regulatory requirements
- Potential disputes with the executives' and workers' unions
- Any legal suits that may arise from time to time

External Risk

- Domestic and/or global economic slowdown
- Continued cooling measures on the property market
- Calamities e.g. outbreak of transmissible diseases, air tragedies, terrorist attacks
- Foreign exchange fluctuations
- Fluctuations in interest rates
- Fluctuations in prices of raw materials, building materials and crude palm oil
- Price wars among competitors

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

Key Elements of Internal Control

The key elements of the Group's internal control system, that are regularly reviewed by the Board and are in accordance with the Guidelines, are described below:-

- Establishment of a control environment in respect of the overall attitude, awareness and actions of Directors and Management regarding the internal control system and its importance to the Group;
- Recruitment of experienced, skilled and professional staff with the necessary calibre to fulfill the respective responsibilities and ensuring that adequate controls are in place;
- Clear Group structure, reporting lines of responsibilities and appropriate levels of delegation;
- Documented policies, procedures and limits of approving authorities for key aspects of the business. This provides a framework of authority and accountability within the organisation and facilitates corporate decision making at the appropriate level in the organisation's hierarchy;
- Establishment of segregation of duties via independent checks, review and reconciliation activities to prevent human errors, fraud and abuses;
- Quarterly management reports to the Board from various lines of operations and business units, on key business performance, operating statistics and regular matters. This allows for an effective monitoring of significant variances and deviation from standard operating procedures and budget;
- Group Internal Audit function independently reviews the risk identification procedures and control procedures implemented by Management, and reports to the Audit Committee on a quarterly basis. The Group Internal Audit function assesses the operation and validity of the system of internal control in relation to the level of risk involved using Risk-Based-Auditing methodology; and
- The Audit Committee convenes meetings to deliberate on the findings and recommendations for improvement by the Group Internal Audit function, external auditors as well as regulatory authorities. The Audit Committee reviews the actions taken to rectify the findings in a timely manner, and to evaluate the effectiveness and adequacy of the Group's internal control systems.

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

For material associated companies, the Group's interests are served through representations on the Board of Directors of the respective associated companies, receipt and review of respective management accounts, and enquiries thereon. Such representation also provides the Boards with information for timely decision making on the continuity of the Group's investments based on the performance of the associated companies.

The Board has received assurance from the Group Chief Operating Officer and the Group Financial Controller that the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

The Board is of the view that the risk management and internal control system in place for the financial period under review and up to the date of issuance of the financial statements, is adequate and effective to safeguard the shareholders' investment and the Group's assets. The system of risk management and internal control continues to be subject to enhancement, validation and regular review.

Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Company for the financial period ended 30 June 2016 and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is it factually inaccurate.

OTHER INFORMATION

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

The Company does not have any corporate proposal during the financial period ended 30 June 2016.

2. AUDIT AND NON-AUDIT FEES

During the financial period ended 30 June 2016, the amounts of audit and non-audit fees paid by the Company and the Group to the external auditors are as follows:

	Group (RM,000)	Company (RM,000)
Audit Fees	2,047	71
Non-Audit Fees	582	221

3. MATERIAL CONTRACTS

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

REPORT OF THE AUDIT COMMITTEE

The Audit Committee was established on 5 July 1994. The Board shall ensure that the composition of the Audit Committee comply with Bursa Securities Listing Requirements as well as other regulatory requirements. The terms of reference of the Audit Committee is available in the Company's corporate website.

MEMBERS

1. Members

The Audit Committee consists of the following members:-

Name	***Designation***
Dr Wong Hong Meng - *Chairman*	*Independent Non-Executive Director*
Tan Sri Dato' Paduka Dr Mazlan bin Ahmad - *Member*	*Independent Non-Executive Director*
YB Dato' Dr Tan Kee Kwong - *Member*	*Independent Non-Executive Director*

2. Meetings

During the financial period ended 30 June 2016, nine (9) Audit Committee Meetings were held and the records of each member are as follows:-

Name	***Attendance***
Dr Wong Hong Meng - *Chairman*	9 out of 9
Tan Sri Dato' Paduka Dr Mazlan bin Ahmad	9 out of 9
YB Dato' Dr Tan Kee Kwong	9 out of 9

In addition to the Committee members, the Head of Internal Audit and officer in charge of accounts are invited to each meeting. The respective head of companies/departments and their management team attend when audit reports on their companies/departments are tabled for discussion. The presence of the external auditors will be requested when required.

Upon the request of the external auditors, the Chairman shall convene a meeting of the Audit Committee to consider any matter the external auditors believe should be brought to the attention of the Board or shareholders.

3. Summary Of Work Of The Audit Committee During The Financial Period Ended 30 June 2016

The Audit Committee reviewed and deliberated five (5) audit reports on assignments and seven (7) audit follow-up reports conducted by the Internal Audit. The Audit Committee also appraised the adequacy and effectiveness of Management's response in resolving the audit issues reported.

In addition, the unaudited quarterly interim financial reports and the audited financial statements of the Company and the Group were reviewed by the Audit Committee prior to recommending the same for approval by the Board, upon being satisfied that the financial reporting and disclosure requirements of the relevant authorities had been complied with.

The Audit Committee met with the external auditors and discussed the nature and scope of the audit, considered any significant changes in accounting and auditing issues, reviewed audit issues and concerns affecting the financial statements of the Company and its subsidiaries and discussed applicable accounting and auditing standards that may have significant implication on the Group's financial statements. The Audit Committee also reviewed related party transactions/ recurrent related party transactions carried out by the Group.

The Audit Committee reviewed and approved the Internal Audit Plan for the financial period ended 30 June 2016. In its review of the Internal Audit Plan, the Audit Committee reviewed the scope and coverage over the activities of the respective business units of the Group.

4. Internal Audit Function

The internal audit function is performed by Group Internal Audit Department ("GIAD"), together with co-source services from an external accounting firm and an external professional internal audit firm. They are independent of the activities audited. The function is performed with impartiality, proficiency and due professional care. The internal auditors report directly to the Audit Committee, and regularly review and appraise the Group's key operations to ensure that key risk and control concerns are being effectively managed.

The Internal Audit carries out audit assignments based on risk-based audit plan that is reviewed and approved by the Audit Committee. The reports of the audits undertaken were presented to the Audit Committee and forwarded to the management concerned for attention and necessary action. During the financial period ended June 2016, GIAD together with co-source auditors carried out internal audit functions to all business entities of the Group, summarised as follows:

1) Retailing : audits on cash, inventory, customer service, security, fixed assets and investigation;

2) Hotel : audits on cash, procurement, debtor recovery, front-office, human resource, housekeeping, inventory, security, fixed assets, and investigation;

3) Food : audits on production management, safekeeping of assets, revenue, expenditure, machinery maintenance, inventory cycle, finance, and logistic; and

4) Property : audits on project management, investigation and other assignments as required by audit committee.

Follow-up reviews on previous audit reports are conducted by GIAD on a quarterly basis to ensure appropriate actions are implemented to address the concerns highlighted.

The cost incurred for the internal audit function of the Group for the financial period ended 30 June 2016 was approximately RM677,160.

CORPORATE SOCIAL RESPONSIBILITY

The MUI Group is firmly committed to the principles and practice of corporate social responsibility ("CSR"). Our CSR initiatives are rooted in the universal belief that every organisation owes a duty to act responsibly for the good of its employees, customers, shareholders, the communities in which it operates, the environment and society at large. The Group's CSR involvement is summarised here under the following broad headings:

Community

Through its various operating companies, the Group has initiated, organised and participated in many charitable and social projects. These efforts take various forms ranging from donations in cash or in kind in support of charitable organisations, community projects, schools and educational institutions and social activities that contribute to the overall betterment of society. For over a decade, the Group has offered patronage, encouragement, and support for the Malaysian performing arts.

Workplace

Mindful of employee welfare, the Group maintains practices that comply with accepted standards of safety and health in the workplace. This on-going responsibility is entrusted to various committees, each headed by a senior member of management. Key personnel attend various training programmes that deal with occupational safety and health, hygiene and sanitation, first aid and fire-fighting.

Marketplace

One of the underlying principles of the Group's business philosophy is its sense of fair dealing in all its business practices. Ethical engagement with the marketplace is something the Group takes very seriously. In this regard, the Group strives to deliver products and services that meet the criteria of value, safety, quality and satisfaction to its customers and clients.

Environment

Conscious of the importance of proper care for environment, the Group supports efforts that promote a cleaner and healthier environment in the day-to-day activities of all its operations. Procedures that ensure sound environmental practices are encouraged in its hotels, retail outlets and manufacturing plants. In its township development, homes are developed with generous provisions of well-maintained landscaped spaces and infrastructure.

Corporate Governance

The MUI Group values sound and responsible business practices and encourages strong corporate governance. It seeks to uphold a corporate culture that is strong in corporate governance, efficient in management and trustworthy in business dealings. By interacting responsibly with its stakeholders, the Group emphasises economic, social and environmental bottom-line wellness.

CORPORATE SOCIAL RESPONSIBILITY

HIGHLIGHTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

During the financial period ended 30 June 2016, subsidiaries and an associate of Malayan United Industries Berhad had actively participated in various CSR events.

MUI Properties Berhad supported the cultural and charitable activities organised by the Philharmonic Society of Selangor. Further, West Synergy Sdn Bhd made donations to SRJK(C) Bandar Springhill and SJK Lukut, and contributed to the family day activities organised by Kelab Sukan & Kebajikan Pejabat Daerah & Tanah Port Dickson.

Corus Paradise resort Port Dickson ("Corus PD") organised a charity event during Hari Raya to break fast with staff and orphans from Yayasan Anak-Anak Yatim/Piatu Daerah Port Dickson. In addition, Corus PD gave financial assistance to Yayasan Anak-Anak Yatim/ Piatu Daerah Port Dickson and New Life Care Centre Port Dickson.

In 2015, Corus Hotel Kuala Lumpur organised two CSR campaigns; these included hosting a Mooncake Festival event for the old folks home of Kim Loo Ting Ho and hosting children of Zomi Education Centre, a Myanmar refugee school endorsed by United Nations High Commissioner for Refugees. During the holy month of Ramadan in 2016, children from the Rumah Kasih Nurul Hasanah were invited to the hotel for a break fast event.

In addition, Network Foods (Malaysia) Sdn Bhd participated in the volunteers' works of the orphanage homes in several communities in Shah Alam, Klang and Subang Jaya in Selangor, Malaysia.

Metrojaya has also continued to carry out sponsorship activities for various organisations such as Hospis Malaysia, All Women's Action Society, National Stroke Association of Malaysia, KDU University College Sdn Bhd and Estee Lauder Malaysia Sdn Bhd.

Laura Ashley Holdings plc donated £231,623.91 (RM1,372,325) in total to various charitable organisations such as New Life, Fashion Target Breast Cancer, Red Cross and Breast Cancer Care.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I hereby present the Annual Report of our Company and the Group for the 18-month financial period ended 30 June 2016.

ECONOMIC REVIEW

According to the International Monetary Fund ("IMF") in its World Economic Outlook update published in October 2016, world growth in real gross domestic product ("GDP") was 3.2% in 2015 compared with 3.4% in 2014.

According to Bank Negara Malaysia ("BNM") in its 2015 Annual Report, the Malaysian economy recorded a growth rate of 5.0% in GDP in 2015 compared with 6.0% in 2014. The slower economic growth in 2015 was primarily driven by domestic demand from the private sector.

FINANCIAL HIGHLIGHTS

During the current financial period, the Company changed its financial year end from 31 December to 30 June. As a result of this change, the financial period was 18 months from 1 January 2015 to 30 June 2016.

For the 18-month financial period ended 30 June 2016, the Group's revenue was RM686.2 million compared with RM467.4 million for the previous financial year of 12 months ended 31 December 2014. The 2% decrease, on prorated basis, was due to lower revenue from the Retailing Division.

The Group recorded Loss Before Tax ("LBT") of RM111.7 million for the financial period ended 30 June 2016 compared with Profit Before Tax ("PBT") of RM3.2 million for the previous financial year ended 31 December 2014. The LBT was caused by mainly the exceptional items of a non-cash impairment of goodwill on consolidation of RM78.6 million relating to the Retailing Division and a loss in foreign exchange of RM14.4 million, LBT from the Retailing Division and lower share of profit from the Group's associate, Laura Ashley Holdings plc.

As at 30 June 2016, the Group's total assets and total equity stood at RM2.0 billion and RM0.9 billion respectively.

OPERATIONS REVIEW

Retailing Division

The Group's Retailing Division comprises two well-established business entities, Laura Ashley Holdings plc ("Laura Ashley") and Metrojaya Berhad ("Metrojaya").

As at 30 June 2016, Laura Ashley, listed on the London Stock Exchange, operated 194 owned stores in the United Kingdom ("UK"), the Republic of Ireland and France, and 252 franchised stores in 29 territories worldwide. In addition to these stores, Laura Ashley also markets its products through other distribution channels including licensing, e-commerce and mail order.

Laura Ashley, the British –based international apparel and home furnishing retail chain, is renowned worldwide for its quintessential English style.

Laura Ashley's stylish and elegant dining sets create a sense of timeless comfort and homely chic.

For its financial period of 74 weeks to 30 June 2016, revenue of Laura Ashley was £400.9 million (RM2.4 billion) compared with £303.6 million (RM1.63 billion) for the previous financial year of 53 weeks to 31 January 2015. PBT of Laura Ashley was £23.9 million (RM141.6 million) compared with £23.5 million (RM126.6 million) for the previous financial year of 53 weeks to 31 January 2015.

Laura Ashley (North America) Inc., an associate of the Group is primarily engaged in licensing of Laura Ashley's trademarks and copyrighted designs in North and South Americas. In addition to licensing, Laura Ashley (North America) Inc. markets its products through e-commerce and wholesaling. This business is reported under 'Others' operating segment in the audited financial statements of the Group.

For the 18-month financial period ended 30 June 2016, revenue of Laura Ashley (North America) Inc. was US$10.8 million (RM42.9 million) compared with US$7.3 million (RM23.9 million) in the previous financial year. PBT was US$4.8 million (RM19.0 million) compared with US$3.6 million (RM11.8 million) in the previous financial year.

As at 30 June 2016, Metrojaya, a leading department store chain in Malaysia, operated 7 department stores and 61 specialty stores under various in-house brands of Living Quarters, Reject Shop, East India Company, Somerset Bay, Cape Cod, Passages, Emanuelle and Zona. Metrojaya also operated 7 Laura Ashley franchised stores in Malaysia and Singapore.

Metrojaya, a leading retailer in Malaysia.

For the 18-month financial period ended 30 June 2016, Metrojaya recorded revenue of RM213.4 million compared with RM180.7 million in the previous financial year. Loss before tax and exceptional items was RM25.5 million, compared with a profit before tax and exceptional items of RM2.7 million in the previous financial year, due to lower revenue of its department stores and specialty stores as a result of weaker and cautious consumer spending, slower domestic economic growth and changing industry landscape.

Hotel Division

As at 30 June 2016, the Group owned and operated 10 hotels in the UK and 2 hotels in Malaysia under the brands of "Corus" and "Laura Ashley".

Corus Hotel, Kuala Lumpur.

Laura Ashley The Belsfield, Lake District, United Kingdom.

In the UK, for the 18-month financial period ended 30 June 2016, revenue of the UK hotel group recorded £39.5 million (RM234.0 million) compared with £26.5 million (RM142.7 million) for the previous financial year. However, the hotel group incurred LBT of £1.4 million (RM8.3 million) for the 18-month financial period ended 30 June 2016 compared with PBT of £1.4 million (RM7.5 million) for the previous financial year, mainly due to higher operating expenses.

Corus Hotel Hyde Park, the group's 389-room UK flagship hotel recorded revenue of £16.8 million (RM99.5 million) for the 18-month financial period ended 30 June 2016 compared with £13.2 million (RM71.1 million) for the previous financial year. PBT was £3.6 million (RM21.3 million) compared with £3.9 million (RM21.0 million) for the previous financial year. The decrease in PBT, on prorated basis, was due to lower occupancy and lower average room rate, partly due to more cautious travelling sentiment after the occurrences of terrorist attacks in Europe.

Laura Ashley Hotel The Belsfield, located in the famous Lake District, UK recorded higher revenue, on prorated basis, of £5.1 million (RM30.2 million) for the 18-month financial period ended 30 June 2016 compared with £1.7 million (RM9.2 million) for the previous financial year, following a successful refurbishment and rebranding program completed in 2014.

In Malaysia, revenue of Corus Hotel Kuala Lumpur ("Corus KL") was RM45.0 million for the 18-month financial period ended 30 June 2016 compared with RM37.3 million for the previous financial year. PBT was RM12.4 million compared with RM14.9 million for the previous financial year. The respective decrease in revenue and PBT, on prorated basis, was due to lower occupancy and lower average room rate as a result of lower tourist arrivals to Malaysia, slower domestic economy and after-effects of the MH370 and MH17 tragedies. On F&B, Corus KL's Komura Japanese Restaurant and Ming Palace Chinese Restaurant was acclaimed respectively as one of Malaysia's Best Restaurants 2016 for its exceptional cuisine and service by the editors and readers of Malaysia Tatler.

Corus Paradise Resort Port Dickson's revenue for the 18-month financial period ended 30 June 2016 was RM12.9 million compared with RM9.4 million for the previous financial year. This hotel achieved a modest PBT for the financial period ended 30 June 2016.

Variety of chocolate product by Network Foods.

Food Division

The Group's Food Division is engaged in the manufacturing, distribution and marketing of chocolates and other confectionery under Network Foods International Ltd ("NFIL"), a subsidiary of Pan Malaysia Corporation Berhad. NFIL has a manufacturing company, Network Foods Industries Sdn Bhd ("NFISB") in Malaysia and three distribution companies, namely Network Foods (Malaysia) Sdn Bhd ("NFM") in Malaysia, Network Foods (Hong Kong) Limited ("NFHK") in Hong Kong and Network Foods Distribution Pte Ltd ("NFD") in Singapore. NFISB has been manufacturing quality chocolates for more than 40 years and has exported chocolates to more than 35 countries and territories, mainly in Asia. NFISB also manufactures chocolates of private labels for reputable retail chains and major distributors in many countries. The brands of chocolates owned by the Group include Tudor Gold, Crispy, Tango and Kandos.

For the 18-month financial period ended 30 June 2016, NFIL's turnover was RM102.4 million compared with RM68.0 million for the previous financial year ended 31 December 2014. PBT was RM0.4 million compared with LBT of RM0.6 million for the previous financial year.

Property Division

The Group's flagship project in the Property Division is the 1990-acre Bandar Springhill township development in Port Dickson, Negeri Sembilan undertaken by West Synergy Sdn Bhd ("West Synergy"), a joint-venture with Chin Teck Plantations Berhad. West Synergy also derives income from the sale of oil palm fresh fruit bunches ("FFB").

For the 18-month financial period ended 30 June 2016, West Synergy achieved revenue of RM77.7 million compared with RM29.1 million for the previous financial year ended 31 December 2014. PBT was RM15.6 million for the 18-month financial period ended 30 June 2016 compared with RM7.5 million for the previous financial year ended 31 December 2014. The increase in revenue and PBT respectively, on prorated basis, was due to higher sales and higher percentage of completion of work in the Bandar Springhill project.

Cumulatively as of 30 June 2016, West Synergy had sold 2,903 units of residential homes and commercial properties in the Bandar Springhill township development.

The Group's proposed integrated development project in the heart of Seremban town, which comprises a high-rise apartment tower, a retail complex, shop lots and multi-storey office buildings, is in the planning stage.

Revenue and PBT from the sale of FFB for the 18-month financial period ended 30 June 2016 was RM6.0 million and RM2.9 million, respectively. FFB output continued to decrease due to the aging of the trees and decreasing acreage as more agricultural land has been utilised for residential and commercial developments.

Bandar Springhill, an integrated township in Port Dickson, Negeri Sembilan.


Showhouse with interior design for Phase E4 Maple Double Storey Terrace House.

Financial Services Division

The Group's Financial Services Division comprises PM Securities Sdn Bhd ("PM Securities") and PCB Asset Management Sdn Bhd ("PCB Asset Management").

PM Securities is a universal broker offering stockbroking services through its network of 7 branches in Kuala Lumpur, Seremban, Puchong, Penang, Melaka, Klang and Batu Pahat.

For the 18-month financial period ended 30 June 2016, PM Securities reported revenue of RM30.1 million compared with RM23.6 million for the previous financial year ended 31 December 2014. PBT was RM5.0 million for the 18-month financial period ended 30 June 2016 compared with LBT of RM3.9 million for the previous financial year ended 31 December 2014. The turnaround was achieved through improvement in brokerage yield, lower operating costs, optimisation of margin financing and recovery of bad debts. The performance of PCB Asset Management remained about the same, that was, at breakeven position.

CORPORATE DEVELOPMENTS

In June 2014, Corus Hotels Sdn Bhd, a wholly-owned subsidiary of Malayan United Industries Berhad, had entered into a share sale agreement with Pan Malaysian Industries Berhad to acquire 385,000 ordinary shares of RM1.00 each representing the entire issued and paid up share capital of Two Holdings Sdn Bhd for a purchase consideration of RM26.3 million ("Proposed Acquisition"). The Proposed Acquisition was completed on 6 February 2015.

During the current financial period, Pan Malaysia Corporation Berhad ("PMCB"), a subsidiary of the Company, carried out a reduction of the issued and paid-up share capital and a capital distribution to its shareholders involving a cash distribution of RM0.08 for each ordinary share in PMCB which amounted to approximately RM56.7 million. The share capital reduction was undertaken to enable PMCB to rationalise its balance sheet by eliminating its entire accumulated losses. The capital distribution was completed on 26 May 2016.

On 12 December 2014, the Group had entered into a Share Sale Agreement to dispose of its entire shareholding in its subsidiary, Pan Malaysia Holdings Berhad, to Dato' Dr Yu Kuan Chon ("Dato' Dr Yu") for a purchase consideration of approximately RM77.1 million. Subsequently, the Group and Dato' Dr Yu had mutually agreed to extend the Cut-Off Date to fulfil the Condition Precedent since March 2015 until the last Cut-Off Date on 11 September 2016. On 13 September 2016, the Group announced that the Group and Dato' Dr Yu had mutually agreed to terminate the Share Sale Agreement due to the Condition Precedent not being fulfilled by the Cut-Off Date.

PROSPECTS FOR 2016/2017

Despite an expected subdued outlook for the advanced economies and uncertainty from the Brexit, IMF projects world GDP growth to improve to 3.4% in 2017 compared with 3.1% in 2016, driven by the improving emerging and developing economics as well as a more stable US economy. IMF projects the Malaysian economy to record a GDP growth rate of 4.6% in 2017.

According to BNM in its 2015 Annual Report, the growth in the Malaysian economy is expected to slow further to 4.0% - 4.5% in 2016.

The cautious business sentiments and consumer

CHAIRMAN'S STATEMENT (Cont'd)

spending are expected to continue into the first half of 2017.

Against the backdrop of the above, the Group will be adopting a prudent yet progressive approach in developing strategies and managing its various businesses locally and abroad. Despite the external challenges, the Group will continue to expand its Laura Ashley presence beyond the UK border to other regions of the world, particularly in the growing Asian markets.

The Group will endeavour to streamline its portfolio of assets and businesses to further enhance its financial position. In view of the continued challenging local and global economic environments, the Board remains cautious on the Group's performance for the financial year ending 30 June 2017.

DIRECTORATE

There was no change to the composition of the Board in the past year.

ACKNOWLEDGEMENTS

On behalf of the Board, I wish to take this opportunity to thank our valued customers, shareholders, business associates and bankers for their continued confidence and support. I also would like to express my appreciation to the Board members, management and staff of the Group for their hard work, dedication and contributions.

To GOD Be The Glory

Tan Sri Dato' Khoo Kay Peng
Chairman

24 October 2016

PERNYATAAN PENGERUSI

Bagi Pihak Lembaga Pengarah, saya dengan ini membentangkan Laporan Tahunan Syarikat kami dan Kumpulan untuk 18 bulan bagi tahun kewangan berakhir 30 Jun 2016.

PENILAIAN EKONOMI

Menurut Tabung Kewangan Antarabangsa ("IMF") dalam laporan terkini Prospek Ekonomi Dunia (World Economic Outlook) yang diterbitkan pada bulan Oktober 2016, pertumbuhan ekonomi dunia adalah 3.2% pada tahun 2015 berbanding 3.4% pada tahun 2014, dari segi Keluaran Dalam Negeri Kasar ("KDNK").

Ekonomi Malaysia mencatatkan kadar pertumbuhan KDNK sebanyak 5.0% pada tahun 2015 berbanding dengan 6.0% pada tahun 2014, menurut Laporan Tahunan 2015 Bank Negara Malaysia ("BNM"). Pertumbuhan ekonomi yang perlahan pada tahun 2015 adalah didorong oleh permintaan domestik sektor swasta.

PRESTASI KEWANGAN

Untuk tempoh kewangan semasa, Syarikat telah menukar tarikh akhir tahun kewangannya dari 31 Disember kepada 30 Jun. Oleh itu, tempoh kewangan adalah 18 bulan iaitu dari 1 Januari 2015 hingga 30 Jun 2016.

Bagi 18 bulan tempoh kewangan yang berakhir pada 30 Jun 2016, perolehan Kumpulan adalah RM686.2 juta berbanding RM467.4 juta pada 12 bulan tahun kewangan sebelumnya yang berakhir pada 31 Disember 2014. Penurunan sebanyak 2%, secara pro rata, adalah disebabkan perolehan yang lebih rendah daripada Bahagian Peruncitan.

Kumpulan mencatatkan Kerugian Sebelum Cukai ("LBT") sebanyak RM111.7 juta bagi tahun kewangan berakhir pada 30 Jun 2016 berbanding dengan Keuntungan Sebelum Cukai ("PBT") sebanyak RM3.2 juta bagi tahun kewangan sebelumnya yang berakhir pada 31Disember 2014. LBT adalah disebabkan oleh perkara-perkara di luar jangka iaitu kerugian rosot nilai bukan tunai muhibah atas penyatuan yang berkaitan dengan Bahagian Peruncitan sebanyak RM78.6 juta dan kerugian dari perubahan matawang asing sebanyak RM14.4 juta, LBT daripada Bahagian Peruncitan dan bahagian untung yang lebih rendah daripada syarikat bersekutu Kumpulan, Laura Ashley Holdings plc.

Pada 30 Jun 2016, aset keseluruhan dan ekuiti keseluruhan kumpulan adalah sebanyak RM2.0 bilion dan RM0.9 bilion masing masing.

PENILAIAN OPERASI

Bahagian Peruncitan

Bahagian Peruncitan merangkumi dua kumpulan perniagaan yang mantap iaitu, Laura Ashley Holdings plc ("Laura Ashley") dan Metrojaya Berhad ("Metrojaya").

Laura Ashley, rangkaian gedung pakaian dan kelengkapan rumah British, terkenal di seluruh dunia untuk gaya Inggeris yang unik dan tersendiri.

Set makan Laura Ashley yang bergaya dan elegan mewujudkan suasana rumah yang selesa dan anggun.

Sehingga 30 Jun 2016, Laura Ashley, yang disenaraikan di Bursa Saham London, mengendalikan 194 gedung di United Kingdom ("UK"), Republik Ireland dan Perancis, serta 252 francais di 29 wilayah di seluruh dunia. Selain gedung-gedung ini, Laura Ashley turut memasarkan produknya melalui saluran pengedaran lain yang termasuk pelesenan, e-dagang dan pesanan pos.

Bagi tempoh kewangan selama 74 minggu yang berakhir 30 Jun 2016, perolehan Laura Ashley adalah £400.9 juta (RM2.4 bilion) berbanding £303.6 juta (RM1.63 bilion) bagi tahun kewangan selama 53 minggu yang berakhir pada 31 Januari 2015. PBT bagi Laura Ashley adalah £23.9 juta (RM141.6 juta) berbanding dengan £23.5 juta (RM126.6 juta) bagi tahun kewangan sebelumnya selama 53 minggu yang berakhir pada 31 Januari 2015.

Laura Ashley (North America) Inc. adalah sebuah syarikat bersekutu Kumpulan yang memasarkan pelesenan tanda dagangan Laura Ashley dan hak cipta reka bentuk di Amerika Utara dan Selatan. Selain pelesenan, Laura Ashley (North America) Inc. juga memasarkan produknya melalui e-dagang dan secara borong. Perniagaan ini dilaporkan di bawah segmen operasi 'Lain-Lain' dalam Penyata Kewangan diaudit Kumpulan.

Metrojaya, salah satu peneraju dalam industri peruncitan di Malaysia.

Bagi tempoh kewangan 18 bulan yang berakhir 30 Jun 2016, perolehan Laura Ashley (North America) Inc. adalah US$10.8 juta (RM42.9 juta) berbanding US$7.3 juta (RM23.9 juta) pada tahun kewangan sebelumnya. PBT adalah US$4.8 juta (RM19.0 juta) berbanding US$3.6 juta (RM11.8 juta) pada tahun kewangan sebelumnya.

Sehingga 30 Jun 2016, Metrojaya, sebuah rangkaian gedung membeli-belah terkemuka di Malaysia, mengendalikan 7 buah gedung membeli belah dan 61 gedung barangan khas di bawah jenama terkenal iaitu Living Quarters, Reject Shop, East India Company, Somerset Bay, Cape Cod, Passages, Emanuelle dan Zona. Metrojaya juga mengendalikan 7 buah gedung francais Laura Ashley di Malaysia dan Singapura.

Bagi tempoh kewangan 18 bulan yang berakhir 30 Jun 2016, Metrojaya mencatatkan perolehan sebanyak RM213.4 juta berbanding RM180.7 juta pada tahun kewangan sebelumnya. Kerugian sebelum cukai dan perkara di luar jangka adalah RM25.5 juta berbanding dengan keuntungan sebelum cukai dan perkara di luar jangka sebanyak RM2.7 juta pada tahun kewangan yang lalu, disebabkan perolehan yang lebih rendah di gedung barangan khas dan juga gedung membeli-belah Metrojaya lantaran pembelanjaan pengguna yang lebih rendah dan berhemah, pertumbuhan ekonomi domestik yang perlahan dan perubahan landskap industri.

Corus Hotel, Kuala Lumpur.


Laura Ashley The Belsfield, Lake District, United Kingdom.

Bahagian Perhotelan

Sehingga 30 Jun 2016, Kumpulan Syarikat memiliki dan mengusahakan 10 hotel di UK dan 2 hotel di Malaysia di bawah jenama "Corus" dan "Laura Ashley".

Di UK, bagi tempoh kewangan 18 bulan yang berakhir 30 Jun 2016, kumpulan hotel UK mencatatkan perolehan sebanyak £39.5 juta (RM234.0 juta) berbanding dengan £26.5 juta (RM142.7 juta) bagi tahun kewangan sebelumnya. Walau bagaimanapun, kumpulan hotel menanggung kerugian sebelum cukai ("LBT") sebanyak £1.4 juta (RM8.3 juta) bagi tempoh kewangan 18 bulan yang berakhir 30 Jun 2016 berbanding dengan PBT sebanyak £1.4 juta (RM7.5 juta) bagi tahun kewangan yang lepas, sebahagian besarnya disebabkan kos operasi yang lebih tinggi.

Corus Hotel Hyde Park, hotel yang mempunyai 389 bilik dan menjadi lambang kemegahan Kumpulan di UK mencatat perolehan sebanyak £16.8 juta (RM99.5 juta) bagi tempoh kewangan 18 bulan yang berakhir 30 Jun 2016 berbanding dengan £13.2 juta (RM71.1 juta) bagi tahun kewangan sebelumnya. PBT adalah £3.6 juta (RM21.3 juta) berbanding dengan £3.9 juta (RM21.0 juta) bagi tahun kewangan sebelumnya. Penurunan PBT, secara pro rata, adalah disebabkan oleh kadar penginapan yang rendah dan kadar harga purata bilik yang lebih rendah, sebahagiannya berpunca daripada sentimen pelancongan yang lebih berhati-hati selepas kejadian serangan pengganas di Eropah.

Laura Ashley Hotel The Belsfield, di kawasan Lake District, UK yang terkenal, mencatatkan perolehan lebih tinggi, secara pro rata, sebanyak £5.1 juta (RM30.2 juta) bagi tempoh kewangan 18 bulan yang berakhir 30 Jun 2016 berbanding dengan £1.7 juta (RM9.2 juta) bagi tahun kewangan yang lalu, susulan daripada program pengubahsuaian dan penjenamaan semula yang siap pada tahun 2014.

Pelbagai produk coklat oleh Network Foods.

Di Malaysia, perolehan Corus Hotel Kuala Lumpur ("Corus KL") adalah RM45.0 juta bagi tempoh kewangan 18 bulan yang berakhir 30 Jun 2016 berbanding dengan RM37.3 juta pada tahun kewangan sebelumnya. PBT adalah RM12.4 juta berbanding RM14.9 juta pada tahun kewangan sebelumnya. Secara pro rata, penurunan dalam perolehan dan PBT adalah disebabkan oleh kadar penginapan yang rendah dan kadar harga purata bilik yang lebih rendah akibat daripada ketibaan pelancong yang lebih rendah di Malaysia, pertumbuhan ekonomi domestik yang lebih perlahan dan kesan selepas tragedi MH370 dan MH17. Manakala untuk Jabatan Makanan dan Minuman ("F&B"), Restoran Komura Jepun Corus KL dan Ming Palace Chinese Restaurant mendapat pengiktirafan sebagai salah sebuah Restoran Terbaik Malaysia 2016 bagi masakan dan tahap servis cemerlang oleh editor dan pembaca Malaysia Tatler.

Perolehan Corus Paradise Resort Port Dickson bagi tempoh kewangan 18 bulan yang berakhir 30 Jun 2016 adalah RM12.9 juta berbanding RM9.4 juta pada tahun kewangan sebelumnya. Hotel ini mencapai PBT sederhana bagi tempoh kewangan berakhir 30 Jun 2016.

Bahagian Perniagaan Makanan

Bahagian Perniagaan Makanan Kumpulan beroperasi dalam sektor pembuatan, pengedaran dan pemasaran coklat dan konfeksi di bawah Network Foods International Ltd ("NFIL") yang merupakan sebuah syarikat subsidiari Pan Malaysia Corporation Berhad. NFIL mempunyai syarikat perkilangan, Network Foods Industries Sdn Bhd ("NFISB") di Malaysia dan tiga syarikat pengedaran, iaitu Network Foods (Malaysia) Sdn Bhd ("NFM") di Malaysia, Network Foods (Hong Kong) Limited ("NFHK") di Hong Kong dan Network Foods Distribution Pte Ltd ("NFD") di Singapura. NFISB mempunyai lebih daripada 40 tahun pengalaman dalam pengeluaran coklat berkualiti serta coklatnya dieksport ke lebih daripada 35 buah negara dan wilayah, terutamanya di Asia. NFISB juga mengeluarkan coklat label persendirian untuk rangkaian runcit terkemuka dan pengedar utama di banyak negara. Jenama coklat milik Kumpulan termasuk Tudor Gold, Crispy, Tango dan Kandos.

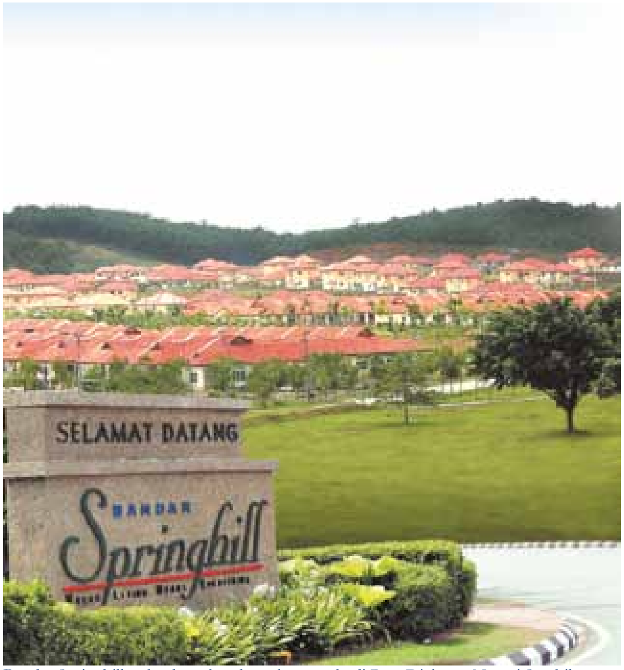
Bagi tempoh kewangan 18 bulan yang berakhir 30 Jun 2016, perolehan NFIL adalah RM102.4 juta berbanding RM68.0 juta pada tahun kewangan sebelumnya yang berakhir pada 31 Disember 2014. PBT adalah RM0.4 juta berbanding dengan LBT sebanyak RM0.6 juta bagi tahun kewangan sebelumnya.

Bahagian Hartanah

Projek hartanah unggul Kumpulan iaitu pembangunan Bandar Springhill seluas 1,990 ekar oleh West Synergy Sdn Bhd ("West Synergy") merupakan projek usahasama dengan Chin Teck Plantations Berhad. West Synergy turut meraih

PERNYATAAN PENGERUSI (Samb)

perolehan daripada penjualan tandan buah segar ("FFB") kelapa sawit.



Bandar Springhill, sebuah perbandaran bersepadu di Port Dickson, Negeri Sembilan

Rumah contoh dengan reka bentuk dalaman bagi Fasa E4 Maple Rumah Teres Dua Tingkat.

Bagi tempoh kewangan 18 bulan yang berakhir 30 Jun 2016, West Synergy meraih perolehan sebanyak RM77.7 juta berbanding RM29.1 juta pada tahun kewangan sebelumnya yang berakhir pada 31 Disember 2014. PBT adalah RM15.6 juta bagi tempoh kewangan 18 bulan yang berakhir 30 Jun 2016 berbanding dengan RM7.5 juta bagi tahun kewangan berakhir 31 Disember 2014. Secara pro rata, peningkatan perolehan dan PBT adalah disebabkan oleh jualan dan peratusan siap kerja yang lebih tinggi untuk projek Bandar Springhill.

Sehingga 30 Jun 2016, secara kumulatifnya, West Synergy telah menjual 2,903 unit rumah kediaman dan hartanah komersil di Bandar Springhill.

Cadangan projek Kumpulan iaitu, pembangunan hartanah bersepadu di tengah-tengah bandar Seremban, yang terdiri daripada sebuah menara apartmen bertingkat tinggi, kompleks membeli-belah, rumah kedai dan bangunan pejabat berbilang tingkat, kini dalam peringkat perancangan.

Perolehan dan PBT daripada penjualan FFB bagi tempoh kewangan 18 bulan yang berakhir 30 Jun 2016 masing-masing adalah RM6.0 juta dan RM2.9 juta. Penghasilan FFB semakin menurun akibat penuaan pokok kelapa sawit dan keluasan ekar yang lebih kecil untuk tanah pertanian dimana sebahagiannya telah digunakan untuk pembangunan kediaman dan komersial.

BAHAGIAN PERKHIDMATAN KEWANGAN

Bahagian Perkhidmatan Kewangan Kumpulan terdiri daripada PM Securities Sdn Bhd ("PM Securities") dan PCB Asset Management Sdn Bhd ("PCB Asset Management").

PM Securities merupakan broker universal yang menawarkan perkhidmatan jual beli saham melalui 7 cawangannya di Kuala Lumpur, Seremban, Puchong, Pulau Pinang, Melaka, Klang and Batu Pahat.

Bagi tempoh 18 bulan tahun kewangan yang berakhir 30 Jun 2016, PM Securities melaporkan jumlah perolehan sebanyak RM30.1 juta berbanding tahun sebelumnya iaitu RM23.6 juta. PBT pula adalah sebanyak RM5.0 juta bagi tempoh 18 bulan tahun kewangan yang berakhir 30 Jun 2016 berbanding LBT sebanyak RM3.9 juta bagi tahun berakhir 31 Disember 2014. Pemulihan ini telah dicapai melalui peningkatan dalam hasil broker, kos operasi yang lebih rendah, pengoptimuman pembiayaan margin dan pemungutan semula hutang lapuk. Prestasi PCB Asset Management kekal pada kedudukan pulang modal.

PERKEMBANGAN KORPORAT

Pada Jun 2014, Corus Hotels Sdn Bhd, sebuah syarikat subsidiari milik penuh Malayan United Industries Berhad, telah menandatangani perjanjian jualan saham dengan Pan Malaysian Industries Berhad untuk mengambil alih 385,000 saham biasa bernilai RM1.00 seunit mewakili keseluruhan modal saham terbitan dan berbayar bagi Two Holdings Sdn Bhd untuk pertimbangan belian sebanyak RM26.3 juta ("Cadangan Pengambilalihan"). Cadangan Pengambilalihan ini telah disempurnakan pada 6 Februari 2015.

Pada tempoh kewangan semasa, Pan Malaysia Corporation Berhad ("PMCB"), yang merupakan sebuah syarikat subsidiari, telah mengurangkan modal saham terbitan dan berbayar serta mengagihkan modal kepada para pemegang saham yang melibatkan agihan tunai sebanyak RM0.08 bagi setiap saham biasa PMCB dengan jumlah kira-kira RM56.7 juta. Pengurangan modal saham telah diambil untuk membolehkan PMCB mengolah kedudukan kewangannya dengan melupuskan keseluruhan kerugian terkumpul. Agihan modal telah siap pada 26 Mei 2016.

Pada 12 Disember 2014, Kumpulan telah memeterai Perjanjian Jualan Saham untuk menjual keseluruhan pegangan dalam syarikat subsidiarinya, Pan Malaysia Holdings Berhad, kepada Dato' Dr Yu Kuan Chon ("Dato' Dr Yu") dengan harga pembelian berjumlah kira-kira RM77.1 juta. Kumpulan dan Dato' Dr Yu telah bersetuju untuk melanjutkan "Tarikh Tamat" untuk memenuhi Syarat Duluan bermula daripada Mac 2015 sehingga "Tarikh Tamat" terakhir pada 11 September 2016. Pada 13 September 2016, Kumpulan telah mengumumkan bahawa Kumpulan dan Dato' Dr Yu telah bersetuju untuk menamatkan Perjanjian Jualan Saham kerana Syarat Duluan tidak dipenuhi sebelum "Tarikh Tamat".

PROSPEK BAGI TAHUN 2016/2017

Walaupun jangkaan lemah untuk ekonomi maju dan ketidakpastian ekoran Brexit, IMF mengunjurkan pertumbuhan KDNK dunia bertambah baik kepada 3.4% pada tahun 2017 berbanding dengan 3.1% pada tahun 2016, didorong oleh ekonomi baru dan membangun yang semakin baik serta ekonomi Amerika Syarikat yang lebih stabil. IMF mengunjurkan ekonomi Malaysia mencatatkan kadar pertumbuhan KDNK sebanyak 4.6% pada tahun 2017.

Merujuk unjuran BNM berdasarkan Laporan Tahunan 2015, pertumbuhan dalam ekonomi Malaysia dijangka agak perlahan antara 4.0% - 4.5% in 2016.

Sentimen perniagaan dan perbelanjaan pengguna yang berhati-hati dijangka berterusan pada separuh pertama tahun 2017.

Berdasarkan gambaran di atas, Kumpulan akan mengguna pakai pendekatan yang berhemah namun progresif dalam membangunkan strategi dan menguruskan pelbagai perniagaan di dalam dan luar negara. Walaupun terdapat cabaran luar, Kumpulan akan terus memperluaskan jenama Laura Ashley di luar UK ke rantau lain di seluruh dunia, terutamanya di pasaran Asia yang membangun.

Kumpulan akan terus memperkemas portfolio aset dan perniagaannya bagi mengukuhkan lagi kedudukan kewangan. Memandangkan persekitaran ekonomi tempatan dan global yang terus mencabar, Lembaga Pengarah tetap berwaspada terhadap prestasi Kumpulan bagi tahun kewangan berakhir 30 Jun 2017.

DIREKTORAT

Tiada perubahan dalam keahlian Lembaga Pengarah pada tahun lalu.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengambil kesempatan ini untuk mengucapkan terima kasih kepada para pelanggan, pemegang saham, rakan niaga dan bank-bank kami atas keyakinan dan sokongan berterusan daripada mereka. Saya juga ingin merakamkan penghargaan saya kepada ahli Lembaga Pengarah, pihak pengurusan dan kakitangan Kumpulan atas usaha, dedikasi dan sumbangan mereka.

Segala Kemuliaan hanya bagi TUHAN

Tan Sri Dato' Khoo Kay Peng
Pengerusi

24 Oktober 2016

主席献词

我谨代表董事部同仁向各位提呈马联工业有限公司和集团截至2016年6 月30 日为期18 个月财务期的年报。

经济评论

根据国际货币基金局于2016年10月发表的《世界经济展望最新报告》，世界经济在2015年的增率在实际国内生产总值方面为3.2%； 而2014年的增率为3.4% 。

根据马来西亚国家银行2015年度报告，我国经济在2015年国内总产值增率为 5.0% ， 而2014 年为6.0% 。我国2015年的经济增率放缓，主要是因为私人界的疲弱内需所导致。

财务表现

在本财务期间，本公司将财务年结日由12 月31 日更改为6 月30 日。 因此提呈财务报表涵盖2015年1 月1日至2016 年6 月30 日，为期18 个月。

在截至2016年6 月30 日，为期18 个月的财务期内，集团的收入共计6亿8,620万令吉，而截至2014年12 月31 日为期12 个月的上一财务年的收入是4亿6,740 万令吉。 本集团收入按比例减少2%主要是由于零售部收入逊退的缘故。

截至2016年6 月30 日的集团税前亏损共1 亿1,170 万令吉； 相比之下，截至2014年12 月31 日上个财务年的税前盈利为320万令吉。以上税前亏损主要是账目综合时在特殊项目中出现总额为7,860万令吉的非现金零售部商誉减损支出和1,440万令吉的外汇亏损支出, 以及零售部的税前亏损和集团联号 Laura Ashley控股有限公司的盈利分配减少所致。

截至2016年6 月30 日， 本集团总资产和股东权益总额分别为20亿令吉和9 亿令吉。

业务评论

零售业

本集团的零售部门包括两大规模稳健和知名的企业集团，即英国的Laura Ashley 控股有限公司以及马来西亚的美罗有限公司(Metrojaya)。

截至2016年6 月30 日，在伦敦股票交易所上市的Laura Ashley控股有限公司在英国、爱尔兰共和国及法国经营194 间商店，以及在全球29 个国家共有252 间加盟店。除此以外，Laura Ashley 也通过特许权、电子商务及邮购等渠道经销产品。

Laura Ashley 英式时装精选

Laura Ashley 时尚和优雅的餐桌装饰

截至2016年6 月30 日为期74 周的财务期内，Laura Ashley的收入共计4 亿90 万英镑（24亿令吉）， 而截至2015年1 月31 日为期53 周上个财务年的收入共达3 亿360 万英镑（16亿3,000万令吉）。公司税前盈利共计2,390万英镑 （1亿4,160 万令吉）;截至2015年1 月31 日为期53 周上

个财务年的税前盈利为2,350万英镑（1亿2,660万令吉）。

本集团联号Laura Ashley (北美) 公司主要在北美及南美从事Laura Ashley 商标的许可权及版权设计业务。除了许可权业务以外， Laura Ashley (北美)公司也通过电子商务零售和批发营销产品。本业务在本集团经审计的财务报表中的"其他"经营分部项下报告。

截至 2016 年 6 月 30 日， 为期 18 个月的财务期内，Laura Ashley (北美)公司的收入共计 1,080 万美元(4,290 万令吉)； 相比下，上个财务年的收入为 730 万美元（2,390 万令吉）。该公司税前盈利达 480 万美元(1,900 万令吉)； 上个财务年为 360 万美元（1,180 万令吉）。

截至 2016 年 6 月 30 日财务期，马来西亚其中之一领先连锁百货公司，美罗集团共经营 7 间百货商店和 61 家专卖店。上述专卖店以 Living Quarters 、Reject Shop、 East India Company、Somerset Bay、 Cape Cod 、Passages、 Emanuelle 及 Zona 等知名品牌经营。除此以外，美罗也在马来西亚及新加坡经营 7 间 Laura Ashley 加盟店及专营权商店。

马来西亚其中之一领先连锁百货公司，美罗百货公司

截至2016年6 月30 日， 为期18 个月的财务期内，美罗集团收入共计2 亿1340万令吉，而相比下，上一个财务年的收入达1亿8,070万令吉。美罗集团本财务期的特殊项目及税前亏损为2,550万令吉，而上个财务年的殊项目及税前盈利为270 万令吉； 以上亏损是由于消费者消费疲弱和支出谨慎、国内经济增长放慢及市场形势不断改变，造成美罗旗下百货商店及专卖店的收入下降所致。

酒店业

截至2016年6 月30 日财务期本集团拥有及经营设于英国的10间酒店和马来西亚的2间酒店。这些酒店以'Corus'和 'Laura Ashley' 品牌经营。

吉隆坡Corus 酒店


Laura Ashley 位于 Lake District 的精品高档酒店 The Belsfield

截至2016年6 月30 日， 为期18 个月的财务期内，英国酒店集团的收入共达3,950万英镑(2 亿3,400万令吉)，而上个财务年为2,650万英镑(1亿4,270万令吉) 。然而，由于营业开销增加，英国酒店集团在截至2016年6 月30 日，为期18 个月的财务期内蒙受税前亏损140万英镑(830万令吉)， 而上个财务年则有税前盈利140万英镑(750万令吉)。

本集团在英国设有389 间客房的旗舰酒店--海德堡公园Corus 酒店在截至2016年6 月30 日，为期18 个月的财务期内的收入共计1,680万英镑(9,950 万令吉）； 上个财务年的收入达1320 万英镑 (7,110 万令吉) 。 该酒店税前盈利为360 万英镑(2,130 万令吉)； 而上一年为390 万英镑(2,100 万令吉)。按比例的税前盈利减少是由于入住率及平均房费降低； 部分原因是欧洲发生恐怖主义袭击事件后，人们的旅游情绪谨慎所致。

主席献词 (继续)

截至2016年6 月30 日，为期18 个月的财务期内，位于英国著名湖滨区的Laura Ashley 酒店--The Belsfield 在2014年完成装修及重新塑造品牌计划后，按比例收入提高至510万英镑(3,020 万令吉)， 而上一个财务年的收入达170万英镑(920万令吉)。

截至2016年6 月30 日，为期18 个月的财务期内，吉隆坡Corus 酒店的收入共达4,500 万令吉，而上个财务年的收入达3,730 万令吉; 税前盈利达1,240 万令吉，而上个财务年的税前盈利共计1,490 万令吉。以上按比例的收入及税前盈利减少的缘故， 是前来马来西亚的旅客人次减少、国内经济放慢、马航MH370和MH17 惨剧后遗症等，导致酒店入住率和平均房费降低。在餐饮方面，吉隆坡Corus 酒店的Komura 日本料理和明宫中餐厅分别以卓越的菜肴及服务，获得Malaysia Tatler 编辑和读者评选为2016年马来西亚最佳餐厅之一。

位于波德申的Corus Paradise Resort 在截至2016年6 月30 日，为期18 个月的财务期内的收入共计1,290万令吉，而上个财务年的收入为940 万令吉； 此酒店在截至2016年6 月30 日财务期内取得适度税前盈利。

Network 食品工业私人有限公司所生产的各种巧克力产品

食品业

集团由泛马企业有限公司的子公司 Network 食品国际有限公司(“NFIL”) 经营的食品部，从事巧克力及其他糖果的制造和营销。NFIL 在马来西亚拥有一家制造公司，Networks 食品工业私人有限公司（NFI）和三家分销公司，即Network 食品（马来西亚）私人有限公司（NFM）、Network 食品（香港）有限公司（NFHK）及新加坡 Network 食品分销有限公司（NFD）。NFI 在制造优质巧克力方面有逾 40 年的经验； 该公司生产的巧克力在国内销售及外销至超过 35 国家和地区（以亚洲为主）。此外，该公司也为多个国家的知名零售连锁及主要经销商制造私人标签的巧克力。本集团拥有的巧克力品牌包括 Tudor Gold、 Crispy、 Tango 及 Kandos 等。

截至2016年6 月30 日财务期，为期18 个月的财务期内， NFIL的营业额共计1亿零240万令吉，而截至2014年12 月31 日上个财务年的营业额为6,800万令吉； 税前盈利共计40万令吉； 上个财务年的税前亏损为60万令吉。

房地产业

本集团的旗舰房地产项目是由本集团与振德种植有限公司联营的 West Synergy 有限公司负责发展占地 1,990 亩的综合城镇《春泉镇》。 West Synergy 也从销售棕果获取收入。

在截至 2016 年 6 月 30 日，为期 18 个月的财务期内， West Synergy 的房地产收入共达 7,770 万令吉， 而截至 2014 年 12 月 31 日上一财务年是2,910 万令吉；该公司截至 2016 年 6 月 30 日，为期 18 个月的财务期内的税前盈余共计 1,560 万令吉，而截至 2014 年 12 月 31 日上个财务年的税前盈利共计 750 万令吉 。以上按比例的收入及税前盈利增加，乃由于春泉镇项目的销售额及工程完成百分比提高所致。

截至 2016 年 6 月 30 日， West Synergy 在春泉镇共累计售出 2,903 单位住宅及商业产业。

集团建议在芙蓉市中心进行的综合发展项目正在规划阶段。 此项目包括一栋公寓高楼、零售综合中心、店铺及多层办公楼。

在截至2016年6 月30 日，为期18 个月的财务期内销售棕果的收入和税前盈利分别共计600 万令吉和290 万令吉。 棕树日益老化、越来越多农业地改作住宅及商业发展用途，造成油棕种植面积日渐减少，以致棕果产量继续下降。

森美兰坡德申综合城镇《春泉镇》


《春泉镇》Phase E4 Maple Double Storey Terrace House的内部陈设

财务服务业

本集团的财务服务业包含PM证券有限公司和PCB资产管理有限公司。

PM 证券有限公司是一家全方位证券经纪公司。该公司通过设立在吉隆坡、芙蓉、蒲种、槟城、马六甲、巴生和峇株巴辖的 7 分行网络，提供证券经纪服务。

在截至2016年6 月30 日，为期18 个月的财务期内， PM 证券的收入共达3,010万令吉，而截至2014年12 月31日上个 财务年的收入共计2,360 万令吉。公司截至2016年6 月30 日，为期18 个月的财务期内的税前盈利达500 万令吉，而截至2014年12月31 日上个财务年的税前亏损为390 万令吉。 该公司之所以能反亏为盈， 乃由于公司采取了改善经纪佣金收益、降低营业成本、优化按贷融资及收回坏账等措施。

PCB 资产管理的业绩大约保持不变，即不亏不盈。

企业发展

于2014年6 月，本公司的独资子公司Corus 酒店私人有限公司与泛马工业有限公司签订股份出售合约，以2，630万令吉收购Two Holdings 私人有限公司全部发行及缴足股本共385,000每股面值1令吉的普通股股份 (“收购建议。”)。 上述收购建议经在2015年2 月6 日完成。

在本财务期内， 本公司子公司泛马企业有限公司(“PMCB”)进行发行及缴足股本削减及向股东分派资本计划。该公司所派发资本为每一普通股派发 8 仙,总额约 5,670 万令吉。削资计划的目的是让该公司取消全部累计亏损，把资产负债表合理化。派发资本计划于 2016 年 5 月 26 日完成。

2014年12 月12 日, 集团签订股份出售合约，以卖价约7,710万令吉，出售集团于子公司泛马控股有限公司所持有全部股份予拿督游光春医生。随后，集团与拿督游光春共同同意把自2015年3 月有关履行合约先决条件的截止日期展延至2016年9 月11 日。2016年9 月13 日， 集团宣布， 由于先决条件未在截止日期之前履行，集团与拿督游光春共同同意终止该股份出售合约。

2016/2017年展望

尽管发达经济体的前景不被看好，加上英国脱欧造成的不明朗局面， 国际货币基金局预测，基于新兴和发展中经济体的形势逐渐好转及美国经济变得更稳定，全球国内总产值在 2017 年会从2016年 的3.1%增至3.4%。 国际货币基金局预测马来西亚经济2017年的国内总产值增率会达到4.6% 。

据马来西亚国际银行2015年年报, 预料我国经济在2016 年会继续放慢至4.0% - 4.5% 。

预料谨慎的营商情绪和消费者情绪将持续至2017年上半年。

主 席 献 词 （继续）

在此背景下，集团在制定策略和管理国内外业务时将采取谨慎但进步的方法。 尽管面对外来挑战，集团将继续把Laura Ashley的业务从英国扩展至世界其他地区， 尤其是成长中的亚洲市场。

集团将致力于把资产与业务精简化， 进一步提升财务状况。鉴于国内及全球经济形势继续充满挑战， 董事部对集团截至2017年6 月30 日的集团业绩保持谨慎态度。

董事部

去年董事部的组织没有变动。

致谢

我谨代表董事部同人，谢谢全体珍贵的顾客、股东、业务伙伴、银行界给予集团的持续支持。 我也要对董事们、管理层、全体员工对集团业务发展所作出的贡献、付出及忠于职守，致予诚恳的谢忱。

荣耀归于主

丹斯里拿督邱继炳博士
主席

2016 年 10 月 24 日

GROUP FINANCIAL HIGHLIGHTS
FIVE-YEAR SUMMARY

	30.06.2016	*31.12.2014 (Restated)*	*31.12.2013 (Restated)*	*31.12.2012 (Restated)*	*31.12.2011 (Restated)*
KEY RESULTS (RM'000)					
Revenue	**686,195**	467,430	512,112	671,422	790,107
Operating (loss)/profit (EBITDA)	**(20,299)**	67,927	94,428	200,849	125,984
Profit before tax	**(111,701)**	3,187	24,259	128,626	54,188
Net (loss)/profit attributable to owners of the Company	**(136,537)**	(1,243)	5,970	31,262	15,856
OTHER KEY DATA (RM'000)					
Total assets	**2,042,348**	2,074,519	2,146,793	2,208,573	2,824,413
Total liabilities	**1,107,011**	1,055,279	1,116,596	1,185,115	1,810,833
Share Capital (Ordinary shares of RM1.00 each)	**2,932,561**	2,932,561	2,932,561	2,932,561	2,029,773
Equity attributable to owners of the Company	**710,977**	784,101	780,693	724,460	704,847
Total equity	**935,337**	1,019,240	1,030,197	1,023,458	1,013,580
Total borrowings	**937,661**	898,049	970,324	1,020,219	1,139,994
FINANCIAL RATIOS					
Operating (loss)/profit margin (%)	**(2.96)**	14.53	18.44	29.91	15.95
Current ratio (times)	**1.96**	1.97	1.66	1.70	1.18
Gearing ratio (times)	**1.32**	1.15	1.24	1.41	1.62
SHARE INFORMATION					
Basic (loss)/earnings per share (sen)	**(4.66)**	(0.04)	0.20	1.48	0.78
Net assets per share attributable to owners of the Company (RM)	**0.24**	0.27	0.27	0.25	0.35

DIRECTORS' REPORT

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

Change of Financial Year End

During the current financial period, the Company changed its financial year end from 31 December to 30 June. As a result of this change, the audited financial statements are for a period of 18 months from 1 January 2015 to 30 June 2016.

Principal Activities

The principal activity of the Company is investment holding whilst its subsidiaries and associates are primarily engaged in retailing, hotels, food, financial services and property development as set out in Note 36 to the financial statements.

There have been no significant changes in the Group's principal activities during the financial period.

Financial Results

	Group *RM'000*	*Company* *RM'000*
Loss for the financial period	(123,080)	(198,707)
Attributable to:-		
Owners of the Company	(136,537)	(198,707)
Non-controlling interests	13,457	-
	(123,080)	(198,707)

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the financial period ended 30 June 2016.

Reserves And Provisions

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

Issue Of Shares And Debentures

The Company has not issued any new shares or debentures during the financial period.

Option Granted Over Unissued Shares

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

Directors

The Directors of the Company in office since the date of the last report and at the date of this report are:-

Tan Sri Dato' Khoo Kay Peng (Chairman & Chief Executive)
Tan Sri Dato' Paduka Dr Mazlan bin Ahmad
Dato' Dr Tan Kee Kwong
Dr Wong Hong Meng

None of the Directors who held office at the end of the financial period had, according to the Register of Directors' Shareholdings, any interest in the shares and/or securities issued by the Company and of its related corporations except as stated below:-

Ordinary shares of RM1 each in Malayan United Industries Berhad	*Number of shares*			
	Balance at 1.1.2015	*Bought*	*Sold*	*Balance at 30.6.2016*
Tan Sri Dato' Khoo Kay Peng				
Deemed	1,397,855,289	332,098,271	(332,098,271)	1,397,855,289

Directors *(Cont'd)*

None of the Directors who held office at the end of the financial period had, according to the Register of Directors' Shareholdings, any interest in the shares and/or securities issued by the Company and of its related corporations except as stated below:- *(Cont'd)*

Ordinary shares of 20 sen each in MUI Properties Berhad	***Number of shares***			
	Balance at 1.1.2015	***Bought***	***Sold***	***Balance at 30.6.2016***
Tan Sri Dato' Khoo Kay Peng				
Deemed	550,612,661	-	-	550,612,661

Ordinary shares of 20 sen each in Pan Malaysia Corporation Berhad	***Number of shares***			
	Balance at 1.1.2015	***Bought***	***Sold***	***Balance at 30.6.2016***
Tan Sri Dato' Khoo Kay Peng				
Deemed	471,146,200	-	-	471,146,200

Ordinary shares of 10 sen each in Pan Malaysia Holdings Berhad	***Number of shares***			
	Balance at 1.1.2015	***Bought***	***Sold***	***Balance at 30.6.2016***
Tan Sri Dato' Khoo Kay Peng				
Deemed	643,330,487	-	-	643,330,487

Ordinary shares of RM1 each in MUI Continental Berhad	***Number of shares***			
	Balance at 1.1.2015	***Bought***	***Sold***	***Balance at 30.6.2016***
Tan Sri Dato' Khoo Kay Peng				
Deemed	5,221	-	-	5,221

Ordinary shares of RM1 each in Metrojaya Berhad	***Number of shares***			
	Balance at 1.1.2015	***Bought***	***Sold***	***Balance at 30.6.2016***
Tan Sri Dato' Khoo Kay Peng				
Deemed	122,690,133	-	-	122,690,133

By virtue of his deemed interest in the shares of the Company, Tan Sri Dato' Khoo Kay Peng is also deemed to have an interest in the shares of all the subsidiaries to the extent that the Company has an interest.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than those as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than those remuneration received by certain Directors as Directors/executives of the Company and its subsidiaries and those transactions entered in the ordinary course of business with companies in which a Director of the Company has substantial interest as disclosed in Note 34 to the financial statements.

Neither at the end of the financial period, nor at any time during the financial period, did there subsist any arrangement, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT (Cont'd)

Other Statutory Information

(a) In the opinion of the Directors:-

(i) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial period in which this report is made other than those as disclosed in Note 7 to the financial statements; and

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

(b) Before the statements of profit or loss, statements of other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:-

(i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of allowance for impairment loss and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses; and

(ii) to ensure that any current assets other than debts which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(c) At the date of this report, the Directors are not aware of any circumstances which would render:-

(i) the amounts written off for bad debts or the amount of the allowance for impairment loss in the financial statements of the Group and of the Company inadequate to any material extent; and

(ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(d) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(e) At the date of this report there does not exist:-

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

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

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

Significant Corporate Developments

The significant corporate developments are disclosed in Note 33 to the financial statements.

Auditors

The auditors, Crowe Horwath, have expressed their willingness to accept re-appointment as auditors.

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

Tan Sri Dato' Paduka Dr Mazlan bin Ahmad

Dr Wong Hong Meng

24 October 2016

STATEMENT BY DIRECTORS

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

We, Tan Sri Dato' Paduka Dr Mazlan bin Ahmad and Dr Wong Hong Meng, being two of the Directors of Malayan United Industries Berhad, state that in the opinion of the Directors, the financial statements set out on pages 49 to 135 have been drawn up in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016 and of their financial performance and cash flows for the financial period then ended.

In the opinion of the Directors, the information set out in Note 37 on page 136 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Tan Sri Dato' Paduka Dr Mazlan bin Ahmad

Dr Wong Hong Meng

24 October 2016

STATUTORY DECLARATION

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

I, Chin Suan Yong, being the officer primarily responsible for the financial management of Malayan United Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 49 to 136 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Chin Suan Yong at Kuala Lumpur in the Federal Territory on 24 October 2016.

Chin Suan Yong

Before me

P.Valliamah
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To The Members Of Malayan United Industries Berhad

Report on the Financial Statements

We have audited the financial statements of Malayan United Industries Berhad, which comprise the statements of financial position as at 30 June 2016 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 49 to 135.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal 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 30 June 2016 and of their financial performance and cash flows for the financial period then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT (Cont'd)

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 36 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company 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

The supplementary information set out in Note 37 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Chan Kuan Chee
Approval No: 2271/10/17 (J)
Chartered Accountant

Kuala Lumpur
24 October 2016

STATEMENTS OF PROFIT OR LOSS

For The Financial Period From 1 January 2015 To 30 June 2016

	Note	Group 1.1.2015 to 30.6.2016 RM'000	Group 1.1.2014 to 31.12.2014 RM'000 (Restated)	Company 1.1.2015 to 30.6.2016 RM'000	Company 1.1.2014 to 31.12.2014 RM'000
Revenue	6	**686,195**	467,430	**8,316**	1,434
Cost of sales		**(408,349)**	(263,728)	**-**	-
Gross profit		**277,846**	203,702	**8,316**	1,434
Other income		**24,359**	13,089	**15,604**	-
Distribution costs		**(19,984)**	(10,738)	**-**	-
Administrative expenses		**(150,205)**	(93,889)	**(2,789)**	(1,300)
Other expenses		**(126,412)**	(84,039)	**-**	-
Profit from operations before exceptional items		**5,604**	28,125	**21,131**	134
Exceptional items	7	**(79,407)**	(12,438)	**(217,512)**	(1,002,087)
(Loss)/Profit from operations after exceptional items		**(73,803)**	15,687	**(196,381)**	(1,001,953)
Finance costs		**(76,136)**	(49,700)	**(2,326)**	(1,433)
Share of results of associates		**38,238**	37,200	**-**	-
(Loss)/Profit before taxation	8	**(111,701)**	3,187	**(198,707)**	(1,003,386)
Taxation	9	**(11,379)**	(5,758)	**-**	-
Loss after taxation		**(123,080)**	(2,571)	**(198,707)**	(1,003,386)
Attributable to:-					
Owners of the Company		**(136,537)**	(1,243)	**(198,707)**	(1,003,386)
Non-controlling interests		**13,457**	(1,328)	**-**	-
		(123,080)	(2,571)	**(198,707)**	(1,003,386)
Basic/Diluted Loss per share attributable to owners of the Company (sen)	10	**(4.66)**	(0.04)		

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

STATEMENTS OF OTHER COMPREHENSIVE INCOME

For The Financial Period From 1 January 2015 To 30 June 2016

	Group		Company	
	1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000 (Restated)	**1.1.2015 to 30.6.2016 RM'000**	1.1.2014 to 31.12.2014 RM'000
Loss after taxation	**(123,080)**	(2,571)	**(198,707)**	(1,003,386)
Other comprehensive (loss)/income for the financial period/year, net of taxation				
Items that may be reclassified subsequently to profit or loss				
Fair value (loss)/gain on available-for-sale financial assets	**(2,015)**	5,890	**-**	-
Foreign currency translations	**64,078**	22,734	**-**	-
Capital reserves of winding up a subsidiary derecognised	**300**	-	**-**	-
Share of other comprehensive income/(loss) of associates	**1,042**	(17,919)	**-**	-
Other comprehensive income for the financial period/year	**63,405**	10,705	**-**	-
Total comprehensive (loss)/income for the financial period/year	**(59,675)**	8,134	**(198,707)**	(1,003,386)
Total comprehensive (loss)/income attributable to:-				
Owners of the Company	**(73,124)**	9,007	**(198,707)**	(1,003,386)
Non-controlling interests	**13,449**	(873)	**-**	-
Total comprehensive (loss)/income for the financial period/year	**(59,675)**	8,134	**(198,707)**	(1,003,386)

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

STATEMENTS OF FINANCIAL POSITION

As At 30 June 2016

	Note	Group 30.6.2016 RM'000	Group 31.12.2014 RM'000 (Restated)	Group 31.12.2013 RM'000 (Restated)	Company 30.6.2016 RM'000	Company 31.12.2014 RM'000
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	11	**635,612**	630,779	635,169	**-**	-
Investment properties	12	**97,507**	60,121	83,775	**-**	-
Subsidiaries	13	**-**	-	-	**728,225**	745,868
Associates	14	**436,781**	405,594	412,322	**-**	-
Other investments	15	**9,376**	12,718	7,742	**-**	-
Land held for property development	16	**35,263**	35,263	35,263	**-**	-
Goodwill on consolidation	17	**102,772**	181,340	181,340	**-**	-
Deferred tax assets	27	**2,235**	2,263	2,459	**-**	-
		1,319,546	1,328,078	1,358,070	**728,225**	745,868
CURRENT ASSETS						
Property development costs	16	**86,453**	82,071	82,077	**-**	-
Trade and other receivables	18	**160,949**	172,660	215,330	**232,684**	414,734
Inventories	19	**62,022**	89,126	90,404	**-**	-
Other investments	15	**45**	343	5,454	**-**	-
Current tax assets		**16,206**	12,568	5,842	**842**	842
Deposits, bank balances and cash	20	**311,281**	300,001	389,616	**68**	80
		636,956	656,769	788,723	**233,594**	415,656
Assets classified as disposal group held for sale	21	**85,846**	89,672	-	**-**	-
		722,802	746,441	788,723	**233,594**	415,656
TOTAL ASSETS		**2,042,348**	2,074,519	2,146,793	**961,819**	1,161,524
EQUITY AND LIABILITIES						
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital	22	**2,932,561**	2,932,561	2,932,561	**2,932,561**	2,932,561
Reserves	23	**427,783**	368,654	337,944	**246,569**	246,569
Accumulated losses		**(2,649,367)**	(2,517,114)	(2,489,812)	**(2,236,433)**	(2,037,726)
		710,977	784,101	780,693	**942,697**	1,141,404
NON-CONTROLLING INTERESTS		**224,360**	235,139	249,504	**-**	-
TOTAL EQUITY		**935,337**	1,019,240	1,030,197	**942,697**	1,141,404

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

STATEMENTS OF FINANCIAL POSITION (Cont'd)

	Note	Group			Company	
		30.6.2016 RM'000	31.12.2014 RM'000 (Restated)	31.12.2013 RM'000 (Restated)	**30.6.2016 RM'000**	31.12.2014 RM'000
EQUITY AND LIABILITIES *(Cont'd)*						
NON-CURRENT LIABILITIES						
Trade and other payables	28	**-**	1,520	1,911	**-**	-
Borrowings	24	**717,435**	661,815	623,264	**17,000**	-
Provision for restoration cost	25	**5,314**	5,724	5,555	**-**	-
Employee benefits	26	**1,501**	1,891	1,862	**-**	-
Deferred tax liabilities	27	**5,494**	5,261	8,993	**-**	-
Derivative liabilities	29	**8,626**	-	-	**-**	-
		738,370	676,211	641,585	**17,000**	-
CURRENT LIABILITIES						
Trade and other payables	28	**141,253**	133,305	123,186	**122**	120
Borrowings	24	**201,876**	216,588	347,060	**2,000**	20,000
Employee benefits	26	**498**	506	834	**-**	-
Current tax liabilities		**910**	1,903	3,931	**-**	-
		344,537	352,302	475,011	**2,122**	20,120
Liabilities classified as disposal group held for sale	21	**24,104**	26,766	-	-	-
		368,641	379,068	475,011	**2,122**	20,120
TOTAL LIABILITIES		**1,107,011**	1,055,279	1,116,596	**19,122**	20,120
TOTAL EQUITY AND LIABILITIES		**2,042,348**	2,074,519	2,146,793	**961,819**	1,161,524

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Period From 1 January 2015 To 30 June 2016

Group

31.12.2014	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange Translation Reserve RM'000	Capital Reserve RM'000	Available-for-sale Reserve RM'000	General Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Attributable to Owners of the Company										
		Non-Distributable					*Distributable*				
At 1.1.2014											
-As previously reported	2,932,561	220,305	19,304	65,471	3,204	4,403	25,257	(2,492,832)	777,673	247,905	1,025,578
-Effect of prior year adjustment (Note 35)	-	-	-	-	-	-	-	3,020	3,020	1,599	4,619
-As Restated	2,932,561	220,305	19,304	65,471	3,204	4,403	25,257	(2,489,812)	780,693	249,504	1,030,197
Loss after taxation, as restated	-	-	-	-	-	-	-	(1,243)	(1,243)	(1,328)	(2,571)
Fair value gain on available-for-sale financial assets, net of tax	-	-	-	-	-	4,727	-	-	4,727	1,163	5,890
Foreign currency translations, net of tax	-	-	-	23,442	-	-	-	-	23,442	(708)	22,734
Share of other comprehensive gain/(loss) of associates, net of tax	-	-	-	2,541	-	-	-	(20,460)	(17,919)	-	(17,919)
Total comprehensive income/(loss)	-	-	-	25,983	-	4,727	-	(21,703)	9,007	(873)	8,134
Transactions with owners: -											
Loss on accretion of interest in a subsidiary	-	-	-	-	-	-	-	(5,599)	(5,599)	(7,757)	(13,356)
Dividend paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(5,735)	(5,735)
	-	-	-	-	-	-	-	(5,599)	(5,599)	(13,492)	(19,091)
At 31.12.2014	2,932,561	220,305	19,304	91,454	3,204	9,130	25,257	(2,517,114)	784,101	235,139	1,019,240

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

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

Group

30.6.2016	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange Translation Reserve RM'000	Capital Reserve RM'000	Available-for-sale Reserve RM'000	General Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Attributable to Owners of the Company										
		Non-Distributable					Distributable				
At 1.1.2015: (As restated)	2,932,561	220,305	19,304	91,454	3,204	9,130	25,257	(2,517,114)	784,101	235,139	1,019,240
(Loss)/Profit after taxation	-	-	-	-	-	-	-	(136,537)	(136,537)	13,457	(123,080)
Fair value loss on available-for-sale financial assets, net of tax	-	-	-	-	-	(1,667)	-	-	(1,667)	(348)	(2,015)
Foreign currency translations, net of tax	-	-	-	63,738	-	-	-	-	63,738	340	64,078
Capital reserves of winding up a subsidiary derecognised	-	-	-	-	300	-	-	-	300	-	300
Realisation of reserves on dissolved associate	-	-	-	(397)	(3,887)	-	-	4,284	-	-	-
Share of other comprehensive (loss)/gain of associates, net of tax	-	-	-	(4,584)	5,626	-	-	-	1,042	-	1,042
Total comprehensive income/(loss)	-	-	-	58,757	2,039	(1,667)	-	(132,253)	(73,124)	13,449	(59,675)
Transactions with owners: -											
Capital distribution paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	(19,614)	(19,614)
Dividend paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(4,614)	(4,614)
	-	-	-	-	-	-	-	-	-	(24,228)	(24,228)
At 30.6.2016	2,932,561	220,305	19,304	150,211	5,243	7,463	25,257	(2,649,367)	710,977	224,360	935,337

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

Company

	Non-Distributable				
	Share Capital RM'000	*Share Premium RM'000*	*Revaluation Reserve RM'000*	*Accumulated Losses RM'000*	*Total RM'000*
31.12.2014					
At 1.1.2014	2,932,561	220,305	26,264	(1,034,340)	2,144,790
Loss after taxation/Total comprehensive loss for the financial year	-	-	-	(1,003,386)	(1,003,386)
At 31.12.2014	2,932,561	220,305	26,264	(2,037,726)	1,141,404
30.6.2016					
At 1.1.2015	**2,932,561**	**220,305**	**26,264**	**(2,037,726)**	**1,141,404**
Loss after taxation/Total comprehensive loss for the financial period	**-**	**-**	**-**	**(198,707)**	**(198,707)**
At 30.6.2016	**2,932,561**	**220,305**	**26,264**	**(2,236,433)**	**942,697**

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

STATEMENTS OF CASH FLOWS

For The Financial Period From 1 January 2015 To 30 June 2016

	Note	Group 1.1.2015 to 30.6.2016 RM'000	Group 1.1.2014 to 31.12.2014 RM'000 (Restated)	Company 1.1.2015 to 30.6.2016 RM'000	Company 1.1.2014 to 31.12.2014 RM'000
Cash Flows From Operating Activities					
(Loss)/Profit before taxation		**(111,701)**	3,187	**(198,707)**	(1,003,386)
Adjustments for:-					
Depreciation:-					
- property, plant and equipment	11	**31,897**	23,129	**-**	-
- investment properties	12	**1,026**	880	**-**	-
Dividend income from:					
- other investments		**(646)**	(5)	**-**	-
- subsidiaries		**-**	-	**(5,990)**	-
Exceptional items *[See (a) below]*		**68,467**	12,357	**217,512**	1,002,087
Fair value loss on interest rate swap	29	**9,480**	-	**-**	-
Gain on disposal of property, plant and equipment		**-**	(5)	**-**	-
Impairment loss on convertible bond		**309**	4,944	**-**	-
Interest expense		**76,136**	49,700	**2,326**	1,433
Interest income		**(17,657)**	(8,969)	**(2,326)**	(1,433)
Inventories written down	19	**4,789**	855	**-**	-
Inventories written off	19	**2,050**	1,840	**-**	-
Reversal of inventories previously written down	19	**(497)**	-	**-**	-
Loss on disposal of other investments (current)		**-**	15	**-**	-
Loss on disposal of property, plant and equipment		**19**	-	**-**	-
Property, plant and equipment written off		**1,894**	921	**-**	-
Provision for employee benefits	26	**109**	211	**-**	-
Provision for restoration cost	25	**-**	129	**-**	-
Share of results of associates		**(38,238)**	(37,200)	**-**	-
Writeback of employee benefits	26	**(301)**	(315)	**-**	-
Writeback of provision for restoration cost	25	**(1,170)**	-	**-**	-
Operating profit/(loss) before working capital changes		**25,966**	51,674	**12,815**	(1,299)
Changes in working capital:-					
- receivables		**12,609**	(11,104)	**-**	-
- property development costs		**(4,383)**	6	**-**	-
- inventories		**20,703**	(1,565)	**-**	-
- payables		**(10,440)**	10,439	**3**	23
Cash generated from/(used in) operations		**44,455**	49,450	**12,818**	(1,276)
Employee benefits paid	26	**(204)**	(48)	**-**	-
Interest paid		**(2,234)**	(955)	**(2,326)**	(1,433)
Interest received		**7,774**	1,042	**2,326**	1,433
Restoration costs paid	25	**(185)**	(76)	**-**	-
Tax refunded		**4,123**	1,304	**-**	-
Tax paid		**(20,644)**	(17,520)	**-**	(750)
Net cash from/(used in) operating activities		**33,085**	33,197	**12,818**	(2,026)

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

	Note	Group 1.1.2015 to 30.6.2016 RM'000	Group 1.1.2014 to 31.12.2014 RM'000 (Restated)	Company 1.1.2015 to 30.6.2016 RM'000	Company 1.1.2014 to 31.12.2014 RM'000
Cash Flows (For)/From Investing Activities					
Dividends received from					
- associates		**31,139**	41,398	**-**	-
- other investments		**646**	5	**-**	-
- subsidiaries		**-**	-	**5,990**	-
Interest received		**9,883**	7,927	**-**	-
Purchase of:-					
- additional interest in subsidiaries, net of transaction costs		**-**	(13,356)	**-**	-
- subsidiaries	13(a)	**(26,298)**	-	**-**	-
- investment properties	12	**(660)**	(886)	**-**	-
- property, plant and equipment	11(e)	**(39,686)**	(25,379)	**-**	-
Proceeds from disposal of:-					
- other investments		**-**	219	**-**	-
- property, plant and equipment		**28**	5	**-**	-
Proceeds from redemption of preference shares of an associate		**36,432**	-	**-**	-
(Advances to)/Repayments from subsidiaries		**-**	-	**(17,820)**	1,976
(Placements)/Withdrawal of fixed deposits:					
- pledged with licensed financial institutions		**(20,357)**	1,348	**-**	-
- with original maturity periods of more than 3 months		**(6,500)**	-	**-**	-
Net cash (used in)/from investing activities		**(15,373)**	11,281	**(11,830)**	1,976
Cash Flows From Financing Activities					
Capital distribution paid to non-controlling shareholders of a subsidiary		**(19,614)**	-	**-**	-
Dividends paid to non-controlling shareholders of subsidiaries		**(4,614)**	(5,735)	**-**	-
Interest paid		**(73,902)**	(48,745)	**-**	-
Proceeds from drawdown of bank borrowings		**650,325**	96,469	**-**	-
Repayments of bank borrowings		**(575,052)**	(166,607)	**(1,000)**	-
Net cash used in financing activities		**(22,857)**	(124,618)	**(1,000)**	-
Net decrease in cash and cash equivalents		**(5,145)**	(80,140)	**(12)**	(50)
Cash and cash equivalents as at 1 January 2015/2014		**255,813**	337,514	**80**	130
Effect of exchange rate changes on cash and cash equivalents		**(2,752)**	(1,561)	**-**	-
Cash and cash equivalents as at 30 June 2016/ 31 December 2014	20(f)	**247,916**	255,813	**68**	80

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

STATEMENTS OF CASH FLOWS (Cont'd)

(a) Exceptional items as presented in the statements of cash flows comprise: -

	Note	Group		Company	
		1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000 (Restated)	**1.1.2015 to 30.6.2016 RM'000**	1.1.2014 to 31.12.2014 RM'000
Bad debts recovered		**335**	630	**-**	-
Gain on disposal of:					
- other investments (non-current)		**-**	24	**-**	-
Gain on redemption of preference shares of an associate		**7,002**	-	**-**	-
Fair value gain on investment properties	12	**1,927**	788	**-**	-
(Loss)/Gain on foreign exchange:					
- unrealised		**(3,022)**	(7,678)	**2**	1
(Impairment loss)/Reversal of impairment loss on:					
- amount owing by subsidiaries		**-**	-	**(80,711)**	(1,002,088)
- goodwill on consolidation	17	**(78,568)**	-	**-**	-
- investments in subsidiaries	13	**-**	-	**(136,803)**	-
- investment in preferences shares of an associate		**4,787**	-	**-**	-
- other investments (current)		**(1,346)**	-	**-**	-
- property, plant and equipment	11	**336**	746	**-**	-
- trade and other receivables	18	**404**	(2,492)	**-**	-
Loss on derecognition of winding up subsidiaries		**(322)**	-	**-**	-
Legal claims expenses		**-**	(4,375)	**-**	-
		(68,467)	(12,357)	**(217,512)**	(1,002,087)

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

NOTES TO THE FINANCIAL STATEMENTS

As At 30 June 2016

1. Corporate Information

Malayan United Industries Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

The registered office and the principal place of business of the Company is located at Unit 3, No. 191, Jalan Ampang, 50450 Kuala Lumpur, Malaysia.

The consolidated financial statements for the financial period ended 30 June 2016 comprise the Company and its subsidiaries and the interests of the Group in associates.

During the current financial period, the Company changed its financial year end from 31 December to 30 June. As a result of this change, the audited financial statements are for a period of 18 months from 1 January 2015 to 30 June 2016.

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

The financial statements are authorised for issue in accordance with a resolution by the Board of Directors dated 24 October 2016.

2. Principal Activities

The principal activity of the Company is investment holding whilst its subsidiaries and associates are primarily engaged in retailing, hotels, food, financial services and property development as set out in Note 36 to the financial statements. There have been no significant changes in the Group's principal activities during the financial period.

3. Financial Risk Management Objectives and Policies

The financial risk management policy of the Group seeks to ensure that adequate financial resources are available for the development of the businesses of the Group whilst managing its financial risks. The Board reviews and adopts policies for managing the financial risks and the policy of the Group is generally not to engage in speculative transactions.

The main areas of the financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows: -

(a) Credit Risk

Credit risk is the risk that a counter party is unable to pay its debts or meet its obligations. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Cash deposits and receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

Exposure to credit risk

The primary exposure of the Group to credit risk arises through its trade and other receivables.

At the end of the reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

Management believes that concentration of credit risk is limited due to the large number of receivables of the Group and of the Company who are dispersed over a broad spectrum of industries and businesses other than:

(a) amounts owing by associates of RM123,618,000 (31.12.2014: RM127,839,000), which contributes 71% (31.12.2014: 71%) of receivables of the Group; and

(b) amounts owing by subsidiaries of RM232,679,000 (31.12.2014: RM414,729,000), which represents 100% of receivables of the Company.

The exposure of credit risk for trade receivables by geographical region is as follows:-

	Group	
	30.6.2016	*31.12.2014*
	RM'000	*RM'000*
Malaysia	**18,014**	14,540
United Kingdom	**6,310**	7,617
United States	**1,756**	1,592
Hong Kong	**1,389**	2,698
Singapore	**859**	745
	28,328	27,192

3. **Financial Risk Management Objectives and Policies** *(Cont'd)*

(a) **Credit Risk** *(Cont'd)*

Financial assets that are either past due or impaired

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Information regarding financial asset that are either past due or impaired is disclosed in Note 18 to the financial statements.

(b) **Liquidity and Cash Flow Risk**

Liquidity and cash flow risk arises from the management of working capital of the Group. It is the risk that the Group will encounter difficulty in meeting its financial obligation when due.

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The Group seeks to achieve a balance between certainty of funding and a flexible, cost-effective borrowing structure. This is to ensure that at the minimum, all projected borrowing needs are covered by committed facilities and also to ensure that the amount of debt maturing in any one year is within the means of the Group to repay and refinance.

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end each the reporting period based on contractual undiscounted repayment obligations.

As at 30.6.2016	*On demand or within one year RM'000*	*One to five years RM'000*	*Over five years RM'000*	*Total RM'000*
Group				
Financial liabilities				
Trade and other payables	**145,009**	**-**	**-**	**145,009**
Borrowings	**222,204**	**571,936**	**221,630**	**1,015,770**
Interest rate swap (net settled)	**-**	**8,626**	**-**	**8,626**
Total undiscounted financial liabilities	**367,213**	**580,562**	**221,630**	**1,169,405**
Company				
Financial liabilities				
Trade and other payables	**122**	**-**	**-**	**122**
Borrowings	**2,000**	**8,000**	**9,000**	**19,000**
Total undiscounted financial liabilities	**2,122**	**8,000**	**9,000**	**19,122**

As at 31.12.2014	*On demand or within one year RM'000*	*One to five years RM'000*	*Over five years RM'000*	*Total RM'000*
Group				
Financial liabilities				
Trade and other payables	138,390	1,520	-	139,910
Borrowings	233,990	652,298	74,214	960,502
Total undiscounted financial liabilities	372,380	653,818	74,214	1,100,412
Company				
Financial liabilities				
Trade and other payables	120	-	-	120
Borrowings	20,000	-	-	20,000
Total undiscounted financial liabilities	20,120	-	-	20,120

3. Financial Risk Management Objectives and Policies *(Cont'd)*

(c) Interest Rate Risk

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

The exposure of the Group and of the Company to interest rate risk arises primarily from borrowings, term deposits and held-to-maturity investments.

The policy of the Group is to borrow principally on the floating rate basis. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

It is the Group's policy to enter into interest rate swap to achieve an appropriate mix of fixed and floating interest rate exposure. Information of the interest rate swap entered by the Group is disclosed under Note 29 to the financial statements.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by 50 basis points with all other variables held constant:

	Group	
	30.6.2016	*31.12.2014*
Loss after tax	***RM'000***	*RM'000*
- increase by 0.5% (31.12.2014: 0.5%)	**(2,756)**	(2,523)
- decrease by 0.5% (31.12.2014: 0.5%)	**2,756**	2,523

(d) Foreign Currency Risk

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

The Group is exposed to foreign currency risk as a result of its normal operations, both external and intra-group where the currency denomination differs from the functional currencies of the operating entities. The policy of the Group is to minimise the exposure of overseas operating subsidiaries to transaction risk by matching local currency income against local currency costs.

The Group is also exposed to foreign currency risk in respect of its overseas investments.

The Group did not enter into any forward foreign exchange contract during the financial period.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the US Dollar, Sterling Pound and Canadian Dollar against the respective functional currencies of the Group entities, with all other variables held constant:

		Group	
		30.6.2016	*31.12.2014*
Loss after tax		***RM'000***	*RM'000*
USD/RM	- strengthen by 10%	**-2,583**	+71
	- weaken by 10%	**+2,583**	-71
CAD/RM	- strengthen by 10%	**+1,356**	+2
	- weaken by 10%	**-1,356**	-2
GBP/RM	- strengthen by 10%	**+98**	+132
	- weaken by 10%	**-98**	-132

3. Financial Risk Management Objectives and Policies *(Cont'd)*

(e) Market Risk

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

The Group's exposure to equity price risk arises from quoted investments held by the Group. The Group manages its price risk arising from the investments in equity securities by diversifying its portfolio. Quoted equity investments are in Malaysia and listed on the Bursa Securities.

These instruments are classified as available-for-sale financial assets.

There has been no change to the exposure of the Group to market risks or the manner in which these risks are managed and measured.

Sensitivity analysis for market price risk

The following table demonstrates the sensitivity of the profit after tax of the Group if the market price of the quoted investments had been 5% higher or lower arising as a result of higher or lower fair value gains on financial assets designated at fair value through profit or loss and increase or decrease in the fair values of equity instruments classified as available-for-sale with all other variables held constant:

	Group	
	30.6.2016	*31.12.2014*
Loss after tax	***RM'000***	*RM'000*
- increase by 5% (31.12.2014: 5%)	**2**	13
- decrease by 5% (31.12.2014: 5%)	**(2)**	(13)
Other comprehensive (loss)/income		
- increase by 5% (31.12.2014: 5%)	**384**	510
- decrease by 5% (31.12.2014: 5%)	**(384)**	(510)

4. Significant Accounting Policies

(a) Basis of Preparation and Accounting

The financial statements of the Group and of the Company set out on pages 49 to 135 are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 1965 in Malaysia. However, Note 37 to the financial statements set out on page 136 has been prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

(i) No new accounting standards and interpretations (including the consequential amendments) have been adopted by the Group and of the Company during the current financial period.

(ii) The Group and the Company has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial period:

FRSs and/or IC Interpretations (Including The Consequential Amendments)	**Effective Date**
FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
FRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to FRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to FRS 101: Disclosure Initiative	1 January 2016
Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to FRSs 2012 – 2014 Cycle	1 January 2016

4. Significant Accounting Policies *(Cont'd)*

(a) Basis of Preparation and Accounting *(Cont'd)*

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and the Company upon their initial application except as follows:-

(a) *FRS 9 (IFRS 9 issued by IASB in July 2014)*

FRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in FRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this FRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. The Group is currently assessing the financial impact of adopting FRS 9.

(b) *Amendments to FRS 10 and FRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*

The possible impact is not disclosed as the amendments are to be applied prospectively to future events which is currently undeterminable.

(c) *Amendments to FRS 10, FRS 12 and FRS 128:* Investment Entities – Applying the Consolidation Exception

The amendments to FRS 10, FRS 12 and FRS 128 clarify that the exemption from preparing consolidated financial statements is available to intermediate parent entity which is a subsidiary of an investment entity, even when the investment entity measures its subsidiaries at fair value. The intermediate parent entity would need to meet the other criteria for exception in MFRS 10. There will be no impact on the financial statements upon the initial application of these amendments.

(d) *Amendments to FRS 101 Disclosure Initiative*

Generally there will be no impact on the financial statements.

(e) *Amendments to FRS 107 Disclosure Initiative*

Generally there will be no impact on the financial statements.

(f) *Amendments to FRS 127 (2011): Equity Method in Separate Financial Statements*

The amendments to FRS 127 allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Company has an intention to change its accounting policies on investments in subsidiaries/joint ventures/associates to the equity method when the amendments become effective. The Company is currently assessing the financial impact of adopting the amendments.

(g) *Annual Improvements to FRSs 2012 – 2014 Cycle*

Generally there will be no impact on the financial statements.

The Group is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, since the effects would only be observable for future financial years.

MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), that are to be applied by all entities other than private entities; with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called "transitioning entities").

As further announced by MASB on 28 October 2015, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2018.

Accordingly, as a transitioning entity as defined above, the Group has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 30 June 2019. The Group is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

(b) Basis of Consolidation and Business Combinations

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries for the financial period ended 30 June 2016, with the exception of those subsidiaries under members'/creditors' voluntary winding-up or voluntary administration referred to in Note 36 to the financial statements. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(i) Power over the investee;

(ii) Exposure, or rights, to variable returns from its involvement with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

4. Significant Accounting Policies *(Cont'd)*

(b) Basis of Consolidation and Business Combinations *(Cont'd)*

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) The contractual arrangement with the other vote holders of the investee;

(ii) Rights arising from other contractual agreements; and

(iii) The voting rights of the Group and potential voting rights.

Intra-group balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represents equity in subsidiaries that are not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of profit or loss, statement of other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and statement of other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the Company.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or jointly venture.

<u>Business combinations are accounted for by applying the acquisition method of accounting.</u>

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:-

(i) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;

(ii) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and

(iii) assets (or disposal group) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

4. Significant Accounting Policies *(Cont'd)*

(b) Basis of Consolidation and Business Combinations *(Cont'd)*

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:-

(i) if the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(ii) subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of FRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with FRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by FRSs. The choice of measurement basis is made on an combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree, if any, and the fair value of the previously held equity interest of the Group in the acquiree, if any, over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4(l) to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

(c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivables, net of discounts and rebates. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of the revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Group as follows:

(i) Sale of Goods/Services Render

Revenue from sale of goods, oil palm fruits and render of other services is recognised upon delivery of products and customer acceptance, if any, or performance of service, net of sales returns and discounts.

(ii) Hotel Operations

Revenue from hotel comprises sales of room, food and beverage. Sale of room is recognised upon actual occupancy of rooms by guests whilst sale of food and beverage is recognised upon delivery to guests.

(iii) Dividend Income

Dividends from subsidiaries, associates and other investments are included in the profit or loss of the Group and/or of the Company when the right to receive payment is established.

(iv) Interest Income

Interest income is recognised as it accrues, using the effective interest method.

(v) Rental Income

Property rental income is recognised on a straight-line basis over the term of the lease.

(vi) Property Development Activities

Revenue from property development is recognised from the sale of completed and uncompleted development properties.

Revenue from sale of completed properties is recognised when the sale is contracted.

Revenue on uncompleted properties contracted for sale is recognised based on the stage of completion method unless the outcome of the development cannot be reliably determined in which case the revenue on the development is only recognised to the extent of development costs incurred that are recoverable.

The stage of completion is determined based on the proportion that the development costs incurred for work performed to date bear to the estimated total development costs.

Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the development will result in a loss.

4. Significant Accounting Policies *(Cont'd)*

(c) Revenue Recognition *(Cont'd)*

(vii) Retail Sales

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

When the Group acts in a capacity of an agent rather than as a principal in a transaction, the revenue recognised is the net amount of commission earned by the Group upon the sale of goods by the relevant stores.

Retail sales includes only the gross inflows of economic benefits received and receivable by the Group on its own account. Amount collected on behalf of third parties are not economic benefits which flow to the entity and do not result in increases in equity. Therefore, they are excluded from revenue. In an agent relationship arising from concession sales of the Group, the amounts collected on behalf are not revenue. Instead, revenue is the amount of commission from the concession sales.

The Group separates the award credits granted according to the customer loyalty programmes as a separately identifiable component of sales transactions involving the award of free or discounted goods or service in the future. The fair value of the consideration received or receivable from the initial sale is allocated between the award credits and the other components of the sale.

The consideration allocated to the award credits shall only be recognised as revenue when the award credits are redeemed.

(d) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially measured at cost less any accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses, if any.

Included in property, plant and equipment, these freehold land and buildings were previously stated at valuation, which was the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. These revalued assets have been retained on the basis of their previous valuation in accordance with the transitional provisions of FRS 116_{2004} *Property, Plant and Equipment* applied by the Group when the Standard was first adopted by the MASB in year 1998. The transitional provisions will remain in force until and unless the Group adopts a revaluation policy in place of a cost policy where FRS 116 (which supersedes FRS 116_{2004}) would require revaluations to be carried out at regular intervals.

Freehold land has unlimited useful life and is not depreciated. Capital work-in-progress is stated at cost and not depreciated until such time when the asset is available for use. All other property, plant and equipment are depreciated on a straight line basis to write off the costs of the assets to their residual values over their estimated useful lives. The principal depreciation periods and rates are as follows:

	%
Buildings	2 to 5
Leasehold land	41 to 92 years
Plant & machinery	4 to 10
Motor vehicles	10 to 30
Furniture, fittings & equipment	5 to 33.3
Renovation	5 to 20

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A writedown is made if the carrying amount exceeds the recoverable amount (see Note 4(m) to the financial statements on impairment of non-financial assets).

4. **Significant Accounting Policies** *(Cont'd)*

(d) Property, Plant and Equipment and Depreciation *(Cont'd)*

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

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

(e) Investment Properties

Investment properties are land and buildings held by the Group for their investment potential and rental income. Investment properties (other than property interests that is held by a lessee under an operating lease) are stated at cost less accumulated depreciation and impairment loss, if any, except for a freehold land which was revalued in 1982 based on independent professional valuation using open market value basis and retained on the basis of their previous valuation in accordance with the transitional provisions of FRS 116_{2004} *Property, Plant and Equipment* applied by the Group when the Standard was first adopted by the MASB in year 1998.

Property interests that is held by a lessee under an operating lease are measured using fair value model. Gains or losses arising from changes in the fair value of investment properties are recognised in profit or loss in the year in which they arise.

Subsequent costs are included in the carrying amount of the investment properties or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of investment properties are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the investment properties are acquired, if applicable.

Depreciation is charged to the profit or loss on a straight line basis over the estimated useful lives of 50 years for buildings. Freehold land is not depreciated.

The Directors periodically assess the carrying value of the Group's investment properties based on market values of comparable properties. Where an indication of impairment exists, the carrying value of an investment property is assessed and written down to its recoverable amount.

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the investment properties. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

(f) Leases and Hire-Purchase

(i) Finance Leases and Hire-Purchase

Assets acquired under finance leases and hire-purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the incremental borrowing rate of the Group is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(ii) Operating Leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

<u>The Group as lessee</u>

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

4. Significant Accounting Policies *(Cont'd)*

(f) Leases and Hire-Purchase *(Cont'd)*

(ii) Operating Leases *(Cont'd)*

The Group as lessor

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 4(c)(v)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(iii) Leases of Land and Buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

(g) Subsidiaries

A subsidiary is an entity in which the Company is exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost (including the fair value adjustments on intergroup loans at inception date (and the share options granted to employees of the subsidiaries) less impairment loss, if any. Investment in subsidiaries and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs. Investments accounted for at cost shall be accounted for in accordance with FRS 5 *Non-current Assets (Or Disposal Group) Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

On the disposal of the investment in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

(h) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

In the separate financial statements of the Company, an investment in associate is stated at cost less impairment losses, if any and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investments of the Group.

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the net investment in the associate of the Group.

The share of the profit or loss of the associate by the Group during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest of the Group in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The share of those changes by the Group is recognised directly in equity of the Group.

4. Significant Accounting Policies *(Cont'd)*

(h) Associates *(Cont'd)*

Unrealised gains and losses on transactions between the Group and the associates are eliminated to the extent of interest by the Group in the associate to the extent that there is no impairment.

When the share of losses of the Group in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not co-terminous, the share of results is arrived at using the latest audited financial statements for which the difference in end of the reporting periods is no more than three months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

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 interest of the Group 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 the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(i) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at 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 issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(i) Financial Assets

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:-

(a) Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

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

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

4. Significant Accounting Policies *(Cont'd)*

(i) Financial Instruments *(Cont'd)*

(i) Financial Assets *(Cont'd)*

(b) Held-to-Maturity Investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

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

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

(c) Loans and Receivables

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

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

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

(d) Available-for-Sale Financial Assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the right of the Group to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(ii) Financial Liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement:-

(a) Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

4. Significant Accounting Policies *(Cont'd)*

(i) Financial Instruments *(Cont'd)*

(ii) Financial Liabilities *(Cont'd)*

(b) Other Financial Liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

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

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a 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.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(iii) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

(a) Ordinary shares

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

(b) Distributions of Non-Cash Assets to Owners of the Company

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

(c) Treasury Shares

If the Company reacquires its own equity instruments, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

(iv) 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.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

4. Significant Accounting Policies *(Cont'd)*

(j) Impairment of Financial Assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

(i) Held-to-Maturity Investments and Loans and Receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments by the receivable, to determine whether there is objective evidence that an impairment loss on held-to-maturity investments and loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

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

The carrying amount of held-to-maturity investments is directly reduced by the impairment loss whilst the carrying amount of loans and receivables, such as trade and other receivables are reduced through the use of an allowance account.

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

(ii) Available-for-Sale Financial Assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses 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 on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(k) Property Development Activities

(i) Land Held for Property Development

Land held for property development consist of land costs where no development activities are carried out or where development activities are not expected to be completed within the normal operating cycle. Such land and development costs are carried at cost less any accumulated impairment losses.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Pre-acquisition costs are charged to profit or loss as incurred unless such costs are directly identifiable to the consequent property development activity.

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

(ii) Property Development Costs

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

Property development costs that are not recognised as an expense are recognised as an asset and carried at the lower of cost and net realisable value.

4. Significant Accounting Policies *(Cont'd)*

(k) Property Development Activities *(Cont'd)*

(ii) Property Development Costs *(Cont'd)*

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

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

Where it is probable that property development costs will exceed property development revenue, any expected loss is recognised as an expense in profit or loss immediately, including costs to be incurred over the defects liability period.

(l) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest, if any, in the entity over net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed, if any. If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree, if any, the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(m) Impairment of Non-Financial Assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries and associates), inventories, deferred tax assets, property development costs and non-current assets (or disposal group) held for sale, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill on consolidation is tested annually for impairment annually or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash-generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the CGU or groups of CGU as the Group that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with FRS 8 *Operating Segments* .

The recoverable amount of an asset or CGU is the higher of its fair value less costs to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 for which the future cash flow estimates have not been adjusted.

4. Significant Accounting Policies *(Cont'd)*

(m) Impairment of Non-Financial Assets *(Cont'd)*

An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. If the recoverable amount of CGU is estimated to be less than its carrying amount, the carrying amount of the CGU is reduced to its recoverable amount. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' 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.

Such reversals are recognised as income immediately to profit or loss.

(n) Inventories

Inventories which consist of completed development properties held for sale, retail trading merchandises, raw materials, work-in-progress, finished goods, sundry stores, consumables and other stock items, are stated at the lower of cost and net realisable value.

Cost of completed properties for sale is determined by the specific identification method.

The cost of other inventories is measured based on a weighted average cost of formula, and comprises the purchase price and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes and appropriate share of production overheads.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

(o) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing cost is recognised in profit or loss in the period in which they are incurred.

(p) Income Taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by foreign subsidiaries or associates on distributions to the Group and the Company, capital gain taxes and real property gains taxes payable on disposal of properties, if any.

Taxes in the profit or loss and other comprehensive income comprise current tax and deferred tax.

(i) Current Tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries or associates on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties, if any.

(ii) Deferred Tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statements of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

4. Significant Accounting Policies *(Cont'd)*

(p) Income Taxes *(Cont'd)*

(ii) Deferred Tax *(Cont'd)*

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either: -

(a) the same taxable entity; or

(b) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

(q) Provisions

Provisions, other than premium liabilities, are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value 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 interest expense in profit or loss.

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

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

<u>Provision for restoration costs</u>

Provision for restoration costs is included in the carrying amounts of furniture, fittings and equipment. This provision is recognised in respect of the Group's obligation to restore leased outlets to its original state upon the expiry of tenancy agreements.

4. **Significant Accounting Policies** *(Cont'd)*

(r) Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

(s) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) Defined Contribution Plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

(iii) Provision for Retirement Gratuities

The Group makes provisions for unfunded retirement gratuities for certain eligible employees. The retirement benefits are calculated based on the terms of employment contract.

(t) Foreign Currencies

(i) Functional and Presentation Currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

(ii) Foreign Currency Translation and Balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise except for differences arising from the translation of available-for-sale equity instruments which are recognised in other comprehensive income. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4. Significant Accounting Policies *(Cont'd)*

(t) Foreign Currencies *(Cont'd)*

(iii) Foreign Operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and statement of other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of each reporting period.

(u) Cash and Cash Equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, bank deposits and other short term, highly liquid investments, which are readily convertible to cash and are subject to insignificant risk of changes in value with original maturity periods of three months or less.

(v) Non-Current Assets (or Disposal Group) Held for Sale and Discontinued Operation

(i) Non-Current Assets (or Disposal Group) Held for Sale

Non-current assets (or disposal group) are classified as held for sale if their carrying amounts would be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets (or disposal group) shall be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal group) and its sale must be highly probable. The probability of shareholders' approval (if required in the jurisdiction) is considered as part of the assessment of whether the sale is highly probable.

The sale is expected to qualify for recognition as a completed sale within one year from the date of classification. However, an extension of the period required to complete the sale does not preclude the assets (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Group and there is sufficient evidence that the Group remains committed to its plan to sell the assets (or disposal group).

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale or otherwise.

Immediately before the initial classification as held for sale, the carrying amounts of the assets (or all the assets and liabilities in a disposal group) are measured in accordance with applicable FRSs. On initial classification as held for sale, non-current assets or disposal group (other than investment properties, deferred tax assets, financial assets and inventories) are measured at the lower of its carrying amount before the initial classification as held for sale and fair value less costs to sell. The differences, if any, are recognised in profit or loss as impairment loss.

The Group measures a non-current asset (or disposal group) classified as held for distribution to owners at the lower of its carrying amount and fair value less costs to distribute.

Non-current assets (or disposal group) held for sale are classified as current assets (and current liabilities, in the case of non-current liabilities included within disposal group) in the statement of financial position and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the non-current assets (or disposal group) classified as held for sale is presented separately.

4. Significant Accounting Policies *(Cont'd)*

(v) Non-Current Assets (or Disposal Group) Held for Sale and Discontinued Operation *(Cont'd)*

(i) Non-Current Assets (or Disposal Group) Held for Sale *(Cont'd)*

If the Group has classified an asset (or disposal group) as held for sale but subsequently, the criteria for the classification no longer met, the Group ceases to classify the assets (or disposal group) as held for sale. The Group measures a non-current asset that ceased to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of: -

(a) its carrying amount before the assets (or disposal group) was classified as held for sale, adjusted for any depreciation that would have been recognised had the asset (or disposal group) not been classified as held for sale; and

(b) its recoverable amount at the date of the subsequent decision not to sell.

(ii) Discontinued Operations

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. When an operation is classified as discontinued operation, the comparative statement of profit or loss and statement of other comprehensive income is re-presented as if the operation had been discontinued from the beginning of the comparative period.

(w) Related Parties

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-
(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-
(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. **Significant Accounting Policies** *(Cont'd)*

(x) Operating Segments

Operating segments are defined as components of the Group that: -

(i) engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(ii) whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decision about resources to be allocated to the segment and assessing its performance; and

(iii) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds: -

(i) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 percent or more of the combined revenue, internal and external, of all operating segments.

(ii) The absolute amount of its reported profit or loss is 10 percent or more of the greater, in absolute amount of: -

(a) the combined reported profit of all operating segments that did not report a loss; and

(b) the combined reported loss of all operating segments that reported a loss.

(iii) Its assets are 10 percent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least 75 percent of the revenue of the Group. Operating segments identified as reportable segments in the current financial period in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

(y) Earnings Per Share

(i) Basic

Basic earnings per ordinary share for the financial period is calculated by dividing the profit for the financial period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial period.

(ii) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

(z) Fair Value Measurements

The 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 fair value 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.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
Level 3: Inputs are unobservable inputs for the asset or liability.
The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:-

(i) The condition and location of the asset; and

(ii) Restrictions, if any, on the sale or use of the asset.

4. Significant Accounting Policies *(Cont'd)*

(z) Fair Value Measurements *(Cont'd)*

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:-

(i) A liability would remain outstanding and the market participant transferee would be required to fulfill the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(ii) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. Significant Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Changes in Estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates during the financial period and at the end of the reporting period.

(b) Key Sources of Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Impairment of Goodwill on Consolidation

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the recoverable amounts of the CGU to which goodwill is allocated. Further details on the estimation of the recoverable amounts are disclosed in Note 17 to the financial statements.

(ii) Investments in Subsidiaries and Associates

Management reviews the investments in subsidiaries and associates for impairment when there is an indication of impairment.

The recoverable amounts of the investments in subsidiaries and associates are assessed by reference to the higher of the fair values less cost to sell and the value in use of the respective subsidiaries and an associate.

Estimating a value in use requires management to make an estimate of the expected future cash flows to be derived from continuing use of the asset and from its ultimate disposal, expectations about possible variations in the amount, timing of those cash flows, the time value of money, price for inherent uncertainty risk and other relevant factors.

(iii) Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the losses and capital allowances could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies.

(iv) Income Taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. Significant Accounting Estimates and Judgements *(Cont'd)*

(b) Key Sources of Estimation Uncertainty *(Cont'd)*

(v) Impairment of Property, Plant and Equipment and Investment Properties

Property, plant and equipment and investment properties are assessed for impairment losses whenever events or changes in circumstances indicate that the carrying amount of these assets may not be fully recoverable. Such assessment requires the Directors to make estimates of the recoverable amounts. Impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's fair value less cost to sell and its value in use. The Directors believe that the estimates of the recoverable amounts are reasonable.

(vi) Impairment of Receivables

The policy for assessing impairment of the receivables of the Group is based on the ongoing evaluation of the collectability and aging analysis of the receivables and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each receivables. If the financial conditions of the receivables have deteriorated, resulting in impairment of their ability to make payments, additional impairment may be required.

The Group has exposure to credit risks relating to recovery of trade and other receivables. Significant judgements are involved in estimating the impairment of receivables. In determining the amounts of impairment for certain specific debts, the Directors have considered certain factors relating to the financial position of the receivables.

(vii) Writedown for Obsolete or Slow Moving Inventories

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

(viii) Property Development

The Group recognised property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that the property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(ix) Useful Lives of Property, Plant and Equipment

The Group estimates the useful lives of property, plant and equipment at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets, and technical obsolescence arising from changes in the market demands or service output of the assets. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to changes in factors mentioned above. Changes in these factors could impact the useful lives and the residual values of the assets, therefore future depreciation charges could be revised.

(x) Provision for restoration costs

The Group estimates provision for restoration costs based on historical costs incurred per square feet of sales area. The estimated provision for restoration costs are reviewed periodically and are updated if expectations differ from previous estimates due to changes in cost factors. Where expectations differ from the original estimates, the differences would impact the carrying amount of provision for restoration costs.

(xi) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 3(c) to the financial statements.

5. Significant Accounting Estimates and Judgements *(Cont'd)*

(b) Key Sources of Estimation Uncertainty *(Cont'd)*

(xii) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant' or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(xiii) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(c) Critical Judgements made in Applying Accounting Policies

(i) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(ii) Classification of leasehold land

The Group has assessed and classified land use rights of the Group as finance lease based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance leases in accordance with FRS 117.

(iii) Disposal of non-current assets (or disposal group) held for sale

Non-current asset as disclosed in Note 21 to the financial statements had been classified as non-current assets (or disposal group) held for sale as the management had committed to a plan to sell the assets and liabilities as at the end of the reporting period. Barring any unforeseen circumstances, the Group expected that the sale of the asset to be completed within the next twelve (12) months.

(iv) Significant influence

Significant influence is presumed to exist (not exist) when the Group hold twenty percent (20%) or more (less than 20%) of the voting rights of another entity, unless it can be clearly demonstrated otherwise.

The Group has a board representation and hold equity interests in associates as disclosed in Note 36 to the financial statements for which the Group has determined that it has significant influence.

(v) Contingent liabilities

The determination of treatment of contingent liabilities is based on legal advice received and management's view of the expected outcome of the contingencies for matters in the ordinary course of business.

5. Significant Accounting Estimates and Judgements *(Cont'd)*

(c) Critical Judgements made in Applying Accounting Policies *(Cont'd)*

(vi) Classification of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise their right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

(vii) Contingent liabilities on corporate guarantee

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

At 30 June 2016, the Company has guaranteed bank credit facilities of subsidiaries for a total of RM811,846,000 (31.12.2014: RM506,955,000). The guarantees are unsecured. The Directors are of the view that the fair value of the corporate guarantees is negligible as the chances of the financial institutions to call upon the guarantees are remote.

(viii) The Group entered into commercial property leases on its investment property portfolio. The Group determined that it retains all the significant risks and rewards of ownership of these properties which are leased out as operating leases.

(ix) Impairment of equity investments categorised as available-for-sale financial asset

The Group believes that a significant or prolonged decline in fair value of an investment in equity instrument is a decline in fair value of more than twenty (20) percent of the cost, or the decline in fair value below its original cost has persisted for more than nine (9) to twelve (12) months.

(x) Contingent rental

The Group has entered into tenancy agreements for the lease of outlets and concessionaire agreements, which contain contingent rental features based on predetermined revenue thresholds. The Group has determined that these contingent rental features are not embedded derivatives to be separately accounted for due to the economic characteristics and risks of these contingent rental features are closely related to the economic characteristics and risks of the underlying tenancy agreements. There are no leverage features contained within these contingent rental features.

6. Revenue

	Group		Company	
	1.1.2015 to 30.6.2016 RM'000	*1.1.2014 to 31.12.2014 RM'000*	**1.1.2015 to 30.6.2016 RM'000**	*1.1.2014 to 31.12.2014 RM'000*
Revenue comprises the following: -				
Sales of goods	**250,987**	195,070	**-**	-
Hotel operations	**292,058**	189,215	**-**	-
Property development	**71,682**	24,952	**-**	-
Commissions from concessionaire sales ^	**60,719**	51,043	-	-
Sales of fresh fruit bunches	**6,000**	4,179	**-**	-
Interest income	**-**	-	**2,326**	1,434
Property rental income	**4,749**	2,965	**-**	-
Dividend income from subsidiaries	**-**	-	**5,990**	-
Others	**-**	6	**-**	-
	686,195	467,430	**8,316**	1,434

^ *The commissions income from gross concessionaire sales of RM225,812,000 (31.12.2014: RM190,109,000).*

7. Exceptional Items

	Note	Group		Company	
		1.1.2015 to 30.6.2016 RM'000	*1.1.2014 to 31.12.2014 RM'000 (Restated)*	**1.1.2015 to 30.6.2016 RM'000**	*1.1.2014 to 31.12.2014 RM'000*
Distribution received from a dissolved associate		**465**	-	**-**	-
Bad debts recovered		**335**	630	**-**	-
Fair value gain on investment properties		**1,927**	788	**-**	-
Gain on disposal of:					
- other investments (non-current)		**-**	24	**-**	-
(Loss)/Gain on foreign exchange:					
- realised		**(11,405)**	(81)	**-**	-
- unrealised		**(3,022)**	(7,678)	**2**	1
Gain on redemption of preference shares of an associate		**7,002**	-	**-**	-
(Impairment loss)/Reversal of impairment loss on:					
- goodwill on consolidation	17	**(78,568)**	-	**-**	-
- investments in preference shares of an associate		**4,787**	-	**-**	-
- investments in subsidiaries	13	**-**	-	**(136,803)**	-
- other investments (current)		**(1,346)**	-	**-**	-
- property, plant and equipment	11	**336**	746	**-**	-
- amount owing by subsidiaries		**-**	-	**(80,711)**	(1,002,088)
- trade and other receivables	18	**404**	(2,492)	**-**	-
Loss on derecognition of winding up subsidiaries		**(322)**	-	**-**	-
Legal claim expenses		**-**	(4,375)	**-**	-
		(79,407)	(12,438)	**(217,512)**	(1,002,087)

8. (Loss)/Profit Before Taxation

	Note	Group 1.1.2015 to 30.6.2016 RM'000	Group 1.1.2014 to 31.12.2014 RM'000 (Restated)	Company 1.1.2015 to 30.6.2016 RM'000	Company 1.1.2014 to 31.12.2014 RM'000
(Loss)/Profit before taxation is stated after charging: -					
Auditors' remuneration:					
- current		**2,047**	1,566	**71**	71
- under provision in prior years		**(36)**	49	**-**	-
Depreciation:					
- property, plant and equipment	11	**31,897**	23,129	**-**	-
- investment properties	12	**1,026**	880	**-**	-
Directors' remuneration:					
Directors of the Company					
Receivable from the Company					
- fees		**180**	215	**180**	215
- other emoluments		**474**	315	**474**	315
- defined contribution plan		**158**	105	**158**	105
Receivable from subsidiaries					
- fees		**355**	203	**-**	-
- other emoluments		**3,567**	2,159	**-**	-
- defined contribution plan		**598**	399	**-**	-
Directors of subsidiaries					
- fees		**453**	441	**-**	-
- other emoluments		**1,168**	926	**-**	-
- defined contribution plan		**54**	53	**-**	-
Fair value loss on interest rate swap		**9,480**	-	**-**	-
Impairment loss on convertible bond		**309**	4,944	**-**	-
Interest expense on:					
- bank overdrafts		**2,234**	955	**-**	-
- term loans		**43,036**	13,547	**-**	-
- other borrowings		**30,866**	35,198	**2,326**	1,433
Inventories written down	19	**4,789**	855	**-**	-
Inventories written off	19	**2,050**	1,840	**-**	-
Loss on disposal of other investments (current)		**-**	15	**-**	-
Loss on disposal of:					
- Property, plant and equipment		**19**	-	**-**	-
Property, plant and equipment written off		**1,894**	921	**-**	-
Provision for employee benefits	26	**109**	211	**-**	-
Provision for restoration cost	25	**-**	129	**-**	-
Rental of buildings		**50,528**	33,204	**-**	-
Rental of equipment		**650**	1,455	**-**	-
Staff costs:					
- defined contribution plan		**8,807**	5,758	**-**	-
- salary, wages and other costs		**143,050**	85,653	**-**	-

8. (Loss)/Profit Before Taxation *(Cont'd)*

	Note	Group 1.1.2015 to 30.6.2016 RM'000	Group 1.1.2014 to 31.12.2014 RM'000 (Restated)	Company 1.1.2015 to 30.6.2016 RM'000	Company 1.1.2014 to 31.12.2014 RM'000
(Loss)/Profit before taxation is stated after crediting:					
Gain on disposal of:					
- Property, plant and equipment		**-**	5	**-**	-
Dividend income from investment in:					
- quoted in Malaysia		**634**	-	**5,990**	-
- quoted overseas		**12**	5	**-**	-
Interest income received from:					
- a subsidiary		**-**	-	**2,326**	1,433
- term deposits		**9,883**	7,927	**-**	-
- others ^		**7,774**	1,042	**-**	-
Reversal of inventories previously written down	19	**497**	**-**	**-**	-
Property rental income		**7,657**	4,864	**-**	-
Writeback of provision for restoration cost	25	**1,170**	-	**-**	-
Writeback of employee benefits	26	**301**	315	**-**	-

The estimated monetary value of benefits-in-kind received by the Directors of the Company, otherwise than in cash from the Group and the Company amounted to RM12,000 and RM Nil (31.12.2014: RM38,000 and RM Nil) respectively.

^ Included in this amount of the current financial period is interest of RM7,159,000 received from the purchaser for the extension of the Cut-Off Date to fulfill the Condition Precedent in respect of Share Sale Agreement for the proposed disposal of shares in a subsidiary as disclosed in Note 21 to the financial statements.

9. Taxation

	Note	Group		Company	
		1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000	**1.1.2015 to 30.6.2016 RM'000**	1.1.2014 to 31.12.2014 RM'000
Current tax expense based on profit for the financial period/year:					
- Malaysian income tax		**10,783**	9,422	**-**	-
- Foreign income tax		**613**	2,723	**-**	-
Deferred tax	27	**(107)**	(763)	**-**	-
		11,289	11,382	**-**	-
Under/(Over)provision in respect of prior years					
- Current tax		**383**	(4,688)	**-**	-
- Deferred tax	27	**(293)**	(936)	**-**	-
Total tax expense		**11,379**	5,758	**-**	-

The Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated taxable profit for the fiscal year.

Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

A reconciliation between the average effective tax rate and the applicable tax rate to the (loss)/profit before taxation of the Group and the Company is as follows:-

	Group		Company	
	1.1.2015 to 30.6.2016 %	1.1.2014 to 31.12.2014 %	**1.1.2015 to 30.6.2016 %**	1.1.2014 to 31.12.2014 %
Tax at applicable tax rate on (loss)/profit before taxation	**(24.00)**	25.00	**(24.00)**	(25.00)
Tax effects of:-				
Different tax rates on foreign subsidiaries	**0.11**	(11.73)	**-**	-
Tax exempt income	**2.20**	(113.10)	**-**	-
Movement in deferred tax assets not recognised during the financial period/year	**(8.65)**	154.49	**-**	-
Crystallisation of revaluation surplus on property, plant and equipment	**-**	(0.98)	**-**	-
Non-allowable expenses	**(45.94)**	913.13	**25.88**	25.00
Utilisation of deferred tax assets previously financial year	**0.68**	-	**(1.88)**	-
Income not subject to tax	**9.27**	(91.50)	**-**	-
Share of results of associates	**8.22**	(391.91)	**-**	-
	(58.11)	483.40	**-**	-
Under/Overprovision in respect of prior years	**(0.08)**	(243.96)	**-**	-
Average effective tax rate	**(58.19)**	239.44	**-**	-

10. Basic/Diluted Loss Per Share

Basic/Diluted loss per ordinary share for the financial period/year is calculated by dividing the loss for the financial period/year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period/year.

	Group	
	1.1.2015 to 30.6.2016	*1.1.2014 to 31.12.2014*
Loss attributable to owners of the Company (RM'000)	**(136,537)**	(1,243)
	Unit	*Unit*
Weighted average number of ordinary shares in issue ('000)	**2,932,561**	2,932,561
	Sen	*Sen*
Basic/Diluted loss per share	**(4.66)**	(0.04)

11. Property, Plant And Equipment

Group	Note	Freehold Land RM'000	Leasehold Land RM'000	Buildings RM'000	Plant & Machinery RM'000	Motor Vehicles RM'000	Furniture, Fittings & Equipment RM'000	Construction Work-In Progress RM'000	Renovation RM'000	Total 30.6.2016 RM'000	Total 31.12.2014 RM'000
Cost or Deemed Cost											
At 1 January 2015/2014		303,297	29,501	414,492	53,908	6,454	207,612	855	94,398	1,110,517	1,149,009
Exchange difference		(1,819)	(1)	(1,453)	(6)	355	(2,878)	-	149	(5,653)	1,849
		301,478	29,500	413,039	53,902	6,809	204,734	855	94,547	1,104,864	1,150,858
Transfer from/(to):											
- Investment Properties	12	-	-	-	-	-	-	-	-	-	25,036
- Disposal Group Held for Sale	21	(180)	-	-	(40)	-	(227)	40	(22)	(429)	(82,044)
Additions		-	-	796	1,228	476	27,531	1,442	9,158	40,631	25,495
Disposals		-	-	-	-	(233)	(22)	-	-	(255)	(323)
Written off		-	-	-	(97)	-	(11,756)	-	(12,221)	(24,074)	(8,505)
Reclassifications		181	(414)	1,725	(711)	6	(1,407)	(2,337)	950	(2,007)	-
At 30 June 2016/31 December 2014		301,479	29,086	415,560	54,282	7,058	218,853	-	92,412	1,118,730	1,110,517
Accumulated Depreciation											
At 1 January 2015/2014		4,153	3,902	104,897	48,282	6,400	184,508	-	82,382	434,524	440,661
Exchange difference		(47)	(5)	(67)	1	352	(2,060)	-	108	(1,718)	693
		4,106	3,897	104,830	48,283	6,752	182,448	-	82,490	432,806	441,354
Transfer from/(to):											
- Investment Properties	12	-	-	-	-	-	-	-	-	-	601
- Disposal Group Held for Sale	21	-	(132)	(1,289)	(19)	-	(189)	-	(79)	(1,708)	(22,653)
Charge for the financial period/year		-	780	4,635	1,343	194	18,409	-	6,536	31,897	23,129
Disposals		-	-	-	-	(188)	(20)	-	-	(208)	(323)
Written off		-	-	-	(28)	(69)	(11,486)	-	(10,597)	(22,180)	(7,584)
Reclassifications		52	(414)	(16)	(829)	8	(1,293)	-	305	(2,187)	-
At 30 June 2016/31 December 2014		4,158	4,131	108,160	48,750	6,697	187,869	-	78,655	438,420	434,524
Accumulated Impairment											
At 1 January 2015/2014		1,596	-	43,618	-	-	-	-	-	45,214	73,179
Exchange difference		138	-	(320)	-	-	2	-	-	(180)	117
		1,734	-	43,298	-	-	2	-	-	45,034	73,296
Transfer to Disposal Group Held for Sale	21	(180)	-	-	-	-	-	-	-	(180)	(27,336)
Recognised during the financial period/year	7	(1,665)	-	-	-	-	639	-	690	(336)	(746)
Reclassifications		180	-	-	-	-		-		180	-
At 30 June 2016/31 December 2014		69	-	43,298	-	-	641	-	690	44,698	45,214
Carrying amount											
At 30.6.2016		297,252	24,955	264,102	5,532	361	30,343	-	13,067	635,612	-
At 31.12.2014		297,548	25,599	265,977	5,626	54	23,104	855	12,016	-	630,779

11. Property, Plant And Equipment *(Cont'd)*

(a) Property, plant and equipment stated at deemed cost are as follows:-

	Group	
	30.6.2016	*31.12.2014*
	RM'000	*RM'000*
Freehold land and buildings		
Valuation in 1983	**91,413**	91,413
Valuation in 1986	**16,960**	16,960
	108,373	108,373

The valuation in 1983 was based on valuations by independent professional valuers whilst that in 1986 was based on valuation by the Directors then. The said assets are stated at their previous valuation (deemed cost) less accumulated depreciation.

(b) Certain land and buildings, furniture, fittings and equipment, and plant and machinery of the subsidiaries with carrying amounts totalling RM509,280,000 (31.12.2014: RM502,930,000) are pledged to financial institutions for banking facilities granted to these subsidiaries as disclosed in Note 24 to the financial statements.

(c) Property, plant and equipment of the Group with carrying amounts totalling RM2,604,000 (31.12.2014: RM2,330,000) have been acquired under hire-purchase and lease arrangements.

(d) The strata titles of shoplots of the Group with carrying amounts of RM1,889,000 (31.12.2014: RM1,963,000) have yet to be transferred to the Group as at the end of reporting period.

(e) During the financial period/year, the Group made the following cash payments to purchase property, plant and equipment:-

		Group	
		1.1.2015 to 30.6.2016	*1.1.2014 to 31.12.2014*
	Note	***RM'000***	*RM'000*
Purchase of property, plant and equipment		**40,631**	25,495
Provision for restoration costs capitalised	25	**(945)**	(116)
Cash payments on purchase of property, plant and equipment		**39,686**	25,379

12. Investment Properties

		Group	
		30.6.2016	*31.12.2014*
Investment properties, measured at:		***RM'000***	*RM'000*
			(Restated)
- Fair Value	12(a)	**10,458**	8,385
- Cost	12(b)	**87,049**	51,736
		97,507	60,121

(a) Leasehold land and buildings at fair value

- At 1 January 2015/2014, as previously reported		**2,362**	2,402
- Prior year adjustment	35	**6,023**	5,209
- As restated		**8,385**	7,611
Exchange difference		**146**	(14)
Changes in fair value		**1,927**	788
At 30 June 2016/31 December 2014		**10,458**	8,385

The fair value of the investment properties are within Level 2 of the fair value hierarchy. There is no transfer between Level 1 and Level 2 during the financial period.

12. Investment Properties *(Cont'd)*

	Note	Group 30.6.2016 RM'000	31.12.2014 RM'000 (Restated)
(b) At cost or deemed cost			
(i) Freehold land			
At 1 January 2015/2014		**29,564**	44,678
Acquisition of a subsidiary	13(a)	**35,679**	-
Additions		**660**	886
Transfer to Property, Plant and Equipment	11	**-**	(16,000)
		65,903	29,564
(ii) Buildings			
At 1 January 2015/2014		**22,172**	31,487
Charge for the financial period/year		**(1,026)**	(880)
Transfer to Property, Plant and Equipment	11	**-**	(8,435)
		21,146	22,172
Carrying amount as at 30 June 2016/31 December 2014		**87,049**	51,736
Fair value of investment properties (using cost model) at 30 June 2016/31 December 2014		**115,000**	83,000

(a) Investment properties comprise commercial properties leased to third parties under operating leases. Rental income and direct operating expenses arising from these investment properties are as follows:-

	Group 1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000
Rental income	**4,804**	3,049
Direct operating expenses	**3,049**	1,458

(b) Included in investment properties under cost model is a piece of freehold land at carrying amount of RM150,000 which was revalued in 1982 by independent professional valuers on the basis of open market value.

(c) Included in investment properties are freehold shoplots with a carrying amount of RM21,146,000 (31.12.2014: RM22,172,000) where the related strata titles have yet to be transferred to the Group as at the end of reporting period.

(d) The fair value of investment properties for disclosure purposes, which are at Level 3 fair value, were recommended by the Directors as at the end of reporting period based on indicative market value of similar properties in the vicinity on a price per square foot basis. The price per square foot of the properties adopted were significant inputs. Any changes in the price per square foot will result in a reasonable change in the fair value of the investment properties.

(e) The investment properties of the Group are mainly used to generate rental income. However, the fair value of the investment properties reflect the highest and best use of the said properties based on the view and estimation that the Group should the investment properties be disposed of. However, the management does not intend to dispose of the investment properties at the moment and the existing use of the investment properties remain for rental purpose.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. Subsidiaries

	Note	Company 30.6.2016 RM'000	Company 31.12.2014 RM'000
Investments in subsidiaries, at cost or deemed cost			
Quoted shares	13(b)	**305,028**	305,028
Unquoted shares			
At 1 January 2015/2014		**739,682**	739,682
Capitalisation of amount owing by subsidiaries		**119,160**	-
At 30 June 2016/31 December 2014		**858,842**	739,682
		1,163,870	1,044,710
Less: Accumulated impairment losses			
At 1 January 2015/2014		**(298,842)**	(298,842)
Impairment losses during the financial period/year		**(136,803)**	-
At 30 June 2016/31 December 2014		**(435,645)**	(298,842)
		728,225	745,868
Market value of quoted shares	13(b)	**86,989**	136,677

(a) On 30 June 2014, Corus Hotels Sdn Bhd, a wholly-owned subsidiary of Malayan United Industries Berhad ("MUI" or "Company"), had entered into a Share Sale Agreement with Pan Malaysian Industries Berhad to acquire 385,000 ordinary shares of RM1.00 each representing the entire issued and paid up share capital of Two Holdings Sdn Bhd ("THSB") for a purchase consideration of RM26.3 million ("Acquisition"). The Acquisition was completed on 6 February 2015.

The fair value of identifiable assets and identifiable liabilities and cashflow arising from the acquisition of THSB are as follows:-

	Note	At the Date of Acquisition RM'000
Investment property	12	35,679
Cash and cash equivalents		2
Trade and other payables		(8,827)
Deferred tax liability	27	(554)
Total purchase consideration satisfied by cash and cash equivalents		26,300
Less : Cash and cash equivalents of THSB		(2)
Cash outflow on acquisition		26,298

(b) The Directors are of the view that no impairment on the investments in quoted shares of subsidiaries is required as the Group hold the investments for long term purposes and the recoverable amount based on the underlying net assets of these subsidiaries are higher than the market value.

(c) The consolidated financial statements do not deal with the subsidiaries under or pending liquidation/winding up.

(d) The subsidiaries, including those companies under or pending liquidation as indicated, are disclosed in Note 36 to the financial statements.

13. Subsidiaries *(Cont'd)*

(e) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:-

	Belsfield LLP	*County Hotels Limited*	*Pan Malaysia Corporation Berhad*	*Pan Malaysia Holdings Berhad*	*West Synergy Sdn Bhd*	*Others*	*Total*
30.6.2016							
NCI percentage of ownership interest and voting interest	**38.89%**	**38.89%**	**33.49%**	**33.89%**	**40.00%**		
Carrying amount of NCI (RM'000)	**14,496**	**24,266**	**100,143**	**19,410**	**72,450**	**(6,405)**	**224,360**
Profit/(Loss) allocated to NCI (RM'000)	**368**	**982**	**5,923**	**(313)**	**4,626**	**1,871**	**13,457**
31.12.2014							
NCI percentage of ownership interest and voting interest	38.89%	38.89%	33.49%	33.89%	40.00%		
Carrying amount of NCI (RM'000)	14,315	24,407	115,082	19,723	71,424	(9,812)	235,139
(Loss)/Profit allocated to NCI (RM'000)	(1,461)	582	871	(1,000)	2,374	(2,694)	(1,328)

(f) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:-

	Belsfield LLP	*County Hotels Limited*	*Pan Malaysia Corporation Berhad*	*Pan Malaysia Holdings Berhad*	*West Synergy Sdn Bhd*
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
30.6.2016					
Assets and liabilities					
Non-current assets	**55,236**	**58,018**	**182,550**	**24,892**	**36,914**
Current assets	**10,313**	**7,795**	**145,539**	**53,842**	**160,156**
Non-current liabilities	**(22,750)**	**(2,135)**	**(1,867)**	**(17,669)**	**-**
Current liabilities	**(2,367)**	**(1,283)**	**(13,563)**	**(4,885)**	**(15,946)**
Net assets	**40,432**	**62,395**	**312,659**	**56,180**	**181,124**
Results					
Revenue	**30,169**	**25,062**	**107,703**	**12,908**	**77,683**
Profit/(Loss) for the financial period	**948**	**2,678**	**15,487**	**(923)**	**11,565**
Total comprehensive income/(loss)	**948**	**2,678**	**11,880**	**(923)**	**11,565**
Total comprehensive income/(loss) attributed to NCI	**369**	**1,042**	**(4,675)**	**(313)**	**4,626**
Dividend paid to NCI	**-**	**(1,014)**	**-**	**-**	**(3,600)**
Statement of cash flows					
Net cash from operating activities	**5,777**	**6,902**	**6,689**	**647**	**5,812**
Net cash (used in)/from investing activities	**(3,721)**	**(4,278)**	**14,662**	**187**	**(966)**
Net cash from/(used in) financing activities	**776**	**(2,607)**	**(56,776)**	**(3,254)**	**(8,993)**
Net increase/(decrease) in cash and cash equivalents	**2,832**	**17**	**(35,425)**	**(2,420)**	**(4,147)**

13. Subsidiaries *(Cont'd)*

(f) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:- *(Cont'd)*

	Belsfield LLP	*County Hotels Limited*	*Pan Malaysia Corporation Berhad*	*Pan Malaysia Holdings Berhad*	*West Synergy Sdn Bhd*
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
31.12.2014					
Assets and liabilities					
Non-current assets	57,623	56,281	192,006	25,978	36,385
Current assets	2,233	13,174	179,509	56,308	151,319
Non-current liabilities	(19,291)	(6,698)	(997)	(19,091)	(1,577)
Current liabilities	(3,754)	-	(13,068)	(6,092)	(7,567)
Net assets	36,811	62,757	357,450	57,103	178,560
Results					
Revenue	9,421	15,422	70,800	9,385	29,131
(Loss)/Profit for the financial year	(3,760)	1,498	2,204	(2,950)	5,934
Total comprehensive (loss)/income	(3,760)	1,498	8,234	(2,950)	5,934
Total comprehensive (loss)/income attributed to NCI	(1,463)	583	1,526	(1,000)	2,374
Statement of cash flows					
Net cash from/(used in) operating activities	27	7,929	1,866	2,534	16,380
Net cash (used in)/from investing activities	(15,374)	(269)	(766)	1,722	(151)
Net cash from/(used in) from financing activities	15,977	(2,774)	(5,064)	(1,467)	16,229
Net increase/(decrease) in cash and cash equivalents	630	4,886	(3,964)	2,789	32,458

(g) During the financial period, the Company has carried out a review of the recoverable amounts of its investments in certain subsidiaries that had been persistently making losses. A total impairment losses of RM136,803,000 (31.12.2014: RM Nil), representing the write-down of the investments to their recoverable amounts, was recognised under "Exceptional Items" line item in the statement of profit or loss and other comprehensive income.

(h) None of the covenants of bank borrowings taken by the Company and its subsidiaries restrict the subsidiary to provide advances to other parties (including the related corporations within the Group) and to declare dividends to its shareholders until settlement of the borrowing.

(i) Certain shares held in a quoted subsidiary were pledged to a financial instituition for credit facilities of RM48,000,000 (31.12.2014: RM Nil) granted to the Group.

(j) During the financial period, the following dormant/inactive subsidiaries were placed under members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act 1965 ("Winding-Up"):-

(i) Wholly-owned subsidiaries of the Company
- MUI dotCom Sdn Bhd
- MUI Sdn Bhd
- Ming Court Inn (Penang) Sdn Bhd
- Sergap Makmur Sdn Bhd
- Prizewood Sdn Bhd

(ii) Wholly-owned subsidiaries of MUI Properties Berhad
- Delray Sdn Bhd
- Polacre Sdn Bhd
- Resort & Leisure Homes Sdn Bhd

(iii) Wholly-owned subsidiaries of Pan Malaysia Corporation Berhad
- Bidou Holdings Sdn Bhd
- Clacton Holdings Sdn Bhd
- Delight Consolidation Sdn Bhd
- Lembaran Megah Sdn Bhd
- PMCW Enterprises Sdn Bhd
- PMCW Holdings Sdn Bhd
- Mikonwadi Sdn Bhd
- Jerico Sdn Bhd

13. Subsidiaries *(Cont'd)*

(j) During the financial period, the following dormant/inactive subsidiaries were placed under members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act 1965 ("Winding-Up"):- *(Cont'd)*

(iv) Wholly-owned subsidiary of MUI Continental Berhad

- United Continental Properties Sdn Bhd

The Winding-up of subsidiaries is part of the Group's continuing rationalisation effort to improve efficiency within the Group and to save future costs associated with maintaining these subsidiaries.

The Winding-up of the above subsidiaries does not have any material financial or operational effect on the Group for the financial period ended 30 June 2016.

14. Associates

	Note	Group 30.6.2016 RM'000	Group 31.12.2014 RM'000
Unquoted shares	14(a)	**218,912**	238,281
Quoted shares	14(b)	**217,869**	167,313
		436,781	405,594

(a) **Unquoted shares, at cost:**

	30.6.2016 RM'000	31.12.2014 RM'000
i. Ordinary shares:		
- Malaysia	**63,828**	63,828
- Overseas	**111,114**	111,114
Less: Overseas associate dissolved during the financial period	**(78,108)**	-
	96,834	174,942
ii. Preference shares:		
- Overseas	**262,487**	262,487
Less: Redemption of preference shares	**(29,431)**	-
	233,056	262,487
Total	**329,890**	437,429
Exchange difference	**6,449**	3,824
	336,339	441,253
Group's share of post-acquisition reserves	**(50,136)**	(112,888)
	286,203	328,365
Less: Impairment losses		
As at 1 January 2014/2015	**(89,979)**	(89,979)
Reversal of impairment loss on investment in preference shares of an associate	**4,787**	-
Dissolution of an associate	**18,171**	-
As at 30 June 2016/31 December 2014	**(67,021)**	(89,979)
	219,182	238,386
Less: Classified as held for sale (Note 21)	**(270)**	(105)
	218,912	238,281

(b) **Quoted shares, at cost:**

	30.6.2016 RM'000	31.12.2014 RM'000
Overseas	**336,278**	336,278
Exchange difference	**27,310**	(17,919)
	363,588	318,359
Group's share of post-acquisition reserves and retained profits less losses	**(145,719)**	(151,046)
	217,869	167,313
Market value of quoted shares		
Overseas	**304,162**	412,461

14. Associates *(Cont'd)*

The summarised financial information of the material associates are as follows:-

	Laura Ashley Holdings plc RM'000	Regent Corporation RM'000
30.6.2016		
Assets and liabilities		
Non-current assets	**345,563**	**149,492**
Current assets	**479,260**	**32,152**
Non-current liabilities	**(208,632)**	**-**
Current liabilities	**(363,353)**	**(28,705)**
Net assets	**252,838**	**152,939**
Results		
Revenue	**2,375,252**	**44,093**
Profit for the financial period	**100,722**	**5,742**
Total comprehensive income	**103,684**	**5,742**
Net cash (used in)/from operating activities	**(23,699)**	**15,841**
Net cash used in investing activities	**(244,102)**	**(166)**
Net cash from/(used in) financing activities	**132,716**	**(35,935)**
Net decrease in cash and cash equivalents	**(135,085)**	**(20,260)**
31.12.2014		
Assets and liabilities		
Non-current assets	165,691	133,264
Current assets	548,139	42,554
Non-current liabilities	(101,588)	-
Current liabilities	(373,755)	(15,996)
Net assets	238,487	159,822
Results		
Revenue	1,635,402	24,631
Profit for the financial year	98,577	5,165
Total comprehensive income	52,790	5,165
Net cash (used in)/from operating activities	(18,853)	8,775
Net cash from/(used in) investing activities	38,784	(13,666)
Net increase/(decrease) in cash and cash equivalents	19,931	(4,891)

14. Associates *(Cont'd)*

The reconciliation of net assets of the associates to the carrying amount of the investments in associates are as follows:-

	Laura Ashley Holdings plc RM'000	*Regent Corporation RM'000*	*Total RM'000*
30.6.2016			
Group's share of net assets	**78,641**	**28,123**	**106,764**
Exchange difference	**27,310**	**1,425**	**28,735**
Goodwill	**111,918**	**-**	**111,918**
Net investment in preference shares	**-**	**189,634**	**189,634**
	217,869	**219,182**	**437,051**
Less: Classified as held for sale (Note 21)	**-**	**-**	**(270)**
Carrying amount in the statement of financial position	**217,869**	**219,182**	**436,781**
Group's share of associates' results for the financial period ended 30 June 2016:			
Group's share of profit	**35,424**	**2,814**	**38,238**
Group's share of other comprehensive income	**1,042**	**-**	**1,042**
Group's share of total comprehensive income	**36,466**	**2,814**	**39,280**
Dividend received	**31,139**	**-**	**31,139**
31.12.2014			
Group's share of net assets	73,314	25,309	98,623
Exchange difference	(17,919)	2,036	(15,883)
Goodwill	111,918	-	111,918
Net investment in preference shares	-	211,041	211,041
	167,313	238,386	405,699
Less: Classified as held for sale (Note 21)	-	-	(105)
Carrying amount in the statement of financial position	167,313	238,386	405,594
Group's share of associates' results for the financial year ended 31 December 2014:			
Group's share of profit	34,669	2,531	37,200
Group's share of other comprehensive loss	(17,919)	-	(17,919)
Group's share of total comprehensive income	16,750	2,531	19,281
Dividend received	41,398	-	41,398

(a) In the previous financial year, certain quoted shares in an overseas associate held by an overseas subsidiary were pledged to overseas financial institutions for credit facilities of RM177,100,000 granted to an overseas and a Malaysian subsidiary (Note 24).

(b) Net investment in preference shares represent investments in redeemable preference shares of Regent Corporation. The redemption of the shares shall be upon application by the holders thereof and at a price equal to the original subscription price paid plus an amount equal to the share of the investee company's surplus assets at the time of redemption on a pari passu basis with other classes of stock based on the price paid for these stocks respectively.

(c) The associates are disclosed in Note 36 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. Other Investments

	Group	
	30.6.2016	*31.12.2014*
	RM'000	*RM'000*
Non-current		
Available-for-sale financial assets		
Quoted shares in Malaysia	**7,987**	11,347
Quoted shares outside Malaysia	**1,007**	1,008
	8,994	12,355
Unquoted shares in Malaysia	**7,209**	7,190
Less: Impairment loss	**(7,144)**	(7,144)
	65	46
Unquoted debenture in Malaysia	**1,189**	1,189
Less: Classified as held for sale (Note 21)	**(872)**	(872)
	9,376	12,718
Current		
Financial assets at fair value through profit or loss		
Convertible bond outside Malaysia	**45**	343
	9,421	13,061
Market value of quoted shares		
- Malaysia	**7,987**	11,347
- Overseas	**1,007**	1,008
	8,994	12,355

(a) Information on the fair value hierarchy is disclosed in Note 31(b)(iv) to the financial statements.

(b) Impairment loss on convertible bond outside Malaysia of RM309,000 (31.12.2014: RM4,944,000) is recognised in profit or loss due to potential debt default by the issuer. The recoverable amount is determined based on the estimated conversion value determined using market price of the bond issuer's shares as at 30 June 2016.

16. Land Held For Property Development And Property Development Costs

	Group	
	30.6.2016	*31.12.2014*
	RM'000	*RM'000*
(a) Land Held for Property Development (Non-current)		
Freehold land, at cost	**35,263**	35,263
(b) Property Development Costs (Current)		
Costs at 1 January 2015/2014		
Freehold land	**15,506**	15,506
Development costs	**66,443**	68,433
Exchange difference	**122**	136
	82,071	84,075
Development costs incurred for the financial period/year	**48,196**	10,979
Costs recognised as an expense in profit or loss during the financial period/year	**(44,126)**	(13,105)
Exchange difference	**312**	122
At 30 June 2016/31 December 2014	**86,453**	82,071

17. Goodwill On Consolidation

	Group	
	30.6.2016	*31.12.2014*
	RM'000	*RM'000*
Cost	**1,267,253**	1,267,253
Less: Accumulated impairment losses	**(1,164,481)**	(1,085,913)
Carrying amount	**102,772**	181,340
Accumulated impairment losses:-		
At 1 January 2015/2014	**1,085,913**	1,085,913
Impairment losses during the financial period/year (Note 7)	**78,568**	-
At 30 June 2016/31 December 2014	**1,164,481**	1,085,913

Goodwill on consolidation arising from business combinations has been allocated to the following individual cash-generating units ("CGUs") for impairment testing.

	Group	
	30.6.2016	*31.12.2014*
Segment	**RM'000**	*RM'000*
Retailing	**78,160**	156,728
Food	**24,612**	24,612
	102,772	181,340

In the current financial period, an impairment loss of RM78,568,000 is recognised on certain specialty stores of the Group's retailing segment under the line item of "Exceptional Items" in the statement of profit or loss which had sustained consecutive losses for a number of years and the management did not foresee net positive cash flows from these specialty stores in the near future.

The Group has assessed the recoverable amounts of goodwill of the remaining cash generating units and determined that no impairment is required. The recoverable amounts of these cash-generating units are determined using the value in use approach, and this is derived from the present value of the future cash flows from each cash-generating unit computed using projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

	Gross Margin		Growth Rate		Discount Rate	
	30.6.2016	*31.12.2014*	**30.6.2016**	*31.12.2014*	**30.6.2016**	*31.12.2014*
	%	%	**%**	%	**%**	%
(a) Retailing	**22.3 - 22.7**	21.7	**2.0 - 4.5**	7.7 - 9.4	**7.3**	9.0
(b) Food	**22.0**	22.0	**2.0 - 4.0**	8.0	**10.67**	8.0

(a) Retailing

(i) Cash flows were projected based on expected future cash flows for a period of up to 5 years (31.12.2014: 5 years) and the assumption that cash flow is subjected to revenue growth rates ranging from 2.0% to 4.5% for the financial years 2017 to 2021;

(ii) Budgeted gross margin which determined at range from 22.3% to 22.7% based on average gross margin achieved in previous financial years immediately before the budgeted period;

(iii) Terminal value is based on zero growth of projected present value of the retailing segment from year 2021 until infinity; and

(iv) Pre-tax discount rate of 7.3% (31.12.2014: 9%) estimated based on the weighted average cost of capital of the Group.

(b) Food

(i) Cash flows were projected based on expected future cash flows for a period of up to 5 years (31.12.2014: 20 years) and the assumption that cash flow is subjected to a growth rate between 2.0% to 4.0% from 2017 to 2021;

(ii) Budgeted gross margin which determined at 22% based on average gross margin achieved in previous financial years immediately before the budgeted period;

(iii) A pre-tax discount rate of 11% (31.12.2014: 8%) estimated based on the weighted average cost of capital of the subsidairy group that operates the food segment; and

(iv) Assumed disposal of properties at end of year 2021.

17. Goodwill On Consolidation *(Cont'd)*

The above key assumptions made by the management are based on past operating results and management's expectations of market development and assessment of future trends derived from both external sources and internal sources. Barring any unforeseen circumstances, the management believed that these assumptions are reasonable and achievable.

Sensitivity of key asssumptions used in Value-In-Use Calculation

(a) Retailing segment:

The management estimate that any reasonably possible change in the following key assumptions on which the recoverable amounts are based would cause the carrying amount of cash-generating units to exceed their recoverable amounts by the following amounts:-

	Shortfall of recoverable amount over carrying amount
	RM'000
Key assumptions used in Retailing segment:	
- If decrease in revenue growth by 1%	(7,902)
- If decrease in gross profit margin by 1%	(35,857)
- If increase in discount rate by 1%	(16,990)

(b) Food segment:

The management do not expect any reasonable possible changes in the key assumptions would cause the carrying amount of the goodwill on consolidation to exceed its recoverable amount.

18. Trade And Other Receivables

	Group		***Company***	
	30.6.2016	*31.12.2014*	***30.6.2016***	*31.12.2014*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Trade receivables	**30,875**	30,571	**-**	-
Less: Allowance for impairment loss	**(2,547)**	(3,379)	**-**	-
(Refer to Note 18(a) below)	**28,328**	27,192	**-**	-
Other receivables	**70,100**	69,816	**-**	-
Less: Allowance for impairment loss	**(47,441)**	(44,744)	**-**	-
(Refer to Note 18(a) below)	**22,659**	25,072	**-**	-
Amounts owing by subsidiaries	**-**	-	**2,411,701**	2,513,040
Less: Allowance for impairment losses				
At 1 January 2015/2014	**-**	-	**(2,098,311)**	(1,096,223)
Impairment losses during the financial period/year	**-**	-	**(80,711)**	(1,002,088)
At 30 June 2016/31 December 2014	**-**	-	**(2,179,022)**	(2,098,311)
	-	-	**232,679**	414,729
Amounts owing by associates	**123,618**	127,839	**-**	-
Deposits	**8,462**	37,585	**5**	5
Prepayments	**17,178**	6,110	**-**	-
Accrued billings in respect of property development cost	**12,442**	773	**-**	-
	212,687	224,571	**232,684**	414,734
Less: Classified as held for sale (Note 21)	**(51,738)**	(51,911)	**-**	-
	160,949	172,660	**232,684**	414,734

18. Trade And Other Receivables

(a) The reconciliation of movements in the impairment losses on trade and other receivables are as follows: -

	Group	
	1.1.2015 to 30.6.2016 RM'000	*1.1.2014 to 31.12.2014 RM'000*
Trade receivables		
At 1 January 2015/2014	**3,379**	430,520
Charge for the financial period/year	**47**	739
Written off	**(80)**	(427,741)
Written back	**(804)**	(145)
Exchange difference	**5**	6
At 30 June 2016/31 December 2014	**2,547**	3,379

	Group	
	1.1.2015 to 30.6.2016 RM'000	*1.1.2014 to 31.12.2014 RM'000 (Restated)*
Other receivables		
At 1 January 2015/2014	**44,744**	41,870
Charge for the financial period/year	**388**	2,016
Written off	**(47)**	-
Written back	**(35)**	(118)
Exchange difference	**2,391**	976
At 30 June 2016/31 December 2014	**47,441**	44,744
	49,988	48,123

(b) Trade receivables are non-interest bearing and the normal trade credit terms range from 7 to 120 days (31.12.2014: 7 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

(c) Included in the Group's trade receivables are retention sums on sale and purchase agreements totalling RM636,204 (31.12.2014: RM1,815,000). The retention sums are due upon expiry of the defect liability period stated in the respective sale and purchase agreements. The remaining defect liability period range from 6 to 18 months.

(d) Included in other receivables is an amount owing by a related party of RM15,540,000 (31.12.2014: RM14,642,000), which is unsecured, bear average interest at 6% (31.12.2014: 6%) per annum and payable upon demand in cash and cash equivalents. As at the reporting date, an accumulated impairment loss of RM8,692,000 (31.12.2014: RM8,692,000) was recognised in profit or loss.

(e) Included in other receivables is an overpayment of rental to be refunded from a related party, which amounted to RM15,436,000 (31.12.2014: RM14,607,000). As at the reporting date, an accumulated impairment loss of RM8,720,000 (31.12.2014: RM8,720,000) was recognised in profit or loss.

(f) The amounts owing by associates represent balances arising from advances, which are unsecured, repayable on demand in cash and cash equivalents and interest-free except for advances of RM54.4 million (31.12.2014: RM54.4 million), which bear interest at 4.7% (31.12.2014: 4.7%) per annum and are repayable in year 2015.

(g) Included in the deposit in the previous financial year is an amount of RM26.3 million paid for the purpose of acquiring 385,000 ordinary shares of RM1.00 each representing the entire issued and paid up share capital of an entity named Two Holdings Sdn Bhd as disclosed in Note 13(a) to the financial statements where the transaction is completed on 6 February 2015.

(h) Included in deposit is an amount of RM7,712,409 (31.12.2014: RM Nil), being deposit received from the buyer for the proposed disposal of 642,700,783 ordinary shares representing 69.2% of the issued and paid-up share capital of Pan Malaysia Holdings Berhad. The details of the proposed disposal is disclosed in Note 33(a)(ii) & 33(b)(i) to the financial statements.

18. Trade And Other Receivables *(Cont'd)*

(i) The amounts owing by subsidiaries represent balances arising from advances and payments made on behalf by the Company, are unsecured, repayable on demand in cash and cash equivalents and interest-free except for amounts totalling RM19.0 million (31.12.2014: RM20.0 million), which bear interest at 7.70% (31.12.2014: 6.90%) per annum. During the current financial period, an impairment losses of RM80,711,000 (31.12.2014: RM1,002,088,000) is recognised because of certain subsidiaries reported consecutive accounting losses in the previous financial years.

(j) The foreign currency exposure profile of trade receivables is as follows: -

	Group	
	30.6.2016	*31.12.2014*
	RM'000	*RM'000*
US Dollar	**1,756**	1,592

(k) The ageing analysis of trade receivables of the Group is as follows: -

30.6.2016	***Group***			
	Gross Amount RM'000	***Individual Impairment RM'000***	***Collective Impairment RM'000***	***Carrying Amount RM'000***
Neither past due	**13,703**	**-**	**-**	**13,703**
Past due				
1 to 30 days	**785**	**-**	**-**	**785**
31 to 60 days	**5,142**	**-**	**-**	**5,142**
61 to 90 days	**3,904**	**-**	**-**	**3,904**
91 to 120 days	**1,198**	**-**	**-**	**1,198**
More than 121 days	**6,143**	**(2,204)**	**(343)**	**3,596**
	30,875	**(2,204)**	**(343)**	**28,328**

31.12.2014	*Group*			
	Gross Amount RM'000	*Individual Impairment RM'000*	*Collective Impairment RM'000*	*Carrying Amount RM'000 (Restated)*
Neither past due	17,330	-	-	17,330
Past due				
1 to 30 days	1,037	-	-	1,037
31 to 60 days	3,186	-	-	3,186
61 to 90 days	2,206	-	-	2,206
91 to 120 days	333	-	-	333
More than 121 days	6,479	(3,018)	(361)	3,100
	30,571	(3,018)	(361)	27,192

Receivables that are past due but not impaired

At the end of the reporting period, trade receivables of the Group that are past due but not impaired are unsecured in nature. They are creditworthy receivables with good payment records with the Group.

Receivables that are past due and impaired

Receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Amount owing by subsidiaries that are individually determined to be impaired relate to subsidiaries that have been suffering significant financial losses.

19. Inventories

	Group	
	30.6.2016	*31.12.2014*
	RM'000	*RM'000*
At cost		
Completed development property units	**14,356**	22,537
Finished goods	**8,817**	8,926
Raw materials	**4,085**	5,202
Sundry stores and consumables	**1,536**	1,814
Work-in-progress	**963**	1,656
Food, beverages and hotel supplies	**1,282**	1,382
At net realisable value		
Retail trading merchandises	**31,191**	47,757
	62,230	89,274
Less: Classified as held for sale (Note 21)	**(208)**	(148)
	62,022	89,126

During the financial period, inventories of the Group recognised as cost of sales amounted to RM189,493,000 (31.12.2014: RM147,146,000). In addition, the amounts recognised as cost of sales include the following:

	Group	
	1.1.2015 to 30.6.2016	*1.1.2014 to 31.12.2014*
	RM'000	*RM'000*
Inventories written down as cost of sales	**4,789**	855
Inventories written off as operating expenses	**2,050**	1,840
Reversal of inventories previously written down	**(497)**	-
	6,342	2,695

20. Deposits, Bank Balances And Cash

	Group		Company	
	30.6.2016	31.12.2014	**30.6.2016**	31.12.2014
	RM'000	RM'000	**RM'000**	RM'000
Term deposits with licensed banks	**211,984**	225,251	**-**	-
Bank balances and cash	**101,451**	79,323	**68**	80
	313,435	304,574	**68**	80
Less: Classified as held for sale (Note 21)	**(2,154)**	(4,573)	**-**	-
	311,281	300,001	**68**	80

(a) The foreign currency exposure profile of deposits, bank balances and cash is as follows:-

	Group		Company	
	30.6.2016	31.12.2014	**30.6.2016**	31.12.2014
	RM'000	RM'000	**RM'000**	RM'000
Sterling Pound	**13,783**	1,759	**6**	6
Hong Kong Dollar	**28**	45	**1**	15
Australian Dollar	**17**	22	**15**	15
	13,828	1,826	**22**	36

(b) The weighted average effective annual interest rates of deposits, bank balances and cash during the financial period/year are as follows:-

	Group		Company	
	30.6.2016	31.12.2014	**30.6.2016**	31.12.2014
	%	%	**%**	%
Term deposits with licensed banks	**3.11**	3.52	**-**	-
Bank balances and cash	**-**	2.60	**-**	-

The average maturity periods for deposits range from 1 to 30 days (31.12.2014: 1 to 365 days).

(c) Included in cash and bank balances of the Group are funds held under the Housing Development Accounts ("HDA accounts") amounting to RM22,283,000 (31.12.2014: RM28,129,000) pursuant to Section 7A of the Housing Development (Control & Licensing) Act 1966.

(d) Included in deposits was an amount of RM31,000,000, which represented balance of proceeds from the disposal of the cement associates by a listed subsidiary. Any deviation from the approved utilisation of this amount is subject to the approval of Securities Commission ("SC"). The SC had vide its letter dated 15 December 2008 approved the listed subsidiary's application to revise the utilisation by repaying its bank borrowings and expanding its food and confectionery business. This amount remained unutilised as at the end of the reporting period.

(e) Included in deposits is an amount of RM24,370,000 (31.12.2014: RM4,013,000) pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 24 to the financial statements.

(f) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	30.6.2016	31.12.2014	**30.6.2016**	31.12.2014
	RM'000	RM'000	**RM'000**	RM'000
Term deposits with licensed banks	**211,984**	225,251	**-**	-
Bank balances and cash	**101,451**	79,323	**68**	80
	313,435	304,574	**68**	80
Less:				
Deposits pledged with licensed banks	**(24,370)**	(4,013)	**-**	-
Deposits with original maturity period of more than 3 months	**(13,000)**	(6,500)	**-**	-
Bank overdrafts included in borrowings (Note 24)				
- secured	**(26,846)**	(37,950)	**-**	-
- unsecured	**(1,303)**	(298)	**-**	-
	(65,519)	(48,761)	**-**	-
	247,916	255,813	**68**	80

21. Assets and Liabilities Classified as Disposal Group Held For Sale

On 12 December 2014, the Group had entered into a Share Sale Agreement ("SSA") with Dato' Dr Yu Kuan Chon to dispose of 642,700,783 ordinary shares representing 69.192% of the issued and paid-up share capital of Pan Malaysia Holdings Berhad ("PMH") for a total disposal consideration of RM77,124,094 ("Proposed Disposal").

At the end of the current reporting period, the assets and liabilities of PMH Group have been presented in the consolidated statement of financial position as "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale". The disposal is expected to be completed upon fulfillment of conditions precedent.

The assets and liabilities of the disposal group, measured at the lower of their carrying amount and fair value less cost to sell, are as follow:-

	Note	***30.6.2016 RM'000***	*31.12.2014 RM'000*
Assets			
Property, plant and equipment		**30,596**	32,055
Investment in associate	14	**270**	105
Other investments	15	**872**	872
Inventories	19	**208**	148
Trade and other receivables	18	**51,738**	51,911
Current tax assets		**8**	8
Deposits, bank balances, and cash	20	**2,154**	4,573
Assets classified as held for sale		**85,846**	89,672
Liabilities			
Borrowings	24	**18,350**	19,646
Deferred tax liabilities	27	**1,828**	1,878
Trade and other payables	28	**3,756**	5,085
Employee benefits	26	**154**	144
Current tax liabilities		**16**	13
Liabilities classified as held for sale		**24,104**	26,766

The carrying amount of the non-current asset is the same as its carrying value before it was being reclassified to current asset.

The disposal is not completed due to non-fulfillment of conditions precedent, as announced on 14 September 2016.

22. Share Capital

	Group/Company	
	30.6.2016	*31.12.2014*
	RM'000	*RM'000*
Authorised		
3,000,000,000 ordinary shares of RM1.00 each	**3,000,000**	3,000,000
Issued and fully paid		
2,932,561,192 ordinary shares of RM1.00 each	**2,932,561**	2,932,561

The owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

23. Reserves

	Group		Company	
	30.6.2016	*31.12.2014*	***30.6.2016***	*31.12.2014*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Non-distributable				
Share premium	**220,305**	220,305	**220,305**	220,305
Revaluation reserve	**19,304**	19,304	**26,264**	26,264
Exchange translation reserve	**150,211**	91,454	**-**	-
Capital reserve	**5,243**	3,204	**-**	-
Available-for-sale reserve	**7,463**	9,130	**-**	-
Distributable				
General reserve	**25,257**	25,257	**-**	-
	427,783	368,654	**246,569**	246,569

(a) The share premium is not distributed by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

(b) The revaluation reserve represents the increase in the fair value of land and buildings of the Group and certain investment in subsidiaries of the Company between 1982 and 1987, as disclosed in Notes 11, 12 and 13 to the financial statements.

(c) The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(d) The capital reserve comprises mainly the Group's portion of the share premium arising from special issues to approved Bumiputera investors by subsidiaries in previous financial years.

(e) The available-for-sale reserve arose from fair value gains or losses of financial assets classified as available-for-sale.

(f) The general reserve comprises mainly gains from disposal of property, plant and equipment by subsidiaries in previous financial years.

24. Borrowings

	Group		Company	
	30.6.2016	31.12.2014	**30.6.2016**	31.12.2014
	RM'000	RM'000	**RM'000**	RM'000
Non-current				
Term loans and revolving credits				
- secured	**676,489**	633,222	**-**	-
- unsecured	**75,456**	69,220	**17,000**	-
Hire-purchase and lease liabilities	**2,319**	1,810	**-**	-
	754,264	704,252	**17,000**	-
Less: Current portion of term loans	**(19,454)**	(23,641)	**-**	-
	734,810	680,611	**17,000**	-
Less: Classified as held for sale (Note 21)	**(17,375)**	(18,796)	**-**	-
	717,435	661,815	**17,000**	-
Current				
Bank overdrafts (Note 20)				
- secured	**26,846**	37,950	**-**	-
- unsecured	**1,303**	298	**-**	-
Revolving credits				
- secured	**79,000**	49,000	**-**	-
- unsecured	**75,538**	105,898	**2,000**	20,000
Current portion of term loans	**19,454**	23,641	**-**	-
Hire-purchase and lease liabilities	**710**	651	**-**	-
	202,851	217,438	**2,000**	20,000
Less: Classified as held for sale (Note 21)	**(975)**	(850)	**-**	-
	201,876	216,588	**2,000**	20,000
Total borrowings (before classified as held for sale)	**937,661**	898,049	**19,000**	20,000

	Group	
	30.6.2016	31.12.2014
	RM'000	RM'000
(a) The maturities of non-current term loans and revolving credits are as follows:-		
Between 1 year to 2 years	**18,597**	543,773
Between 2 years to 3 years	**31,867**	28,169
Between 3 years to 4 years	**446,824**	29,212
Between 4 years to 5 years	**17,564**	14,449
More than 5 years	**217,639**	63,198
	732,491	678,801
(b) Details of hire-purchase and lease liabilities are as follows:-		
Hire-purchase and minimum lease payments		
Within 1 year	**988**	692
Between 1 year to 5 years	**3,255**	1,908
	4,243	2,600
Future finance charges	**(1,214)**	(139)
Present value of hire-purchase and lease liabilities	**3,029**	2,461
Portion payable: -		
Within 1 year (current)	**710**	651
Between 1 year to 5 years (non-current)	**2,319**	1,810
	3,029	2,461

24. Borrowings *(Cont'd)*

(c) A term loan of approximately RM429,258,000 (31.12.2014: RM Nil) has been partially pledged by an interest rate swap as disclosed in Note 29 to the financial statements.

(d) The weighted average effective annual interest rates of borrowings during the financial year are as follows:-

	Group		*Company*	
	30.6.2016	*31.12.2014*	***30.6.2016***	*31.12.2014*
	%	*%*	***%***	*%*
Bank overdrafts	**4.2**	5.3	**-**	-
Revolving credits	**7.0**	5.7	**7.5**	7.5
Term loans	**3.6**	4.4	**-**	-
Hire-purchase and lease liabilities	**9.6**	4.9	**-**	-

(e) The banking facilities of certain subsidiaries are secured by the following:-

(i) fixed charges over certain property, plant and equipment, investment properties, fixed deposits of the Group and shares held in a quoted subsidiary as disclosed in Notes 11, 12, 13 and 20 to the financial statements;

(ii) floating charges over all the other assets of certain subsidiaries;

(iii) corporate guarantee by the Company; and

(iv) corporate guarantee by certain subsidiaries.

25. Provision for restoration cost

		Group	
		30.6.2016	*31.12.2014*
Non-current	***Note***	***RM'000***	*RM'000*
Provision for restoration cost of rented premises			
At 1 January 2015/2014		**5,724**	5,555
Additions:			
- by way of capitalisation in property, plant and equipment	11(e)	**945**	116
- recognised in profit or loss		**-**	129
Paid during the financial period/year		**(185)**	(76)
Written back during the period/year		**(1,170)**	-
At 30 June 2016/31 December 2014		**5,314**	5,724

Provision for restoration cost comprises mainly initial estimates of reinstatement costs for stores upon termination of tenancy.

26. Employee Benefits

		Group	
		30.6.2016	*31.12.2014*
	Note	***RM'000***	*RM'000*
At 1 January 2015/2014		**2,541**	2,696
Exchange difference		**8**	(3)
Provision made during the period/year	8	**109**	211
Writeback during the financial period/year	8	**(301)**	(315)
Paid during the financial period/year		**(204)**	(48)
At 30 June 2016/31 December 2014		**2,153**	2,541
Less: Classified as held for sale	21	**(154)**	(144)
		1,999	2,397
Analysed between:			
- Non-current portion		**1,501**	1,891
- Current portion		**498**	506
		1,999	2,397

Provision is made for employee entitlements accumulated as a result of employees rendering services up to the reporting date. These benefits include annual leave and retirement gratuity.

Liabilities arising in respect of annual leave and retirement gratuity are measured at their nominal amounts.

27. Deferred Tax Assets/Liabilities

	Note	Group 30.6.2016 RM'000	Group 31.12.2014 RM'000 (Restated)
At 1 January 2015/2014, as previously reported		**4,876**	5,944
Prior year adjustment	35	**-**	590
At 1 January 2015/2014, as restated		**4,876**	6,534
Subsidiary acquired	13	**554**	-
Transfer from profit or loss	9	**(400)**	(1,699)
Exchange difference		**57**	41
At 30 June 2016/31 December 2014		**5,087**	4,876
Less: Classified as held for sale	21	**(1,828)**	(1,878)
		3,259	2,998

(a) The amounts, determined after appropriate offsetting, are as follows:-

	30.6.2016 RM'000	31.12.2014 RM'000 (Restated)
Deferred tax liabilities, net	**7,322**	7,139
Deferred tax assets, net	**(2,235)**	(2,263)
	5,087	4,876
Less: Classified as held for sale	**(1,828)**	(1,878)
	3,259	2,998

(b) The components and movements of deferred tax liabilities and assets during the financial period prior to offsetting are as follows:-

Deferred Tax Liabilities of the Group

	Property, plant and equipment RM'000	*Set off of tax RM'000*	*Total RM'000*
At 1 January 2014	21,938	(13,535)	8,403
Prior year adjustment	590	-	590
	22,528	(13,535)	8,993
Exchange difference	51	(21)	30
Recognised in profit or loss	(1,567)	(317)	(1,884)
Reclassification	(935)	935	-
At 31 December 2014/1 January 2015	**20,077**	**(12,938)**	**7,139**
Exchange difference	**60**	**18**	**78**
Acquisition of subsidiaries	**554**	**-**	**554**
Recognised in profit or loss	**(234)**	**(215)**	**(449)**
Reclassification	**(1,037)**	**1,037**	**-**
At 30 June 2016	**19,420**	**(12,098)**	**7,322**
Less: Classified as held for sale	**-**	**(1,828)**	**(1,828)**
	19,420	**(13,926)**	**5,494**

27. Deferred Tax Assets/Liabilities *(Cont'd)*

(b) The components and movements of deferred tax liabilities and assets during the financial period prior to offsetting are as follows:-

Deferred Tax Assets of the Group

	Advance Corporation Taxation RM'000	*Provisions RM'000*	*Unutilised Tax Losses and Capital Allowances RM'000*	*Set off of tax RM'000*	*Total RM'000*
At 1 January 2014	(6,853)	(2,244)	(6,897)	13,535	(2,459)
Recognised in profit or loss	158	(452)	162	317	185
Reclassification	508	16	411	(935)	-
Exchange difference	(10)	1	(1)	21	11
At 31 December 2014/1 January 2015	**(6,197)**	**(2,679)**	**(6,325)**	**12,938**	**(2,263)**
Recognised in profit or loss	**(215)**	**-**	**49**	**215**	**49**
Reclassification	**440**	**-**	**597**	**(1,037)**	**-**
Exchange difference	**27**	**2**	**(32)**	**(18)**	**(21)**
At 30 June 2016	**(5,945)**	**(2,677)**	**(5,711)**	**12,098**	**(2,235)**

(c) The Group has not recognised deferred tax assets in the financial statements in respect of the following items:-

	Group	
	30.6.2016 RM'000	*31.12.2014 RM'000*
Unutilised tax losses	**752,750**	701,048
Unutilised capital allowances	**11,562**	10,680
Other deductible temporary differences	**73,891**	80,931
	838,203	792,659

The deferred tax assets are not recognised in respect of these items as the relevant subsidiaries are uncertain of the extent that is probable that future taxable profit will be available against which the above deductible temporary differences can be utilised.

The deductible temporary differences do not expire under the current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28. Trade And Other Payables

	Group		Company	
	30.6.2016	*31.12.2014*	***30.6.2016***	*31.12.2014*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Non-current				
Trade payables	**-**	1,520	**-**	-
Current				
Trade payables	**52,481**	58,595	**-**	-
Other payables	**21,186**	17,907	**122**	120
Accrued expenses	**25,134**	19,904	**-**	-
Progress billings	**1,667**	2,507	**-**	-
Amounts owing to associates	**44,541**	39,477	**-**	-
	145,009	138,390	**122**	120
Less: Classified as held for sale (Note 21)	**(3,756)**	(5,085)	**-**	-
	141,253	133,305	**122**	120
Total trade and other payables (before classified as held for sale)	**145,009**	139,910	**122**	120

(a) Non-current trade payables in the previous financial year represent retention sums, which are unsecured, interest-free and are expected to be payable within one to two years.

(b) Trade payables are non-interest bearing and the normal trade credit terms range from 14 to 90 days (31.12.2014: 14 to 90 days).

(c) The amounts owing to associates represent balances arising from advances received by certain overseas subsidiaries from associates, which are unsecured, repayable on demand in cash and cash equivalents and interest-free.

(d) The foreign currency exposure profile of trade payables is as follows:-

	Group	
	30.6.2016	*31.12.2014*
	RM'000	*RM'000*
US Dollar	**376**	1,594

29. Derivative Liability

	Contract/Notional Amount		Group	
	30.6.2016	*31.12.2014*	***30.6.2016***	*31.12.2014*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Interest rate swap	**141,655**	-	**8,626**	-

The Group does not apply hedge accounting.

(a) The Group has recognised a loss of RM9,480,000 (2014: RM Nil) arising from fair value changes of derivatives during the financial period as disclosed in Note 8 to the financial statements. The fair value changes were attributed to changes in interest rates. The method and assumptions applied in determining the fair value of interest rate swap is disclosed in Note 31(b)(i) to the financial statements.

(b) The interest rate swap is used to hedge cash flow interest rate risk arising from a floating rate term loan amounting to £26,276,000 (or RM141,655,000 equivalent). This interest rate swap receives floating interest equal to LIBOR + 2.35%, pays a fixed rate of interest of 4.31% and has the same maturity terms as the term loan.

30. Operating Segments Of The Group

Malayan United Industries Berhad has arrived at six reportable segments that are organised and managed separately according to the nature of products and services, which requires different business and marketing strategies. The reportable segments are summarised as follows: -

Retailing	- Operating department and specialty stores, and through an associate, design, manufacture, sourcing, distribution & sale of garments, accessories & home furnishings
Hotels	- Holding of hotel properties and hotel operations
Food	- Manufacturing, marketing & distribution of confectionery and other food products
Financial services	- Universal broking activities through an associate
Property	- Property development and investment, sales of fresh fruit bunches.
Others	- Investment activies and others including property investment and licensing of a trademark through an associate.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses, such as impairment losses.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets and assets used primarily for corporate purposes.

Segment liabilities exclude tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30. Operating Segments Of The Group *(Cont'd)*

(i) Business segment

30.6.2016	***Retailing RM'000***	***Hotels RM'000***	***Food RM'000***	***Financial Services RM'000***	***Property RM'000***	***Others RM'000***	***Elimination RM'000***	***Total Group RM'000***
REVENUE								
External revenue	1,048,796	292,058	102,450	14,467	78,267	21,225	-	1,557,263
Inter-segment revenue	-	-	-	-	108	16,088	(16,196)	-
Less: Group's share of associates' revenue	(835,376)	-	-	(14,467)	-	(21,225)	-	(871,068)
Total revenue	213,420	292,058	102,450	-	78,375	16,088	(16,196)	686,195
RESULTS								
Segment results (external)	(24,653)	33,577	(846)	-	11,037	(31,168)	-	(12,053)
Interest income	1,507	85	1,038	-	1,129	13,898	-	17,657
(Loss)/Profit from operations before exceptional items	(23,146)	33,662	192	-	12,166	(17,270)	-	5,604
Exceptional items *(refer note 7)*	(2,902)	46	1,951	-	1,303	(79,805)	-	(79,407)
(Loss)/Profit from operations after exceptional items	(26,048)	33,708	2,143	-	13,469	(97,075)	-	(73,803)
Finance costs	-	(1,958)	(40)	-	(3,791)	(70,347)	-	(76,136)
Share of results of associates	35,424	-	-	-	-	2,814	-	38,238
Profit/(Loss) before taxation	9,376	31,750	2,103	-	9,678	(164,608)	-	(111,701)
Taxation	(3,013)	(620)	(973)	-	(4,150)	(2,623)	-	(11,379)
Profit/(Loss) after taxation	6,363	31,130	1,130	-	5,528	(167,231)	-	(123,080)

30. Operating Segments Of The Group *(Cont'd)*

(i) Business segment *(Cont'd)*

30.6.2016	*Retailing RM'000*	*Hotels RM'000*	*Food RM'000*	*Financial Services RM'000*	*Property RM'000*	*Others RM'000*	*Elimination RM'000*	*Total Group RM'000*
ASSETS								
Segment assets	192,287	807,323	164,229	-	273,293	64,148	-	1,501,280
Investments in associates	217,870	-	-	-	-	218,911	-	436,781
Assets classified as disposal group held for sale	-	27,118	-	-	-	58,720	-	85,838
Unallocated corporate assets								
- Assets classified as disposal group held for sale								8
- Others								18,441
Consolidated total assets								2,042,348
LIABILITIES								
Segment liabilities	103,781	55,270	12,209	-	54,108	851,135	-	1,076,503
Liabilities classified as disposal group held for sale	-	21,150	-	-	-	2,644	-	23,794
Unallocated corporate liabilities								
- Liabilities classified as disposal group held for sale								310
- Others								6,404
Consolidated total liabilities								1,107,011
OTHER SEGMENT INFORMATION								
Additions to non-current assets other than financial instruments and deferred tax assets	10,849	25,445	1,860	-	662	2,475	-	41,291
Depreciation and amortisation	(9,038)	(19,925)	(2,402)	-	(924)	(634)	-	(32,923)
Other material non-cash items:								
- Gain/(Loss) in foreign exchange (unrealised)	1,332	-	(845)	-	-	(3,509)	-	(3,022)
- Gain on redemption of preference shares of an associate	-	-	-	-	-	7,002	-	7,002
- Fair value gain on investment properties	-	1,927	-	-	-	-	-	1,927
- (Impairment loss)/Reversal of impairment loss on: -								
- goodwill on consolidation	-	-	-	-	-	(78,568)	-	(78,568)
- investment in preference shares of an associate	-	-	-	-	-	4,787	-	4,787
- other investment (current)	-	-	-	-	-	(1,346)	-	(1,346)
- Property, plant, and equipment written off	(1,673)	(210)	-	-	-	(11)	-	(1,894)
- Writeback of provision for restoration cost	1,170	-	-	-	-	-	-	1,170
- Inventories written down	(4,789)	-	-	-	-	-	-	(4,789)
- Inventories written off	-	-	(2,050)	-	-	-	-	(2,050)
- Fair value loss on interest rate swap	-	-	-	-	-	(9,480)	-	(9,480)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30. Operating Segments Of The Group *(Cont'd)*

(i) Business segment

31.12.2014	*Retailing RM'000*	*Hotels RM'000*	*Food RM'000*	*Financial Services RM'000*	*Property RM'000*	*Others RM'000*	*Elimination RM'000*	*Total Group RM'000*
REVENUE								
External revenue	755,865	189,215	68,046	-	29,470	12,074	-	1,054,670
Inter-segment revenue	-	-	-	-	72	12,717	(12,789)	-
Less: Group's share of associates' revenue	(575,171)	-	-	-	-	(12,069)	-	(587,240)
Total revenue	180,694	189,215	68,046	-	29,542	12,722	(12,789)	467,430
RESULTS								
Segment results (external)	958	34,323	311	-	1,193	(17,629)	-	19,156
Interest income	1,473	25	581	-	876	6,014	-	8,969
Profit/(Loss) from operations before exceptional items	2,431	34,348	892	-	2,069	(11,615)	-	28,125
Exceptional items *(refer note 7)*	(953)	(132)	336	-	630	(12,319)	-	(12,438)
Profit/(Loss) from operations after exceptional items	1,478	34,216	1,228	-	2,699	(23,934)	-	15,687
Finance costs	-	(1,332)	(34)	-	(435)	(47,899)	-	(49,700)
Share of results of associates	34,669	-	-	-	-	2,531	-	37,200
Profit/(Loss) before taxation	36,147	32,884	1,194	-	2,264	(69,302)	-	3,187
Taxation	(2,818)	(40)	(947)	-	(1,640)	(313)	-	(5,758)
Profit/(Loss) after taxation	33,329	32,844	247	-	624	(69,615)	-	(2,571)

30. Operating Segments Of The Group *(Cont'd)*

(i) Business segment *(Cont'd)*

31.12.2014	*Retailing RM'000*	*Hotels RM'000*	*Food RM'000*	*Financial Services RM'000*	*Property RM'000*	*Others RM'000*	*Elimination RM'000*	*Total Group RM'000*
ASSETS								
Segment assets	343,365	588,981	185,795	-	259,468	186,813	-	1,564,422
Investments in associates	167,313	-	-	-	-	238,281	-	405,594
Assets classified as disposal group held for sale	-	29,311	-	-	-	60,353	-	89,664
Unallocated corporate assets								
- Assets classified as disposal group held for sale								8
- Others								14,831
Consolidated total assets								2,074,519
LIABILITIES								
Segment liabilities	115,494	461,247	10,929	-	41,490	392,189	-	1,021,349
Liabilities classified as disposal group held for sale	-	23,738	-	-	-	2,720	-	26,458
Unallocated corporate liabilities								
- Liabilities classified as disposal group held for sale								308
- Others								7,164
Consolidated total liabilities								1,055,279
OTHER SEGMENT INFORMATION								
Additions to non-current assets other than financial instruments and deferred tax assets	2,317	22,217	759	-	151	938	-	26,382
Depreciation and amortisation	(8,422)	(12,765)	(1,809)	-	(264)	(749)	-	(24,009)
Other material non-cash items: -								
- Fair value gain on investment properties	-	-	873	-	-	-	-	873
- Gain/(Loss) in foreign exchange (unrealised)	2	-	(124)	-	-	(7,556)	-	(7,678)
- (Impairment loss)/Reversal of impairment loss of: -								
- convertible bond	-	-	-	-	-	(4,944)	-	(4,944)
- trade and other receivables	(979)	(148)	(328)	-	-	(1,037)	-	(2,492)
- property, plant and equipment	-	(180)	926	-	-	-	-	746
- Inventories written down	(855)	-	-	-	-	-	-	(855)
- Inventories written off	-	-	(1,840)	-	-	-	-	(1,840)
- Property, plant, and equipment written off	(50)	(576)	(52)	-	-	(243)	-	(921)

30. Operating Segments Of The Group *(Cont'd)*

(ii) Geographical segments

	Revenue		*Assets Employed*		*Capital Expenditure*	
	1.1.2015 to 30.6.2016 RM'000	*1.1.2014 to 31.12.2014 RM'000*	***30.6.2016 RM'000***	*31.12.2014 RM'000*	***30.6.2016 RM'000***	*31.12.2014 RM'000*
Malaysia	**442,956**	310,672	**739,348**	806,379	**17,725**	6,284
Asia-Pacific	**23,328**	14,063	**250,945**	332,470	**240**	6
Australia	**231**	79	**5,528**	5,664	**-**	-
North America	**21,225**	12,069	**365,496**	357,636	**-**	-
United Kingdom	**1,069,523**	717,787	**681,031**	572,370	**23,326**	20,092
Total	**1,557,263**	1,054,670	**2,042,348**	2,074,519	**41,291**	26,382
Less: Group's share of associates' revenue	**(871,068)**	(587,240)	**-**	-	**-**	-
	686,195	467,430	**2,042,348**	2,074,519	**41,291**	26,382

31. Financial Instruments

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising the return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains from that in the previous financial year.

The Group and the Company monitors capital using gearing ratio, which is the amount of borrowings (Note 24 to the financial statements) divided by equity attributable to owners of the Company. The Group's and the Company's policy is to keep the gearing ratio within manageable levels.

Capital represents equity attributable to the owners of the Company less the fair value adjustment reserve.

	Group		*Company*	
	30.6.2016 RM'000	*31.12.2014 RM'000*	***30.6.2016 RM'000***	*31.12.2014 RM'000*
Total debts	**937,661**	898,049	**19,000**	20,000
Equity attributable to the owners of the Company	**710,977**	784,101	**942,697**	1,141,404
Gearing ratio	**1.32**	1.15	**0.02**	0.02

(b) Financial instruments

(i) Categories of financial instruments

Financial assets	***Loans and receivables RM'000***	***Fair value through profit or loss RM'000***	***Available-for-sale RM'000***	***Total RM'000***
Group				
30.6.2016				
Other investments	**-**	**45**	**10,248**	**10,293**
Trade and other receivables	**174,605**	**-**		**174,605**
Deposits, bank balances and cash	**313,435**	**-**	**-**	**313,435**
	488,040	**45**	**10,248**	**498,333**

31. Financial Instruments *(Cont'd)*

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

(i) Categories of financial instruments *(Cont'd)*

Financial assets	***Loans and receivables RM'000***	***Fair value through profit or loss RM'000***	***Available-for-sale RM'000***	***Total RM'000***
Group				
31.12.2014				
Other investments	-	343	13,590	13,933
Trade and other receivables	180,103	-	-	180,103
Deposits, bank balances and cash	304,574	-	-	304,574
	484,677	343	13,590	498,610
Company				
30.6.2016				
Trade and other receivables	**232,684**	**-**	**-**	**232,684**
Deposits, bank balances and cash	**68**	**-**	**-**	**68**
	232,752	**-**	**-**	**232,752**
31.12.2014				
Trade and other receivables	414,734	-	-	414,734
Deposits, bank balances and cash	80	-	-	80
	414,814	-	-	414,814

Financial liabilities	***Fair value through profit or loss RM'000***	***Other financial liabilities RM'000***	***Total RM'000***
Group			
30.6.2016			
Borrowings	**-**	**937,661**	**937,661**
Trade and other payables	**-**	**145,009**	**145,009**
Interest rate swap	**8,626**	**-**	**8,626**
	8,626	**1,082,670**	**1,091,296**
31.12.2014			
Borrowings	-	898,049	898,049
Trade and other payables	-	139,910	139,910
	-	1,037,959	1,037,959
Company			
30.6.2016			
Borrowings	**-**	**19,000**	**19,000**
Trade and other payables	**-**	**122**	**122**
	-	**19,122**	**19,122**
31.12.2014			
Borrowings	-	20,000	20,000
Trade and other payables	-	120	120
	-	20,120	20,120

31. Financial Instruments *(Cont'd)*

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

(ii) Fair values of financial instruments carried at fair value

(a) Quoted investments

The fair value of quoted investments is determined by reference to the exchange quoted market bid prices at the close of the business at the end of the reporting period.

(b) Convertible bond

The fair value of convertible bond has been derived based on estimated conversion value measued using market price of the bond issuers's shares as at 30 June 2016.

(c) Interest rate swap

The fair value of interest rate swaps is estimated based on mark-to-market ("MTM") valuation of outstanding swap deal.

(iii) Fair values of financial instruments not carried at fair value

(a) Financial instruments that are not carried at fair values and whose carrying amounts are a reasonable approximation of fair values.

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

(b) Retention sum

The fair value of the retention sum included in non-current trade payable is estimated by discounting expected future cash flows at the Group's weighted average borrowing interest rate of 5.5%.

(c) Hire purchase and lease liabilities

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

(d) Term loan and revolving credit.

The fair values of term loan and revolving credits are estimated based on the discounted cash flows technique. The discount rate is based on the ongoing cost of funding used to obtain the term loan and revolving credit.

31. Financial Instruments *(Cont'd)*

(b) Financial instrument *(Cont'd)*

(iv) Fair value hierarchy *(Cont'd)*

The following tables set out the financial instruments carried at fair values and those not carried at fair values for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair values of financial instruments carried at fair value				*Fair values of financial instruments not carried at fair value*					
	Level 1	*Level 2*	*Level 3*	*Total*	*Level 1*	*Level 2*	*Level 3*	*Total*	*Total fair values*	*Carrying amount*
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
30.6.2016										
Group										
Financial assets										
Available-for-sale investments										
- Quoted shares in Malaysia	7,987	-	-	7,987	-	-	-	-	7,987	7,987
- Quoted shares outside Malaysia	1,007	-	-	1,007	-	-	-	-	1,007	1,007
- Unquoted debenture in Malaysia									#	1,189
- Unquoted shares in Malaysia									#	65
Financial assets at fair value through profit or loss										
- Convertible bond outside Malaysia	-	45	-	45	-	-	-	-	45	45
	8,994	45	-	9,039	-	-	-	-	9,039	10,293
Financial liabilities										
Financial Liability at fair value through profit or loss										
- Interest rate swap	-	-	8,626	8,626	-	-	-	-	8,626	8,626
Other financial liabilities										
- Hire purchase and lease liabilities	-	-	-	-	-	-	3,029	3,029	3,029	3,029
- Term loans and revolving credit	-	-	-	-	-	893,949	-	893,949	893,949	893,949

the fair value cannot be reliably measured using valuation techniques due to lack of marketability of the unquoted shares and debenture.

During the reporting period ended 30 June 2016, there were no transfer between Level 1 and Level 2 fair value measurements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31. Financial Instruments *(Cont'd)*

(b) Financial instrument *(Cont'd)*

(iv) Fair value hierarchy *(Cont'd)*

The following tables set out the financial instruments carried at fair values and those not carried at fair values for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. *(Cont'd)*

	Fair values of financial instruments carried at fair value				*Fair values of financial instruments not carried at fair value*					
	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***	***Total fair values RM'000***	***Carrying amount RM'000***
31.12.2014										
Group										
Financial assets										
Available-for-sale investments										
- Quoted shares in Malaysia	11,347	-	-	11,347	-	-	-	-	11,347	11,347
- Quoted shares outside Malaysia	1,008	-	-	1,008	-	-	-	-	1,008	1,008
- Unquoted debenture in Malaysia									#	1,235
- Unquoted shares in Malaysia									#	46
Financial assets at fair value through profit or loss										
- Convertible loan outside Malaysia	-	343	-	343	-	-	-	-	343	343
	12,355	343	-	12,698	-	-	-	-	12,698	13,979
Financial liabilities										
Other financial liabilities										
- Trade payables	-	-	-	-	-	-	1,520	1,520	1,520	1,520
- Hire purchase and lease liabilities	-	-	-	-	-	-	2,461	2,461	2,461	2,461
- Term loans and revolving credit	-	-	-	-	-	857,340	-	857,340	857,340	857,340

the fair value cannot be reliably measured using valuation techniques due to lack of marketability of the unquoted shares and debenture.

During the reporting period ended 31 December 2014, there were no transfer between Level 1 and Level 2 fair value measurements.

32. Capital And Other Commitments

(a) Capital commitments

	Group	
	30.6.2016	*31.12.2014*
	RM'000	*RM'000*
Capital expenditures in respect of purchase of property, plant and equipment: -		
Approved but not contracted for	**-**	640
Contracted but not provided for	**-**	377
	-	1,017

(b) Operating lease commitments

Group as a lessee

	Group	
	30.6.2016	*31.12.2014*
	RM'000	*RM'000*
Non-cancellable operating lease commitments not provided for in the financial statements: -		
Within 1 year	**264**	528
Between 1 year to 5 years	**68,963**	40,811
	69,227	41,339

Group as a lessor

The Group lease out their investment properties under operating leases (Note 12). The future minimum lease receivables under non-cancellable leases are as follows:

	Group	
	30.6.2016	*31.12.2014*
	RM'000	*RM'000*
Less than one year	**2,889**	433
Between one and five years	**1,770**	1,902
	4,659	2,335

33. Significant Corporate Developments

(a) Significant corporate developments during the financial period

(i) On 30 June 2014, Corus Hotels Sdn Bhd, a wholly-owned subsidiary of Malayan United Industries Berhad ("MUI" or "Company"), had entered into a Share Sale Agreement with Pan Malaysian Industries Berhad to acquire 385,000 ordinary shares of RM1.00 each representing the entire issued and paid up share capital of Two Holdings Sdn Bhd for a purchase consideration of RM26.3 million ("Acquisition"). The Acquisition was completed on 6 February 2015.

(ii) Pan Malaysia Holdings Berhad ("PMH") was informed by RHB Investment Bank Berhad on behalf of Dato' Dr Yu Kuan Chon that Dato' Dr Yu Kuan Chon had on 12 December 2014 entered into a Share Sale Agreement to acquire 642,700,783 PMH Shares from the Group for a total cash consideration of RM77,124,094 ("Proposed Disposal"). On 10 June 2016, Dato' Dr Yu Kuan Chon and the Group had mutually agreed to extend the Cut-Off Date to fulfill the Condition Precedent for a further period of one month commencing from 12 June 2016 and expiring on 11 July 2016. This is the sixteenth extension for Dato' Dr Yu Kuan Chon and the Group, following the expiry of the first extension on 11 April 2015.

(iii) On 28 September 2015, the Company announced that Designer Forte Sdn Bhd, a wholly-owned subsidiary of Metrojaya Berhad, has been dissolved on 24 September 2015 pursuant to Section 272(5) of the Companies Act, 1965.

(iv) Firstway International Investment Limited, the 25% owned associate of the Group, has been deregistered and dissolved on 23 October 2015 pursuant to Section 751 of the Companies Ordinance.

33. Significant Corporate Developments *(Cont'd)*

(a) Significant corporate developments during the financial period *(Cont'd)*

(v) On 27 November 2015, KAF Investment Bank Berhad had, on behalf of the Board of Directors of Pan Malaysia Corporation Berhad ("PMC"), a partly-owned subsidiary of the Company, announced the following proposals:-

(a) proposed reduction of the issued and paid-up share capital of PMC pursuant to Section 64 of the Companies Act, 1965 ("Act") involving the cancellation of RM0.30 of the par value of each existing ordinary share of RM0.50 each held in PMC ("Proposed Par Value Reduction");

(b) proposed reduction of RM438.3 million from the share premium reserve of PMC pursuant to Sections 60(2) and 64 of the Act ("Proposed Share Premium Reduction");

(c) proposed capital distribution to the shareholders of PMC involving a cash distribution of RM0.08 for each ordinary share in PMC pursuant to the Proposed Share Premium Reduction; and

(d) proposed amendments to certain clauses of the Memorandum & Articles of Association of PMC to facilitate the implementation of the Proposed Par Value Reduction ("Proposed M&A Amendments").

(hereinafter collectively referred to as the "Proposals")

On 3 March 2016, all the special resolutions for the Proposals as set out in the Notice of Extraordinary General Meeting ("EGM") of PMC dated 5 February 2016 and tabled at the EGM were approved by the shareholders.

On 13 April 2016, PMC announced that the High Court of Malaya has granted an order confirming the Par Value Reduction, Share Premium Reduction and Capital Distribution pursuant to Section 64 of the Companies Act, 1965 ("Court Order").

On 29 April 2016, PMC announced that the entitlement date for the Capital Distribution has been fixed on 16 May 2016.

On 16 May 2016, an office copy of the Court Order has been lodged with the Companies Commission of Malaysia for the Par Value Reduction, Share Premium Reduction and Capital Distribution to take effect accordingly.

The payment for the capital distribution has been made to the entitled shareholders of PMC on 26 May 2016. As such, the proposals have been fully implemented and completed on 26 May 2016.

(vi) Metro-Direct Sdn Bhd and MJ Properties (Komtar) Sdn Bhd, wholly-owned subsidiaries of Metrojaya Berhad, have been dissolved on 10 December 2015 pursuant to Section 272(5) of the Companies Act, 1965.

(b) Significant corporate developments after the financial period

(a) On 11 August 2016, Dato' Dr Yu Kuan Chon and the Group had mutually agreed to extend the Cut-Off Date to fulfill the Condition Precedent for a further period of one month commencing from 12 August 2016 and expiring on 11 September 2016. This is the eighteenth extension for Dato' Dr Yu Kuan Chon and the Group, following the expiry of the first extension on 11 April 2015.

On 13 September 2016, Dato' Dr Yu Kuan Chon and the Group had mutually agreed to terminate the Share Sale Agreement due to the Condition Precedent not being fulfilled by the Cut-Off Date of 12 September 2016.

(b) On 15 September 2016, Acmes Investment Limited ("Acmes"), a wholly-owned subsidiary of Jaguh Padu Sdn Bhd incorporated in Hong Kong ("HK"), which is in turn a wholly-owned subsidiary of the Pan Malaysia Corporation Berhad was deregistered and dissolved on 9 September 2016 following an earlier application by Acmes to the Companies Registry in HK for its deregistration in accordance with the Companies Ordinance.

34. Related Party Disclosures

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related party could be individuals or other parties.

The Company has controlling related party relationship with its direct and indirect subsidiaries and the following: -

(i) A corporate shareholder of the Company in which a director of the Company has substantial financial interests;

(ii) Tan Sri Dato' Khoo Kay Peng, by virtue of his deemed interest in the Company and the corporate shareholder, is a deemed substantial shareholder of the Company;

(iii) Associates of the Group as disclosed in Note 36 to the financial statements; and

(iv) Key management personnel (including Directors).

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial period/year: -

	Group		***Company***	
	1.1.2015 to 30.6.2016 RM'000	*1.1.2014 to 31.12.2014 RM'000*	***1.1.2015 to 30.6.2016 RM'000***	*1.1.2014 to 31.12.2014 RM'000*
Major Corporate Shareholder: -				
Equipment rental income	**3**	3	**-**	-
Interest income	**898**	600	**-**	-
Office rental paid	**-**	292	**-**	-
Associates: -				
Management fees paid	**22**	21	**-**	-
Purchase of inventories	**4,538**	5,602	**-**	-
Subsidiaries: -				
Interest income	**-**	-	**2,326**	1,433
Repayments	**-**	-	**15,496**	(3,597)

(c) Material balances with related parties at the end of the reporting period are disclosed in Notes 18 and 28 to the financial statements.

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

(d) Compensation of key management personnel

	Group		***Company***	
	1.1.2015 to 30.6.2016 RM'000	*1.1.2014 to 31.12.2014 RM'000*	***1.1.2015 to 30.6.2016 RM'000***	*1.1.2014 to 31.12.2014 RM'000*
Short term employee benefits	**9,377**	5,456	**654**	530
Defined contribution plan	**1,182**	689	**158**	105
	10,559	6,145	**812**	635

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35. Prior Year Adjustments

The following comparative figures have been restated due to the Group changed its accounting policies on measurement of the Group's leasehold investment properties which are of operating lease in nature from costs model to fair value model.

In accordance with MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors, the changes are to be applied retrospectively. The effect of changes in the consolidated financial statements is as follow:-

	As Previously Reported	*Effect of prior year adjustment*	*As Restated*
	RM'000	*RM'000*	*RM'000*
Statement of Financial Position (Extract):			
(a) As at 31 December 2014			
Non-Current Assets			
- Investment Properties	54,098	6,023	60,121
Non-Current Liabilities			
- Deferred Tax Liabilities	(4,594)	(667)	(5,261)
Equity and Other Reserve			
- Accumulated Losses	(2,520,616)	3,502	(2,517,114)
- Non-controlling interests	233,285	1,854	235,139
(b) As at 1 January 2014			
Non-Current Assets			
- Investment Properties	78,566	5,209	83,775
Non-Current Liabilities			
- Deferred Tax Liabilities	(8,403)	(590)	(8,993)
Equity and Other Reserve			
- Accumulated Losses	(2,492,832)	3,020	(2,489,812)
- Non-controlling interests	247,905	1,599	249,504
Statement of Profit or loss And Other Comprehensive Income (Extract):			
- Administrative expenses	(93,915)	26	(93,889)
- Exceptional Items	(13,226)	788	(12,438)
- Results from operating activities	14,873	814	15,687
- Profit before taxation	2,373	814	3,187
- Taxation	(5,681)	(77)	(5,758)
- Loss after taxation			-
- Owner of the Company	(1,725)	482	(1,243)
- Non-controlling interests	(1,583)	255	(1,328)
	(3,308)	737	(2,571)
Statement of Cash Flows (Extract):			
Cash Flows From Operating Activities			
- Profit before taxation	2,373	814	3,187
- Depreciation of investment properties	940	(60)	880
- Exceptional items	13,145	(788)	12,357
- Changes in working capital:			
- payables	10,363	76	10,439
- Interest received	1,019	23	1,042
- Restoration costs paid	-	(76)	(76)
Cash Flows From Investing Activities			
- Interest received	7,950	(23)	7,927
- Effect of exchange rate changes on cash and cash equivalents	(1,595)	34	(1,561)
- Cash and cash equivalents as at 1 January 2014	344,014	(6,500)	337,514
- Cash and cash equivalents as at 31 December 2014	262,313	(6,500)	255,813

36. SUBSIDIARIES AND ASSOCIATES OF MALAYAN UNITED INDUSTRIES BERHAD

At 30 June 2016

		Subsidiary	*Equity Interest (Nominal)*		*Principal Activities*	*Country of Incorporation*
			30.6.2016 %	*31.12.2014 %*		
*	1.	Acquiline Sdn Bhd	**100**	100	Investment holding	Malaysia
*	2.	Alameda Enterprises Limited	**100**	100	Investment holding	British Virgin Islands
*	3.	Ample Line Sdn Bhd	**100**	100	Investment holding	Malaysia
*	4.	Ascada Sdn Bhd	**100**	100	Investment holding	Malaysia
*	5.	Carulli Holdings Sdn Bhd	**100**	100	Investment holding	Malaysia
*	6.	Continental Capitals Sdn Bhd	**100**	100	Investment holding	Malaysia
*	7.	Corus Hotels Limited	**100**	100	Investment holding & hotel operations	United Kingdom
*	8.	Corus Hotels Sdn Bhd	**100**	100	Investment holding	Malaysia
*	9.	Creative Vest (M) Sdn Bhd	**100**	100	Investment holding	Malaysia
*	10.	Davson Limited	**100**	100	Investment holding	Hong Kong
*	11.	Farrago Sdn Bhd	**100**	100	Investment holding	Malaysia
*	12.	Fuchsia Enterprises Limited	**100**	100	Investment holding	British Virgin Islands
@ *	13.	Grand Oak Sdn Bhd	**100**	100	Investment holding	Malaysia
@ *	14.	Honoraire Sdn Bhd	**100**	100	Inactive	Malaysia
*	15.	Libertyray (M) Sdn Bhd	**100**	100	Investment holding	Malaysia
*	16.	London Vista Hotel Limited	**100**	100	Investment holding	United Kingdom
*	17.	Loyal Design Sdn Bhd	**100**	100	Investment holding	Malaysia
+	18.	Malayan United Management Sdn Bhd	**100**	100	Management services	Malaysia
@ *	19.	Malayan United Nominees (Tempatan) Sdn Bhd	**100**	100	Inactive	Malaysia
*	20.	Malayan United Security Services Sdn Bhd	**100**	100	Security services	Malaysia
*	21.	Marco Polo Trading Sdn Bhd	**100**	100	Investment holding	Malaysia
@ *	22.	Mayang Unggul Sdn Bhd	**100**	100	Investment holding	Malaysia
@ *	23.	Merchant Network Sdn Bhd	**100**	100	Investment holding	Malaysia
*	24.	Metrojaya Berhad	**98.21**	98.21	Investment holding	Malaysia
*	25.	Ming Court Beach Hotel (P.D.) Sdn Bhd	**100**	100	Hotel ownership	Malaysia
+	26.	Ming Court Hotel (KL) Sdn Bhd	**100**	100	Hotel operations	Malaysia
*	27.	Ming Court Hotels International Limited	**100**	100	Dormant	Hong Kong
*	28.	Ming Court Hotels International Sdn Bhd	**100**	100	Inactive	Malaysia
*	29.	MUI Asia Limited	**100**	100	Investment holding	Hong Kong
*	30.	MUI Capital Sdn Bhd	**100**	100	Investment holding & money lending	Malaysia
*	31.	MUI China Limited	**100**	100	Investment holding	Hong Kong
*	32.	MUI Continental Berhad	**52.21**	52.21	Inactive	Malaysia
*	33.	MUI Enterprises Limited	**100**	100	Investment holding	Hong Kong
*	34.	MUI Enterprises Sdn Bhd	**100**	100	Investment holding	Malaysia
*	35.	MUI Resources Limited	**100**	100	Investment holding	Hong Kong
*	36.	MUI Media Ltd	**100**	100	Investment holding	British Virgin Islands
*	37.	MUI Philippines, Inc	**100**	100	Investment holding	Philippines
+	38.	MUI Properties Berhad	**74.32**	74.32	Investment holding	Malaysia
*	39.	MUI Singapore Private Limited	**100**	100	Dormant	Singapore
*	40.	MUI (U.K.) Limited	**100**	100	Investment holding	United Kingdom
*	41.	Natloyal (M) Sdn Bhd	**100**	100	Property investment	Malaysia
*	42.	Novimax (M) Sdn Bhd	**100**	100	Investment holding	Malaysia
*	43.	Oriental Omega Sdn Bhd	**100**	100	Investment holding	Malaysia

36. SUBSIDIARIES AND ASSOCIATES OF MALAYAN UNITED INDUSTRIES BERHAD *(Cont'd)*

At 30 June 2016

		Subsidiary	*Equity Interest (Nominal)* **30.6.2016** %	31.12.2014 %	*Principal Activities*	*Country of Incorporation*
+	44.	Pan Malaysia Corporation Berhad	**66.51**	66.51	Investment holding	Malaysia
+	45.	Pan Malaysia Holdings Berhad	**69.19**	69.19	Investment holding	Malaysia
± *	46.	Pure Capital Sdn Bhd	**100**	100	Investment holding	Malaysia
*	47.	Regal Classic Sdn Bhd	**100**	100	Investment holding	Malaysia
@ *	48.	Southern Challenger (M) Sdn Bhd	**100**	100	Investment holding & trading	Malaysia
*	49.	Tarrega Holdings Sdn Bhd	**100**	100	Investment holding	Malaysia
≥ *	50.	Two Holdings Sdn Bhd	**100**	-	Property investment	Malaysia
*	51.	United Review (M) Sdn Bhd	**100**	100	Investment holding	Malaysia
*	52.	Universal Growth Limited	**100**	100	Investment holding	British Virgin Islands

Subsidiaries of Malayan United Industries Berhad which are placed under members' voluntary winding up and are not consolidated

		Subsidiary	*Equity Interest (Nominal)* **30.6.2016** %	31.12.2014 %	*Country of Incorporation*
○	1.	Ming Court Inn (Penang) Sdn Bhd	**100**	100	Malaysia
○	2.	MUI dotCom Sdn Bhd	**100**	100	Malaysia
○	3.	MUI Sdn Bhd	**100**	100	Malaysia
○	4.	Prizewood Sdn Bhd	**100**	100	Malaysia
○	5.	Sergap Makmur Sdn Bhd	**100**	100	Malaysia
⌂	6.	United Continental Properties Sdn Berhad	**52.21**	52.21	Malaysia

		Associate	*Equity Interest (Nominal)* **30.6.2016** %	31.12.2014 %	*Principal Activities*	*Country of Incorporation*
*	1.	Asia Pacific Media Corporation	**50**	50	Inactive	U.S.A.
*	2.	Asian Capital Equities, Inc	**20**	20	Inactive	Philippines
*	3.	Farrago Holdings, Inc	**40**	40	Investment holding	Philippines
*	4.	Laura Ashley Holdings plc	**35.17**	35.17	Design, sourcing, distribution & sale of clothing, accessories & home furnishings	United Kingdom
*	5.	Mansara International Limited	**35**	35	Investment holding	British Virgin Islands
Ω *	6.	Pan Malaysia Capital Berhad	**46.19**	46.19	Investment holding	Malaysia
*	7.	Regent Corporation	**49**	49	Investment holding	U.S.A.
*	8.	Zhaodaola Limited	**26.25**	26.25	Inactive	Bermuda

36. SUBSIDIARIES AND ASSOCIATES OF MALAYAN UNITED INDUSTRIES BERHAD *(Cont'd)*

At 30 June 2016

Associate of Malayan United Industries Berhad which are under liquidation and are not consolidated

	Associate	*Equity Interest (Nominal)* **30.6.2016** %	31.12.2014 %	*Country of Incorporation*
ɸ	1. Firstway International Investment Limited	-	25	Hong Kong

Subsidiaries of Regent Corporation
(The list comprises major subsidiaries only)

	Subsidiary	*Equity Interest (Nominal)* **30.6.2016** %	31.12.2014 %	*Principal Activities*	*Country of Incorporation*
*	1. Laura Ashley (North America), Inc	**100**	100	Licensing and sub-licensing trademarks and copyright designs	U.S.A.
*	2. Regent Carolina Corporation	**100**	100	Resort operation & property investment	U.S.A.
*	3. Regent Park Corporation	**100**	100	Property investment	U.S.A.

Subsidiaries of Pan Malaysia Capital Berhad ("PMC")
(The list comprises major subsidiaries only)

	Subsidiary	*Equity Interest (Nominal) Held by PMC* **30.6.2016** %	31.12.2014 %	*Principal Activities*	*Country of Incorporation*
*	1. PCB Asset Management Sdn Bhd	**100**	100	Research & fund management services	Malaysia
*	2. PM Securities Sdn Bhd	**99.99**	99.99	Stock & sharebroking & corporate advisory services	Malaysia
*	3. Pan Malaysia Equities Sdn Bhd	**99.99**	99.99	Property & investment holding	Malaysia

36. SUBSIDIARIES OF MUI PROPERTIES BERHAD

At 30 June 2016

		Subsidiary	*Equity Interest (Nominal)*		*Principal Activities*	*Country of Incorporation*
			30.6.2016	*31.12.2014*		
			%	*%*		
ɵ	1.	AIGM Sdn Bhd	**100**	100	Inactive	Malaysia
*	2.	Appreplex (M) Sdn Bhd	**100**	100	Investment holding	Malaysia
*	3.	Bahtera Muhibbah Sdn Bhd	**100**	100	Investment holding	Malaysia
*	4.	Cesuco Trading Limited	**100**	100	Investment holding	Hong Kong
*	5.	C.S. Investments Private Limited	**100**	100	Investment holding	Singapore
*	6.	CSB Sdn Bhd	**100**	100	Investment holding	Malaysia
*	7.	CSB Holdings Sdn Bhd	**100**	100	Property investment	Malaysia
*	8.	Dirnavy Pty Limited	**100**	100	Inactive	Australia
*	9.	Elegantplex (M) Sdn Bhd	**100**	100	Investment holding	Malaysia
*	10.	Heritage Challenger (M) Sdn Bhd	**100**	100	Investment holding	Malaysia
*	11.	Indanas Sdn Bhd	**100**	100	Investment holding	Malaysia
*	12.	Integrated Mark (M) Sdn Bhd	**100**	100	Investment holding	Malaysia
*	13.	Intercontinental Properties Sdn Bhd	**100**	100	Investment holding	Malaysia
*	14.	Lambaian Maju Sdn Bhd	**100**	100	Investment holding	Malaysia
ɵ	15.	Lembaran Makmur Sdn Bhd	**100**	100	Investment holding	Malaysia
*	16.	Lunula Pty Limited	**100**	100	Property investment	Australia
*	17.	Malayan United Realty Sdn Bhd	**100**	100	Property investment & investment holding	Malaysia
*	18.	Mecomas Pty Limited	**100**	100	Inactive	Australia
*	19.	Ming Court Hotel (Vancouver) Ltd	**100**	100	Investment holding	Canada
*	20.	MUI Australia Pty Ltd	**100**	100	Investment holding	Australia
*	21.	MUI Carolina Corporation	**100**	100	Property investment & development	U.S.A.
*	22.	MUI Investments (Canada) Ltd	**100**	100	Investment holding	Canada
*	23.	MUI Plaza Sdn Bhd	**100**	100	Investment holding	Malaysia
*	24.	MUI Property Services Sdn Bhd	**100**	100	Property services	Malaysia
*	25.	Peristal Enterprise Sdn Bhd	**100**	100	Investment holding	Malaysia
*	26.	Portico Sdn Bhd	**100**	100	Property development	Malaysia
*	27.	Prescada Sdn Bhd	**100**	100	Investment holding	Malaysia
*	28.	Superex Sdn Bhd	**100**	100	Inactive	Malaysia
*	29.	Unique Octagon Sdn Bhd	**100**	100	Investment holding	Malaysia
+	30.	West Synergy Sdn Bhd	**60**	60	Property investment & development	Malaysia

Subsidiaries of MUI Properties Berhad which are under liquidation and are not consolidated

	Subsidiary	*Equity Interest (Nominal)*		*Country of Incorporation*
		30.6.2016	*31.12.2014*	
		%	*%*	
1.	Delray Sdn Bhd	**100**	100	Malaysia
2.	Polacre Sdn Bhd	**100**	100	Malaysia
3.	Resort & Leisure Homes Sdn Bhd	**100**	100	Malaysia

36. SUBSIDIARIES OF PAN MALAYSIA CORPORATION BERHAD

At 30 June 2016

		Subsidiary	Equity Interest (Nominal) 30.6.2016 %	31.12.2014 %	Principal Activities	Country of Incorporation
¥	1.	Acmes Investment Limited	**100**	100	Investment holding	Hong Kong
*	2.	Baiduri Pertama Sdn Bhd	**100**	100	Investment holding	Malaysia
*	3.	GCIH Trademarks Limited	**100**	100	Licensing of trademarks	Hong Kong
*	4.	Gelombang Sinar Sdn Bhd	**100**	100	Investment holding	Malaysia
*	5.	Jaguh Padu Sdn Bhd	**100**	100	Investment holding	Malaysia
*	6.	Jomuda Sdn Bhd	**100**	100	Investment holding	Malaysia
*	7.	Megafort Sdn Bhd	**100**	100	Investment holding	Malaysia
*	8.	Megawise Sdn Bhd	**100**	100	Money lending licence	Malaysia
*	9.	Network Foods International Ltd	**100**	100	Investment holding	Singapore
*	10.	Pan Malaysia Management Sdn Bhd	**100**	100	Inactive	Malaysia
*	11.	Pan Malaysia-Singapore Holdings (Pte) Ltd	**100**	100	Investment holding	Singapore
% *	12.	Panorama Scope Sdn Bhd	**100**	100	Investment holding	Malaysia
*	13.	Plumbline Sdn Bhd	**100**	100	Investment holding	Malaysia
*	14.	PMRI Investments (Singapore) Pte Ltd	**100**	100	Investment holding	Singapore
*	15.	Taraf Sanjung (M) Sdn Bhd	**100**	100	Investment holding	Malaysia
*	16.	Tudor Gold Limited	**100**	100	Dormant	United Kingdom
*	17.	Tunas Juara Sdn Bhd	**100**	100	Investment holding	Malaysia
% *	18.	United Pace Sdn Bhd	**100**	100	Investment holding	Malaysia
*	19.	Uniwell Nominees (Tempatan) Sdn Bhd	**100**	100	Inactive	Malaysia

Subsidiaries of Network Foods International Ltd

		Subsidiary	Equity Interest (Nominal) 30.6.2016 %	31.12.2014 %	Principal Activities	Country of Incorporation
*	1.	Danau Gelombang Sdn Bhd	**100**	100	Inactive	Malaysia
*	2.	Network Foods Distribution Pte Ltd	**100**	100	Warehousing and distribution of chilled products, confectionery products and snack foods	Singapore
^ *	3.	Network Foods (Hong Kong) Limited	**100**	100	Distribution of chocolates and other food and beverage products	Hong Kong
+	4.	Network Foods Industries Sdn Bhd	**100**	100	Manufacturing and trading of consumer chocolate products	Malaysia
+	5.	Network Foods (Malaysia) Sdn Bhd	**100**	100	Marketing and distribution of chocolates, confectionery and beverage products	Malaysia
*	6.	Quintrinox Pte Ltd	**100**	100	Investment holding	Singapore
*	7.	Specialist Food Retailers Pte Ltd	**100**	100	Inactive	Singapore
*	8.	Tiffany Enterprise Sdn Bhd	**100**	100	Dormant	Malaysia
*	9.	Tiffany Hampers & Gifts Pte Ltd	**100**	100	Inactive	Singapore

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36. SUBSIDIARIES OF PAN MALAYSIA CORPORATION BERHAD *(Cont'd)*

At 30 June 2016

Subsidiaries of Pan Malaysia Corporation Berhad which are under liquidation and are not consolidated

	Subsidiary	*Equity Interest (Nominal)*		*Country of Incorporation*
		30.6.2016	*31.12.2014*	
		%	%	
○	1. Bidou Holdings Sdn Bhd	**100**	100	Malaysia
○	2. Clacton Holdings Sdn Bhd	**100**	100	Malaysia
○	3. Delight Consolidated Sdn Bhd	**100**	100	Malaysia
&	4. Jerico Sdn Bhd	**100**	100	Malaysia
○	5. Lembaran Megah Sdn Bhd	**100**	100	Malaysia
○	6. Mikonwadi Sdn Bhd	**100**	100	Malaysia
○	7. PMCW Enterprises Sdn Bhd	**100**	100	Malaysia
»	8. PMCW Holdings Sdn Bhd	**100**	100	Malaysia

36. SUBSIDIARIES PAN MALAYSIA HOLDINGS BERHAD

At 30 June 2016

	Subsidiary	*Equity Interest (Nominal)* ***30.6.2016*** *%*	*31.12.2014* *%*	*Principal Activities*	*Country of Incorporation*
*	1. Destiny Aims Sdn Bhd	**100**	100	Dormant	Malaysia
*	2. Golden Carps Pte Ltd	**100**	100	Inactive	Singapore
*	3. Grandvestment Company Limited	**100**	100	Dormant	Hong Kong
*	4. Kayangan Makmur Sdn Bhd	**100**	100	Inactive	Malaysia
*	5. Pengkalen Equities Sdn Bhd	**100**	100	Inactive	Malaysia
*	6. Pengkalen Foodservices Sdn Bhd	**100**	100	Inactive	Malaysia
+	7. Pengkalen Holiday Resort Sdn Bhd	**100**	100	Operating a hotel	Malaysia
*	8. Pengkalen Properties Sdn Bhd	**100**	100	Inactive	Malaysia
*	9. Pan Malaysia Travel & Tours Sdn Bhd	**100**	100	Travel agent & provision of travel-related services	Malaysia
*	10. Twin Phoenix Sdn Bhd	**100**	100	Dormant	Malaysia

Subsidiaries of Pan Malaysia Holdings Berhad which are under liquidation and are not consolidated

Subsidiary	*Equity Interest (Nominal)* ***30.6.2016*** *%*	*1.12.2014* *%*	*Country of Incorporation*
1. Asia Entertainment Network Sdn Bhd	**60**	60	Malaysia
2. Office Business Systems (Malacca) Sdn Bhd	**41.67**	41.67	Malaysia
3. Office Business Systems (Penang) Sdn Bhd	**64.10**	64.10	Malaysia
4. Office Business Systems Sdn Bhd	**64.10**	64.10	Malaysia
5. Pengkalen Building Materials Sdn Bhd	**100**	100	Malaysia
6. Pengkalen Electronics Industries Sdn Bhd	**67**	67	Malaysia
7. Sensor Equipment Sdn Bhd	**64.10**	64.10	Malaysia
8. Technitone (M) Sdn Bhd	**64.10**	64.10	Malaysia

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36. SUBSIDIARIES OF METROJAYA BERHAD

At 30 June 2016

		Subsidiary	*Equity Interest (Nominal)* **30.6.2016** %	*Equity Interest (Nominal)* *31.12.2014* %	*Principal Activities*	*Country of Incorporation*
# *	1.	Dixon Enterprise Limited	**100**	100	Dormant	Hong Kong
	2.	East India Company Clothing (Malaysia) Sdn Bhd	**100**	100	Dormant	Malaysia
# *	3.	East India Company (Hong Kong) Pte Limited	**100**	100	Dormant	Hong Kong
*	4.	East India Company (Singapore) Pte Ltd	**100**	100	Dormant	Singapore
*	5.	EIC Clothing Sdn Bhd	**100**	100	Operating of specialty stores	Malaysia
*	6.	Living Quarters Sdn Bhd	**100**	100	Operating of specialty stores	Malaysia
*	7.	Metro Multiples Sdn Bhd	**100**	100	Investment holding	Malaysia
*	8.	Metrojaya Department Stores Sdn Bhd	**100**	100	Dormant	Malaysia
*	9.	Metrojaya Reject Shop Pte Ltd	**100**	100	Dormant	Singapore
*	10.	Millionmart Sdn Bhd	**100**	100	Investment holding	Malaysia
*	11.	Laura Ashley (SEA) Sdn Bhd	**100**	100	Operating of specialty stores	Malaysia
*	12.	MJ Cape Cod Sdn Bhd	**100**	100	Operating of specialty stores	Malaysia
*	13.	MJ Department Stores Sdn. Bhd.	**100**	100	Operating of department stores	Malaysia
*	14.	MJ Properties Sdn Bhd	**100**	100	Property investment and investment holding	Malaysia
*	15.	MJ Reject Shop Sdn Bhd	**100**	100	Dormant	Malaysia
*	16.	MJ Reject Shop (2002) Sdn Bhd	**100**	100	Operating of specialty stores	Malaysia
*	17.	MJ Somerset Bay Sdn Bhd	**100**	100	Operating of specialty stores	Malaysia

Subsidiaries of Metrojaya Berhad which are liquidated

		Subsidiary	*Equity Interest (Nominal)* **30.6.2016** %	*Equity Interest (Nominal)* *31.12.2014* %	*Country of Incorporation*
■	1.	Designer Forte Sdn Bhd	-	100	Malaysia
ǂ	2.	Metro-Direct Sdn Bhd	-	100	Malaysia
ǂ	3.	MJ Properties (Komtar) Sdn Bhd	-	100	Malaysia

36. SUBSIDIARIES OF CORUS HOTELS LIMITED

At 30 June 2016

	Subsidiary	*Equity Interest (Nominal)* **30.6.2016** %	*31.12.2014* %	*Principal Activities*	*Country of Incorporation*
*	1. Belsfield Hotels Limited	**100**	100	Dormant	United Kingdom
*	2. Belsfield LLP	**61.11**	61	Hotel operations	United Kingdom
*	3. Bistro Bistrot Limited	**62.50**	62.50	Dormant	United Kingdom
*	4. Corus Corporation UK Limited	**100**	100	Dormant	United Kingdom
*	5. County Hotels Group Plc	**100**	100	Investment holding & hotel operations	United Kingdom
*	6. County Hotels Limited	**61.11**	61.11	Hotel operations	United Kingdom
*	7. Delaquest Limited	**100**	100	Investment holding & hotel operations	United Kingdom
*	8. Dionball Limited	**100**	100	Investment holding & hotel operations	United Kingdom
*	9. Earl Grey Tea Rooms Limited	**62.50**	62.50	Dormant	United Kingdom
*	10. Echostand Limited	**100**	100	Dormant	United Kingdom
*	11. Experience Inns Limited	**62.50**	62.50	Dormant	United Kingdom
*	12. Flamepro Limited	**100**	100	Hotel operations	United Kingdom
*	13. Historic Country Inns Limited	**62.50**	62.50	Dormant	United Kingdom
Δ *	14. No. 1 Cigar Club Limited	**36.80**	36.80	Dormant	United Kingdom
*	15. Patrolmake Limited	**100**	100	Investment holding & hotel operations	United Kingdom
*	16. Plaza On Hyde Park Limited	**100**	100	Hotel operations	United Kingdom
*	17. Pub (Nico) Limited	**62.50**	62.50	Dormant	United Kingdom
*	18. Regal Hotels Limited	**100**	100	Dormant	United Kingdom
*	19. Rose & Crown VCT Limited	**100**	100	Dormant	United Kingdom
*	20. Shandwick Leisure Limited	**100**	100	Hotel operations	United Kingdom
*	21. Simply Nico Limited	**62.50**	62.50	Dormant	United Kingdom
*	22. Styletune Limited	**100**	100	Dormant	United Kingdom
*	23. The Imperial Crown Hotel Limited	**100**	100	Hotel operations	United Kingdom
*	24. The Restaurant Partnership plc	**62.50**	62.50	Restaurant operations	United Kingdom
*	25. TRP Belgium S. A. NV	**62.50**	62.50	Dormant	Belgium
*	26. TRP (Langan's) Limited	**62.50**	62.50	Dormant	United Kingdom
*	27. TRP (Nico) Limited	**62.50**	62.50	Dormant	United Kingdom

\+ *Subsidiaries audited by Crowe Horwath, Malaysia.*
* *Subsidiaries and associates not audited by Crowe Horwath, Malaysia.*
Δ *The Restaurant Partnership plc held 58.81% equity interest in No. 1 Cigar Club Limited.*
■ *Placed under members' voluntary winding up on 27 January 2014 and was dissolved on 24 September 2015.*
Ω *Associate where its financial statements contained an unqualified modified auditor's report due to the appropriateness of the going concern assumption in the preparation of its financial statements.*
\# *Subsidiaries whose financial year ends are non-coterminous with that of the Company as required pursuant to Section 168(1) of the Companies Act, 1965 in Malaysia*
¥ *Placed under members' voluntary winding up on 28 April 2016 and was dissolved on 9 September 2016.*
ǂ *Placed under members' voluntary winding up on 27 January 2014 and was dissolved on 10 December 2015.*
O *Placed under members' voluntory winding up on 11 March 2016.*
⌂ *Placed under members' voluntory winding up on 30 March 2016.*
» *Placed under members' voluntory winding up on 5 May 2016.*
& *Placed under members' voluntory winding up on 28 June 2016.*
% *Placed under striking-off on 19 January 2016.*
@ *Placed under striking-off on 12 March 2016.*
± *Placed under striking-off on 9 June 2016.*
≥ *Acquired on 6 February 2015.*
ɵ *Placed under striking-off on 17 March 2016.*
ɸ *Placed under deregistration and was dissolved on 23 October 2015.*
^ *The auditor's report on the financial statements of the subsidiary contained a qualified opinion on the opening balance of inventories of RM2,018,000 held at 1 January 2015. This was due to the new auditors did not observe the counting of the physical inventories at 1 January 2015 and they were unable to satisfy themselves by alternative means concerning the inventory quantities held at 31 December 2014.*

SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

37. Supplementary Information On Realised And Unrealised Profits Or Losses

The accumulated losses as at the end of the reporting period may be analysed as follow: -

	Group		Company	
	30.6.2016 RM'000	*31.12.2014 RM'000*	***30.6.2016 RM'000***	*31.12.2014 RM'000*
Total accumulated losses: -				
- Realised	**(4,685,606)**	(6,954,517)	**(2,236,433)**	(2,037,726)
- Unrealised	**(1,083,566)**	23,945	**-**	-
	(5,769,172)	(6,930,572)	**(2,236,433)**	(2,037,726)
Total share of accumulated losses from associates: -				
- Realised	**(54,584)**	(54,749)	**-**	-
- Unrealised	**786**	786	**-**	-
	(5,822,970)	(6,984,535)	**(2,236,433)**	(2,037,726)
Consolidation adjustments	**3,173,603**	4,467,421	**-**	-
Total Group/Company accumulated losses as per financial statements	**(2,649,367)**	(2,517,114)	**(2,236,433)**	(2,037,726)

PROPERTIES OWNED BY THE MUI GROUP

At 30 June 2016

Location, Description and Usage	*Approximate Land Area Sq. Metres*	*Approximate Age of Building Years*	*Net Book Value RM'000*
MALAYSIA			
Federal Territory of Kuala Lumpur			
1 lot of freehold land with a 13-storey hotel, known as Corus hotel Kuala Lumpur, Jalan Ampang, Kuala Lumpur (Date of last valuation: December 1982)	7,289	31	56,676
1 lot of freehold land at Section 43, Jalan Mayang, Kuala Lumpur, held for development.	1,478	-	35,953
3 lots of leasehold land with a 4-storey shoplot each at nos. 14, 16 & 18, Taman Indrahana, Jalan Kuchai Lama, Kuala Lumpur (Lease expires in 2077) (Date of acquisition: June/November 1990)	468	32	1,176
1 lot of freehold land with two units of double-storey buildings at 189, Jalan Ampang, Kuala Lumpur (Date of acquisition: August 1991)	3,540	23	7,802
1 lot of freehold land with a 10 units, four storey residential apartment building at 191, Jalan Ampang, Kuala Lumpur (Date of acquisition: July 2007)	3,056	21	24,092
State of Selangor Darul Ehsan			
6 lots of freehold land held for future development at Seksyen 3, Pekan Batu Tiga, Mukim Damansara, Selangor Darul Ehsan (Date of last revaluation: December 1982)	771	-	165
Balance of freehold land held for residential development known as Vila Sri Ukay at Mukim Ulu Kelang, Selangor Darul Ehsan (Date of acquisition: April 1995)	2,182	-	430
1 lot of leasehold industrial land with a factory and office building at Persiaran Raja Muda, Shah Alam, Selangor Darul Ehsan (Lease expires in 2071) (Date of acquisition: September 1996)	10,800	45	8,422
1 lot of leasehold industrial land with a factory and office building at Lot 614, Tapak Perusahaan Shah Alam, Persiaran Raja Muda, Shah Alam, Selangor Darul Ehsan (Lease expires in 2068) (Date of acquisition: July 2009)	24,295	48	15,591

PROPERTIES OWNED BY THE MUI GROUP (Cont'd)

Location, Description and Usage	*Approximate Land Area Sq. Metres*	*Approximate Age of Building Years*	*Net Book Value RM'000*
1 lot of leasehold land with a single storey structure at Lot 18, Persiaran Selangor, Shah Alam, Selangor Darul Ehsan, currently used as a warehouse. (Lease expires in 2086) (Date of acquisition: August 2007)	8,154	32	2,296
1 lot of leasehold land with a 3 storey office building at no. 15, Jalan Ragum 15/17, Section 15, Shah Alam, Selangor Darul Ehsan, currently used as a warehouse. (Lease expires in 2086) (Date of acquisition: August 2007)	8,137	32	8,306
State of Pulau Pinang			
3 units of leasehold shoplots at 2B 1.02, 1.03 & 2.02, Komtar, Georgetown (Lease expires in 2080) (Date of acquisition: August 2007)	553	30	1,890
Freehold retail space comprising basement and ground floor of Kompleks Bukit Jambul, Jalan Rumbia, Penang (Date of acquisition: August 2007)	13,549	19	21,146
1 lot of leasehold land with an office and warehouse at no. 101-G, Lintang Kampong Jawa, Lot 4, Kawasan MIEL, Bayan Baru, Pulau Pinang (Lease expires in 2041) (Date of acquisition: September 1996)	976	34	1,065
1 unit of residential suite at Lot No. B-31-3, Southbay Plaza, Pulau Pinang (Date of acquisition: February 2013)	159	-	1,666
State of Johor Darul Takzim			
1 lot of freehold land with a warehouse at no. 35, Jalan Mashyur 3, Taman Perindustrian Cemerlang, Ulu Tiram, Johor Bahru, Johor Darul Takzim (Date of acquisition: September 1996)	446	22	450
State of Negeri Sembilan Darul Khusus			
3 lots of freehold land with a 4-storey hotel building at 7 1/2 Mile, Jalan Pantai, Teluk Kemang, Port Dickson, Negeri Sembilan Darul Khusus (Year of last valuation: 1983)	11,892	41	11,519

Location, Description and Usage	*Approximate Land Area Sq. Metres*	*Approximate Age of Building Years*	*Net Book Value RM'000*
Balance of freehold land held for township development known as Bandar Springhill at Mukim of Jimah, District of Port Dickson, Negeri Sembilan Darul Khusus (Date of acquisition: January 1995)	5,218,300	-	133,244
4 lots of leasehold land with a hotel known as Corus Paradise resort Port Dickson at Lots 286, 288 & 289, PT 5855, Batu 2½, Jalan Pantai, Port Dickson, Negeri Sembilan Darul Khusus (Lease expires in 2059/2087) (Date of acquisition: September 1996)	55,745	21	25,416
4 lots of freehold land held for future development at Jalan Tuanku Munawir, Seremban, Negeri Sembilan Darul Khusus (Date of acquisition: November 2005)	19,354	16	29,785
State of Pahang Darul Makmur			
4 apartments at Block E Equatorial Hill Resort Cameron Highlands, Pahang Darul Makmur. (Date of acquisition: May 2009)	583	-	1,112
AUSTRALIA			
1 lot of freehold land with an existing hotel building at no. 20, Kirby Court, West Hobart, Tasmania (Date of acquisition: October 1996)	24,970	38	4,947
UNITED STATES OF AMERICA			
Balance of units in a 110 units, 7-storey, freehold condominium complex located within the Regent Park Complex in Fort Mill, South Carolina (Date of acquisition: March 1993)	994	21	2,398
HONG KONG			
1 unit of leasehold warehouse at Block 1, Unit C, 23rd Floor, Kingsford Industrial Building, nos. 26-32 Kwai Hei Street, Kwai Chung, New Territories (Lease expires in 2047) (Date of acquisition: September 1996)	771	37	9,282
SINGAPORE			
1 unit of leasehold residential apartment at no. 152, Prince Charles Crescent, Singapore (Lease expires in 2096) (Date of acquisition: July 1999)	194	15	3,888

PROPERTIES OWNED BY THE MUI GROUP (Cont'd)

Location, Description and Usage	*Approximate Land Area Sq. Metres*	*Approximate Age of Building Years*	*Net Book Value RM'000*
UNITED KINGDOM			
1 lot of freehold land with a 66-room hotel known as Chace Hotel at London Road, Toll Bar End, Coventry CV3 4EQ (Date of acquisition: November 2001)	13,240	164	10,346
1 lot of leasehold land with a 124-room hotel known as The St James' Hotel at St James Square, Grimsby DN31 1EP (Leases expires in 2071) (Date of acquisition: November 2001)	3,709	64	873
1 lot of freehold land with a 56-room hotel known as Imperial Crown Hotel at 42-46 Horton Street, Halifax, West Yorkshire HX1 1QE (Date of acquisition: November 2001)	1,001	264	5,930
1 lot of freehold land with a 52-room hotel known as Old Golf House Hotel at New Hey Road, Outlane, Near Huddersfield, West Yorkshire HD3 3YP (Date of acquisition: November 2001)	15,040	74	7,747
1 lot of freehold land with a 111-room hotel known as Corus hotel Solihull at Stratford Road, Shirley, Solihull B90 4EB (Date of acquisition: November 2001)	16,400	64	43,144
1 lot of freehold land with a 50-room hotel known as Hillcrest Hotel at Cronton Lane, Widness, Cheshire WA8 9AR (Date of acquisition: November 2001)	2,003	64	9,165
1 lot of freehold land with a 64-room hotel known as The Belsfield Hotel at Kendal Road, Bowness-on-Windermere, Cumbria LA23 3EL (Date of acquisition: November 2001)	28,050	164	41,554
1 lot of freehold land with a 82-room hotel known as Burnham Beeches Hotel at Grove Road, Burnham, Buckinghamshire SL1 8DP (Date of acquisition: November 2001)	31,830	64	58,018
1 lot of freehold land, a former site of a hotel building which was demolished, at 1 Ferrymuir Gait, South Queensferry, Edinburgh, West Lothian EH30 9SF (Date of acquisition: November 2001)	40,940	-	22,454

Location, Description and Usage	*Approximate Land Area Sq. Metres*	*Approximate Age of Building Years*	*Net Book Value RM'000*
1 lot of freehold land with a 389-room hotel known as Corus hotel Hyde Park at Lancaster Gate, London W2 3LG (Date of acquisition: February 2001)	2,010	114	264,261
1 lot of leasehold land with a 4-storey restaurant at 30 Charlott Street, London W1 1HP (Lease expires in 2019) (Date of acquisition: November 2001)	87	114	1,261
1 lot of leasehold land with a 3-storey restaurant at 2 Greek Street, London W1V 6NB (Lease expires in 2021) (Date of acquisition: November 2001)	36	114	431

ANALYSIS OF SHAREHOLDINGS

As At 10 October 2016

Class of Share : Ordinary share of RM1 each
Voting Rights : 1 vote per ordinary share

Substantial Shareholders
as per Register of Substantial Shareholders

Name	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
1. KKP Holdings Sdn Bhd	-	-	1,397,855,289	47.67
2. Soo Lay Holdings Sdn Bhd	-	-	1,397,855,289	47.67
3. Tan Sri Dato' Khoo Kay Peng	-	-	1,397,855,289	47.67
4. Cherubim Investment (HK) Limited	297,848,487	10.16	83,739,433	2.86
5. Norcross Limited	300,154,836	10.24	83,739,433	2.86
6. Bonham Industries Limited	411,764,706	14.04	-	-
7. Noble Faith Foundation, Inc	417,051,200	14.22	-	-
8. KKP Enterprises Sdn Bhd	304,347,827	10.38	-	-

Directors' Shareholdings In The Company And Related Corporations
as per Register of Directors' Shareholdings

	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
Ordinary shares of RM1 each in Malayan United Industries Berhad				
Tan Sri Dato' Khoo Kay Peng	-	-	1,397,855,289	47.67
Ordinary shares of 20 sen each in MUI Properties Berhad				
Tan Sri Dato' Khoo Kay Peng	-	-	550,612,661	74.32
Ordinary shares of 20 sen each in Pan Malaysia Corporation Berhad				
Tan Sri Dato' Khoo Kay Peng	-	-	471,146,200	66.51
Ordinary shares of 10 sen each in Pan Malaysia Holdings Berhad				
Tan Sri Dato' Khoo Kay Peng	-	-	642,700,783	69.19
Ordinary shares of RM1 each in MUI Continental Berhad				
Tan Sri Dato' Khoo Kay Peng	-	-	5,221	52.21
Ordinary shares of RM1 each in Metrojaya Berhad				
Tan Sri Dato' Khoo Kay Peng	-	-	122,690,133	98.21

Distribution of Shareholders

Holdings	No. of Holders	%	No. of Shares	%
Less than 100 shares	2,487	6.25	70,246	0.00
100 - 1,000 shares	6,226	15.65	4,992,557	0.17
1,001 - 10,000 shares	21,850	54.93	99,519,271	3.39
10,001 - 100,000 shares	7,993	20.10	253,577,498	8.65
100,001 to less than 5% of issued shares	1,215	3.05	987,807,923	33.68
5% and above of issued shares	5	0.01	1,586,593,697	54.10
Total	**39,776**	**100.00**	**2,932,561,192**	**100.00**

Thirty (30) Largest Registered Shareholders

	Name	No. of Shares	%
1.	Noble Faith Foundation Inc	413,430,700	14.10
2.	ABB Nominee (Asing) Sdn Bhd - Securities Account For Bonham Industries Limited	408,333,333	13.92
3.	Norcross Limited	300,154,836	10.24
4.	Cherubim Investment (HK) Limited	297,848,487	10.16
5.	KKP Enterprises Sdn Bhd	166,826,341	5.69
6.	ABB Nominee (Tempatan) Sdn Bhd - Securities Account for KKP Enterprises Sdn Bhd	137,521,486	4.69
7.	Pan Malaysian Industries Berhad	83,739,433	2.86
8.	Plenary Investments Pte Ltd	67,038,800	2.29
9.	PM Nominees (Asing) Sdn Bhd - For Kwa Kim Li	65,119,374	2.22
10.	HSBC Nominees (Asing) Sdn Bhd - For Credit Suisse	20,018,704	0.68
11.	UOB Kay Hian Nominees (Asing) Sdn Bhd - For UOB Kay Hian Pte Ltd	16,311,940	0.56
12.	JF Apex Nominees (Tempatan) Sdn Bhd - Securities Account for Teo Siew Lai	16,279,900	0.56
13.	JF Apex Nominees (Tempatan) Sdn Bhd - Securities Account for Lim Ching Neoh	14,345,700	0.49
14.	Lim Siang Hee	12,786,000	0.44
15.	Citigroup Nominees (Asing) Sdn Bhd - For OCBC Securities Private Limited	11,991,757	0.41
16.	Chua Ah Moi @ Chua Sai Peng	11,705,698	0.40
17.	Lee Yu Yong @ Lee Yuen Ying	9,800,049	0.33
18.	Hii Yu Guan	9,589,900	0.33
19.	Kim Hin Joo Private Limited	7,143,434	0.24
20.	Wong Soo Chai @ Wong Chick Wai	7,086,836	0.24
21.	Lim Kian Siong	6,984,488	0.24
22.	Public Nominees (Tempatan) Sdn Bhd - Securities Account for Yu Chong Choo	6,810,400	0.23
23.	CIMSEC Nominees (Asing) Sdn Bhd - For CIMB Securities (Singapore) Pte Ltd	6,799,710	0.23

ANALYSIS OF SHAREHOLDINGS (Cont'd)

24.	Public Nominees (Tempatan) Sdn Bhd - Securities Account For Au Kwan Seng	6,543,400	0.22
25.	RHB Nominees (Tempatan) Sdn Bhd - Securities Account for Lee Ngee Moi	6,238,200	0.21
26.	Tye Sok Cin	5,995,000	0.20
27.	Cheah Wei Teik	5,200,000	0.18
28.	Helly Lyke Tabalujan	5,000,000	0.17
29.	Maybank Securities Nominees (Asing) Sdn Bhd - Maybank Kim Eng Securities Pte Ltd For Glen Holdings (Pte) Ltd	4,674,000	0.16
30.	Kenanga Nominees (Tempatan) Sdn Bhd - Securities Account For Asia Internet Holdings Sdn Bhd	4,500,000	0.15
	Total	2,135,817,906	**72.83**

Malayan United Industries Berhad
3809-W
Incorporated in Malaysia

FORM OF PROXY

IMPORTANT!
Please take note that all the fields underlined in this proxy form are mandatory and must be completed in full and accurately. The Company reserves the right to invalidate and/or reject any proxy form which is not complete or accurately filled in.

No. of Shares Held: ____________________

I/We ____ NRIC No./ Company No. ________________________

of ____ Tel. No. ________________________

being a member of MALAYAN UNITED INDUSTRIES BERHAD hereby appoint ______________________________

____ NRIC No. ________________________

of ____ (percentage of shareholding represented: __________ %)

and/or failing him/her, ____ NRIC No. ________________________

of ____ (percentage of shareholding represented: __________ %)

or failing him/her, the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the Forty-Fifth Annual General Meeting of the Company to be held at Rembau Room, Corus Paradise resort Port Dickson, 3.5km, Jalan Pantai, 71000 Port Dickson, Negeri Sembilan Darul Khusus on Thursday, 8 December 2016 at 4.00 p.m. and at any adjournment thereof, and to vote as indicated below:-

Resolutions	For	Against
1. To approve Directors' Fees of RM 270,000.		
2. To re-appoint Tan Sri Dato' Khoo Kay Peng as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965.		
3. To re-appoint Tan Sri Dato' Paduka Dr Mazlan bin Ahmad as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965.		
4. To re-appoint Dr Wong Hong Meng as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965.		
5. To re-appoint Messrs Crowe Horwath as auditors of the Company and to authorize the Directors to fix their remuneration.		
6. Proposed authority for Tan Sri Dato' Paduka Dr Mazlan bin Ahmad to continue in office as Independent Non-Executive Director.		
7. Proposed authority for YB Dato' Dr Tan Kee Kwong to continue in office as Independent Non-Executive Director.		
8. Proposed authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares.		
9. Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.		
10. Proposed renewal of authority for the purchase of own shares by Malayan United Industries Berhad.		

(Please indicate with (X) how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

____
Signature

Seal

Signed this _______ day of ____________2016

Notes:

1. *Only a member whose name appears on the Record of Depositors as at 28 November 2016 shall be entitled to attend and vote at the meeting. A member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy.*
2. *A member entitled to attend and vote shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meetings. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint one (1) proxy only in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a Member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorized nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the Securities Industry (Central Depositories) Act, 1991.*
3. *Where a Member and/or an exempt authorized nominee appoint two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy in the instrument appointing the proxies.*
4. *The Form of Proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing or if such appointor is a corporation, under its common seal or under the hand of the attorney.*
5. *The Form of Proxy must be deposited at the registered office of the Company at Unit 3, 191, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

Stamp

The Company Secretary
Malayan United Industries Berhad
Unit 3,
191, Jalan Ampang,
50450 Kuala Lumpur
Malaysia
