

2015

ANNUAL REPORT



MAJUPERAK HOLDINGS BERHAD

(585389-X)

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(585389-X)

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting (“AGM”) of the MHB (“the Company”) will be held at Aman Jaya Convention Centre, Casuarina @ Meru Hotel, Bandar Meru Raya, 30020 Ipoh, Perak Darul Ridzuan, on **Thursday, 26th May 2016, at 11.30 a.m.** for the purpose of transacting the following business:

AGENDA

AS ORDINARY BUSINESS

- | | | |
|----|--|-------------------------------|
| 1. | To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2015 and the Reports of the Directors and Auditors thereon. | Please refer to Note 1 |
| 2. | To approve the payment of Directors’ Fees for the financial year ended 31 December 2015. | Resolution 1 |
| 3. | To re-elect Y.M. Dato’ Seri Dr Raja Ahmad Zainuddin bin Raja Haji Omar who retires under Article 84 of the Company’s Articles of Association. | Resolution 2 |
| 4. | To re-elect Y. Bhg. Dato’ Aminuddin bin Md Desa who retires under Article 84 of the Company’s Articles of Association. | Resolution 3 |
| 5. | To re-elect Y.B Dato’ Mohd Azhar bin Jamaluddin who retires under Articles 91 of the Company’s Articles of Association. | Resolution 4 |
| 6. | To re-elect Mustapha bin Mohamed as Director of the Company to hold office until the conclusion of the next Annual General Meeting pursuant to Section 129(6) of the Companies Act,1965. | Resolution 5 |
| 7. | To re-elect Tan Sri Dato’ Seri Megat Najmuddin bin Datuk Seri Dr Haji Megat Khas as Director of the Company to hold office until the conclusion of the next Annual General Meeting pursuant to Section 129(6) of the Companies Act,1965. | Resolution 6 |
| 8. | To re-appoint Messrs AljeffriDean as Auditors of the Company and to authorise the Board of Directors to determine their remuneration. | Resolution 7 |
| 9. | To approve the payment of final dividend of 1.08 sen per share under the single-tier system in respect of the financial year ended 31 December 2015. | Resolution 8 |

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

AS SPECIAL BUSINESS

Ordinary Resolution

10. To consider and, if thought fit, pass the following Ordinary Resolution:-

Resolution 9

Authority for the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.

“**THAT** pursuant to Section 132D of the Companies Act, 1965 and subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions, for such purposes and to such person or persons as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

11. **Proposed Renewal Of Existing Shareholder’s Mandate For The Recurrent Related Party Transactions Of A Revenue Or Trading Nature**

Resolution 10

“**THAT** subject to the Listing Requirements of Bursa Malaysia Securities Berhad (“Securities Exchange”), approval be and is hereby given to MHB and its subsidiary companies (“MHB Group”) to enter into recurrent related party transactions of a revenue or trading nature (“Recurrent Related Party Transactions”) with the related party set out in Section 2.1 of the circular to shareholders dated 3 May 2016 (“Circular”), subject to the following:

- (i) the Recurrent Related Party Transactions are or to be entered into in the ordinary course of business on terms not more favourable to the related party than those generally available to the public and the Recurrent Related Party Transactions are undertaken on arms’ length basis and are not to the detriment of the minority shareholders of the Company;
- (ii) the disclosure is made in the annual report of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the shareholders’ mandate during the financial year, amongst others, based on the following information:
 - (a) the type of Recurrent Related Party Transactions made; and
 - (b) the name of the related party involved in each type of Recurrent Related Party Transactions made and its relationship with the Company;

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

- (iii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:
 - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this 13th AGM, at which this shareholders' mandate will lapse, unless the authority is renewed by a resolution passed at the next AGM;
 - (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - (c) revoked or varied by resolution passed by shareholders in a general meeting before the next AGM;

whichever is earlier;

AND THAT the directors and/or any of them be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the Recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution;

AND THAT the estimates given of the Recurrent Related Party Transactions specified in Section 2.1 of the Circular being provisional in nature, the directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Section 2.2 of the Circular.

12. To transact any other business of which due notice shall have been given in accordance with the Companies Act 1965 and the Company's Article of Association.

Resolution 11

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 13th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 60 of the Company's Articles of Association and Section 34 (1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 18 May 2016. Only a depositor whose name appears on the Record of Depositors as at 18 May 2016 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

By order of the Board of Directors

Che Indon binti Ilyas (BC/C/445)

Company Secretary

Ipoh

3 May 2016

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

PROXY

1. A member entitled to attend and vote at the AGM is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead and Section 149 (1)(b) of the Act shall not apply.
2. When a member appoints more than one proxy the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Perbadanan Kemajuan Negeri Perak, Aras , No. 1-A, Blok A, Menara PKNP, Jalan Meru Casuarina, 30020 Bandar Meru Raya, Ipoh, Perak Darul Ridzuan at least forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof.
6. The registration for the above Meeting will commence on Thursday, 26 May 2016 at 10.30 a.m.

NOTES:

Audited Financial Statements for Financial Year Ended 31 December 2015

7. The audited financial statements are for discussion only under Agenda 1, as they do not require shareholders' approval under the provisions of Section 169(1) and (3) of the Companies Act 1965. Hence, they will not be put for voting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Resolutions 2, 3, 4, 5 & 6

8. The profiles of the Directors standing for re-election are disclosed on pages [11] to [15] of the Annual Report 2015 and the details of their interest in the securities of the Company (if any) are disclosed under Analysis of Shareholding on pages [41] to [44] of the Annual Report 2015.

Re-election of Directors who retire in accordance with Article 84 of the Company's Article of Association ("AA")

9. Article 84 of the AA provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company. With the current Board size of 8, two (2) Directors are to retire in accordance with Article 84 of the AA.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

10. For the purpose of determining the eligibility of the Directors to stand for re-election at the AGM, the Nomination and Remuneration Committee (“NRC”) has considered the following:
 - (1) The performance and contribution of each of the Directors based on their Self result of the Board Effectiveness Evaluation (“BEE”);
 - (2) The assessment of the individual Director’s level of contribution to the Board through each of their skills, experience and strength in qualities; and
 - (3) The level of independence demonstrated by each of the Non-Executive Directors (“NEDs”), and their ability to act in the best interest of the Company in decision-making, to ensure that they are independent of Management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interest of the Company.
11. In line with Recommendation 3.1 of the Malaysian Code on Corporate Governance 2012, the Board has conducted an assessment of independence of the NEDs, and also other criteria, i.e character, integrity, competence, experience and time in effectively discharging their respective roles as Directors of the Company. The individual Directors were assessed based on performance criteria set in the areas of Board dynamics and participation, competency and capability, independence and objectivity, probity and personal integrity, contribution and performance, together with their ability to make analytical inquiries and offer advice and guidance. Each of the NEDs has also provided his annual declaration/confirmation of independence.
12. The Board approved that the NRC’s recommendation that the Directors who retire in accordance with Article 84 of the AA are eligible to stand for re-election. All these retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant NRC and Board meetings, where applicable.

APPOINTMENT OF AUDITORS

13. The Audit Committee (“AC”) had on 29 March 2016 deliberated the outcome of the Request for Proposal evaluations, which included an assessment of the engagement teams’ qualifications, credentials and experience, particularly in the financial services sector, the firms’ competitive advantage with global network resources, their audit work approach, and their ability to provide value added advice and services, as well as to perform the work within Majuperak Holdings’s timeline. The AC then decided to recommend for the Board’s approval the appointment of Messrs. AljeffriDean (“AljeffriDean”) as external auditors of the Company for the FY ending 31 December 2016.
14. At the same time, the AC further undertook an annual assessment of the quality of audit, which encompassed the performance of the external auditors, AljeffriDean, and the quality of their communications with the AC and Majuperak Holdings Group, based on the feedback obtained via assessment questionnaires from Majuperak Holdings personnel who had substantial contact with the external audit team and AljeffriDean throughout the year. The AC also took into account the openness in communication and interaction with the lead audit engagement partner and engagement team through discussion at private meetings, which demonstrated their independence, objectivity and professionalism.
15. The AC was satisfied with the suitability of AljeffriDean based on the quality of services and sufficiency of resources they provided to the Group, in terms of the firm and the professional staff assigned to the audit. The AC was also satisfied in its review that the provision of non-audit services by AljeffriDean to the Company for the FY 2015 did not in any way impair their objectivity and independence as external auditors of Majuperak Holdings.
16. Having regard to the outcome of the evaluations and the annual assessment of external auditors which supported the AC’s recommendation on the suitability and independence of the external auditors, the Board approved the AC’s recommendation for the shareholders’ approval to be sought at the 13th AGM on the appointment of AljeffriDean as external auditors of the Company for the FY 2016, under resolution 7.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary Resolution 9: Authority For The Directors To Issue Shares Pursuant To Section 132D Of The Companies Act, 1965.

17. Subject to the exceptions provided in the Companies Act, 1965, the Directors would have to call for a general meeting to approve the issue of new shares even though the number involved is less than 10% of the issued share capital.
18. In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be now empowered to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.
19. As at 31st December 2015, 14,117,028 new ordinary shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 12 June 2015 which will lapse at the conclusion of the forthcoming AGM to be held on 26 May 2016.
20. The general mandate sought will enable the Directors of the Company to issue and allot shares, including but not limited to further placing of shares, for purposes of funding investment(s), working capital and/or acquisition(s).

Ordinary Resolution 10: Proposed Renewal Of Existing Shareholders' Mandate For The Recurrent Related Party Transactions Of A Revenue Or Trading Nature.

21. The proposed Ordinary Resolution, if passed, will enable the MHB Group to enter into any of the recurrent transactions of a revenue or trading nature which are necessary for the MHB Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. The details of the Proposal are set out in the Circular to the Shareholders dated 3 May 2016 circulated together with this Annual Report.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Seri Megat Najmuddin bin Datuk Seri Dr. Haji Megat Khas	<i>Chairman Senior Independent, Non-Executive Director</i>
Mustapha bin Mohamed	<i>Independent, Non-Executive Director</i>
Y.M. Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar	<i>Non-Independent, Non-Executive Director</i>
Y.B. Dato' Mohd Khusairi bin Abdul Talib	<i>Non-Independent, Non-Executive Director</i>
YBhg. Dato' Aminuddin bin Md Desa	<i>Non-Independent, Non-Executive Director</i>
YBhg. Dato' Mohd Azmi bin Hj Othman	<i>Independent, Non-Executive Director</i>
Y.B. Dato' Mohd Azhar bin Jamaluddin	<i>Independent, Non-Executive Director</i>
Jamal bin Mohd Aris	<i>Managing Director / Group CEO</i>

AUDIT & RISK MANAGEMENT COMMITTEE

Mustapha bin Mohamed	<i>Chairman, Independent, Non-Executive Director</i>
YBhg. Dato' Mohd Azmi bin Hj Othman	<i>Independent, Non-Executive Director</i>
Y.B. Dato' Mohd Azhar bin Jamaluddin	<i>Independent, Non-Executive Director</i>

NOMINATION AND REMUNERATION COMMITTEE

Y. Bhg. Tan Sri Dato' Seri Megat Najmuddin bin Datuk Seri Dr. Haji Megat Khas	<i>Chairman, Senior Independent, Non-Executive Director</i>
Y.B. Dato' Mohd Khusairi bin Abdul Talib	<i>Non-Independent, Non-Executive Director</i>
YBhg. Dato' Aminuddin bin Md Desa	<i>Non-Independent, Non-Executive Director</i>

CORPORATE INFORMATION (CONTINUED)

MANAGEMENT TEAM

Jamal bin Mohd Aris

Chief Executive Officer / Managing Director

Rozahan bin Osman

Chief Financial Officer

REGISTERED OFFICE

Perbadanan Kemajuan Negeri Perak
Aras 3
No. 1-A, Blok A, Menara PKNP
Jalan Meru Casuarina
Bandar Meru Raya
30020 Ipoh, Perak Darul Ridzuan
Tel: (05) 5019 888/ 5019 588
Fax: (05) 5019 634
Website: www.majuperak.com.my

REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: (03) 7841 8000
Fax: (03) 7841 8151

PRINCIPAL PLACE OF BUSINESS

Perbadanan Kemajuan Negeri Perak
Aras 3
No. 1-A, Blok A, Menara PKNP
Jalan Meru Casuarina
Bandar Meru Raya
30020 Ipoh, Perak Darul Ridzuan
Tel: (05) 5019 888/ 5019 588
Fax: (05) 5019 634
Website: www.majuperak.com.my

SOLICITORS

Messrs. Rusnah Loh Ng & Co
Messrs. Izhar Haji Saidin & Co.
Messrs. Kamarul Hakimi Ansor & Partners
Messrs. Ong-Hanim & Badrol
Messrs. Lokman Reena & Co.
Messrs Azmi Hisham & Co.

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad
(Name: MJPERAK, stock code: 8141)

COMPANY SECRETARY

Che Indon binti Ilyas (BC/C/445)

AUDITORS

AljeffriDean (AF 1366)
Chartered Accountants (Malaysia)
Level 10, Suite 1, Perak Techno Trade Centre
Bandar Meru Raya, Off Jalan Jelapang
30020 Ipoh, Perak Darul Ridzuan

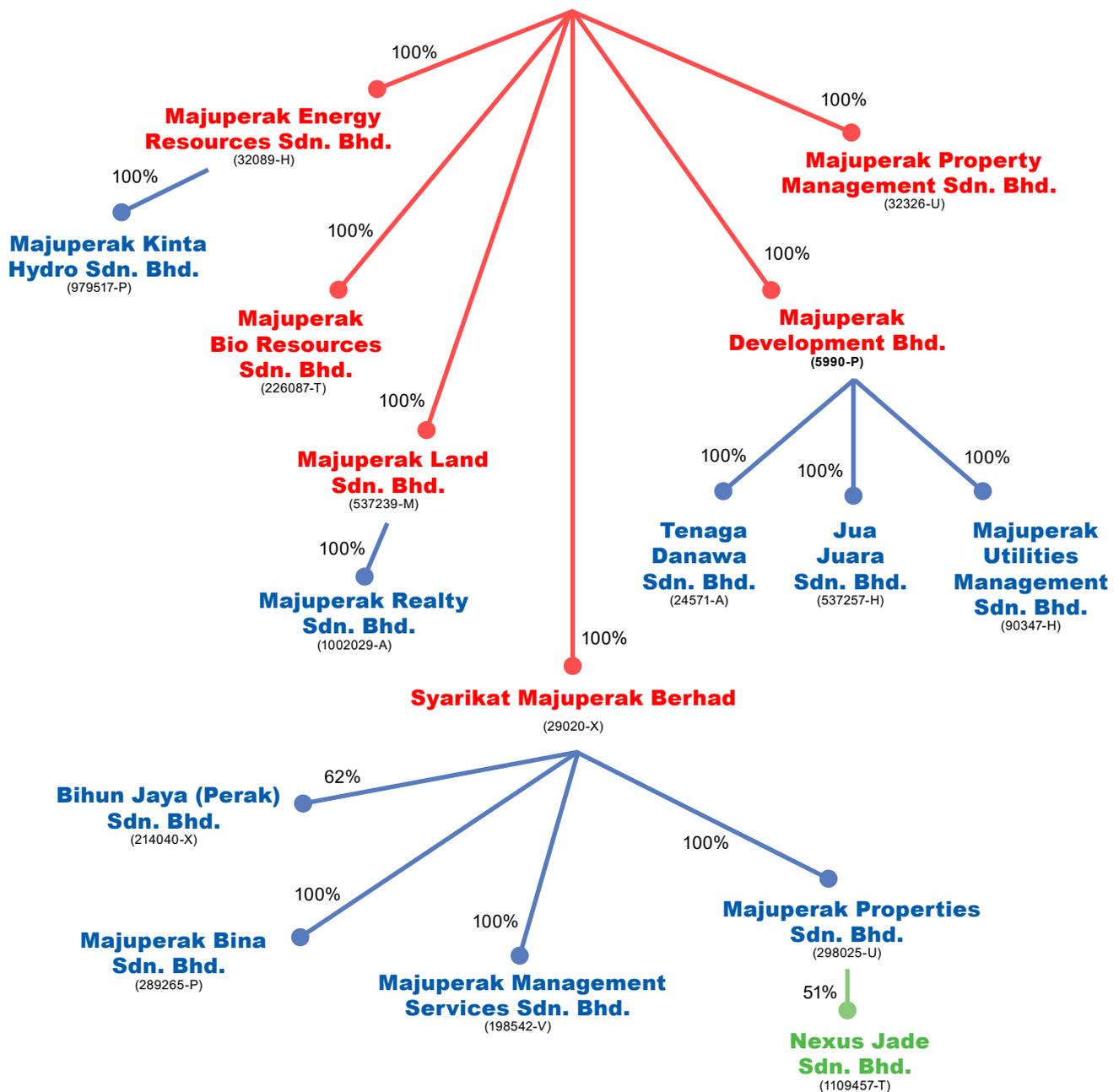
PRINCIPAL BANKERS

RHB Bank Berhad
Malayan Banking Berhad

CORPORATE STRUCTURE



Majuperak Holdings Berhad (585389-X)



BOARD OF DIRECTORS

Y. BHG. TAN SRI DATO' SERI MEGAT NAJMUDDIN BIN DATUK SERI DR HAJI MEGAT KHAS

Chairman

Senior Independent, Non-Executive Director

Malaysian aged 72

Date of Appointment: 17 August 2006

Length of Service (as at 30 Mar 2016): 9 years 7 months

Date of Last Re-appointment: 12 June 2015

Academic/ Professional Qualification(s)

Bachelor of Law (Hon), University of Singapore

Present Directorship(s)

- Asian Pac Holdings Berhad
- Omesti Berhad (Formerly known as Omesti Berhad)
- SEG International Berhad
- Petroliam Nasional Berhad ("PETRONAS")

Present Appointment(s)

- President, Federation of Public Listed Companies Berhad ("FPLC")
- Institute of Integrity Malaysia ("IIM")
- Transparency International Malaysia ("TIM")
- Committee member of Bank Negara Malaysia's Financial Directors' Education Steering Committee ("FIDE")

Past Directorship(s) and/or Appointment(s)

- Member of the High Level Finance Committee of the Ministry of Finance
- Capital Market Advisory Council of the Securities Commission ("CMAC")
- Adjunct Professor at Faculty of Law, University Utara Malaysia
- Malaysian Institute of Corporate Governance ("MICG").

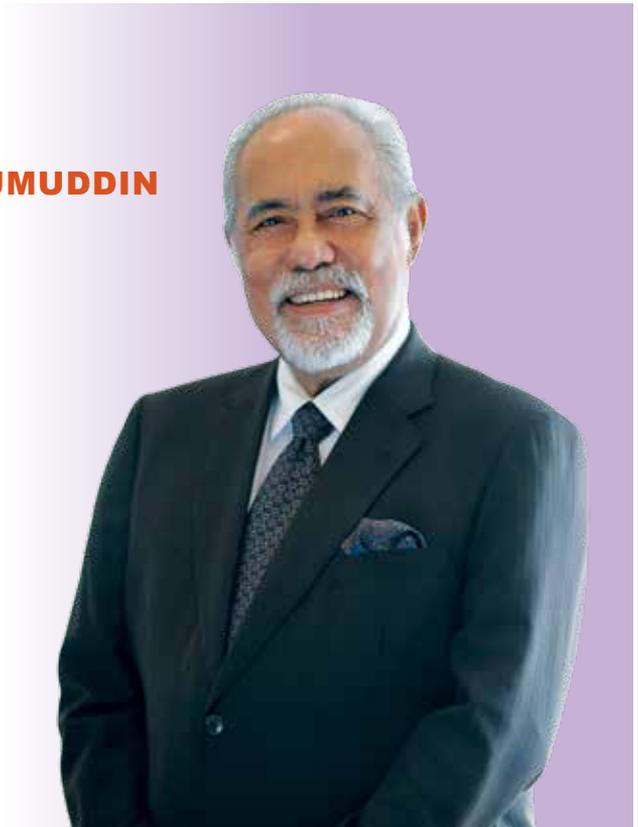
Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company: Nil

Convictions of offences: He has not been convicted for any offence within the past 10 years.

Board Meetings attended: 3 of 5



BOARD OF DIRECTORS (CONTINUED)



MUSTAPHA BIN MOHAMED
Independent Non-Executive

Malaysian aged 70

Date of Appointment: 30 December 2008

Length of Service: (as at 30 Mar 2016): 7 years 3 months

Date of Last Re-appointment: 28 June 2011

Academic/ Professional Qualification(s)

- Fellow Member of the Association, Chartered Certified Accountants,
- Chartered Accountant, The Malaysian Institute of Accountants
- Member, The Malaysian Association of Certified Public Accountants.

Present Directorship(s)

- Rubberex Corporation (M) Berhad
- MBM Resources Berhad

Present Appointment(s)

- Chairman of Audit Committee

Past Directorship(s) and/or Appointment(s)

- Partner, Coopers & Lybrand Malaysia (now PricewaterhouseCoopers), 1971 to 1993
- Director, Gadek Berhad
- Director, Gadek Capital Berhad
- Director, Ipmuda Berhad
- Director, Credit Corporation of Malaysia Berhad
- Director, MHC Plantations Berhad
- Director, Ho Hup Construction Company Berhad

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company: Nil

Convictions of offences: He has not been convicted for any offence within the past 10 years.

Board Meetings attended: 5 of 5



**Y.M. DATO' SERI DR RAJA AHMAD
ZAINUDDIN BIN RAJA HAJI OMAR**
Non-Independent Non-Executive

Malaysian aged 56

Date of Appointment: 20 August 2009

Length of Service (as at 30 Mar 2016): 6 years 7 months

Date of Last Re-appointment: 27 June 2014

Academic/ Professional Qualification(s)

- PhD From World Academy Of Arts And Culture (WAAC) California, USA
- Diploma In Political Science

Present Directorship(s)

- Ken Holdings Berhad

Present Appointment(s)

- Board Member of National Farmers Association (NAFAS) and Chairman of its Subsidiaries
- Pengerusi Pertubuhan Peladang Negeri (PPN) Perak

Past Directorship(s) and/or Appointment(s)

- Chairman, Lembaga Perlesenan Kenderaan Perdagangan
- Director, Lembaga Urusan Tabung Haji and Its Subsidiaries (2001-2004)
- Chief Editor, Berita Perak (1988-1999)
- Director, KEN Holdings
- President Perak Muay Association
- Ex Member of Parliament and State Assembly (5 Terms)
- Ex Chairman Public Account Committee (PAC)

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company: Nil

Convictions of offences: He has not been convicted for any offence within the past 10 years.

Board Meetings attended: 4 of 5

BOARD OF DIRECTORS (CONTINUED)



Y.B. DATO' MOHD KHUSAIRI BIN ABDUL TALIB

Non-Independent Non-Executive

Malaysian aged 55

Date of Appointment: 14 August 2012

Length of Service (as at 30 Mar 2016): 3 years 7 months

Date of Last Re-appointment: 12 June 2015

Academic/ Professional Qualification(s)

- B.A.(Hon), University Kebangsaan Malaysia (UKM)

Present Directorship(s)

- Chairman, Ladang Lekir Sdn Bhd (a subsidiary of State Agriculture Development Corporation)
- Director, Felda
- Director, Felda Travel
- Chairman, National Film Development Corporation Malaysia (FINAS)

Present Appointment(s)

- Chairman, Biro Penerangan UMNO Negeri Perak
- Chief, UMNO Tanjung Malim
- Chief, UMNO Felda Sungai Behrang

Past Directorship(s) and/or Appointment(s)

- Managing Director, Goldana Corporation Sdn Bhd (Publishing/Landscaping) (1990 -1998)
- Director, Tentiew (M) Sdn Bhd (Publishing & Management) (1999-2000)
- Director, Lembaga Air Perak Perak (LAP)
- Director Yayasan Perak
- Member State Audit Committee

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company: Nil

Convictions of offences: He has not been convicted for any offence within the past 10 years.

Board Meetings attended: 3 of 5



Y. BHG. DATO' MOHD AZMI BIN HJ OTHMAN

Independent Non-Executive

Malaysian aged 48

Date of Appointment: 25 February 2014

Length of Service (as at 30 Mar 2016): 2 years 1 month

Date of Last Re-appointment: 27 June 2014

Academic/ Professional Qualification(s)

- Ijazah Sarjana Muda Undang-Undang (Hons), University Of Technology MARA, Shah Alam

Present Directorship(s)

- KYM Holdings Bhd
- Tenaga Danawa Sdn Bhd

Present Appointment(s)

- Director, Royal Perak Golf Club Berhad
- Member, Investment Committee, Majlis Agama Islam Perak
- Member, Board of Trustees Yayasan Islamiah Darul Ridzuan

Past Directorship(s) and/or Appointment(s): Nil

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company: Nil

Convictions of offences: He has not been convicted for any offence within the past 10 years.

Board Meetings attended: 5 of 5

BOARD OF DIRECTORS (CONTINUED)

Y. BHG. DATO' AMINUDDIN BIN MD DESA

Non-Independent Non-Executive

Malaysian aged 54

Date of Appointment: 31 July 2013

Length of Service (as at 30 Mar 2016): 2 years 8 months

Date of Last Re-appointment: 27 June 2014

Academic/ Professional Qualification(s)

- Advance Diploma In Business Studies (Insurance), University of Technology MARA
- Diploma In Accountancy, University of Technology MARA
- Associate Member, Chartered Insurance Institute, United Kingdom
- Associate Member, Malaysian Insurance Institute
- Global Leadership Development Program, ICLIF

Present Directorship(s)

- Perak Corporation Berhad
- Casuarina Hotel Management Sdn Bhd
- Lumut Maritime Terminal Sdn Bhd
- PCB Development Sdn Bhd
- Animation Theme Park Sdn Bhd
- Majuperak Holdings Berhad

Present Appointment(s)

- Board Member, Universiti Teknologi Mara (UiTM)
- Chairman, UiTM Holdings Sdn Bhd

Past Directorship(s) and/or Appointment(s)

- Group Chief Executive, Perbadanan Kemajuan Negeri Perak (1 February 2013 -as to date)
- Chief Executive/ Director, Perak Corporation Berhad
- Executive Director and Chief Executive Officer, Mayban Fortis Holdings Bhd
- Executive Director and Chief Financial Officer, Malayan Banking Berhad
- Chief Executive Officer, Takaful Nasional Sdn Bhd
- General Manager, Arab Malaysian Assurance Bhd
- Deputy General Manager, Takaful Malaysia Sdn Bhd

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company: Nil

Convictions of offences: He has not been convicted for any offence within the past 10 years.

Board Meetings attended: 5 of 5



BOARD OF DIRECTORS (CONTINUED)

Y.B. DATO' MOHD AZHAR BIN JAMALUDDIN

Independent Non-Executive

Malaysian aged 49

Date of Appointment: 30 November 2015

Length of Service (as at 30 Mar 2016): 4 months

Date of Last Re-appointment: Nil

Academic/ Professional Qualification(s)

- B.B.A (Hons.), 2nd Class Upper, Kuala Lumpur Infrastructure University College (KLiUC)

Present Directorship(s)

- Managing Director, Harl Corporation Sdn Bhd (Civil Engineering & Building Contractor CIDB Gred 7 – 28 Years' Experience).
- Director, Espek Sdn Bhd (Palm Oil Mills & Plantation Management)
- Director, Maxis Security Sdn Bhd (Safety & Securities)

Present Appointment(s):

- Ahli Dewan Undangan Negeri Perak (ADUN) Changkat Jong, Perak
- Chief, UMNO Teluk Intan
- Special Committee of Post Exco Public Utilities, Infrastructure, Energy and Water, Perak
- Special Committee of Solid Waste Management and Public Cleanliness Corporation (SWCORP) of Perak
- Deputy Chairman, Persatuan Mencegah Dadah Malaysia (PEMADAM) Negeri Perak
- Chairman, Majlis Pembangunan Luar Bandar Parlimen Teluk Intan (MPLB)
- Chairman, Majlis Pembangunan Pertanian Parlimen Teluk Intan (MP3)
- Chairman, Majlis Perundingan Koperasi Parlimen Teluk Intan
- Chairman of Advisory Board, Kolej Komuniti Teluk Intan
- Chairman, Yayasan Pendidikan Teluk Intan (YPendita)
- Chairman, Koperasi Dana & Aset Bumiputra Teluk Intan Berhad (KODANAPUTRA)

Past Directorship(s) and/or Appointment(s):

- Chief Councilor Majlis Perbandaran Teluk Intan (MPTI), (9 years)

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company: Nil

Convictions of offences: He has not been convicted for any offence within the past 10 years.

Board Meetings attended: 0 of 5



MANAGING DIRECTOR GROUP CHIEF EXECUTIVE OFFICER

JAMAL BIN MOHD ARIS

Malaysian aged 53

Date of Appointment: 29 August 2013

Length of Service (as at 30 Mar 2016): 2 years 7 months

Date of Last Re-appointment: Nil



Academic/ Professional Qualification(s)

- Master In Business Administration (Major in Finance/Investment)
University of South Dakota, South Dakota, USA
*BETA GAMMA SIGMA (The National Scholastic Honorary Society for Students of Business and Management)
*Dean's Honor Roll
- Bachelor Of Arts (Major in Finance/Economics), Westmar College, Le Mars, Iowa, USA
Honors
*ALPHA MU GAMMA (The National Collegiate Foreign Language Honor Society)
*Dean's Honor Roll
- Diploma In Accountancy
MARA Institute of Technology

Present Directorship(s)

- Cash Complex Sdn Bhd
- Casuarina Hotel Management Sdn Bhd
- LMT Capital Sdn Bhd
- Lumut Maritime Terminal Sdn Bhd
- Magni D Corporation Sdn Bhd
- PCB Development Sdn Bhd
- Premium Meridian Sdn Bhd
- Seri Iskandar Development Corporation Sdn Bhd
- Silveritage Corporation Sdn Bhd
- Taipan Merit Sdn Bhd

Present Appointment(s): Nil

Past Directorship(s) and/or Appointment(s): Nil

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company: Nil

Convictions of offences: He has not been convicted for any offence within the past 10 years.

Board Meetings attended: 5 of 5

CHAIRMAN'S STATEMENT

Dear Shareholders,

**In the name of Allah, the Most Compassionate, the Most Merciful.
Assalamualaikum Warahmatullahi Wabarakatuh.**

On behalf of the Board of Directors, I am pleased to present the 2015 Annual Report and Audited Financial Statements of the Group and the Company for the Financial Year ended 31st December 2015.

FINANCIAL REVIEW

For the financial year ended 31 December 2015, saw the Group recording a profit before tax of RM12.32 million. While the previous year's profit before tax of RM7.52 million. This year's profit was contributed largely by the disposal of our Ladang Sg Piah. Gross profit margin decreased by 67% while other income increased by RM18.59 million due to the disposal. The Group's strategy remains to grow its business segments of property development by leveraging the continuous development of its existing land banks, renewable energy and refurbishment of the Silveritage Complex. The focus of this year was to ensure that its invested development projects remain on schedule for delivery and to continue to source for new projects that will ensure sustainability of the Group's future profits. To this end, the Group has cash and bank balance of RM24.9 million as at 31 December 2015 as well as unutilised financing lines which will be channeled to finance the existing and new earmarked projects.

As at 31 December 2015, the Group's net per share stood at RM1.12

OPERATIONAL REVIEW

Property Development

I am also pleased to report that the Tapah's project is performing well in line with our targets with the phase 1 of the project are sold out. The Tapah's project is performing well with good take-up rates and with a steady population growth in the area. The Tapah Project for Phase 1 which comprised of 62 units of shop offices, 34 units of shop offices and "Kedai Rakyat" for 2nd Phase and 160 units of Single Storey Terrace houses (Phase 4) are all expected to be completed at the end of Second Quarter of 2016. The target market is home owners ie. mostly the Tapah's UITM's lecturers and staffs and is therefore less affected with the property cooling measures introduced by Bank Negara Malaysia to curb speculation.

The other project that will take off soon is the Affordable Homes, which is targeted to take off by Second Quarter of 2016. The Affordable Homes comprised of 300 units of Affordable Apartment and 270 unit Affordable houses at Taman Trong Bakti, Taiping Perak. Both Affordable Homes' projects are expected to be completed by the end of 2018 when Perak property prices are forecasted to trend further upwards from current levels.

CHAIRMAN'S STATEMENT (CONTINUED)

Silveritage Galleria Complex

The other project which is due to take off soon will be the Silveritage Galleria Complex. The Silveritage Galleria Complex is a redevelopment and refurbishment of an existing commercial building into a modern commercial complex with an expected GDC of RM 16,900,000.00. The redevelopment will give rise to approximately 70,000 sq. feet of lettable retail and F&B space and approximately 100,000 sq feet of parking space. We will refurbish and reposition the Silveritage Complex to achieve a higher value prior to launching them for rent. The main objective of this project is to cater for the middle income market segment focusing local delicacies and lifestyle.

Renewable Energy

While demand for electricity is constantly rising, consumption of fossil fuels with its effects on world pollution and its depletion in future has raised much concern globally, thereby creating a need for the generation of energy using renewable resources such as solar and hydro. Development of inexhaustible and clean solar energy technologies will have huge long-term benefits including to increase each countries' energy security, enhance sustainability, reduce pollution, lower the costs of mitigating climate change and to keep fuel prices lower.

Majuperak Energy Resources Sdn Bhd's ("Majuperak Energy") strategy has brought encouraging results with our commissioned plants capable of generating estimated revenue of RM1,250,000 per year. Majuperak Energy is a wholly owned subsidiary of the Company. Majuperak Energy achieved a significant milestone in December 2015 when they successfully completed and commissioned 1.0MW solar power plant under the Feed-in-Tariff (FiT) system in Keramat Pulai, Perak. The plant has 3,327 pieces of solar panels and has an annual electricity generation of approximately 1,298 MWh.

Currently, the Management is identifying suitable sites for biomass (waste to energy) within the Perak state.

Human Resources

For the year 2015, MHB Group has been prudent and will continue to do so its recruitment exercise in line with the Company business strategic plan. The management is also dedicated to strengthen the workforce by creating a high performance work culture among employees in the organization. Thus, in 2015 under the platform of Cultural Transformation Program with the tagline "Moh Kite Change The Landscape" had identified five corporate values that is crucial for creating high-performing employees. The five corporate values are Think Big, Entrepreneurship, Stakeholder Success, Outcome Oriented and Risk Taking.

The Employee Commitment Index (ECI) has shown positive results, improving to 7.68 from 7.29 in March 2015. ECI is a tool used to measure employee commitment towards corporate values. This admirable score is a sign of highly committed and engaged employees who are willing to go the extra mile for the company and we believe it has a correlation with our current business performances.

Furthermore, the management has also embark on Competency Development Master Plan focus on the implementation of core, leadership and technical competencies to the Executive level and above employees. The fundamental for the formation of the competency model is based on the Prophet Muhamad (SAW)'s four attributes which are Siddiq, Amanah, Tabligh and Fathanah. These competencies elements will be used as a guideline to measure as well as identify skills and competency gaps more efficiently by providing customize training and professional development plan based on the individual development plan.

CHAIRMAN'S STATEMENT (CONTINUED)

CORPORATE SOCIAL RESPONSIBILITY

To be a successful corporation, we have a responsibility to positively impact our community and preserve our environment for the benefit for future generations. We have always taken into consideration the interests of community in which we operate and assumed the responsibility for the impact of our business activities on customers, suppliers, employees, shareholders, communities and the environment. The Group is committed to fulfill this responsibility beyond our statutory obligations. We will continue to strive to be an ethical and responsible corporate citizen. Our increased efforts in this regard is a testimony of our enduring commitment to balance overall environmental, social and economic goals towards building a sustainable future.

We look at positive investments by engaging with communities such as advancement of education, sports, assistance to the less fortunate and the needy, and many more. Our investments address universal basic needs whilst upholding and respecting human rights. Over the years, our commitment towards the community has continued to expand, improve and be refined. We pledge to ensure business sustainability without compromising the rights and needs of future generations.

We believe that industrial training is an integral component in empowering the young. By providing them with a first-hand experience in the employment world, students will be better equipped to handle challenges in their future workplace and moulded to become more responsible and charismatic. In this regard, we have an ongoing internship program which provides undergraduate and graduate students opportunities to perform their industrial training with us as part of their course requirements.

CORPORATE GOVERNANCE

The Company places utmost priority on maintaining the highest level of corporate governance in all our operations across the Group. In particular, we focused on three areas that are critical to the sustainability of our business operations: (i) a sound risk management framework and internal control system; (ii) a strengthened internal audit function; and (iii) a culture of due process through formal policies and procedures for proper governance and compliance. Our internal auditor, reports its' findings of various business and support units to the Audit & Risks Management Committee on a quarterly basis.

In addition, reviews and revisions to the terms of reference of the various Board Committees were undertaken with a view to clearly define their roles and functions and to align them with the Company's revised Limits of Authority and regulatory requirements. These measures were undertaken to ensure the functionality and efficacy of the Board of Directors in order to meet the needs of our Company.

The Board of Directors will continue to subscribe to best practices in corporate governance as advocated by the 2012 Malaysian Code on Corporate Governance (2012 Code) to strengthen our organization at the most fundamental level.

DIVIDEND

The Board has proposed a final dividend of RM1.08 sen per ordinary share in respect of the financial year ended 31 December 2015 for the approval of the shareholders at the forthcoming Annual General Meeting. If approved by shareholders, the total dividend payout for the financial year ended 31 December 2015 will be 1.08 sen per ordinary share.

CHAIRMAN'S STATEMENT (CONTINUED)

OUTLOOK

With the fiscal tightening and various cooling measures introduced in 2016 budget, the Group believes 2016 will be a challenging year. The economy will still grow but a slower pace. The Group will continue to look at various ways in improving its revenue stream. We remain focused on our strategy of properties in District of Kinta, Perak and will consider expanding to other district with economic conditions that favour the property cycle in the short to medium term. This will be in the form of joint ventures with established and reputable developers who have the required familiarity and knowledge in the region. Whilst the Company has invested substantially in the property sector locally, it is also committed to implement its existing renewable energy project in accordance with its laid down timelines and looks to add further capacity in such project in the region of Perak. These projects are expected to be among the main drivers of the Majuperak Holdings Berhad's future.

We are optimistic about our long-term prospects and are confident in realizing the potential of our investments, made so far.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express my sincere appreciation to our clients, business associates, bankers and shareholders for their wonderful support. Last but not least I would like to thank my fellow Board members, the management team and employees for their commitment, contribution and efforts to the Company.

Thank you and our warmest regards.

**Tan Sri Dato' Seri Megat Najmuddin
Bin Datuk Seri Dr. Haji Megat Khas**
Chairman

3 May 2016

STATEMENT ON CORPORATE GOVERNANCE

PURSUANT TO PARAGRAPH 15.25 OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

The Board of Directors recognizes the importance of safeguarding and promoting the interests of shareholders. The Board is committed to uphold the value of good corporate governance by continuously advocating transparency, accountability, integrity and responsibility to enhance long term shareholders' values and safeguarding the stakeholders' values. The Board is pleased to report on the corporate governance practices of the company and the in which the company has complied with the principles as set out in the Malaysian Code on Corporate Governance (Revised 2007) ("Code").

BOARD OF DIRECTORS

Board Composition and Balance

The Group is helmed by an effective and experienced Board comprising individuals of caliber and credibility from a diverse professional backgrounds with a wealth of experience, skills and expertise. The Directors together as a team set a values and standard of the company and ensures that the Group's business is properly managed to safeguard the Group's assets and shareholders' investment. A brief profile of each Director is set out in the Profile of Directors section of this Annual Report.

The Board's composition of eight (8) members, comprising one (1) Managing Director, three (3) Non-Independent, Non-Executive Directors and four (4) Independent Directors is in compliance with paragraph 15.02 of Bursa Malaysia Security Berhad Main Market Listing Requirements ("Listing Requirements"). The independent directors which make up more than half the Board play a crucial role in the exercise of independent assessment and objective participation in Board deliberations and the decision-making process.

The independent directors do not participate in the day-to-day management of the Company and do not engage in any business dealing and are not involved in any other relationship with the Company which could materially interfere with the exercise of their independent judgement. The role of the Chairman, Tan Sri Dato' Seri Megat Najmuddin bin Datuk Seri Dr Haji Megat Khas and the Managing Director, Encik Jamal bin Mohd Aris are separated with clear distinction of responsibility between them. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Managing Director is responsible for the day-to-day running of the business and implementation of Board's policies and decisions.

The Board has also identified the Chairman, whom is the independent director as the senior independent director. Any concerns relating to the Group may be conveyed by the stakeholders to the senior independent director. The Board through the Nomination & Remuneration Committee ensures that it recruits to the Board individuals of sufficient caliber, knowledge, integrity, professionalism and experience.

The Nomination & Remuneration Committee also conducts an annual review of the performance of the Board to ensure that it is continuously effective. The review conducted via a set of questionnaires to assist the reviewer in his assessment and is spread over the following three (3) key areas:

- The performance and contribution of each of the Directors based on their self and peer assessment results of the Board Effective Evaluation;
- The level of independence demonstrated by each of the Non- Executive Directors and his ability to act in the best interest of the Company in decision making, to ensure that the Non-Executive Directors were independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interest of the Company; and
- Contributions of individual Director's level of contribution to the Board through each of their skills, experience and strength in qualities.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

Duties and Responsibilities

The Board's principal focus is the overall strategic direction, development and control of the Group. In support of this focus, the Board maps out and reviews the Group's medium and long term strategic plans on an annual basis, so as to align the Group's business directions and goals with the prevailing economic and market conditions. It also reviews the management's performance and ensures that necessary financial and human resources are available to meet the Group's objectives. The Board's other main duties include regular oversight of the Group's business performance, and ensuring that the internal controls and risk management processes of the Group are well implemented consistently to safeguard the assets of the Group.

On-going succession planning and training which is aligned to the organization's objectives are put in place to ensure orderly management transition in the Group.

Board Meetings and Supply of Information

The Board meets at least four (4) times annually with additional meetings convened as and when deemed necessary. During the financial year, the Board met five (5) times where the Board deliberated and considered a variety of matters including the Group's financial results, budget and strategy, corporate proposals and strategic issues that affect the Group's business operations.

The Board and Board Committees meeting are planned in advance prior to the commencement of a new year and the schedule is circulated to the Directors and Committee members well in advance to enable them to plan ahead. Board members are given at least seven (7) day's notice before any Board meeting is held. The agenda for each Board meeting and papers relating to the matters to be deliberated at the meeting are forwarded to all Directors for perusal prior to the date of the Board meeting. The Board papers are comprehensive covering agenda items to facilitate informed decision-making. In between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions enclosing all relevant information to enable the Board to make informed decisions. All circular resolutions approved by the Board will be table for notation at next Board meeting.

The Board also peruse the decisions deliberated by Board Committees through minutes of these Committees. The Chairman of the Board Committees is responsible to inform the Directors at Board meeting of any salient matters noted by the Committees and which require the Board's notice or direction. All proceeding of Board meetings are minuted and signed by the Chairman of the meeting in accordance with provision of Companies Act, 1965.

The Directors are notified of any corporate announcements released to Bursa Malaysia Security Berhad. They are also notified of the impending restriction in dealing with the securities of the Company at least thirty (30) days prior to the targeted released date of the quarterly financial results announcement. All Directors have direct access to the advice and services of the Company Secretary. The Company Secretary is responsible in ensuring that Board procedures are met and constantly advise the Directors on compliance issues and corporate governance.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

Details of attendance of Directors at Board meeting during the financial year are as follows:

Name of Directors	No of Meetings	
	Attended	Percentage
Tan Sri Dato' Seri Megat Najmuddin bin Datuk Seri Dr Megat Khas <i>Chairman, Independent Non-Executive Director</i>	3 of 5	60%
Haji Mustapha bin Mohamed <i>Independent, Non-Executive Director</i>	5 of 5	100%
Y.M. Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar <i>Non-Independent, Non-Executive Director</i>	4 of 5	80%
Dato' Haji Mohd Zolkafly bin Haji Harun <i>Independent, Non-Executive Director</i> <i>(resigned w.e.f. 30 November 2015)</i>	4 of 5	80%
Y.B. Dato' Mohd Khusairi bin Abdul Talib <i>Non-Independent, Non-Executive Director</i>	3 of 5	60%
YBhg. Dato' Aminuddin bin Md Desa <i>Non-Independent, Non-Executive Director</i>	5 of 5	100%
Jamal bin Mohd Aris <i>Managing Director</i>	5 of 5	100%
YBhg. Dato' Mohd Azmi bin Hj Othman <i>Independent, Non-Executive Director</i>	5 of 5	100%
YB Dato' Mohd Azhar bin Jamaluddin <i>(appointed w.e.f. 30 November 2015)</i>	0 of 5	0%

Appointment to the Board

The proposed appointment of new Board members as well as the proposed re-election/re-appointment of existing Directors who are seeking re-election/re-appointment at the annual general meeting are first considered and evaluated by the Nomination and Remuneration Committee. Upon its evaluation, the Nomination and Remuneration Committee will make recommendations on the proposal(s) to the Board for approval. The Board makes the final decision on the proposed appointment or re-election/re-appointment to be presented to shareholders for approval.

Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors are subject to retirement by rotation at every annual general meeting and provided always that all Directors shall retire at least once every three (3) years but shall be eligible for re-election. Directors who are appointed by the Board are subject to re-election by the shareholders at the annual general meeting held following their appointments. Directors of or over 70 years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of Companies Act, 1965.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

Directors' Training

The Board acknowledges the importance of continuous education and training broaden one's perspective and to keep abreast with the current and future developments in the industry and global markets, regulatory updates as well as management strategies to enhance the Board's skills and knowledge in discharging their duties. Orientation programs is initiated for newly appointed Directors have attended the Mandatory Accreditation Programs prescribed by Bursa Malaysia Securities Berhad. The Directors also continued to attend and participate in various training programmers, briefings, conferences and seminars, which they have individually considered as relevant and useful to further enhance their business acumen and professionalism in discharging their stewardship responsibilities.

Some of the programs attended by the Directors during the financial year ended 31 December 2015 are as follows:

Key Areas

- Corporate Governance
 - Directors' Duties & Obligations
 - Leadership
 - Financial, Taxation & Investment
 - Laws & Regulations
- (i) Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Megat Khas
- 4th Annual Procurement & Integrity Forum for Public & Private Sector
 - Asian World Summit's 3rd Education Nation Summit
 - Remuneration Reward Practices Seminar
 - Asian World Summit's 7th Annual Corporate Governance Summit
 - Leadership & Governance's Breakfast Talk for PLC Directors
 - Khazanah National's Megatrends Forum
- (ii) Mustapha Bin Mohamed
- The Essential 2014 Tax Guide: Preparing For Change (Federation of Malaysian Manufacturers)
 - Enterprise-Wide Risk Awareness Program (Tricor Roots Consulting)
 - Annual Director Duties, Governance & Regulatory Updates Seminar 2014 (Malaysian Institute of Corporate Governance)
- (iii) YBhg. Dato' Aminuddin Bin Md Desa
- Mandatory Accreditation Program (MAP) dated 10 & 11 April 2013
 - In House Training, training covers topics on Revised Codes of Corporate Governance, Corporate Social Responsibility Through Branding and Audit Committee Expectations.
 - In House Briefing pertaining to Malaysia Code on Corporate Governance 2012.
 - Risk Management & Internal Control workshop dated 27 November 2013
 - Risk Management & Internal Control dated 28 May 2014
 - Culture Transformation Programme (CTP), 10/11/2014 -11/11/2014 (Hutan Belum)
- (iv) YBhg. Dato' Mohd Azmi bin Hj Othman
- Mandatory Accreditation Program (MAP) dated 10 & 11 April 2014
 - In House Training, training covers topics on Revised Codes of Corporate Governance, Corporate Social Responsibility Through Branding and Audit Committee Expectations.
 - In House Briefing pertaining to Malaysia Code on Corporate Governance 2012.
 - Risk Management & Internal Control workshop dated 27 November 2013
 - Risk Management & Internal Control dated 28 May 2014
- (v) YB Dato' Mohd Azhar bin Jamaluddin
- Mandatory Accreditation Program (MAP) dated 6-7 April 2016

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

Directors' Remuneration

All Non-Executive Directors are paid Directors' fees as approved by the shareholders at the annual general meeting based on the recommendation of the Board. The determination of the level of fees of the Non-Executive Directors is a matter decided by the Board as a whole to ensure that is sufficient to attract and retain the services of the Non-Executive Directors which are vital to the Company. Meetings attendance allowance are paid to Non-Executive Directors in accordance with the number of meeting attended during the financial year. Individual Directors will abstain from participating in the discussion and decision of their own remuneration.

For the Managing Director, the remuneration packages link rewards to individual as well as corporate performance and achievement of key performance indicators, taking into consideration the market and industry practice.

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

• **Aggregate of Remuneration**

<i>Category</i>	<i>Managing Director (RM)</i>	<i>Non-Executive Directors (RM)</i>	<i>Total (RM)</i>
Fees	45,000	330,000	375,000
Other Emoluments	10,000	57,000	67,000
Defined contributions	-	-	-
Benefits-in-kind	-	-	-

• **Analysis of Remuneration**

<i>Range of Remuneration</i>	<i>No. of Executive Director (RM)</i>	<i>No. of Non-Executive Directors (RM)</i>
RM50,000 & below	1	6
RM50,001 & Above	-	1

The disclosure of Directors' remuneration is made in accordance with Appendix 9C, Part A, item 11 of the Listing Requirements. The Board is of the opinion that the disclosure of Directors' remuneration through 'band disclosure' is sufficient to meet the objectives of the Code. Separate and detailed disclosure of individual Directors remuneration would not add significantly to the understanding of shareholders and other interested persons in this aspect.

WHISTLE BLOWING POLICY

The Group in its effort to enhance corporate governance has put in place a whistle blowing policy to provide an avenue for employees and stakeholders to report genuine concern about malpractices, unethical behavior, misconduct or failure to comply with regulatory requirements without fear of reprisal. Any concern raised will be investigated and a report and update is provided to the Audit Committee (if any).

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

BOARD COMMITTEES

The Group has delegated certain responsibilities to the Board Committees which operate within defined terms of reference approved by Board to assist the Board in discharging its fiduciary duties and responsibilities. The Board Committees include the Audit & Risk Management Committee and Nomination & Remuneration Committee.

The Board Committees exercise transparency and full disclosure in their proceedings. Where necessary, issues deliberated by the Board Committees are presented to the Board with the appropriate recommendations. The ultimate responsibility for the final decision on all matters however, lies with Board.

The Board Committees in MHB are as follows:

Audit & Risk Management Committee

The Audit & Risk Management Committee comprises three (3) Independent Non-Executive Directors and is in compliance with the Listing Requirements. The members of the Audit Committee are as follows:

1. Mustapha bin Mohamed
(Independent Director) – Chairman
2. YB Dato' Mohd Azmi bin Hj Othman
(Independent Director)
3. YB Dato' Mohd Azhar bin Jamaluddin
(Independent Director)

Nomination & Remuneration Committee

1. Tan Sri Dato' Seri Megat Najmuddin bin Datuk Seri Dr Megat Khas
(Independent, Non Executive Director)
2. YB Dato' Mohd Khusairi bin Abdul Talib
(Non Independent, Non Executive Director)
3. YBhg. Dato' Aminuddin bin Md Desa
(Non Independent, Non Executive Director)

The Audit & Risk Management Committee's principal role is to reduce conflicts of interest particularly between and shareholders and to ensure that the Group's assets are utilized efficiently. As part of the Audit & Risk Management Committee's responsibilities, they would review the Company's financial statements, related party transaction and the system of internal controls. They may also consider whether procedures on internal audit are effect at monitoring adherence to the Company's standard and values. During the financial year, the Audit & Risk Management Committee held meetings whereby the external auditors attended two (2) of the meetings and also met with the Committee members without the presence of the management and Managing Director at One (1) of the meeting. A full Audit & Risk Management Committee Report enumerating its membership, summary of terms of reference and a summary of activities during the year are set out in the Audit & Risk Management Committee Report.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

The role of the Nomination & Remuneration Committee, set out in its terms of reference, includes among others, the following:

(a) Appointment and Evaluation

- (i) To consider and recommend candidates for directorship to the Board and to Board Committees based on the following broad criteria:
 - skills, knowledge, expertise and experience;
 - professionalism;
 - integrity; and
 - for independent non-executive directors, the ability to discharge their duties.
- (ii) Reviewing annually the required mix of skills, experience and other qualities, including core competencies, which Directors should bring to the Board.
- (iii) Assessing annually the effectiveness of the Board as a whole, including its size and composition, the committees of the contribution of each individual Director.
- (iv) Reviewing the training needs of Directors.

(b) Remuneration

- (i) To recommend to the Board on the framework or broad policy for the remuneration of the Company's or Group's Chief Executive and other senior management as the Committee is designated to consider.

The Nomination & Remuneration Committee meets at least once in a financial year and whenever required. The Committee met twice during the financial year. During the financial year, the Nomination & Remuneration Committee undertook the following:

- Evaluation exercise on the effectiveness, composition and balance of the Board as well as effectiveness of the Committees and contribution of each individual Director of the Company;
- Reviewed all Directors who are due for re-election/re-appointment at the company's 13th Annual General Meeting to determine whether or not to recommend their re-election/re-appointment;
- Reviewed the remuneration package for the Group Chief Executive Officer;

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board endeavors to present a balanced and comprehensive assessment of the Group's performance through the annual audited financial statements and quarterly announcement of financial results to shareholders. The Board is assisted by the Audit & Risk Management Committee to oversee the Group's financial reporting and the quality of its financial reporting.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

Directors' Responsibility Statement

The Directors are required by the Companies Act, 1965 to ensure that the financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year, and of the results of their operations and cash flows for the financial year. The Directors consider that in preparing the financial statements, the Directors have consistently used and applied the appropriate and relevant accounting policies and made judgements and estimates that are reasonable and prudent.

The Directors have a general responsibility in ensuring that the Company and the Group keep proper accounting records in accordance with the provisions of the Companies Act, 1965 to enable the preparation of the financial statements with reasonable accuracy. The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and the Group to prevent and detect fraud other irregularities.

Internal Control

The Board acknowledges its overall responsibility in maintaining an internal control system that provides reasonable assurance of effective and efficient operations, compliance with laws and regulations, as well as internal procedures and guidelines. However, the Group's system of internal control is designed to managed and not eliminate the risk of failure to achieve the Group's objectives, hence the internal control system can only provide reasonable and not absolute assurance against the risk of material errors, fraud or loss.

The Statement on Internal Control, which provides an overview of the state of internal control within the Group, is set out on pages [30] to [31] of this Annual Report.,

Audit & Risk Management Committee

The Audit & Risk Management Committee conducts a review of the Internal Audit Function in terms of its authority, resources and scope as defined in the Internal Audit Charter adopted by the Group. The minutes of the Audit & Risk Management Committee meetings are table to the Board for perusal and for action where appropriate.

Relationship with Auditors

The Company, through its Audit & Risk Management Committee, has established a transparent and appropriate relationship with the Company's auditors, both internal and external. It is the policy of the Audit & Risk Management Committee to meet the external auditors to discuss their audit plan, audit findings and the financial statements. The Audit & Risk Management Committee also meets the external auditors without the presence of the management and executive Board members.

The roles of both the internal and external auditors are further described in the Audit & Risk Management Committee Report.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

RELATIONSHIP AND COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

Communication with Shareholders

The Board is committed to provide shareholders and investors accurate, useful and timely information about the Company, its business and its activities. The Company has regularly communicated with shareholders and investors in conformity with the disclosure requirements.

The Company's annual general meeting remains the principal forum for dialogue and interaction with shareholders and provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's business and corporate development.

The Group ensures that timely disclosures are made to the public with regard to the Group's corporate proposals, financial results and other required announcement.

Corporate and financial information of the Group as well as the Company's announcements to Bursa Malaysia Securities Berhad are also made available to the public through the Company's website at www.majuperak.com.my

CORPORATE SOCIAL RESPONSIBILITY

The Group recognizes the importance of corporate social responsibility ('CSR') as an integral part of business and strongly pursue its belief of caring for and sharing with people, business associates and community. In this respect, the Group continued its initiative to strive for a balanced approach in achieving its business profitability and the expectation of its stakeholders and the community thereby creating value to our shareholders and enhancing the long term sustainability of the Group.

The Group CSR efforts in 2015 focused mainly on the Group's employees' wellbeing and enhancement of knowledge and technical expertises. The CSR activities undertaken in 2015 were as follows:

Long-Service Awards, Academic Excellence Awards & Trainings

During the year, the Group continued with the Long Service Awards and Academic Excellence Awards presentation. The Long service Awards presentation recognizes the contribution and loyalty of employees within the Group. The Academic Excellence Awards presentation encourages and recognizes the academic excellence of the children of the Group's Employees.

The Group's employees are the most important asset, the major contributors to the organization's success and growth. Trainings and career development are conducted to equip employees with the necessary skills and knowledge as well as to achieve their potential. We also take a proactive approach in providing opportunities for our employees to obtain professional and nationally recognized qualifications and in encouraging continuous professional development programs that are conducted internally and externally.

A great deal of effort and resources are channeled into the Group's CSR programs and the top management is directly involved in the Group's CSR efforts. We look upon the giving back to society in the hope of making a difference in the many lives we touches.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia Securities Berhad ("Bursa Malaysia") Listing Requirements require directors of public listed companies to include a statement in their annual reports on the state of their internal controls. The Bursa Malaysia Statement on Internal Control: Guidance for Directors of Public Listed Companies ("the Internal Control Guidance") provides guidance for compliance with these requirements.

Set out below is the Board's Statement on Internal Control, which has been prepared in accordance with the Internal Control guidance

BOARD RESPONSIBILITY

The Board of Directors recognizes the importance of sound internal controls and risk management practices for good corporate governance and has instructed the Management of the Company to design and establish a system of internal controls and risk managements to be implemented in the Group.

The Board affirms that there is an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of the Group's business objectives, which has been in place during the year and up to the date of approval of the annual report and financial statements.

The system of internal control is design to manage rather than to eliminate the risk of failure to achieve businesses objectives. In pursuing these objectives, internal controls can only provide reasonable, but not absolute assurance against material misstatement or loss.

AUDIT & RISK MANAGEMENT FRAMEWORK

The Board fully supports the contents of the Internal Control Guidance and with the assistance of the internal audit which has been outsourced; a structured risk management framework for the Group has been put in place. The risk framework for adoption by the Group involves the following:

- **Group Audit & Risk Management Committee**

Responsible to identify continuously and communicate and report to the Board, the critical risks the Group faces, their changes and the management action plans to manage the risks. Audit & Risk Management Committee chaired by Mustapha Bin Mohamed and the members are YBhg. Dato' Mohd Azmi Bin Hj Othman and YB Dato' Mohd Azhar Bin Jamaluddin.

- **Key Management Staff**

Nomination of key management staff in each operating unit to prepare action plans, with implementation time-scales to address any risk and control issues.

- **Risk Management Reporting**

Reporting by the head of operating units/management staff to the Group risk. All the General Managers reporting to the Group Audit & Risk Management Committee.

STATEMENT ON INTERNAL CONTROL (CONTINUED)

The Group, via the Internal Auditors provides supports to the Audit & Risk Management Committee in discharging its duties with respect to the adequacy and integrity of the system of internal controls within the Group.

The Internal Auditors carried out audits based on an internal audit plan approved by the Audit & Risk Management Committee. Their reports are table to the Audit & Risk Management Committee meeting, where the Audit & Risk Management Committee members reviewed the findings with management. The internal auditors ensured that recommendations to improve controls were implemented by management.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from key risk management and internal audit, the Group has in place the following key elements of internal control:

- **Organisational Structure**

The Group has in place an organizational structure with clearly defined lines of accountability and delegated authority.

- **Management Financial Report**

Quarterly financial and performance reports are submitted to the Board and reviewed, which include explanation and management action taken for improvement of results.

- Regular visits to the subsidiaries by the members of the management to monitor and assess the Group's performance and control.

CONCLUSION

A number of minor structural deficiencies were identified during the period, all of which have been addressed. None of the deficiencies have results in any material losses, contingencies or uncertainties that required disclosure in the Company's annual report.

Management has taken the necessary action to ensure minimum exceptions to be reported in this Statement.

AUDIT COMMITTEE REPORT

In line with the Malaysian Code of Corporate Governance, all members of the Audit & Risk Management Committee are Non-Executive Directors with all of them being Independent Directors. The Audit Committee was established on 21 May 2007 to act as a Committee for the Board of Directors.

Chairman

Mustapha bin Mohamed
Independent /Non-Executive Director

Members

YBhg. Dato' Mohd Azmi Bin Hj. Othman
Independent /Non-Executive Director

YB Dato' Mohd Azhar bin Jamaluddin
Independent /Non-Executive Director

TERMS OF REFERENCE

Objectives

The objectives of the Audit Committee are:-

1. To ensure compliance with Paragraph 15, Part C of the Listing Requirements of Bursa Malaysia Securities Berhad.
2. To ensure the independence of the External Auditors, the integrity of management and the adequacy of disclosures to shareholders.
3. To assist the board of Directors in fulfilling its fiduciary responsibilities by ensuring that the results of internal and external audit findings are fully considered and properly resolved.
4. To maintain a direct line of communication between the Board and the External and Internal Auditors.
5. To enhance the independence of the External and Internal Audit functions.
6. To create a climate of discipline and control, which will reduce the opportunity for fraud.

ATTENDANCE

The attendances of the members of the Audit Committee during the financial year 2015 are as follows:

<i>Members</i>	<i>No of meetings attended during the financial year</i>	<i>Percentage</i>
Mustapha bin Mohamed <i>Independent/Non-Executive Director</i>	7 of 7	100%
YB Dato' Haji Mohd Zolkafly bin Haji Harun <i>Independent/Non-Executive Director</i> <i>(Resigned as Audit & Risk Management Committee on 30 November 2015)</i>	4 of 7	70%
YB Dato' Mohd Azmi bin Hj. Othman <i>Independent/Non-Executive Director</i>	7 of 7	100%
YB Dato' Mohd Azhar bin Jamaluddin <i>Independent /Non Executive Director</i> <i>(Appointed as Audit & Risk Management Committee on 30 November 2015)</i>	0 or 7	0%

AUDIT COMMITTEE REPORT (CONTINUED)

MEMBERSHIP

1. The Committee shall be appointed by the Board of Directors amongst the Directors of the Company which fulfils the following requirements:
 - (a) The Committee must be composed of no fewer than 3 members;
 - (b) A majority of the Committee must be independent directors; and
 - (c) At least one member of the Committee:
 - i. Must be a member of the Malaysian Institute of Accountants; or
 - ii. If he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
 - (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967;
 - (cc) Fulfills such other requirement as prescribed or approved by Bursa Malaysia Securities Berhad.
2. The members of the Committee shall elect a Chairman from among themselves who shall be an independent director.
3. No alternate director should be appointed as a member of the Committee.
4. If membership for any reason falls below 3 members, the Board of Directors shall, within 3 months of the events, appoint such number of new members as may be required to fulfill the minimum requirement.
5. The Committee Members shall collectively have:
 - (a) Knowledge of the Industries in which the Company and Group operates;
 - (b) The ability to read and understand fundamental financial statements, including a company statement of financial position, statement of comprehensive income and cash flow statement; and
 - (c) The ability to understand key business and financial risk and related controls and control processes.
6. The terms of office and performance of the Committee and its members shall be reviewed by the Board of Directors at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

MEETINGS

1. **Secretary**

The Company Secretary shall be the Secretary of the Committee or his/her appointed nominee with the appropriate qualifications and experience.
2. **Frequency**
 - (a) Meetings shall be held not less than four (4) times a year.
 - (b) Upon the request of any member of Committee, the Internal Auditor or External Auditor, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter brought up by them.

AUDIT COMMITTEE REPORT (CONTINUED)

3. Quorum

A quorum shall be two (2) members and the majority of the members present shall be independent directors.

4. Agenda

The agenda for the Committee meeting shall be the responsibility of the Committee Chairman with input from the Committee members. The Chairman may also ask the management and others to participate in this process.

5. Attendance

- (a) The Group Chief Executive Officer, Group Chief Finance Officer, a representative of Internal Auditor and the External Auditor shall normally attend meetings. Other directors and members of senior management attended some of the meetings upon invitation by the Audit & Risk Management Committee.
- (b) During the financial year ended 31 December 2015 the Audit & Risk Management Committee held a total of seven (7) meetings. The details of attendance of the Audit & Risk Management Committee Members are as per table on page [32].

6. Reporting Procedure

The minute of each Committee meeting shall be circulated to all members of the Board of Directors. The Committee through its Chairman, shall report to the Board after each meeting. Additionally, the Chairman of the Committee shall be available to answer questions about the Committee's work at the Annual General Meeting of the Company.

7. Meeting Procedure

The Committee shall formulate, implement and regulate its own procedure, with respect to:

- (a) the calling of meeting;
- (b) the notice to be given of such meetings;
- (c) the voting and proceedings of such meetings;
- (d) the keeping of minutes; and
- (e) the custody, production and inspection of such minutes.

RIGHTS

- 1. The Committee in performing its duties in accordance with procedure to be determined by the Board of Directors shall:
 - (a) have authority to investigate any matter within its terms of reference;
 - (b) have the resources which are required to perform its duties;
 - (c) have full and unrestricted access to any information pertaining to the Company;
 - (d) have direct communication channels with the external auditor and person (s) carrying out the internal audit function or activity (if any);
 - (e) be able to obtain independent professional or other advice; and
 - (f) be able to convene meetings with external auditor, including the attendance of the executive members of the Committee, whenever deemed necessary.

AUDIT COMMITTEE REPORT (CONTINUED)

DUTIES AND RESPONSIBILITIES

The Committee shall carry out the following responsibilities:

Financial Statements

- (a) Review and recommend acceptance or otherwise of major accounting policies, principles and practices.
- (b) Review the Group's quarterly results and annual financial statements of the Company and the Group before submission to the Board, focusing particularly on:
 - (i) the going concern assumption;
 - (ii) changes in or implementation of major accounting policy changes;
 - (iii) significant adjustments resulting from audit;
 - (iv) major judgmental areas, significant and unusual events; and
 - (v) compliance with accounting standards and other legal requirements.
- (c) Review with the Group's Counsel, any legal matter that could have a significant impact on the Company and Group financial statements.

Internal Control

- (a) Asses the quality and effectiveness of the systems of internal control and the efficiency of the Company's and Group's Operations, particularly those relating to areas of significant risks.
- (b) Assess the internal processes for determining and managing key risk other than those that are dealt with by other specific Board committers.
- (c) Review the scope of the Internal and External Auditors' review of internal controls at Company and Group levels.
- (d) Review Internal/External Audit reports and the management's response and ensure that appropriate action is taken in respect of these reports and the Committee's resolutions.

Internal/External Audit

- (a) Review Internal/External Audit plans and scope of work before the audit commences.
- (b) Discuss problems and reservations arising out of internal/external audits, including assistance given by the employees and any matters the auditors may wish to discuss, in the absence of Management or Executive Directors where necessary.
- (c) Nominate the External Auditors/Internal Auditors (as the internal function is presently outsourced), and recommend for approval of the Board the external/internal audit fees, and consider any questions of resignation or dismissal, experience, resources and capability.

Compliance

- (a) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of the management's investigation and follow-up of any instances of non-compliance.
- (b) Review the findings of any examinations by regulatory authorities.
- (c) Obtain regular updates from the management and Group's legal counsel regarding compliance matters.
- (d) Review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (e) Where the Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolve resulting in a breach of the Bursa Malaysia Listing Requirements, the Committee must promptly report such matters to Bursa Malaysia.
- (f) To carry out such other function as may be agreed to by the Committee and the Board of Directors.

AUDIT COMMITTEE REPORT (CONTINUED)

SUMMARY OF ACTIVITIES

During the period, the Audit Committee carried out its duties and responsibilities in accordance with its terms of reference.

The main activities undertaken by Audit Committee were as follows:

1. Review and approve the internal audit findings, report and recommendation plan for the period from 1 October 2014 to 30 September 2015.
2. Review and approve the External Auditors audit findings, the audit report and recommendations in respect of control weakness noted in the course of their audit.
3. Review of the audited financial statements of the Group and Company for the year ended 31 December 2015 before recommending the same to the Board of Directors for approval.
4. Review of the Company's compliance, in particular the quarterly and year end financial statements with the listing requirements of Bursa Malaysia and the applicable approved accounting standards issued by the Malaysian Accounting Standard Board.
5. Review of the quarterly unaudited financial results before recommending them for the Board of Directors' approval.
6. Reviewed the related party transactions entered into the Group.
7. Review of the extent of the Group's compliance with the relevant provisions set out under the Malaysian Code on Corporate Governance for the purpose of preparing the Corporate Governance Statement and Statement on Internal Control pursuant to Bursa Malaysia's Listing Requirements.

GROUP INTERNAL AUDIT FUNCTION

The Group's Internal Audit Function ("IAF") was outsourced with effect from 7 October 2009. The IAF continues to adopt a risk-based approach, and prepares its audit strategy and plan based on risk profiles of the business units of the Group. The IAF would conduct activities in accordance with its annual internal audit plan and also undertakes special reviews and investigations at the request of the senior management. Its audit functions include:

- Providing reasonable assurance in relation to the adequacy, efficiency and effectiveness of the internal control systems;
- Independent assessment and systematic review of the operational efficiency of the Group;
- Identifying and evaluating potential risk areas;
- Assessing the reliability of systems and the reported information; and
- Ensuring compliance with the Group's policies/guidelines and with legislation.

During the year, the IAF had performed its roles with impartiality, proficiency and due professional care. The scope of the audit encompassed the corporate governance structure and the control environment focusing on revenue and accounts receivable.

The Management is responsible for ensuring that corrective actions are taken to overcome the reported deficiencies within an appropriate time frame. Audit reports incorporating the audit findings and recommendations for corrective actions on systems and control deficiencies are presented to the management concerned, and thereafter to the Audit & Risk Management Committee for appraisal and review.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Listing Requirements of Bursa Malaysia Securities Berhad (the listing Requirements), the following is provided:-

1. Details of the Recurrent Related Party Transactions

The details of the Recurrent Related Party Transactions are set out in the following table:

<i>Transacting company within the MHB Group</i>	<i>Related Transacting Party</i>	<i>Nature of transactions</i>	<i>Related Parties</i>	<i>Nature of Relationship</i>	<i>Proposed Renewal Shareholders' Mandate</i>
					<i>Estimated aggregate value to be incurred from the 12th AGM to the next AGM date (RM)</i>
MHB	PKNP	Pension contribution for PKNP's staff seconded to MHB	@	*	110,500
MHB	PKNP	Rental of office space by MHB ¹	@	*	566,712
Total					677,212

Notes:

* PKNP is a major shareholder of MHB with 53.32% equity interest in MHB Share and 61.20% equity interest in the ICPS of RM0.50 each in MHB as at 30 March 2016. PKNP was formed on 7 October 1967 as a state incorporated body under the Perak State Development Corporation Enactment No.3 of 1967 in Perak Darul Ridzuan. Its principal activities include investment holding, property and infrastructure development, tourism, entrepreneur development, manufacturing, industrial development and industrial promotional activities in Perak Darul Ridzuan.

@ The director of MHB who are interested in the Proposed Mandate are YBhg. Dato' Aminuddin bin Md Desa and Jamal bin Mohd Aris. They are deemed interested in the Proposed Mandate by virtue of them being a person connected to PKNP, the major shareholder.

1 MHB rents office space from PKNP situated on No 1-A, Blok A, Menara PKNP, Jalan Meru Casuarina, Bandar Meru Raya, 30020 Ipoh, Perak Darul Ridzuan for a total monthly rental of RM47,226 including general maintenance services. There is no formal rental agreement and the rental is payable yearly subject to biennial review.

2. Non-audit fee

There were no non-audit fees payables to the external auditors by the company during the financial year under review.

3. Material Contract

During the financial year, there was no material contracts entered into the Group involving directors' and/or major shareholders interests.

LIST OF PROPERTIES AS AT 31 DECEMBER 2015

(ABOVE RM1 MILLION)

No.	Name of Owner	Title/ Location	Tenure/ Age of Building	Land Use	Land Area/ Built up Area	Net Book value as at 31.12.2015 (RM)	Acquisition Date
A. INVESTMENT PROPERTIES							
1.	Syarikat Majuperak Berhad	Lot 008051N (PN 31150) Wisma Maju UMNO, Unit Nos 2, 3, 4 and 5 at Level 1, Unit No 2 at Level 2 and Level 5 to Level 10, Jalan Sultan Idris Shah, 30000 Ipoh	Leasehold of 99 years expiring in year 2086/ 25yrs	10-Storey Office Building	24,089 sq.ft / 72,602 sq.ft	5,259,328	1987
2.	Syarikat Majuperak Berhad	Lot 9225N (PN 213729) PT 125562, Kompleks Seri Idaman, Jalan Sultan Idris Shah 30000 Ipoh	Leasehold of 99 years expiring in year 2095/ 75yrs	Commercial/ Office Building/ Parking	71,586 sq.ft/ 8,085 sq.ft	3,589,215	1996
3.	Syarikat Majuperak Berhad	Lot 28801 (GRN 59907) Medan Letak Kenderaan, Jalan Sultan Idris Shah, 30000 Ipoh	Freehold (Residential)	Commercial/ Parking	16,226 sq.ft	1,228,482	2002
B. DEVELOPMENT PROPERTIES							
1.	Jua Juara Sdn Bhd (a subsidiary of Majuperak Development Berhad)	Off 9 th M.S., Jalan Slim Lama, Kampong Sungai Dara, Tanjung Malim, Perak, located in the Mukim of Ulu Bernam, District of Batang Padang, Perak	# 99 years	a) Residential/ Commercial b) Industry c) Agriculture	143.11 acres (inclusive of 8.89 for road reserved)	1,395,838	2002
2.	Jua Juara Sdn Bhd (a subsidiary of Majuperak Development Berhad)	Mukim of Ulu Bernam, District of Batang Padang, Perak, located off the 2 ½ M.S. Jalan Slim Lama and lies adjoining the Bernam Industrial Park, Proton City, Tanjung Malim, Perak	# 99 years	a) Residential/ Commercial b) Industry c) Agriculture	203.44 acres	2,313,501	2002
3.	Tenaga Danawa Sdn Bhd (a subsidiary of Majuperak Development Berhad)	PT 1779 [HS(D) 25344] – PT 1783 [HS(D) 25348] Mukim Trong, District of Larut Matang, Perak.	Leasehold of 99 years expiring in year 2107	Residential/ Commercial	123.39 acres	2,367,332	2001
4.	Tenaga Danawa Sdn Bhd (a subsidiary of Majuperak Development Berhad)	PT 1312-1319, PT 1321-1552, PT 1680-1716, HS(D) LM 14102-(4109), HS(D) LM 14111-14342), (HS(D)LM 14470-14506), Taman Trong Bakti, Trong, District of Larut Matang, Perak. (Trong Phase 2 : 277 lot)	Leasehold of 99 years expiring in year 2099	Commercial/ Residential	7.73 acres	2,700,908	2000

LIST OF PROPERTIES AS AT 31 DECEMBER 2015 (CONTINUED)

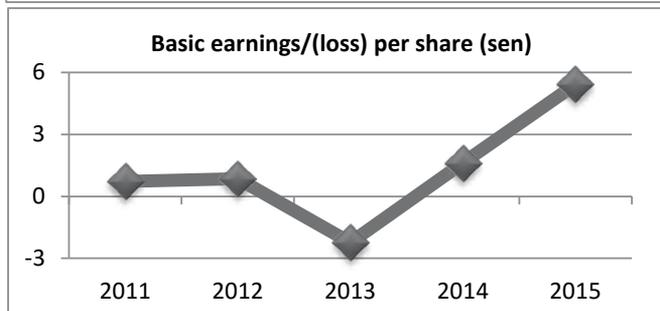
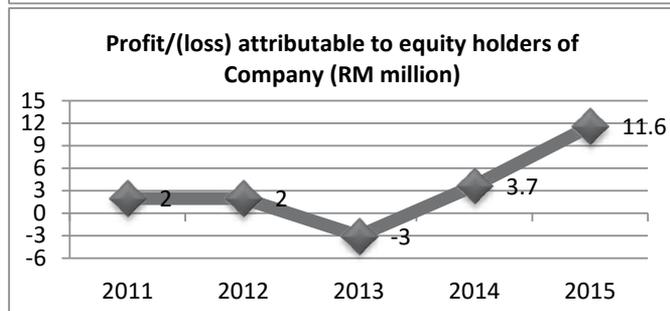
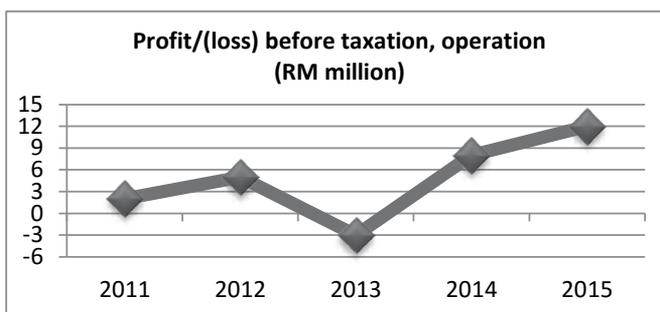
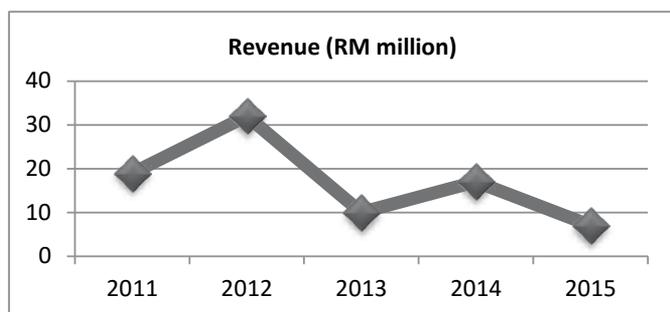
No.	Name of Owner	Title/ Location	Tenure/ Age of Building	Land Use	Land Area/ Built up Area	Net Book value as at 31.12.2015 (RM)	Acquisition Date
5.	Tenaga Danawa Sdn Bhd (a subsidiary of Majuperak Development Berhad)	Tapah Road, District of Batang Padang, Perak (UCM)	# 99 years	Residential/ Commercial	52.79 acres	17,680,971	2006
			* 99 years	Residential/ Commercial	122 acres		2006
		Aportion of the above land, title issued PT67488 [HS(D) 17221]	Leasehold of 99 years expiring in 2110	Residential/ Commercial	100 acres		2006
6.	Syarikat Majuperak Berhad	Part of Lot no. 127196, 155002, 11450, 35433, 28414 & 35434 Balance of package 1 Bdr Tasik Idaman, located along 2½ m.s. Batu Gajah/ Gopeng Road, Batu Gajah, Mukim Sungai Terap, District of Kinta	* 99 years	Residential		2,099,169	2000
		Lot 310259 - lot 310263 (5 lots)	Leasehold of 99 years expiring in year 2102				
		Lot 310279 - lot 310280 (2 lots)					
		PT 37487-PT 35546 (60 lots)	Leasehold of 99 years expiring in year 21109		10.07 acres		
		286 lots	* 99 years		15.94 acres		
		Plot 3 - 4, Plot 113 - 176, plot 230 - 350, Plot 433 - 464, Plot 506 - 537, Plot 594 - 603, Plot 614 - 624, Plot 647 - 650					
		128 lots	* 99 years		10.69 acres		
Plot 351 - 432, Plot 538 - 551, Plot 701 - 732							
	1 lot – future development	# 99 years		5 acres		2011	

Notes:

* In the process of issuing individual title

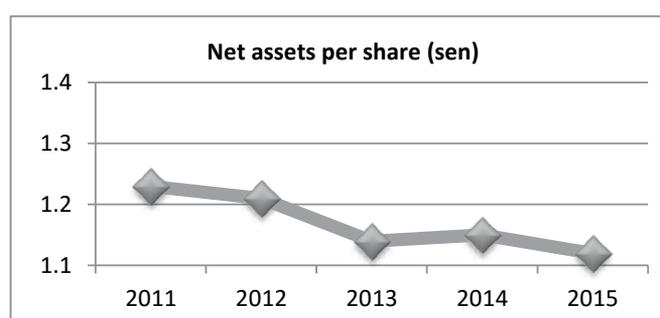
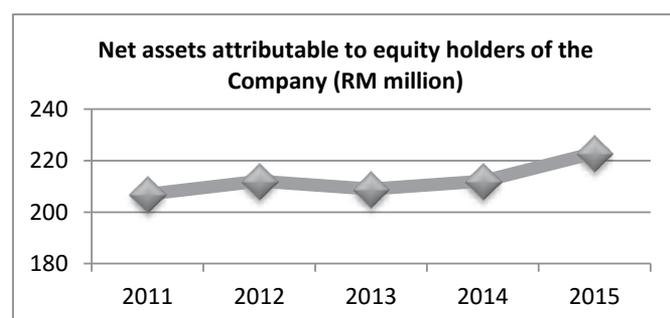
In the process of issuing block title

GROUP FIVE-YEAR FINANCIAL HIGHLIGHTS



Financial Results

	2015	2014	2013	2012	2011
Revenue (RM'000)	6,683	16,627	16,627	32,056	19,279
Profit/(loss) before taxation, operation (RM'000)	12,320	7,522	(3,199)	4,721	2,166
Profit/(loss) attributable to equity holders of the Company (RM'000)	11,574	3,758	(3,288)	2,388	1,741
Basic earnings/(loss) per share (sen)	5.41	1.62	(2.24)	0.86	0.73



Financial Positions

	2015	2014	2013	2012	2011
Total assets (RM'000)	301,594	289,312	274,458	278,874	278,469
Total liabilities (RM'000)	78,483	77,399	65,575	67,084	70,205
Net assets attributable to equity holders of the Company (RM'000)	223,111	211,913	208,883	211,791	207,687
Number of ordinary shares issued and fully paid ('000 shares)	198,430	184,313	182,581	175,176	169,372
Net assets per share (RM)	1.12	1.15	1.14	1.21	1.23

STATISTICS ON SHAREHOLDINGS

AS AT 24 MARCH 2016

ORDINARY SHARES

Authorised Share Capital	:	RM425,000,000
Issued and Fully Paid	:	RM198,479,364
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	One vote per RM0.50 share

Analysis of Shareholdings

<i>Size of Shareholdings</i>	<i>No. of Shareholders</i>	<i>% of Shareholders</i>	<i>No. of Shares</i>	<i>% of Issued Share Capital</i>
Less than 100	602	15.08	18,997	0.01
100 - 1,000	1,344	33.66	810,117	0.41
1,001 - 10,000	1,439	36.04	5,124,706	2.58
10,001 - 100,000	501	12.55	20,446,358	10.30
100,001 - 9,923,967 (*)	104	2.60	52,718,840	26.56
9,923,968 and above (**)	3	0.08	119,360,346	60.14
Total	3,993	100.00	198,479,364	100.00

(*) Less than 5% issued holdings (**) 5% and above of issued holdings

Directors' Shareholdings

<i>No.</i>	<i>Name of Directors</i>	<i>No. of Shares</i>	
		<i>Direct Interest</i>	<i>%</i>
1	Y.B Dato' Aminuddin Bin Md. Desa	-	-
2	Mustapha Bin Mohamed	922	0.00
3	Jamal Bin Mohd Aris	-	-
4	Y.B. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas	-	-
5	Y.B. Dato' Mohd Khusairi Bin Abdul Talib	-	-
6	Y.B.M. Dato' Seri Raja Ahmad Zainuddin Bin Raja Haji Omar	-	-
7	Y.BHG. Dato' Mohd Azmi Bin Haji Othman	-	-
8	Y.B. Dato' Mohd Azhar Bin Jamaluddin	-	-

Substantial Shareholders

<i>No.</i>	<i>Name of Substantial Shareholders</i>	<i>No. of Shares</i>	<i>%</i>
1	Perbadanan Kemajuan Negeri Perak	105,810,772	53.31
2	BI Credit & Leasing Berhad	13,549,574	6.83

STATISTICS ON SHAREHOLDINGS (CONTINUED)

Thirty (30) Largest Registered Shareholders

	<i>Name</i>	<i>No. of Shares</i>	<i>%</i>
1.	Perbadanan Kemajuan Negeri Perak	92,810,772	46.76
2.	BI Credit & Leasing Berhad	13,549,574	6.83
3.	Perbadanan Kemajuan Negeri Perak	13,000,000	6.55
4.	ABB Nominee (Tempatan) Sdn Bhd Affin Bank Berhad (Loan Recovery)	5,393,371	2.72
5.	KUB Malaysia Berhad	4,328,707	2.18
6.	Cherry Blossom Sdn Bhd	4,038,686	2.03
7.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank For Syed Abu Hussin bin Hafiz Syed Abdul Fasal (M96067)	3,216,100	1.62
8.	Lim Han Kong	2,443,800	1.23
9.	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Han Fook Fong (E-PPG))	1,810,400	0.91
10.	Jenny Wong	1,380,400	0.70
11.	Chan Wan Moi	1,322,429	0.67
12.	UOBM Nominees (Tempatan) Sdn Bhd United Overseas Bank (Malaysia) Bhd (PCP)	1,146,606	0.58
13.	Chia Aun Kee @ Angela	1,000,000	0.50
14.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tay Choon Hiong (KKU/UOB)	874,900	0.44
15.	Chua Siow Yee	871,500	0.44
16.	Chong Siow Fah	769,000	0.39
17.	Tan Eng Hai	750,000	0.38
18.	Zainorazua binti Zainun	749,800	0.38
19.	RHB Capital Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Siow Chock Shume)	679,000	0.34
20.	Sikap Utama Sdn Bhd	651,850	0.33
21.	RHB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Hoo Pak@Hor Ker Pay)	610,000	0.31
22.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank For Teh Swee Heng (MM1118)	598,000	0.30
23.	Chuah Hun Leong	589,100	0.30
24.	Tan Ching Ching	544,872	0.27
25.	Fast Continent Sdn Bhd	500,087	0.25
26.	Cimsec Nominees (Asing) Sdn Bhd Exempt An For CIMB Securities (Singapore) Pte Ltd (Retail Clients)	500,000	0.25
27.	Wong Tuck Lee	500,000	0.25
28.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yip Woh Chai	480,000	0.24
29.	Koh Sooi Kwang	480,000	0.24
30.	Adam Lee bin Abdullah	478,100	0.24
	Total	156,067,054	78.63

STATISTICS ON SHAREHOLDINGS (CONTINUED)

IRREDEEMABLE CUMULATIVE PREFERENCE SHARE (“ICPS”) – expiring 6 April 2016

Authorised Share Capital	:	RM75,000,000
Issued and Fully Paid	:	RM83,636,258
Class of Shares	:	ICPS of RM0.50 each
Voting Rights	:	No voting rights

Analysis of Shareholdings

<i>Size of Shareholdings</i>	<i>No. of Shareholders</i>	<i>% of Shareholders</i>	<i>No. of Shares</i>	<i>% of Issued Share Capital</i>
Less than 100	226	25.83	8,458	0.01
100 - 1,000	74	8.46	38,088	0.05
1,001 - 10,000	231	26.40	1,079,929	1.29
10,001 - 100,000	305	34.86	9,030,343	10.80
100,001 - 4,181,811 (*)	37	4.23	7,805,192	9.33
4,181,812 and above (**)	2	0.23	65,674,248	78.52
Total	875	100.00	83,636,258	100.00

(*) Less than 5% issued holdings (**) 5% and above of issued holdings

Directors' Shareholdings

<i>No.</i>	<i>Name of Directors</i>	<i>No. of Shares</i>	
		<i>Direct Interest</i>	<i>%</i>
1	Y.B Dato' Aminuddin Bin Md. Desa	-	-
2	Mustapha Bin Mohamed	371	0.00
3	Jamal Bin Mohd Aris	-	-
4	Y.B. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas	-	-
5	Y.B. Dato' Mohd Khusairi Bin Abdul Talib	-	-
6	Y.B.M. Dato' Seri Raja Ahmad Zainuddin Bin Raja Haji Omar	-	-
7	Y.BHG. Dato' Mohd Azmi Bin Haji Othman	-	-
8	Y.B. Dato' Mohd Azhar Bin Jamaluddin	-	-

Substantial Shareholders

<i>No.</i>	<i>Name of Substantial Shareholders</i>	<i>No. of Shares</i>	<i>%</i>
1	Perbadanan Kemajuan Negeri Perak	51,245,053	61.27
2	KUB Malaysia Berhad	14,429,195	17.25

STATISTICS ON SHAREHOLDINGS (CONTINUED)

Thirty (30) Largest Registered Shareholders

	<i>Name</i>	<i>No. of Shares</i>	<i>%</i>
1.	Perbadanan Kemajuan Negeri Perak	51,245,053	61.27
2.	KUB Malaysia Berhad	14,429,195	17.25
3.	Seraya Sdn Bhd	17647,579	0.77
4.	Chong Tho Chin @ Chong Jho Chin	570,000	0.68
5.	Yap Kok Wai	548,300	0.66
6.	Tan Eng Hai	500,000	0.60
7.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chee Phooi Phooi (CCTS)	444,000	0.53
8.	Lee Kok Hoong	380,000	0.45
9.	Adam bin Mohd Taib	336,741	0.40
10.	Liew Thong	300,000	0.36
11.	Cheng Pei Pei	278,900	0.33
12.	Sai Yee @ Sia Say Yee	200,000	0.24
13.	Tiew Sze Kiat @ Chang Sze Kiat	200,000	0.24
14.	Mohd Hassin @ Mohd Hashim bin Daud	187,225	0.22
15.	Dzulkarnain bin Haji Abdul Rahman	155,419	0.19
16.	Marzuki bin Mahmud	155,419	0.19
17.	Foo Kean Oo	150,000	0.18
18.	Khor Kheng Im	140,000	0.17
19.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ong Eng Aun	140,000	0.17
20.	Sai Yee @ Sia Say Yee	140,000	0.17
21.	Salim bin Suhaimi	134,696	0.16
22.	Abu Bakar bin Arshad	129,836	0.16
23.	Abdul Rahman bin Ahmed	129,516	0.15
24.	Abu Bakar b Haji Mohd Ismail	129,516	0.15
25.	Adnan bin Amran	129,516	0.15
26.	Ann Mariah bt Mohd Taib	129,516	0.15
27.	Jamaluddin bin Ahmad	129,516	0.15
28.	Mohd Daud bin Mohd Taib	129,516	0.15
29.	Noraini bt Norddin	129,516	0.15
30.	Othman bin Abdullah	129,516	0.15
	Total	90,062,243	87.30

DIRECTORS' STATEMENT OF RESPONSIBILITY

PURSUANT TO PARAGRAPH 15.27(A) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

The Directors are required by the Companies Act, 1965 to prepare financial statements and give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, the results and cash flows of the Group and of the Company for that financial year.

In preparing these financial statements, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed; and
- prepared the financial statements on the going concern.

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

The Directors are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

MAJUPERAK HOLDINGS BERHAD

(585389-X)

(Incorporated in Malaysia)

REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2015

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DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are described in Note 5 to the financial statements. There have been no significant changes in the nature of the activities during the financial year.

RESULTS

	GROUP RM	COMPANY RM
Profit for the financial year	11,448,679	12,665,704
Attributable to non-controlling interests	125,344	-
Profit for the financial year attributable to owners of the parent	<u>11,574,023</u>	<u>12,665,704</u>

In the opinion of the directors, the results of the operations of the Group and the Company during the financial year have not been substantially affected by any item, transaction or event of a material or unusual nature.

DIVIDEND

The amount of dividend paid and declared by the Company since the previous financial year as reported in the directors report are as follows:

	RM
Irredeemable Convertible Preference Shares ("ICPS") dividend of 1% per share, approved on 30 June 2015 and paid on 07 July 2015.	<u>515,678</u>

In respect of the next financial year ending 31 December 2016, directors have recommended the payment of dividend of 1% per share on ICPS.

DIRECTORS' REPORT (CONTINUED)

RESERVES AND PROVISIONS

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

ISSUANCE OF SHARES

During the financial year, the Company increased its issued and fully paid up share capital from RM92,156,319 to RM99,214,833 by way of the issuance of 14,117,028 ordinary shares of RM0.50 each pursuant to the conversion of 20,167,184 ICPS of RM0.50 each.

Upon conversion of the ICPS into new ordinary shares, such new ordinary shares to be issued will rank *pari passu* in all respects with the existing ordinary shares of the Company (Note 21).

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. At the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS

The directors who held office since the date of the last report are as follows:

Tan Sri Dato' Seri Megat Najmuddin bin Datuk Seri Dr. Haji Megat Khas	
Y.M. Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar	
Dato' Aminuddin bin Md Desa	
Y.B. Dato' Mohd Khusairi bin Abdul Talib	
Haji Mustapha bin Mohamed	
Dato' Mohd Azmi bin Haji Othman	
Jamal bin Mohd Aris	
Y.B. Dato' Mohd Azhar bin Jamaluddin	Appointed on 30.11.2015
Y.B. Dato' Haji Mohd Zolkafly bin Haji Harun	Resigned on 30.11.2015

In accordance with section 129 (6) of the Companies Act, 1965, the board recommends that Tan Sri Dato' Seri Megat Najmuddin bin Datuk Seri Dr. Haji Megat Khas and Haji Mustapha bin Mohamed, who have attained the age of seventy years, be re-appointed as directors of the Company and hold office until the next annual general meeting.

In accordance with Articles 84 and 91 of the Company's Articles of Association, Y.M. Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar, Dato' Aminuddin bin Md Desa and Y.B. Dato' Mohd Azhar bin Jamaluddin retires at the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company or its subsidiaries is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company as disclosed in Note 31 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in the ordinary shares of the Company and its related corporations during the financial year are as follows:

	Number of ordinary shares of RM0.50 each			
	At 01.01.2015	Bought	Sold	At 31.12.2015
Haji Mustapha bin Mohamed	922	-	-	922

	Number of ICPS of RM0.50 each			
	At 01.01.2015	Bought	Sold	At 31.12.2015
Haji Mustapha bin Mohamed	371	-	-	371

* ICPS: Irredeemable Convertible Preference Shares

None of the other directors in office at the end of the financial year held any shares or debentures in the Company or in any related corporations during the financial year ended 31 December 2015.

By virtue of the abovementioned directors' interests in the Company, these directors are also deemed to have interests in the subsidiaries of the Company to the extent of the Company's interests in the subsidiaries.

DIRECTORS' REPORT (CONTINUED)

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and the Company were prepared, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

As of the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in the financial statements of the Group and the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and the Company misleading.

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

- (a) any charge on the assets of the Group or the Company which has arisen since the end of the financial year and secures the liability of any other person; or
- (b) any contingent liability of the Group or the Company which has arisen since the end of the financial year other than those disclosed in Note 37 to the financial statements.

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

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

SIGNIFICANT EVENTS

Details of significant events is set out in Note 41 to the financial statements.

DIRECTORS' REPORT (CONTINUED)

AUDITORS

The retiring auditors, Messrs. AljeffriDean, have indicated their willingness to be re-appointed in accordance with Section 172(2) of the Companies Act, 1965.

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

.....
Tan Sri Dato' Seri Megat Najmuddin bin Datuk Seri Dr. Haji Megat Khas

.....
Jamal bin Mohd Aris

Ipoh, Perak Darul Ridzuan

Date: 26 April 2016

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **Tan Sri Dato' Seri Megat Najmuddin bin Datuk Seri Dr. Haji Megat Khas** and **Jamal bin Mohd Aris**, being two of the directors of **Majuperak Holdings Berhad**, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 10 to 79 are drawn up in accordance with the applicable Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards, and the requirements of Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and financial performance and the cash flows of the Group and of the Company for the year then ended.

The supplementary information set out in Note 42 to the financial statements have been prepared in accordance with the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

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

.....
Tan Sri Dato' Seri Megat Najmuddin bin Datuk Seri Dr. Haji Megat Khas

.....
Jamal bin Mohd Aris

Ipoh, Perak Darul Ridzuan

Date: 26 April 2016

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Jamal bin Mohd Aris**, the director primarily responsible for the financial management of **Majuperak Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out in page 10 to 80 are, in my opinion, 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 **Jamal bin Mohd Aris**)
I/C No: 630419-02-6151

at Ipoh, Perak Darul Ridzuan)

on this day of 26 April 2016)

Before me,

.....
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAJUPERAK HOLDINGS BERHAD

Report on the Financial Statements

We have audited the financial statements of **Majuperak Holdings Berhad**, which comprise the statements of financial position of the Group and the Company as at **31 December 2015**, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 79.

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 the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 the Company as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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 have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the financial statements 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 42 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. 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 Malaysia 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 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.

AljeffriDean
(AF 1366)
Chartered Accountants (M)

Ipoh, Perak Darul Ridzuan

Date: 26 April 2016

Mohd Neezal Noordin
No. 2162/06/17 (J)
Chartered Accountant (M)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	NOTE	GROUP		COMPANY	
		2015 RM	2014 RM	2015 RM	2014 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	5,684,676	5,665,474	269,165	42,830
Investment in subsidiary companies	5	-	-	148,497,343	148,497,343
Investment in associate company	6	-	-	-	-
Investment in jointly controlled entity	7	-	-	-	-
Other investments	8	9,466,912	9,721,979	200,000	200,000
Investment properties	9	5,715,576	9,987,254	156,478	4,345,386
Land held for property development	10	167,937,946	167,247,924	140,855	140,855
Development expenditure	11	21,542,386	22,703,194	1,527,895	1,127,081
Goodwill on consolidation	12	9,636,260	9,636,260	-	-
		<u>219,983,756</u>	<u>224,962,085</u>	<u>150,791,736</u>	<u>154,353,495</u>
Current assets					
Trade receivables	13	15,727,158	19,698,610	-	-
Other receivables, deposits and prepayments	14	12,266,955	12,605,807	4,109,035	3,752,585
Inventories	15	2,104,466	2,175,431	-	-
Property development cost	16	9,751,793	8,370,175	-	-
Contract work-in-progress	17	386,756	772,016	-	-
Amount due from holding corporation	18	6,975,523	-	3,691,568	-
Amount due from subsidiary companies	5	-	-	29,597,599	38,296,632
Amount due from related companies	19	9,079,220	7,130,299	652,892	581,111
Deposits, cash and bank balances	20	25,318,277	13,598,034	17,600,335	449,618
		<u>81,610,148</u>	<u>64,350,372</u>	<u>55,651,429</u>	<u>43,079,946</u>
TOTAL ASSETS		<u>301,593,904</u>	<u>289,312,457</u>	<u>206,443,165</u>	<u>197,433,441</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014
(CONTINUED)**

	NOTE	GROUP		COMPANY	
		2015 RM	2014 RM	2015 RM	2014 RM
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Share capital	21	99,214,833	92,156,319	99,214,833	92,156,319
Irredeemable convertible preference share	22	41,873,829	51,957,421	41,873,829	51,957,421
Share premium	23	38,504,179	35,479,101	38,504,179	35,479,101
Investment revaluation reserve	24	803,679	1,058,746	-	-
Accumulated profits/(losses)	25	41,905,205	30,571,900	11,664,440	(485,586)
Shareholders' equity		222,301,725	211,223,487	191,257,281	179,107,255
Non-controlling interest	26	809,057	689,401	-	-
Total equity		223,110,782	211,912,888	191,257,281	179,107,255
LIABILITIES					
Current liabilities					
Trade payables		9,300,535	7,655,141	-	-
Other payables and accruals	27	25,238,746	8,672,830	11,444,050	1,286,278
Amount due to related companies	19	12,494,280	9,588,979	3,717,130	1,342,668
Amount due to holding corporation	18	-	8,545,713	-	8,545,713
Bank borrowings	28	556,877	1,978,295	-	-
Hire purchase payables	29	21,446	21,446	12,778	12,778
Provision for taxation		943,096	3,368,211	-	-
		48,554,980	39,830,615	15,173,958	11,187,437
Non-current liabilities					
Amount due to holding corporation	18	-	7,103,959	-	7,103,959
Bank borrowings	28	2,350,000	2,500,000	-	-
Hire purchase payables	29	44,453	75,985	11,926	34,790
Deferred taxation	30	27,533,689	27,889,010	-	-
		29,928,142	37,568,954	11,926	7,138,749
TOTAL LIABILITIES		78,483,122	77,399,569	15,185,884	18,326,186
TOTAL EQUITY AND LIABILITIES		301,593,904	289,312,457	206,443,165	197,433,441

See accompanying notes to the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	NOTE	GROUP		COMPANY	
		2015 RM	2014 RM	2015 RM	2014 RM
Revenue	3(t)	6,683,517	16,627,263	-	646,250
Cost of sales		<u>(1,624,910)</u>	<u>(1,243,726)</u>	-	-
Gross profit		5,058,607	15,383,537	-	646,250
Other income		19,295,937	709,121	18,971,339	274,605
Administrative expenses		<u>(11,929,997)</u>	<u>(7,757,183)</u>	<u>(6,300,996)</u>	<u>(2,961,926)</u>
Profit/(Loss) from operation	31	12,424,547	8,335,475	12,670,343	(2,041,071)
Finance costs	32	(104,323)	(543,000)	(4,639)	(416,357)
Share of results of jointly controlled entity		-	<u>(270,788)</u>	-	-
Profit/(Loss) before taxation		12,320,224	7,521,687	12,665,704	(2,457,428)
Taxation	33	<u>(871,545)</u>	<u>(3,778,461)</u>	-	<u>(11,680)</u>
Net profit/(loss) for the year		11,448,679	3,743,226	12,665,704	(2,469,108)
Other comprehensive income					
Item that may be subsequently reclassified to profit or loss:					
- Fair value of available-for-sale financial assets		(255,067)	(112,655)	-	-
- Reclassification adjustment for gain included in profit or loss		-	<u>(75,654)</u>	-	-
Net other comprehensive loss for the financial year		<u>(255,067)</u>	<u>(188,309)</u>	-	-
Total comprehensive income/(loss) for the year		<u>11,193,612</u>	<u>3,554,917</u>	<u>12,665,704</u>	<u>(2,469,108)</u>
Profit/(Loss) attributable to:					
Equity holders of the Company		11,574,023	3,757,947	12,665,704	(2,469,108)
Non-controlling interests		<u>(125,344)</u>	<u>(14,721)</u>	-	-
		<u>11,448,679</u>	<u>3,743,226</u>	<u>12,665,704</u>	<u>(2,469,108)</u>
Total comprehensive income/(loss) attributable to:					
Equity holders of the Company		11,318,956	3,569,638	12,665,704	(2,469,108)
Non-controlling interests		<u>(125,344)</u>	<u>(14,721)</u>	-	-
		<u>11,193,612</u>	<u>3,554,917</u>	<u>12,665,704</u>	<u>(2,469,108)</u>
Earnings per share					
- Basic	34(a)	5.41 sen	1.62 sen		
- Diluted	34(b)	<u>3.64 sen</u>	<u>1.13 sen</u>		

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

GROUP	NOTE	Share Capital RM	ICPS RM	Investment Revaluation Reserve RM	Share Premium RM	Accumulated Profits RM	Total RM	Non- controlling Interest RM	Total Equity RM
As at 31.12.2013		91,290,769	53,193,921	1,247,055	35,108,151	27,338,767	208,178,663	704,122	208,882,785
Conversion of ICPS to share capital and share premium	21 - 23	865,550	(1,236,500)	-	370,950	-	-	-	-
Dividend on ICPS	35	-	-	-	-	(524,814)	(524,814)	-	(524,814)
Total comprehensive loss for the year		-	-	(188,309)	-	3,757,947	3,569,638	(14,721)	3,554,917
As at 31.12.2014		92,156,319	51,957,421	1,058,746	35,479,101	30,571,900	211,223,487	689,401	211,912,888

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

GROUP	NOTE	Share Capital RM	ICPS RM	Investment Revaluation Reserve RM	Share Premium RM	Accumulated Profits RM	Total RM	Non-controlling Interest RM	Total Equity RM
As at 31.12.2014		92,156,319	51,957,421	1,058,746	35,479,101	30,571,900	211,223,487	689,401	211,912,888
Conversion of ICPS to share capital and share premium	21 – 23	7,058,514	(10,083,592)	-	3,025,078	-	-	-	-
Dividend on ICPS	35	-	-	-	-	(515,678)	(515,678)	-	(515,678)
Reversal of deferred taxation liabilities		-	-	-	-	274,960	274,960	-	274,960
Acquisition of subsidiary company	41	-	-	-	-	-	-	245,000	245,000
Total comprehensive income for the year		-	-	(255,067)	-	11,574,023	11,318,956	(125,344)	11,193,612
As at 31.12.2015		99,214,833	41,873,829	803,679	38,504,179	41,905,205	222,301,725	809,057	223,110,782

See accompanying notes to the financial statements.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

COMPANY

	NOTE	Share Capital RM	ICPS RM	Share Premium RM	Accumulated Profits/ (Losses) RM	Total RM
As at 01.01.2014		91,290,769	53,193,921	35,108,151	2,508,336	182,101,177
Conversion of ICPS to share capital and share premium	21 - 23	865,550	(1,236,500)	370,950	-	-
Dividend on ICPS	35	-	-	-	(524,814)	(524,814)
Total comprehensive loss for the year		-	-	-	(2,469,108)	(2,469,108)
As at 31.12.2014		92,156,319	51,957,421	35,479,101	(485,586)	179,107,255
Conversion of ICPS to share capital and share premium	21 - 23	7,058,514	(10,083,592)	3,025,078	-	-
Dividend on ICPS	35	-	-	-	(515,678)	(515,678)
Total comprehensive income for the year		-	-	-	12,665,704	12,665,704
As at 31.12.2015		<u>99,214,833</u>	<u>41,873,829</u>	<u>38,504,179</u>	<u>11,664,440</u>	<u>191,257,281</u>

See accompanying notes to the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
CASH FLOW FROM OPERATING ACTIVITIES				
Cash collection from customer/receivables	17,127,439	16,941,964	369,539	171,000
Cash received from other income	84,018	57,583	56,782	-
Cash received from disposal of investment properties	40,664,347	-	40,664,347	-
Cash paid to employees	(3,118,266)	(3,278,249)	(1,683,374)	(1,077,455)
Cash paid for other expenses	(2,875,322)	(2,576,551)	(1,992,821)	(621,498)
Cash paid to trade payables	(549,906)	(823,649)	-	-
Cash paid to other payables	(3,751,147)	(894,096)	(1,454,796)	(387,755)
Cash paid to related companies	(9,758,339)	(4,161,543)	(3,511,867)	(25,020)
Cash received from holding corporation	635,186	5,393,327	-	92,759
Cash received from related companies	-	1704,399	2,576,736	-
Deposit received from customer	2,835,000	405,000	-	-
Repayment from subsidiary companies	-	-	1,286,144	2,661,261
Repayment to holding corporation	(20,645,512)	(1,156,532)	(18,274,960)	-
Cash paid for tax	(3,757,318)	(2,179,833)	(187,164)	(184,364)
Net cash generated from operating activities	<u>16,890,180</u>	<u>8,446,346</u>	<u>17,848,566</u>	<u>628,928</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Interest income received	34,372	494,729	-	-
Dividend received	33,077	232,156	-	-
Purchase of property, plant and equipment	(324,792)	(66,374)	(154,665)	(6,974)
Proceed from disposal of property, plant and equipment	16,300	30,000	-	-
Proceed from disposal of investment securities	-	71,356	-	-
Net cash outflow from winding up subsidiary company	-	(14,481)	-	-
Land held for property development	-	(798,148)	-	-
Cash paid for renewable energy development	(2,089,697)	(11,230,560)	-	-
Development cost	(2,689,538)	(456,518)	-	-
Net cash used in investing activities	<u>(5,020,278)</u>	<u>(11,737,840)</u>	<u>(154,665)</u>	<u>(6,974)</u>

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
CASH FLOW FROM FINANCING ACTIVITIES				
Dividend paid on ICPS	(515,678)	(524,814)	(515,678)	(524,814)
Issuance of share capital	245,000	-	-	-
Proceed from secured loan	-	48,263	-	-
Repayment of borrowings	(150,000)	(150,000)	-	-
Repayment of hire purchase	(36,174)	(31,459)	(27,506)	(27,506)
Interest paid	(99,684)	(130,463)	-	-
Net cash used in financing activities	<u>(556,536)</u>	<u>(788,473)</u>	<u>(543,184)</u>	<u>(552,320)</u>
Net (decrease)/increase in cash and cash equivalents	11,313,366	(3,094,493)	17,150,717	69,634
Cash and cash equivalents at beginning of the year	<u>13,598,034</u>	<u>16,692,527</u>	<u>449,618</u>	<u>379,984</u>
Cash and cash equivalents at end of the year	<u>24,911,400</u>	<u>13,598,034</u>	<u>17,600,335</u>	<u>449,618</u>
Represented by:				
Cash and bank balances	24,789,885	11,358,227	17,600,335	449,618
Fixed deposit with licensed bank	528,392	2,239,807	-	-
Bank overdraft	(406,877)	-	-	-
	<u>24,911,400</u>	<u>13,598,034</u>	<u>17,600,335</u>	<u>449,618</u>

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1. GENERAL INFORMATION

The Company is a public limited liability company, domiciled and incorporated in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office and principal place of business is located at Aras 3, No. 1-A, Blok A, Menara PKNP, Jalan Meru Casuarina, Bandar Meru Raya, 30020 Ipoh, Perak Darul Ridzuan.

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are described in Note 5. There have been no significant changes in the nature of the activities during the financial year.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is the functional and presentation currency of the Group and of the Company.

The financial statements of the Company were authorised for issue by the Board of Directors on [Date].

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The financial statements have been prepared under the historical cost convention, except as disclosed in the significant accounting policies below.

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3(bb) to the financial statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous year except as discussed below:

a) Effects of adopting new/amendments MFRSs

At the beginning of the financial year, the Group and the Company adopted the following Amended to MFRSs and Annual Improvements which mandatory for the financial periods beginning on or after 01 January 2015:

Annual Improvements to MFRSs 2010 – 2012 Cycle

Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above pronouncements did not have any impact on the financial statements of the Group and of the Company.

b) Standards issued but not yet effective

The standards that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intends to adopt applicable standards when they become effective.

Effective for financial periods beginning on or after 01 January 2016

Amendments to MFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 101 Presentation of Financial Statements – Disclosure Initiative

Amendments to MFRS 127 Separate Financial Statements: Equity Method in Separate Financial Statements

Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception

Annual Improvements to MFRSs 2012 – 2014 Cycle

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

Effective for financial periods beginning on or after 01 January 2018

MFRS 9 Financial Instruments

MFRS 15 Revenue from Contracts with Customers

* The effective date of these Standards have been deferred, and yet to be announced by MASB.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

b) Standards issued but not yet effective ...(Cont'd.)

These pronouncements are not expected to have any effect to the financial statements of the Group and the Company upon their initial application, except as described below:

MFRS 9 Financial Instruments

In November 2014, the MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurements of the Group's financial liabilities.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied. Either a full or modified retrospective application is required for annual periods beginning on or after 01 January 2018 with early adoption permitted. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the stipulated effective date. MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

c) Basis of consolidation

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

Investment in subsidiaries are accounted for in the Company's separate financial statements at cost. If an investment in a subsidiary is classified as held for sale, that investment is accounted for in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The results of a subsidiary are included in the consolidated financial statements from the acquisition date until the date on which the Company ceases to control the subsidiary. Any difference between the fair value of the consideration received from the loss of control of a subsidiary and the carrying amount as at the date when control is lost, including the cumulative amount of any translation difference that relate to the subsidiary formerly recognised in other comprehensive income, is reclassified to consolidated profit or loss as a gain or loss. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to owners of the parent. Non-controlling interests in the profit or loss of the Group are also separately disclosed.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognised directly in equity and attributable to the owners of the parent.

All intragroup balances, transactions, income and expenses are eliminated in full.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

d) Business combinations

Business combinations are accounted for by applying the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the Group allocates the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria in MFRS 3 Business Combinations at their fair values, except for non-current assets and disposal groups that are classified as held for sale in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

e) Jointly controlled entity

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investment in jointly controlled entity is accounted for in the consolidated financial statements using the equity method of accounting.

In the Company's separate financial statements, investment in jointly controlled entity is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(r).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

f) Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. After recognition as an asset, items of property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on a straight-line basis so as to write off the depreciable amount of the following assets over their estimated useful lives, as follows:

Long term leasehold land and buildings	Over lease term
Shophouses	50 years
Renovation	5 to 10 years
Plant and machinery, furniture, fittings and office equipment	5 to 10 years
Motor vehicles	5 years

Depreciation of an asset begins when it is ready for its intended use.

The carrying amounts of items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of items of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the item, is included in profit or loss. Neither the sale proceeds nor any gain on derecognition is classified as revenue.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

g) Goodwill

Goodwill arising on the acquisition of a subsidiary or a proportionately consolidated jointly-controlled entity, being the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated at the acquisition date to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. An impairment loss is recognised for a cash-generating unit when the recoverable amount of the unit is less than the carrying amount of the unit. Any impairment loss recognised is first allocated to reduce the carrying amount of any goodwill allocated to the unit and then, to the other assets of the unit within the scope of MFRS 136 Impairment of Assets pro rata on the basis of the carrying amount of each applicable asset in the unit. Any impairment loss recognised for goodwill is not reversed.

Goodwill arising on the acquisition of investments in associates or equity accounted jointly-controlled entities is included within the carrying amount of the investments and is assessed for impairment as part of the investment.

If, after reassessment, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

On disposal of a subsidiary or a proportionately consolidated jointly-controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

h) Investment properties

Investment properties of the Group and of the Company principally comprising office and industrial buildings are held for long-term rental yields and are not substantially occupied by the Company. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment loss.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

i) Investment in 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 venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investment in associates are accounted for in the Company's separate financial statements at cost. If an associate is classified as held for sale, the investment is accounted for in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Investment in associates are accounted for in the Group's consolidated financial statements using the equity method until the date the Group ceases to have significant influence over the associates or the investment is classified as held for sale in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Under the equity method, investment in associates are initially recognised at cost and thereafter, the carrying amount is increased or decreased to recognise the Group's share of the profit or loss of the investees after the date of acquisition. Losses of associates in excess of the Group's interest in the associates, include any long-term interests that form part of the Group's net investment in the associates, are not recognised.

Profits or losses on transactions entered into between the Group and associates are eliminated to the extent of the Group's interest in the associates.

On acquisition of an investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is included in the carrying amount of the investment. If, after reassessment, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is included as income in the determination of the Group's share of the associates' profit or loss in the period in which the investment is acquired.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

j) Inventories

i) Developed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost consists of costs associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable to developing properties to completion.

ii) Other inventories

Consumables and spare parts are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

k) Leases

Lease of property, plant and equipment is recognised as finance lease if it transfers substantially to the Group and the Company all the risk and rewards incidental to the ownership.

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

l) Development expenditure

Agricultural

Direct and indirect payments for projects under development are stated at cost in the financial statements. Such expenditures are capitalised until the project is able to generate income. The policy of the recognition and measurement of impairment losses are in accordance with Note 3(r) to the financial statements.

Renewable energy development

Direct and indirect expenditure payments for solar energy projects under development are stated at cost in the financial statements. Such expenditures is capitalised until the project is able to generate income. The policy of the recognition and measurement of impairment losses are in accordance with Note 3(r) to the financial statements.

The amount of development costs recognised as asset are amortised and recognised as an expense on a systematic basis so as to reflect the pattern in which the related economic benefits are recognised.

m) Amount due from contract customer

Amount due from contract customers on construction contracts is stated at cost plus attributable profits less foreseeable losses and less progress billings. Cost includes all direct construction costs and other related costs. Where progress billings exceed the aggregate amount due from contract customers plus attributable profits less foreseeable losses, the net credit balance on all such contracts is shown in payables as amount due to contract customers. Where progress billings less than the aggregate amount due from contract customers plus attributable profits less foreseeable losses, the net debit balance on all such contracts is shown as accrued billings under current assets.

n) Land held for property development

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

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's normal operating cycle of 2 to 3 years. Cost associated with the acquisition of land includes price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

o) Property development cost

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 not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the statement of comprehensive income over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the statement of comprehensive income is shown under trade payables.

p) Accounting for hire purchase arrangements

Assets acquired under hire purchase arrangements are being capitalised and the corresponding obligations treated as liabilities in the financial statements.

Finance costs are allocated to profit or loss to give a constant periodic rate of interest on the remaining hire purchase payables.

Assets acquired under hire purchase arrangements are depreciated over their expected useful lives on the same basis as owned assets.

q) Financial assets

Financial assets are recognised in the statements of financial position when the Group and the Company become a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised and derecognised using trade date accounting.

On initial recognition, financial assets are measured at fair value, plus transaction costs for financial assets not at 'fair value through profit or loss'.

Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or a shorter period to the net carrying amount of the financial assets.

After initial recognition, financial assets are classified into one of four categories: financial assets at 'fair value through profit or loss', 'held-to-maturity' investments, loans and receivables and 'available-for-sale' financial assets. The Group and the Company did not have any financial assets other than loans and receivables and 'available-for-sale' financial assets.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

q) Financial assets...(Cont'd.)

i) Loans and receivables

Loans and receivables are non-derivative financial assets (such as trade receivables, loans assets, unquoted debt instruments and deposits held in banks) with fixed or determinable payments that are not quoted in an active market.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any accumulated impairment losses. Gains or losses are recognised in profit or loss when loans and receivables are derecognised or impaired.

ii) 'Available-for-sale' financial assets

Investment in quoted equity and debt instruments that are traded in active market and certain unquoted equity instruments (when the fair value can be determined using a valuation technique) are classified as 'available-for-sale' financial assets. 'Available-for-sale' financial assets are measured at fair value.

Gains or losses on 'available-for-sale' financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains or losses, until the 'available-for-sale' financial assets are derecognised. At that time, the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

Interest calculated using the effective interest method is recognised in profit or loss. Dividends on 'available-for-sale' equity instruments are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

iii) Reclassifications of financial assets

The Group and the Company do not reclassify derivative out of the 'fair value through profit or loss' category while they are held or in issue. Equally, the Group and the Company do not reclassify other financial assets out of the 'fair value through profit or loss' category if upon initial recognition, those financial assets were designated as at 'fair value through profit or loss'. Other financial assets are not reclassified into the 'fair value through profit or loss' category after initial recognition under another category.

When it is no longer appropriate to classify an investment as 'held-to-maturity' as a result of a change in intention and ability, the investment is reclassified as held for sale and re-measured at fair value. Any difference between the carrying amount and fair value of the investment is recognised in other comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

q) Financial assets...(Cont'd.)

iv) Impairment of financial assets

At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that financial assets held, other than financial assets at 'fair value through profit or loss', are impaired. Financial assets are impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial assets which have an impact on the estimated future cash flows of the financial assets that can be reliably measured.

For investments in equity instruments classified as 'available-for-sale', objective evidence that the financial assets are impaired include the disappearance of an active market for the financial assets because of financial difficulties, or the decline of the market price below the cost.

For other financial assets, objective evidence could include:

- significant financial difficulty of the issuer; or
- a breach of contract; or
- the lender granting to the borrower a concession that the lender would not otherwise consider; or
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

Impairment losses, in respect of 'held-to-maturity' investments carried at amortised cost are measured as the differences between the assets' carrying amounts and the present values of their estimated future cash flows discounted at the 'held-to-maturity' investments' original effective interest rate.

For certain categories of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade receivables which are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, in later periods, the amount of any impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

q) Financial assets...(Cont'd.)

iv) Impairment of financial assets

At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that financial assets held, other than financial assets at 'fair value through profit or loss', are impaired. Financial assets are impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial assets which have an impact on the estimated future cash flows of the financial assets that can be reliably measured.

For investments in equity instruments classified as 'available-for-sale', objective evidence that the financial assets are impaired include the disappearance of an active market for the financial assets because of financial difficulties, or the decline of the market price below the cost.

For other financial assets, objective evidence could include:

- significant financial difficulty of the issuer; or
- a breach of contract; or
- the lender granting to the borrower a concession that the lender would not otherwise consider; or
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

Impairment losses, in respect of 'held-to-maturity' investments carried at amortised cost are measured as the differences between the assets' carrying amounts and the present values of their estimated future cash flows discounted at the 'held-to-maturity' investments' original effective interest rate.

For certain categories of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade receivables which are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, in later periods, the amount of any impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

r) Impairment of non-financial assets

At each statements of financial position date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying amounts of the assets with their recoverable amount. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

Impairment losses are recognised as an expense in the statement of comprehensive income immediately, unless the assets are carried at a revalued amount. Any impairment losses of revalued assets are treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same assets. Reversal of impairment losses recognised in prior years are recorded when the impairment losses recognised for the assets no longer exist or have decreased.

s) Financial liabilities and equity instruments

i) Classification of liabilities and equity

On initial recognition, financial liabilities and equity instruments are classified in accordance with the substance of the contractual arrangement.

Interests, dividends, losses and gains relating to a financial instrument that is classified as a financial liability is recognised as income or expense in profit or loss. Distributions to holders of an equity instrument are debited directly to equity, net of any related income tax benefit. Transaction costs of an equity instrument are accounted for as a deduction from equity, net of any related income tax benefit.

ii) Equity instruments

Equity instruments are any contracts that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

s) Financial liabilities and equity instruments...(Cont'd.)

iii) Financial liabilities

Financial liabilities are recognised in the statements of financial position when the Group and the Company become a party to the contractual provisions of the instrument.

On initial recognition, financial liabilities are measured at fair value, plus transaction costs for financial liabilities not at 'fair value through profit or loss'.

After initial recognition, financial liabilities are either classified as at 'fair value through profit or loss' or amortised cost using the effective interest method.

iv) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings 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.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

v) Derecognition of financial liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amounts of financial liabilities derecognised and the consideration paid is recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

t) Revenue recognition

i) Revenue from construction contracts

Revenue from construction contracts in short term is recognised in the statement of comprehensive income when the job is done. Revenue from construction contracts in long term is recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

ii) Management service

Revenue from management service is recognised on an accrual basis.

iii) Sale of completed properties

Revenue relating to sale of completed properties is recognised, net of discounts, upon the transfer of significant risk and reward of ownership to the buyer.

iv) Contract income

Income from contracts/projects of the Group is recognised on percentage of completion method.

v) Interest income

Interest income is recognised on an accrual basis that reflects the effective yield on the asset.

vi) Rental income

Rental income is recognised on an accrual basis.

vii) Dividend income

Dividend income is recognised when the right to receive payment is established.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

u) Employee benefits

i) Short-term employment benefits

Short-term employment benefits, such as wages, salaries and social security contributions, are recognised as expense when the employees have rendered services to the Group and the Company.

The expected cost of accumulating compensated absences are recognised when the employees render services that increase their entitlement to future compensated absences. The expected cost of non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences are measured as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

The expected cost of profit-sharing and bonus payments are recognised when the Group and the Company have a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Group and the Company have no realistic alternative but to make the payments.

ii) Defined contribution plan

Contributions payable to the defined contribution plan are recognised as expense when the employees have rendered services to the Group and the Company.

iii) Termination benefits

Termination benefits are recognised as a liability and an expense when the Group and the Company are demonstrably committed to either terminate the employment of the employees before the normal retirement date, or provide termination benefits as a result of an offer made for voluntary redundancy. The Group and the Company are demonstrably committed to a termination when the Group and the Company have a detailed formal plan for the termination and are without realistic possibility of withdrawal.

Termination benefits in relation to the offer made to encourage voluntary redundancy are measured based on the number of employees expected to accept the offer.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of the assets when the Group and the Company incur the expenditure for the assets, incur borrowing costs and undertake activities that are necessary to prepare the assets for the intended use or sale.

Capitalisation of borrowing costs is suspended during extended periods in which active development is suspended and ceased when substantially all the activities necessary to prepare the qualifying assets for the intended use or sale are complete.

Other borrowing costs are recognised as expense in profit or loss when they are incurred.

w) Cash and cash equivalents

The Group and the Company adopts the direct method in the preparation of statements of cash flows.

Cash and cash equivalents in statements of cash flows comprise cash and bank balances, short-term deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

x) Earnings per share

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

Basic EPS is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company (net dividend of ICPS) by the weightage average number of ordinary shares outstanding during the period, adjusted for own share held.

y) Income tax

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax and deferred tax are charged or credited directly to other comprehensive income or equity if the tax relates to items that are credited or charged directly to other comprehensive income or equity.

Current tax for current and prior periods is recognised as a liability to the extent unpaid. If the amount already paid in respect of the current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

y) Income tax...(Cont'd.)

Current tax assets and liabilities for the current and prior periods are measured at the amounts expected to be paid or recovered, using the tax rates that have been enacted or substantially enacted by the end of the reporting period.

Current tax assets and liabilities are offset only when the Group and the Company have a legally enforceable right to set off the recognised amounts and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is provided in full on temporary differences which are the differences between the carrying amounts in the financial statements and the corresponding tax base of an asset or liability at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax liabilities and assets are not recognised if the temporary differences arise from initial recognition of goodwill and the initial recognition of assets or liabilities that is not a business combination and at the time of the transaction, affected neither accounting profit nor taxable profit.

Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group and the Company expect to recover or settle the carrying amounts of their assets and liabilities and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the end of the reporting period.

The carrying amounts of the deferred tax assets are reviewed at the end of each reporting period, and they are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit or part of the deferred tax assets to be utilised. The reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are offset when the Group and the Company have a legally enforceable right to set off current tax assets and liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

z) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the board of directors that makes strategic decisions.

Segment reporting is presented for enhanced assessment of the Group's and the Company's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, results, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, results, assets and liabilities are determined after elimination of intragroup balances and intragroup transactions as part of the consolidation process.

aa) Contingent liabilities

The Group does not recognise contingent liabilities, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arise from past events whose existence will 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 will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

bb) Significant accounting estimates and judgment

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses and disclosure made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

i. Income taxes

There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is involved especially in determining tax base allowances and deductibility of certain expense in determining the Company-wide provision for income taxes. The Group and the Company recognises liabilities for expected 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 recognised, such differences will impact the income tax and deferred tax provisions in the financial year in which such determination is made.

ii. Useful lives and residual value of property, plant and equipment

Property, plant and equipment are depreciated on straight-line basis over their estimated useful lives after deducting its residual value. The management exercises their judgment in estimating the useful lives and the residual value of the depreciable assets. The group assesses annually the residual value and the useful lives of the property, plant and equipment and if the expectation in the period in which such estimate has been charged.

iii. Revenue from construction contracts

Revenue from construction contracts in short term is recognised in the statement of comprehensive income when the job is done. Revenue from construction contracts in long term is recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

bb) Significant accounting estimates and judgment...(Cont'd.)

iii. Revenue from construction contracts...(Cont'd.)

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as expense immediately.

iv. Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flow from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill as at 31 December 2015 was RM9,636,260.

v. Impairment of receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's receivables at the reporting date is disclosed in Note 13.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

cc) 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 receivables fails to make payment when due.

Financial guarantee contracts are recognised initially as liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in the statements of comprehensive income over the period of guarantee. If the receivable fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

As at reporting date, no values are placed on corporate guarantees provided by the Group to secure the bank loans and other banking facilities granted to its subsidiaries where such loans and banking facilities are fully collateralised by fixed and floating charges over the property, plant and equipment and other assets of the subsidiaries and where the directors regard the value of the credit enhancement provided by the corporate guarantees is minimal.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Long term leasehold land and buildings RM	Leasehold land RM	Plant machinery, fixture and office equipment RM	Motor vehicles RM	Shop houses RM	Renovation RM	Total RM
Net carrying amount as at 01.01.2015	4,280,634	86,808	735,178	459,366	40,575	62,913	5,665,474
Additions	-	-	441,300	171,081	-	35,460	647,841
Written off	-	-	(81,131)	-	-	-	(81,131)
Disposal	-	-	-	(6,051)	-	-	(6,051)
Depreciation	(76,283)	(1,098)	(289,407)	(171,363)	(1,268)	(2,038)	(541,457)
Net carrying amount as at 31.12.2015	4,204,351	85,710	805,940	453,033	39,307	96,335	5,684,676
As at 31.12.2015							
At cost	5,540,993	108,664	2,388,598	1,379,121	63,399	122,602	9,603,377
Accumulated depreciation	(1,336,642)	(22,954)	(1,582,658)	(926,088)	(24,092)	(26,267)	(3,918,701)
Net carrying amount	4,204,351	85,710	805,940	453,033	39,307	96,335	5,684,676

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

4. PROPERTY, PLANT AND EQUIPMENT...(Cont'd.)

GROUP

	Long term leasehold land and buildings RM	Leasehold land RM	Plant machinery, fixture and office equipment RM	Motor vehicles RM	Shop houses RM	Renovation RM	Total RM
Net carrying amount as at 01.01.2014	4,489,930	87,905	958,984	693,268	41,843	64,656	6,336,586
Additions	-	-	131,164	-	-	-	131,164
Written off	(69,305)	-	(13,149)	-	-	-	(82,454)
Disposal	-	-	-	(16,717)	-	-	(16,717)
Depreciation	(139,991)	(1,097)	(341,821)	(217,185)	(1,268)	(1,743)	(703,105)
Net carrying amount as at 31.12.2014	4,280,634	86,808	735,178	459,366	40,575	62,913	5,665,474
As at 31.12.2014							
At cost	5,540,993	108,664	2,054,653	1,392,340	63,399	87,142	9,247,191
Accumulated depreciation	(1,260,359)	(21,856)	(1,319,475)	(932,974)	(22,824)	(24,229)	(3,581,717)
Net carrying amount	4,280,634	86,808	735,178	459,366	40,575	62,913	5,665,474

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

4. PROPERTY, PLANT AND EQUIPMENT...(Cont'd.)

COMPANY

	Office equipment RM	Motor vehicles RM	Total RM
Net carrying amount as at 01.01.2015	39,876	2,954	42,830
Addition	290,941	-	290,941
Depreciation	(61,653)	(2,953)	(64,606)
Net carrying amount	269,164	1	269,165
As at 31.12.2015			
At cost	369,384	177,200	546,584
Accumulated depreciation	(100,220)	(177,199)	(277,419)
Net carrying amount	269,164	1	269,165
Net carrying amount as at 01.01.2014	65,057	38,394	103,451
Addition	6,974	-	6,974
Written off	(9,658)	-	(9,658)
Depreciation	(22,497)	(35,440)	(57,937)
Net carrying amount	39,876	2,954	42,830
As at 31.12.2014			
At cost	78,443	177,200	255,643
Accumulated depreciation	(38,567)	(174,246)	(212,813)
Net carrying amount	39,876	2,954	42,830

Certain motor vehicles of the Group with net carrying amount of RM36,839 (2014: RM52,070) were acquired under hire purchase arrangements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

5. INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY	
	2015	2014
	RM	RM
Investment in subsidiaries	149,218,603	149,218,603
Less: Accumulated impairment losses	(721,260)	(721,260)
Carrying amounts	<u>148,497,343</u>	<u>148,497,343</u>

Details of the Company's subsidiaries as at 31 December 2015 are as follows:

Name of Subsidiaries	Shareholding (%)		Principal Activities
	2015	2014	
Syarikat Majuperak Berhad	100	100	Property development
Majuperak Energy Resources Sdn. Bhd.	100	100	Property development
Majuperak Development Berhad	100	100	Management services
Majuperak Property Management Sdn. Bhd.	100	100	Property management
Majuperak Land Sdn. Bhd.	100	100	Dormant
Majuperak Bio Resources Sdn. Bhd.	100	100	Contract management
Held through Syarikat Majuperak Berhad:			
Majuperak Properties Sdn. Bhd.	100	100	Property development
Majuperak Bina Sdn. Bhd.	100	100	Property development
Bihun Jaya (Perak) Sdn. Bhd.	62	62	Property management
Held through Majuperak Development Berhad:			
Majuperak Utilities Management Sdn. Bhd.	100	100	Dormant
Tenaga Danawa Sdn. Bhd.	100	100	Property development
Jua Juara Sdn. Bhd.	100	100	Property development

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

5. INVESTMENT IN SUBSIDIARY COMPANIES...(Cont'd.)

Name of Subsidiaries	Shareholding (%)		Principal Activities
	2015	2014	
Held through Majuperak Energy Resources Sdn. Bhd.:			
Majuperak Kinta Hydro Sdn. Bhd.	100	100	Dormant
Held through Majuperak Land Sdn. Bhd.:			
Majuperak Realty Sdn. Bhd.	51	51	Dormant
Held through Majuperak Properties Sdn. Bhd.:			
Nexus Jade Sdn. Bhd.	51	-	Merchandise sourcing

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

	Bihun Jaya (Perak) Sdn. Bhd. RM	Majuperak Realty Sdn. Bhd. RM	Nexus Jade Sdn. Bhd. RM	Total RM
<u>31 December 2015</u>				
NCI percentage of ownership interest and voting interest	38%	49%	49%	
Carrying amount of NCI	530,840	140,897	137,320	809,057
<u>31 December 2014</u>				
NCI percentage of ownership interest and voting interest	38%	49%	-	
Carrying amount of NCI	545,926	143,475	-	689,401

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

5. INVESTMENT IN SUBSIDIARY COMPANIES...(Cont'd.)

Summarised financial information on subsidiaries with material NCI:

i. Summarised statement of comprehensive income

	Bihun Jaya (Perak) Sdn. Bhd.		Majuperak Realty Sdn. Bhd.		Nexus Jade Sdn. Bhd.
	2015	2014	2015	2014	2015
	RM	RM	RM	RM	RM
Revenue	-	-	-	-	193,826
Cost of sales	-	-	-	-	(132,929)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,897</u>
Loss before taxation	(39,700)	(36,444)	(5,260)	(1,780)	(219,755)
Taxation	-	-	-	-	-
Loss for the year	(39,700)	(36,444)	(5,260)	(1,780)	(219,755)
Total comprehensive loss for the year	<u>(39,700)</u>	<u>(36,444)</u>	<u>(5,260)</u>	<u>(1,780)</u>	<u>(219,755)</u>
Total comprehensive loss allocated to NCI	<u>(15,086)</u>	<u>(13,849)</u>	<u>(2,578)</u>	<u>(872)</u>	<u>(107,680)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

5. INVESTMENT IN SUBSIDIARY COMPANIES...(Cont'd.)

ii. Summarised statement of financial position

	Bihun Jaya (Perak) Sdn. Bhd.		Majuperak Realty Sdn. Bhd.		Nexus Jade Sdn. Bhd.
	2015	2014	2015	2014	2015
	RM	RM	RM	RM	RM
Current					
Assets	8,551	8,551	447,944	447,955	317,748
Liabilities	<u>(114,998)</u>	<u>(95,606)</u>	<u>(162,399)</u>	<u>(157,150)</u>	<u>(201,500)</u>
Total current net (liabilities)/assets	<u>(106,447)</u>	<u>(87,055)</u>	<u>285,545</u>	<u>290,805</u>	<u>116,248</u>
Non-current					
Assets	<u>643,260</u>	<u>663,568</u>	<u>-</u>	<u>-</u>	<u>163,997</u>
Total non-current net assets	<u>643,260</u>	<u>663,568</u>	<u>-</u>	<u>-</u>	<u>163,997</u>
Net assets	<u>536,813</u>	<u>576,513</u>	<u>285,545</u>	<u>290,805</u>	<u>280,245</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

5. INVESTMENT IN SUBSIDIARY COMPANIES...(Cont'd.)

iii. Summarised statement of cash flows

	Bihun Jaya (Perak) Sdn. Bhd.		Majuperak Realty Sdn. Bhd.		Nexus Jade Sdn. Bhd.
	2015 RM	2014 RM	2015 RM	2014 RM	2015 RM
Net cash used in operating activities	-	(2,081)	(11)	(10)	(103,887)
Net cash generated from investing activities	-	-	-	-	500,000
Net cash generated from/(used in) financing activities	-	113	-	-	(167,181)
Net (decrease)/increase in cash and cash equivalents	-	(1,968)	(11)	(10)	228,932
Cash and cash equivalents at beginning of the year	8,551	10,519	295,957	295,967	-
Cash and cash equivalents at end of the year	8,551	8,551	295,946	295,957	228,932

Amount due from subsidiary companies are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

6. INVESTMENT IN ASSOCIATE COMPANY

	GROUP	
	2015 RM	2014 RM
Unquoted shares at cost	12,250	12,250
Allowance for diminution in value	(12,250)	(12,250)
	<u>-</u>	<u>-</u>

Details of the associated company, which is incorporated in Malaysia as follows:

Name of company	Shareholding (%)		Principal activities
	2015	2014	
Held through Syarikat Majuperak Berhad:			
Konsodium Bihun Jaya Sdn. Bhd.	30	30	Dormant

7. INVESTMENT IN JOINTLY CONTROLLED ENTITY

	GROUP	
	2015 RM	2014 RM
Unquoted shares - at cost:	500,000	500,000
Share of post - acquisition loss	(500,000)	(500,000)
	<u>-</u>	<u>-</u>

The Company's aggregate share of the current assets, non-current assets, current liabilities, income and expenses of the jointly controlled entity are as follows:

	2015 RM	2014 RM
Assets and liabilities		
Current assets	688,505	5,212
Non-current assets	2,429,327	1,079,327
Total assets	<u>3,117,832</u>	<u>1,084,539</u>
Current liabilities	<u>(2,283,905)</u>	<u>(1,670,104)</u>
Results		
Revenue	-	-
Expenses	<u>(1,130,685)</u>	<u>(832,720)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

7. INVESTMENT IN JOINTLY CONTROLLED ENTITY...(Cont'd.)

Details of the jointly controlled entity, which is incorporated in Malaysia as follows:

Name of company	Shareholding (%)		Principal activities
	2015	2014	
Held through Majuperak Bio Resources Sdn. Bhd.:			
Majuperak Go Green Sdn. Bhd.	50	50	Bamboo based products

8. OTHER INVESTMENTS

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Available-for-sale financial assets				
Quoted shares	1,512,279	1,765,914	-	-
Unquoted shares	7,954,633	7,956,065	200,000	200,000
	<u>9,466,912</u>	<u>9,721,979</u>	<u>200,000</u>	<u>200,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

9. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Balance as at beginning of the year	9,987,254	10,116,823	4,345,386	4,392,185
Depreciation	(126,361)	(129,569)	(43,591)	(46,799)
Disposal	(4,145,317)	-	(4,145,317)	-
Balance as at end of the year	<u>5,715,576</u>	<u>9,987,254</u>	<u>156,478</u>	<u>4,345,386</u>
At cost	7,283,025	11,597,721	182,620	4,497,316
Accumulated depreciation	(1,567,449)	(1,610,467)	(26,142)	(151,930)
Net carrying amount	<u>5,715,576</u>	<u>9,987,254</u>	<u>156,478</u>	<u>4,345,386</u>
Fair value	<u>7,900,000</u>	<u>50,100,000</u>	<u>300,000</u>	<u>42,500,000</u>
Representing item at:				
Cost	3,638,025	7,952,721	182,620	4,497,316
Valuation - 1991	<u>3,645,000</u>	<u>3,645,000</u>	<u>-</u>	<u>-</u>
	<u>7,283,025</u>	<u>11,597,721</u>	<u>182,620</u>	<u>4,497,316</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

10. LAND HELD FOR PROPERTY DEVELOPMENT

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
At cost:				
Balance as at beginning of the year	167,247,924	167,644,368	140,855	140,855
Addition	1,672,022	2,133,808	-	-
	168,919,946	169,778,176	140,855	140,855
Cost charged to statements of comprehensive income	(982,000)	-	-	-
Transfer to property development cost	-	(2,530,252)	-	-
Balance as at end of the year	<u>167,937,946</u>	<u>167,247,924</u>	<u>140,855</u>	<u>140,855</u>
Representing item at:				
Cost	34,822,575	33,150,553	140,855	140,855
Revaluation – 2002	133,115,371	134,097,371	-	-
	<u>167,937,946</u>	<u>167,247,924</u>	<u>140,855</u>	<u>140,855</u>

Certain land held for property development of the Group amounting to RM4,656,737 (2014: RM4,651,526) are held in trust and have been registered under the name of the holding corporation. The Group however, has been granted on the beneficial interest of the land pursuant to a transfer of assets and liabilities agreement and its supplementary agreement which had mutually agreed between the Group and the holding corporation dated 28 December 2001 and 15 April 2002.

11. DEVELOPMENT EXPENDITURE

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Agriculture cost:				
Land	315,812	315,812	-	-
Development expenditure	21,226,574	22,387,382	1,527,895	1,127,081
	<u>21,542,386</u>	<u>22,703,194</u>	<u>1,527,895</u>	<u>1,127,081</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

12. GOODWILL ON CONSOLIDATION

GROUP

	2015 RM	2014 RM
Purchased goodwill, at cost	89,479,467	89,479,467
Less: Accumulated impairment losses	<u>(79,843,207)</u>	<u>(79,843,207)</u>
Net carrying amount	<u>9,636,260</u>	<u>9,636,260</u>

13. TRADE RECEIVABLES

GROUP

	2015 RM	2014 RM
Trade receivables	17,970,914	21,857,716
Less: Allowance for doubtful debts	<u>(2,243,756)</u>	<u>(2,159,106)</u>
	<u>15,727,158</u>	<u>19,698,610</u>

Ageing analysis of trade receivables

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

	2015 RM	2014 RM
Neither past due nor impaired	-	-
1 to 30 days past due not impaired	37,363	4,768,638
31 to 60 days past due not impaired	58,314	10,719
61 to 90 days past due not impaired	-	-
91 to 180 days past due not impaired	985,251	305,970
More than 180 days past due not impaired	<u>14,646,230</u>	<u>14,613,283</u>
	15,727,158	19,698,610
Impaired	<u>2,243,756</u>	<u>2,159,106</u>
	<u>17,970,914</u>	<u>21,857,716</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

13. TRADE RECEIVABLES...(Cont'd.)

Trade receivables that are neither past due nor impaired

Trade receivables that were neither past due nor impaired relate to customers for whom there were no default.

Trade receivables that are past due but not impaired

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

Movement in allowances accounts:

GROUP

	2015 RM	2014 RM
Beginning of the year	2,159,106	2,159,106
Addition	85,151	-
Bad debts written off	(501)	-
	<hr/>	<hr/>
End of the year	<u>2,243,756</u>	<u>2,159,106</u>

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Other receivables, deposits and prepayment	12,810,718	13,149,570	4,109,035	3,752,585
Less: Allowances for doubtful debts	(543,763)	(543,763)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>12,266,955</u>	<u>12,605,807</u>	<u>4,109,035</u>	<u>3,752,585</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

15. INVENTORIES

GROUP

	2015 RM	2014 RM
At cost:		
Shophouses	2,079,189	2,175,431
Merchandise	25,277	-
	<u>2,104,466</u>	<u>2,175,431</u>

5 unit of unsold shophouses (2014: 5 unit) at cost of RM481,210 (2014: RM481,210) is charged as security for credit facility granted to a subsidiary company.

16. PROPERTY DEVELOPMENT COST

GROUP

	2015 RM	2014 RM
Land	8,583,717	8,583,717
Development expenditure	190,880,627	188,319,596
Accumulated costs charged to statements of comprehensive income	<u>(191,094,169)</u>	<u>(190,942,074)</u>
	<u>8,370,175</u>	<u>5,961,239</u>
Development expenditure incurred during the year	1,422,086	105,529
Transfer from land held for property development	-	2,530,252
Transfer to holding corporation	-	(74,750)
Cost charged out to statements of comprehensive income	<u>(40,468)</u>	<u>(152,095)</u>
Balance as at end of the year	<u>9,751,793</u>	<u>8,370,175</u>

Represented by:

Land	8,583,717	8,583,717
Development expenditure	192,302,713	190,880,627
Accumulated costs charged to statements of comprehensive income	<u>(191,134,637)</u>	<u>(191,094,169)</u>
	<u>9,751,793</u>	<u>8,370,175</u>

Development costs that are expected to be completed within the normal operating cycle of 2 to 3 years are classified as current asset.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

17. CONTRACT WORK-IN-PROGRESS

GROUP

	2015 RM	2014 RM
As at beginning of the year	772,016	744,554
Addition	1,496	27,462
Less: Impairment loss	(386,756)	-
	<hr/>	<hr/>
Balance as at end of the year	<u>386,756</u>	<u>772,016</u>

18. AMOUNT DUE FROM/(TO) HOLDING CORPORATION

The holding corporation is Perbadanan Kemajuan Negeri Perak, a statutory body established under the Perak State Economic Development Corporation Enactment No. 3, 1967.

The amount due from holding corporation is unsecured, interest free, and repayable on demand.

The amount due to holding corporation is unsecured, bear interest at 3% per annum, and repayable on demand.

19. AMOUNT DUE FROM/(TO) RELATED COMPANIES

The amount due from/(to) related companies are unsecured, interest free and repayable on demand.

20. DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Fixed deposit with licensed bank	528,392	2,239,807	-	-
Cash and bank balances	24,789,885	11,358,227	17,600,335	449,618
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>25,318,277</u>	<u>13,598,034</u>	<u>17,600,335</u>	<u>449,618</u>

Included in the Group's cash and bank balances are amounts of RM550,225 (2014: RM644,240) is subject to the Housing Developers (Housing Development Account) (Amendment) Regulations 2002.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

21. SHARE CAPITAL

GROUP AND COMPANY

	2015 RM	2014 RM
Authorised:		
Ordinary shares of RM0.50 each	<u>425,000,000</u>	<u>425,000,000</u>
Issued and fully paid:		
Ordinary shares of RM0.50 each		
As at beginning of year	92,156,319	91,290,769
Issue during the year arising from conversion of ICPS	<u>7,058,514</u>	<u>865,550</u>
As at end of year	<u>99,214,833</u>	<u>92,156,319</u>

22. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARE ("ICPS")

GROUP AND COMPANY

	2015 RM	2014 RM
Authorised:		
ICPS of RM0.50 each	<u>75,000,000</u>	<u>75,000,000</u>
Issued and fully paid:		
ICPS of RM0.50 each		
As at beginning of year	51,957,421	53,193,921
Conversion of ICPS to share capital	(7,058,514)	(865,550)
Conversion of ICPS to share premium	<u>(3,025,078)</u>	<u>(370,950)</u>
As at end of year	<u>41,873,829</u>	<u>51,957,421</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

22. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARE (“ICPS”)...(Cont’d.)

The principal terms of ICPS attached to them are as follows:

- i) Dividend The ICPS bear a fixed cumulative dividend of 1.0% per annum, payable after and including the third year. The ICPS holders will not be entitled to any rights, bonus issues, allotments and/or any other distributions that may be declared by the Company.
- ii) Maturity The maturity date of the ICPS is the ten anniversary date of the issue date of the ICPS.
- iii) Conversion right The ICPS holders will have the right to convert the ICPS at conversion price into new Company’s ordinary shares and/or including the fifth anniversary of the date of issue the ICPS until maturity. Any nominal value not converted by maturity date will be mandatory converted into new ordinary shares on maturity date.
- iv) Conversion price The conversion price of the ICPS into new ordinary shares shall be RM0.70 each. Fractions resulting from conversion, if any, shall be disregarded and the Company shall not be required to pay the ICPS holders the value of such fractions.
- v) Mode of conversion Conversion shall be by tendering 10 ICPS for every 7 new ordinary shares of the Company.
- vi) Listing The ICPS and new ordinary shares to be issued pursuant to the conversion of the ICPS will be listed on the Bursa Malaysia Securities Berhad.
- vii) Ranking The conversion shares shall rank parri passu in all respect with the then existing issued of ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distribution, the entitlement date of which is prior to the date of conversion of the ICPS.
- viii) Voting right The ICPS holders shall not be entitled to voting rights except where the rights of ICPS holders are affected or on a resolution for the winding up of the Company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

23. SHARE PREMIUM

GROUP AND COMPANY

	2015 RM	2014 RM
As at beginning of the year	35,479,101	35,108,151
Issuance during the year	3,025,078	370,950
	<hr/>	<hr/>
Balance as at end of the year	<u>38,504,179</u>	<u>35,479,101</u>

Share premium arose from the issues of ordinary shares in excess of the par value.

24. INVESTMENT REVALUATION RESERVE

GROUP

	2015 RM	2014 RM
As at beginning of the year	1,058,746	1,247,055
Effect of adopting the fair value measurement on security available-for-sale	(255,067)	(112,655)
Reclassification adjustment for gain included in Profit or Loss	-	(75,654)
	<hr/>	<hr/>
As at end of the year	<u>803,679</u>	<u>1,058,746</u>

Investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment are derecognised or impaired.

25. ACCUMULATED PROFITS

The Company has elected to discontinue utilising its tax credit under Section 108 of the Income Tax Act, 1967 since previous financial year. Accordingly, tax on the Company's profits is a final tax, and dividends distributed to shareholders will be exempted from tax.

26. NON-CONTROLLING INTEREST

GROUP

This consists of the non-controlling shareholders' proportion of share capital and reserves of subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

27. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Other payables	14,103,605	4,210,739	11,016,800	878,028
Retention sum	45,526	45,526	-	-
Deposit and accruals	11,089,615	4,416,565	427,250	408,250
	<u>25,238,746</u>	<u>8,672,830</u>	<u>11,444,050</u>	<u>1,286,278</u>

28. BANK BORROWINGS

GROUP	2015 RM	2014 RM	Effective profit/ interest rate
<i>Not later than 1 year:</i>			
Secured loan	150,000	1,978,295	5.1%
Bank overdraft	406,877	-	4%
	<u>556,877</u>	<u>1,978,295</u>	
<i>Later than 1 year and not later than 5 years:</i>			
Secured loan	750,000	750,000	5.1%
<i>Later than 5 years:</i>			
Secured loan	1,600,000	1,750,000	5.1%
	<u>2,350,000</u>	<u>2,500,000</u>	
	<u>2,906,877</u>	<u>4,478,295</u>	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

28. BANK BORROWINGS...(Cont'd.)

- i) Secured loan (“Bai-Bithaman Ajil”) is secured by a property of the Group. The secured loan profit charged at a rate of 5.1%. The repayment is within 240 months and commenced on September 2012.
- ii) The bank overdraft facility of the Group is secured by a first and second, third and fourth fixed charges amounting to RM1.5 million (2014: RM1.5 million) over certain properties of the Group. The bank overdraft bears interest at a rate of 4% (2014: 4%).

29. HIRE PURCHASE PAYABLES

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Minimum hire purchase payment:				
Not later than 1 year	38,544	38,472	27,504	27,504
Later than 1 year and not later than 5 years	43,121	81,741	2,238	29,734
	81,665	120,213	29,742	57,238
Future finance charges of hire purchase	(15,766)	(22,782)	(5,038)	(9,670)
Present value of hire purchase liabilities	<u>65,899</u>	<u>97,431</u>	<u>24,704</u>	<u>47,568</u>
Present value of hire purchase liabilities:				
Not later than 1 year	21,446	21,446	12,778	12,778
Later than 1 year and not later than 5 years	44,453	75,985	11,926	34,790
	<u>65,899</u>	<u>97,431</u>	<u>24,704</u>	<u>47,568</u>

The effective interest rate per annum of the hire purchase payables at the statement of financial position date is 2.58% (2014: 2.58%).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

30. DEFERRED TAXATION

GROUP

	2015 RM	2014 RM
As at beginning of the year	27,889,010	28,090,694
Reversal of deferred tax liability	(274,960)	-
Charged from statement of comprehensive income (Note 33)	(80,361)	(201,684)
	<u>27,533,689</u>	<u>27,889,010</u>

The deferred tax, determined before appropriate offsetting as follows:

Deferred tax assets	(205,439)	(205,439)
Deferred tax liabilities	27,739,128	28,094,449
	<u>27,533,689</u>	<u>27,889,010</u>

Deferred taxation are in respect of the following items:

	2015 RM	2014 RM
Unutilised tax losses	(205,439)	(205,439)
Capital allowances excess depreciation	18,589	98,950
Revaluation	27,720,539	27,995,499
	<u>27,533,689</u>	<u>27,889,010</u>

31. PROFIT/(LOSS) FROM OPERATION

Profit/(Loss) from operation is arrived at after charging/(crediting):

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Audit fee	105,300	102,800	19,000	19,000
Allowances for doubtful debts	85,151	83,798	-	-
Bad debt written off	182,797	1,516	-	-
Property, plant and equipment written off	-	82,454	-	9,658
	<u>-</u>	<u>82,454</u>	<u>-</u>	<u>9,658</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

31. PROFIT/(LOSS) FROM OPERATION...(Cont'd.)

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM	RM	RM	RM
Remunerations of key personnel management				
- fee	476,250	498,250	408,250	408,250
- other than fee	670,900	607,138	379,900	353,638
Depreciation of property, plant and equipment	541,457	703,105	64,606	57,937
Depreciation of investment properties	126,361	129,569	43,951	46,799
Impairment on contract work-in-progress	386,756	-	-	-
Loss on winding up of subsidiary companies	-	24,753	-	-
Rental of premises	566,713	435,895	566,713	421,254
Staff cost:				
- Short term benefit	3,857,264	2,512,970	1,274,628	580,054
- EPF and pension contribution	562,392	363,656	212,425	133,991
Gain on disposal of property, plant and equipment	(10,249)	(13,282)	-	-
Gain on disposal of quoted investment	-	(77,651)	-	-
Gain on disposal of investment properties, net of tax	(18,930,827)	-	(18,930,827)	-
Interest income	(34,042)	(505,123)	-	(274,605)
Rental income	(206,177)	(84,542)	-	-
Waiver of payables	(365)	(899)	-	-

Remunerations of key personnel management comprise the following:

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM	RM	RM	RM
Directors:				
Fee	476,250	498,250	408,250	408,250
Salaries and other emoluments	538,900	569,638	379,900	353,638
Chairman:				
Salaries and other emoluments	132,000	37,500	-	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

31. PROFIT/(LOSS) FROM OPERATION...(Cont'd.)

Range of emoluments of the Company's directors are as follows:

	Number of directors	
	2015	2014
Above RM50,001	3	3
RM30,001 – RM50,000	<u>5</u>	<u>5</u>

32. FINANCE COSTS

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM	RM	RM	RM
Short term revolving credit interest	1,233	5,000	-	-
Secured loan interest	94,599	91,251	-	-
Hire purchase interest	7,011	7,180	4,639	4,640
Bank overdraft interest	1,480	27,852	-	-
Interest on advance by holding corporation	-	411,717	-	411,717
	<u>104,323</u>	<u>543,000</u>	<u>4,639</u>	<u>416,357</u>

33. TAXATION

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM	RM	RM	RM
Provision for the year	943,096	3,368,211	-	-
Under provision in prior year	8,810	611,934	-	11,680
Deferred tax expenses relating to the origination and reversal of temporary differences (Note 30)	<u>(80,361)</u>	<u>(201,684)</u>	<u>-</u>	<u>-</u>
	<u>871,545</u>	<u>3,778,461</u>	<u>-</u>	<u>11,680</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

33. TAXATION...(Cont'd.)

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

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit/(Loss) before taxation	12,320,224	7,521,687	12,665,704	(2,457,428)
Malaysia statutory tax rate :				
- at 25%	3,080,056	1,880,422	3,166,426	(614,357)
Income not subject to tax	(4,819,272)	(51,584)	(4,732,707)	-
Tax effect on expenses not deductible for tax purposes	816,963	514,424	193,159	189,767
Tax effect on utilisation of unabsorbed capital allowances and tax losses	(187,612)	(140,913)	-	-
Under provision in prior year	8,810	611,934	-	11,680
Deferred tax assets not recognised during the year	1,972,600	896,481	1,373,122	424,590
Share of results of a jointly controlled entity	-	67,697	-	-
Tax expenses for the year	871,545	3,778,461	-	11,680

The Malaysian statutory tax rate will be reduced to 24% from the current year's rate of 25% effective from Year of Assessment 2016.

Deferred tax assets have not been recognised in respect of the following items:

	GROUP		GROUP	
	2015 RM	2014 RM	2015 RM	2014 RM
Unabsorbed capital allowances	593,864	327,850	103,374	76,647
Unutilised tax losses	18,825,499	9,732,197	7,190,608	1,698,119
	19,419,363	10,060,047	7,293,982	1,774,766

The above unabsorbed capital allowances and unutilised tax losses are available indefinitely for offset against future taxable profit subject to the approval with the Inland Revenue Board. Deferred tax assets have not been recognised in respect of this item due to uncertainty of its recoverability.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

34. EARNINGS PER SHARE

a) Basic

The basic earnings per share is calculated by dividing the Group's net profit attributable to shareholders (net dividend of ICPS) by the weighted average number of shares in issue during the year.

	GROUP	
	2015 RM	2014 RM
Net income attributable to shareholders	10,736,546	2,978,586
Weighted average number of ordinary shares in issue	198,429,666	184,312,638
	SEN	SEN
Basic earnings per share	5.41	1.62

b) Diluted

For the diluted earnings per share calculation, the weighted average numbers of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of potential ordinary shares in respect of conversion of ICPS into ordinary shares.

	GROUP	
	2015 RM	2014 RM
Net income attributable to shareholders	11,574,023	3,757,947
Weighted average number of ordinary shares in issue	198,429,666	184,312,638
Effect of dilution ICPS	119,639,511	148,449,774
Adjusted weighted average number of ordinary shares in issue and issuable	318,069,177	332,762,412
	SEN	SEN
Diluted earning per share	3.64	1.13

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

35. DIVIDEND

	2015 RM	2014 RM
Irredeemable Convertible Preference Shares (“ICPS”) dividend of 1% per share.	<u>515,678</u>	<u>524,814</u>

The proposed ICPS dividend of 1% per share approved on 30 June 2015 and paid on 07 July 2015, has been appropriated from the retained profit in this financial year.

In respect of the next financial year ending 31 December 2016, directors have recommended the payment of dividend of 1% per share on ICPS.

36. SEGMENTAL REPORTING

i) Business segment

31 December 2015

	Property development RM	Management services RM	Others RM	Total RM
Revenue	<u>6,097,873</u>	-	585,644	<u>6,683,517</u>
Results				
Segment result	1,623,651	(256,842)	10,953,415	12,320,224
Taxation				<u>(871,545)</u>
Net profit for the year				11,448,679
Non-controlling interest				<u>125,344</u>
Net profit for the year attributable to equity holders of the Company				<u>11,574,023</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

36. SEGMENTAL REPORTING...(Cont'd.)

i) Business segment

31 December 2014

	Property development RM	Management services RM	Others RM	Total RM
Revenue	13,817,451	302,409	2,507,403	<u>16,627,263</u>
Results				
Segment result	9,956,047	30,234	(2,464,594)	7,521,687
Taxation				<u>(3,778,461)</u>
Net profit for the year				3,743,226
Non-controlling interest				<u>14,721</u>
Net profit for the year attributable to equity holders of the Company				<u>3,757,947</u>

ii) Geographical segment

The segmental information is not presented by geographical segment as the Group's business activities are predominantly located in Malaysia.

37. CONTINGENT LIABILITIES

	GROUP	
	2015 RM	2014 RM
Unsecured:		
Bank guarantee given to related parties for the purpose of utilities.	<u>55,000</u>	<u>35,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

38. SIGNIFICANT RELATED PARTY TRANSACTION

For the purpose of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence.

a) Transaction within the Group

	2015 RM	2014 RM
Management fee charge by holding company	-	440,000
Repayment of debt to holding corporation	16,600,000	-
Advanced to holding corporation	5,227,200	-
Interest charge by holding corporation	-	411,717
Dividend paid and payables by subsidiary companies to holding company	-	206,250

b) Transaction with key personnel management

Key personnel management are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company. The details analysis of transactions made during the financial year are disclosed in Note 31 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

39. FINANCIAL INSTRUMENTS

Financial Risk Management

a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 to the Financial Statements describe how the classes of financial instruments are measured, and how income and expense, including fair value gains or losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

GROUP	Loans and Receivables RM	Available- For-Sale RM	Financial Liabilities at Amortised Cost RM	Total RM
At 31 December 2015				
Financial Assets				
Trade receivables	15,727,158	-	-	15,727,158
Other receivables, deposit and prepayments	12,266,955	-	-	12,266,955
Amount due from holding corporation	6,975,523	-	-	6,975,523
Amount due from related companies	9,079,220	-	-	9,079,220
Other investments	-	1,512,279	-	1,512,279
Deposit, cash and cash equivalents	25,318,277	-	-	25,318,277
	<u>69,367,133</u>	<u>1,512,279</u>	<u>-</u>	<u>70,879,412</u>
Financial Liabilities				
Trade payables	-	-	9,300,535	9,300,535
Other payables and accrual	-	-	25,238,746	25,238,746
Amount due to related companies	-	-	12,494,280	12,494,280
Bank borrowings	-	-	2,906,877	2,906,877
Hire purchase payables	-	-	65,899	65,899
	<u>-</u>	<u>-</u>	<u>50,006,337</u>	<u>50,006,337</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

39. FINANCIAL INSTRUMENTS...(Cont'd.)

Financial Risk Management

GROUP	Loans and Receivables RM	Available- For-Sale RM	Financial Liabilities at Amortised Cost RM	Total RM
At 31 December 2014				
Financial Assets				
Trade receivables	19,698,610	-	-	19,698,610
Other receivables, deposit and prepayments	12,605,807	-	-	12,605,807
Amount due from related companies	7,130,299	-	-	7,130,299
Other investments	-	1,765,914	-	1,765,914
Deposit, cash and cash equivalents	13,598,034	-	-	13,598,034
	<u>53,032,750</u>	<u>1,765,914</u>	<u>-</u>	<u>54,798,664</u>
Financial Liabilities				
Trade payables	-	-	7,655,141	7,655,141
Other payables and accrual	-	-	8,672,830	8,672,830
Amount due to related companies	-	-	9,588,879	9,588,879
Amount due to holding corporation	-	-	15,649,672	15,649,672
Bank borrowings	-	-	4,478,295	4,478,295
Hire purchase payables	-	-	97,431	97,431
	<u>-</u>	<u>-</u>	<u>46,142,248</u>	<u>46,142,248</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

39. FINANCIAL INSTRUMENTS...(Cont'd.)

Financial Risk Management

b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operation whilst managing its financial risks, including credit risks, liquidity and cash flow risk and interest rate risk. The Group and the Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transaction.

i) Credit risk

i) Receivables

The Group's exposure to credit risk arises mainly from receivables. Receivables are monitored on an on-going basis via management reporting procedure and action is taken to recover debts when due.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk arising from receivables is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Impairment losses

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

ii) Inter-company balances

The Company provides unsecured loans and advances to related companies. The Company monitors the results of the related companies regularly.

Exposure to credit risk

At the reporting date, the maximum exposure to credit risk from unsecured loans and advances to related companies is represented by their carrying amounts in the statements of financial position.

Loans and advances are only provided to related companies which are wholly owned by the holding corporation.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

39. FINANCIAL INSTRUMENTS...(Cont'd.)

Financial Risk Management

ii) Liquidity and cash flow risk

The Group and the Company actively manage its debts maturity profile, operating cashflows and availability of funding so as to ensure that all repayment and funding needs are met.

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

GROUP

	On demand RM	Not later than 1 year RM	Later than 1 year RM	Total RM
At 31 December 2015				
Trade and other payables	-	34,539,281	-	34,539,281
Amount due to related companies	12,494,280	-	-	12,494,280
Bank borrowings	-	556,877	2,350,000	2,906,877
Hire purchase payables	-	21,446	44,453	65,899
	<u>12,494,280</u>	<u>35,117,604</u>	<u>2,394,453</u>	<u>50,006,337</u>
At 31 December 2014				
Trade and other payables	-	16,327,971	-	16,327,971
Amount due to related companies	9,588,979	-	-	9,588,979
Amount due to holding corporation	8,545,713	-	7,103,959	15,649,672
Bank borrowings	-	1,978,295	2,500,000	4,478,295
Hire purchase payables	-	21,446	75,985	97,431
	<u>18,134,692</u>	<u>18,327,712</u>	<u>9,679,944</u>	<u>46,142,348</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

39. FINANCIAL INSTRUMENTS...(Cont'd.)

Financial Risk Management

COMPANY

	On demand RM	Not later than 1 year RM	Later than 1 year RM	Total RM
At 31 December 2015				
Other payables	-	11,444,050	-	11,444,050
Amount due to related companies	3,717,130	-	-	3,717,130
Hire purchase payables	-	12,778	11,926	24,704
	<u>3,717,130</u>	<u>11,456,828</u>	<u>11,926</u>	<u>15,185,884</u>
At 31 December 2014				
Other payables	-	1,286,278	-	1,286,278
Amount due to related companies	1,342,668	-	-	1,342,668
Amount due to holding corporation	8,545,713	-	7,103,959	15,649,672
Hire purchase payables	-	12,778	34,790	47,568
	<u>9,888,381</u>	<u>1,299,056</u>	<u>7,138,749</u>	<u>18,326,186</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

39. FINANCIAL INSTRUMENTS...(Cont'd.)

Financial Risk Management

iii) Interest rate risk

The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group is exposed to interest rate risk arising from its short and long term debts obligations, and its fixed deposits. Fixed deposits interest rate is insignificant and any fluctuations in the rate would have no material impact on the results of the Company.

Interest rate risk sensitivity

An increase in market interest rates by 1% on financial asset and financial liability of the Group which have variable interest rates at the end of the reporting period would decrease the profit before taxation by RM24,444 (2014: RM23,359). This analysis assumes that all other variables remain unchanged.

A decrease in market interest rates by 1% on financial asset and financial liability of the Group and the Company which have variable interest rates at the end of the reporting period would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

c) Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, receivables, payables, inter company balances and short term borrowings including hire purchase are approximate their fair values due to the relatively short term nature of these financial instruments.

The fair values of investment properties is disclosed in Note 9 to the financial statements.

The fair values of quoted shares is determined directly by reference to its published market bid price at the financial year end.

The fair values of all other financial assets and liabilities of the Group and of the Company as at 31 December 2015 are not materially different from their carrying amounts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

39. FINANCIAL INSTRUMENTS...(Cont'd.)

Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholder and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or sell assets to reduce debts. Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statements of financial position) less cash and cash equivalent. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 31 December 2015 and 2014 were as follow:

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Amount due to related companies	12,494,280	9,588,979	3,717,130	1,342,668
Amount due to holding corporation	-	15,649,672	-	15,649,672
Bank borrowings	2,906,877	4,478,295	-	-
Hire purchase payables	65,899	97,431	24,704	47,568
	<u>15,467,056</u>	<u>29,814,377</u>	<u>3,741,834</u>	<u>17,039,908</u>
Less: cash and cash equivalent	<u>(25,318,277)</u>	<u>(13,598,034)</u>	<u>(17,600,335)</u>	<u>(449,618)</u>
Net debt	(9,851,221)	16,216,343	(13,858,501)	16,590,290
Total equity	<u>223,110,782</u>	<u>211,912,888</u>	<u>191,257,281</u>	<u>179,107,255</u>
Total capital	<u>223,110,782</u>	<u>228,129,231</u>	<u>191,257,281</u>	<u>195,697,545</u>
Gearing ratio	<u>NA</u>	<u>7.11%</u>	<u>NA</u>	<u>8.48%</u>

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

40. FAIR VALUE HIERARCHIES OF FINANCIAL INSTRUMENTS

The fair value measurement hierarchies used to measure assets and liabilities carried at fair value in the statements of financial position as at 31 December 2015 are as follows:

- a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly, (i.e. prices) or indirectly (i.e. derived from prices).
- c) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group	Level 1 RM	Level 2 RM	Total RM
As at 31 December 2015			
Asset			
AFS Financial assets	1,512,279	7,954,633	9,466,912
As at 31 December 2014			
Asset			
AFS Financial assets	1,765,914	7,956,065	9,721,979
Company			
As at 31 December 2015			
Asset			
AFS Financial assets	-	200,000	200,000
As at 31 December 2014			
Asset			
AFS Financial assets	-	200,000	200,000

There were no transfers between Level 1 and Level 2 during the current and previous financial years.

The Group and the Company do not have any financial liabilities carried at fair value nor any financial instruments classified as Level 3 as at 31 December 2015 and 31 December 2014.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

41. SIGNIFICANT EVENTS

The details of the significant events during the financial year are as follows:

- a) On 29 April 2015, a wholly owned subsidiary company, Majuperak Properties Sdn. Bhd. ("MPPSB") has acquired 2 units shares of RM1 each before increase their shareholding by 254,998 unit shares of RM1 each to 255,000 unit shares or holding 51% shares in Nexus Jade Sdn. Bhd. ("NJSB") which made the Company as a holding company for the financial year ended 31 December 2015.

The incorporation of NJSB is as a result of shareholders agreement entered into by MPPSB with Syncworks Sdn. Bhd. purposely to involve in merchandise sourcing and supply business.

- b) On 23 February 2015, the Company announce that the Company has entered into a Sale and Purchase Agreement with Perak State Agriculture Development Corporation for the sale of leasehold land under PT 829, H.S.(D) 4413, Mukim Lenggong, Hulu Perak for total cash consideration of RM42,500,000. This amount has been satisfied fully in cash during the year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

42. SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of retained earnings/(accumulated losses) as at the reporting date has been prepared by directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and the Guidance 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 are as follows:

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Realised	42,090,536	30,676,870	11,664,440	(485,586)
Unrealised	(185,331)	(104,970)	-	-
	<u>41,905,205</u>	<u>30,571,900</u>	<u>11,664,440</u>	<u>(485,586)</u>

FORM OF PROXY

MAJUPERAK HOLDINGS BERHAD (585389-X)
(Incorporated In Malaysia)



I/We _____
(FULL NAME IN BLOCK CAPITALS)

of _____
(FULL ADDRESS)

being a member/members of **MAJUPERAK HOLDINGS BERHAD**, hereby appoint _____

_____ (FULL NAME IN BLOCK CAPITALS)

of _____ (FULL ADDRESS)

or failing him/her, _____

of _____

as my/our proxy to vote for me/us and on my/our behalf, at the **13th (THIRTEENTH) ANNUAL GENERAL MEETING** of the Company to be held at Aman Jaya Convention Centre, Casuarina @ Meru Hotel, Bandar Meru Raya, 30020 Ipoh, Perak Darul Ridzuan, Malaysia on Thursday, 26th May 2016, at 11:30 a.m. or at any adjournment thereof in the manner indicated below:

Resolutions

For Against

	Please Refer To Note 1 of The Notice of The AGM		
To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Report of the Directors and Auditors thereon.			
To approve the payment of Directors' Fees for the financial year ended 31 December 2015.	Resolution 1		
To re-elect Y.M. Dato' Seri Dr Raja Ahmad Zainuddin bin Raja Haji Omar who retires under Article 84 of the Company's Articles of Association.	Resolution 2		
To re-elect Y. Bhg. Dato' Aminuddin bin Md Desa who retires under Article 84 of the Company's Articles of Association.	Resolution 3		
To re-elect Y.B Dato' Mohd Azhar bin Jamaluddin who retires under Articles 91 of the Company's Articles of Association.	Resolution 4		
To re-elect Mustapha bin Mohamed as Director of the Company to hold office until the conclusion of the next Annual General Meeting pursuant to Section 129(6) of the Companies Act,1965.	Resolution 5		
To re-elect Tan Sri Dato' Seri Megat Najmuddin bin Datuk Seri Dr Haji Megat Khas as Director of the Company to hold office until the conclusion of the next Annual General Meeting pursuant to Section 129(6) of the Companies Act,1965.	Resolution 6		
To re-appoint Messrs AljeffriDean as Auditors of the Company and to authorise the Board of Directors to determine their remuneration.	Resolution 7		
To approve the payment of final dividend of 1.39 sen per share under the single-tier system in respect of the financial year ended 31 December 2015.	Resolution 8		
Authority for the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.	Resolution 9		
Proposed Renewal Of Existing Shareholder's Mandate For The Recurrent Related Party Transactions Of A Revenue Or Trading Nature	Resolution 10		

(Please indicate with an "X" in the appropriate box above how you wish to cast your vote. If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he/she thinks fit.)

Dated this _____ day of _____ in the year _____.

Number of ordinary shares held

Signature/Seal _____

Notes:

1. A member entitled to attend and vote at the AGM is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead and Section 149 (1)(b) of the Act shall not apply.
2. When a member appoints more than one proxy the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Perbadanan Kemajuan Negeri Perak, Aras , No. 1-A, Blok A, Menara PKNP, Jalan Meru Casuarina, 30020 Bandar Meru Raya, Ipoh, Perak Darul Ridzuan at least forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof.
6. The registration for the above Meeting will commence on Thursday, 26 May 2016 at 10:30 a.m.

First Fold

THE SECRETARY

MAJUPERAK HOLDINGS BERHAD Co. No. 585389-X

Perbadanan Kemajuan Negeri Perak,

Aras 3, No. 1-A, Menara PKNP,

Jalan Meru Casuarina,

Bandar Meru Raya, 30020 Ipoh,

Perak Darul Ridzuan

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Second Fold

MAJUPERAK HOLDINGS BERHAD (585389-X)

Aras 3, No. 1-A, Blok A, Menara PKNP

Jalan Meru Casuarina

Bandar Meru Raya

30020 Ipoh, Perak Darul Ridzuan

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