



Muda Holdings Berhad
(10427-A)

2015

ANNUAL REPORT



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Corporate Information /

Directors

Tan Sri Lim Guan Teik, PSM, JMN, DMPN, DJN (Non-Executive Chairman)
Dato' Azaman Bin Abu Bakar, DIMP (Managing Director)
Dato' Lim Wan Peng, DSPN (Executive Director)
Datuk Lim Chiun Cheong, DPSM (Deputy Managing Director)
Patrick Chin Yoke Chung, FCA (Senior Independent Non-Executive Director)
Datuk Nik Ibrahim Bin Nik Abdullah, PJN, JSM, AMN (Independent Non-Executive Director)
Lee Khim Sin, FCA, CA(M) (Independent Non-Executive Director)

Audit Committee

Datuk Nik Ibrahim Bin Nik Abdullah, PJN, JSM, AMN
Patrick Chin Yoke Chung, FCA
Tan Sri Lim Guan Teik, PSM, JMN, DMPN, DJN
Lee Khim Sin, FCA, CA(M)

Secretary

Goh Ching Yee (MAICSA 0760803)

Auditors

SJ Grant Thornton (Member of Grant Thornton International Ltd)
Chartered Accountants
Level 11, Sheraton Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur
Tel : 03-26924022 Fax : 03-27325119

Registered Office and Principal Place of Business

Lot 7, Jalan 51A/241, 46100 Petaling Jaya, Selangor Darul Ehsan
Tel : 03-78759549 Fax : 03-78738435

Registrar

Muda Management Services Sdn Bhd
Lot 7, Jalan 51A/241, 46100 Petaling Jaya, Selangor Darul Ehsan
Tel : 03-78759549 Fax : 03-78751519

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

/ Chairman's Statement

I am pleased to present to you the Group's 2015 Annual Report.

The Group registered a turnover of RM1.25 billion and after tax profit of RM28.2 million for the financial year 2015. This represents an increase of 7% and 15% respectively, when compared to our achievement in 2014.

Business Review

The global economy remained sluggish all through the year with economic and political problems stretching from the South Americas to Europe and to Asia. The major economies went through periods of uncertainty, and that affected smaller economies like ours, as we trade with numerous countries around the world.

The fall in oil prices did not translate into lower energy cost as our Government withdrew gas subsidies, resulting in higher gas prices. The imposition of the GST in April, blunted consumer confidence which affected demand for some of our products.

Demand for our packaging products was lethargic all through the first three quarters, and we gain some recovery only in the fourth quarter of the year.

On a brighter note, the paper mills benefited from a weaker ringgit, as imported paper became more expensive. Our industrial paper sales volume increased by 4.4% on the back of an average price increase of 3.3%.

Revenue of the Trading Division improved by 10.3%, also as a result of the weaker ringgit. In Singapore, our trading operations declined marginally due to the softening ASEAN market, but on a Group basis, it was compensated by the higher exchange rate used on consolidation of our results.

The implementation of GST and the weak ringgit resulted in higher operating cost to the Group. The situation was further aggravated by an increase in gas tariff of 10.27% in July 2015 and shortage of recovered paper required by the Paper Mills at the end of the year. The quantity of recovered paper available from the domestic market declined noticeably after the implementation of GST. The improved profit of 15% is partly attributable to higher volume and higher selling price of the paper mills' products.

At the operational level, output in the Paper Mills improved marginally by 3%, but output from paper packaging dropped by 3% due to lower demand and intense competition.

Outlook

The prospect of the Group in 2016 will be influenced by domestic consumption and the strength of ringgit against other major currencies. Depressed prices of crude oil and commodities, tightening of Government expenditure, further rationalisation of subsidies by the Government such as removal of rebate for electricity etc., will likely undermine domestic consumption which will in turn affect the demand for paper and paper packaging products at the home front. However, the decline in domestic demand is expected to be compensated by increased export arising from gradual recovery in major economies.

The reduction of electricity rebates and increase in the gas tariff by an average of 17% in January 2016 has immediate impact on the Group's production cost. The imminent increase in minimum wages scheduled to be effective in July 2016 and a higher levy for foreign workers will further compress the Group's profit margin. To ease the pressure of increasing costs of the paper milling section and to arrest the declining margin of the paper packaging section, the Group will step up programmes to manage energy costs in all our production units. In spite of all these challenges, I am confident that the Group will remain profitable in 2016.

Dividend

The Company has proposed a first and final single tier dividend of 6% (3 sen) per share for the financial year ended 31 December 2015. The amount of dividend payable, if approved by the shareholders, is equivalent to approximately one third of the profit for the year.

Appreciation and Acknowledgement

Lastly, I would like to thank the Board, management and employees of the Group for their contribution in delivering a better performance in 2015.

Tan Sri Lim Guan Teik, PSM, JMN, DMPN, DJN
Chairman

Group Financial Highlights /

	Restated 2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000
Income Statement					
Revenue	1,103,800	1,088,370	1,044,864	1,051,572	1,124,852
Gross profit	196,288	205,136	182,048	178,431	208,279
Profit before taxation	38,924	30,074	51,948	34,699	41,142
Taxation	21,537	(8,901)	(5,283)	(10,145)	(12,911)
Profit after taxation	60,461	21,173	46,665	24,554	28,231
Key Balance Sheet Data					
Total assets	1,253,152	1,246,483	1,492,694	1,572,269	1,582,647
Total borrowings	511,464	499,631	502,467	556,482	517,876
Total liabilities	646,040	627,468	672,189	737,908	717,658
Shareholders' equity	607,112	619,015	820,505	834,361	864,989
Number of ordinary shares issued and fully paid ('000 shares)	301,644	303,686	305,051	305,051	305,051
Net tangible assets per share (RM)	2.00	2.03	2.66	2.70	2.80
Key Ratios					
Return on equity ¹	9.0%	2.7%	5.4%	2.7%	3.1%
Return on total assets ²	4.1%	1.3%	2.9%	1.4%	1.7%
Debt to equity ³	0.84	0.81	0.61	0.67	0.60

1. Net profit attributable to owners of the Company / Total equity attributable to owners of the Company

2. Net profit attributable to owners of the Company / Total assets

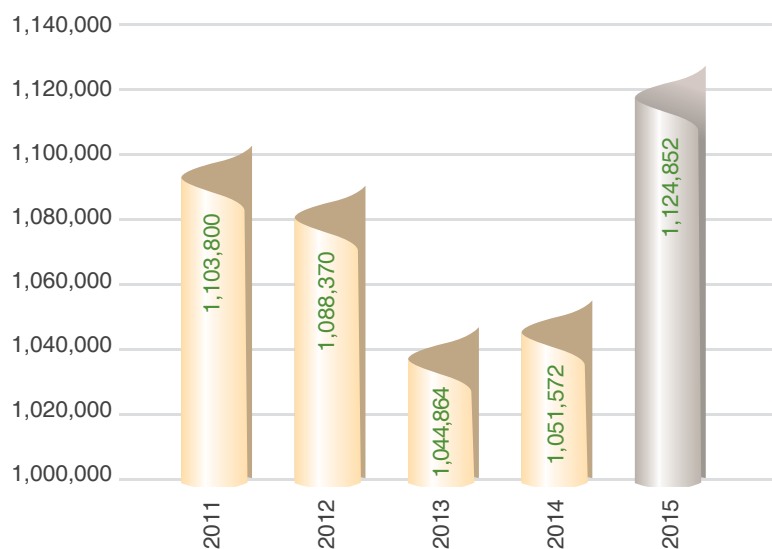
3. Total borrowings / Total equity

	Restated 2011	2012	2013	2014	2015
Per Share Information					
Market Price (RM) ^	0.880	0.740	0.920	1.300	2.150
Basic earnings per share (sen)	17.1	5.3	14.2	7.1	8.6
Price earnings ratio	5.14	14.03	6.49	18.23	24.98
Net dividend per share (sen)	2.5	3.0	3.0	3.0	3.0
Dividend yield (%)	2.84	4.05	3.26	2.31	1.40

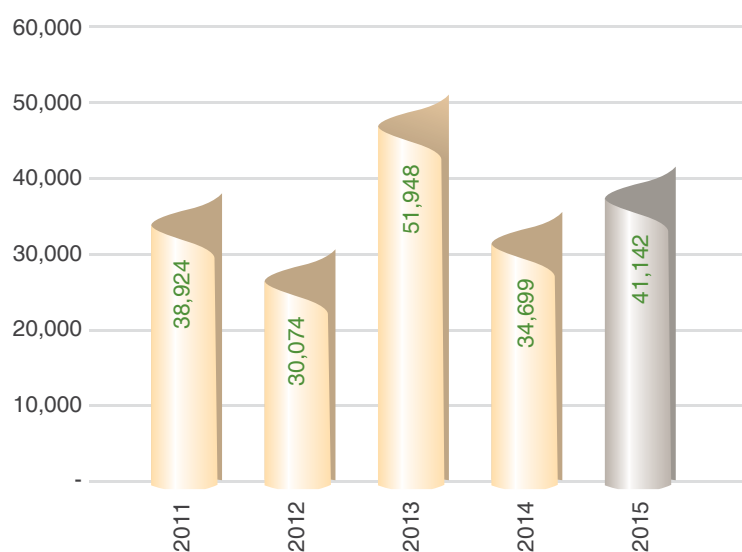
^ Market price represents last done price on the last trading day of December.

/ Group Financial Highlights

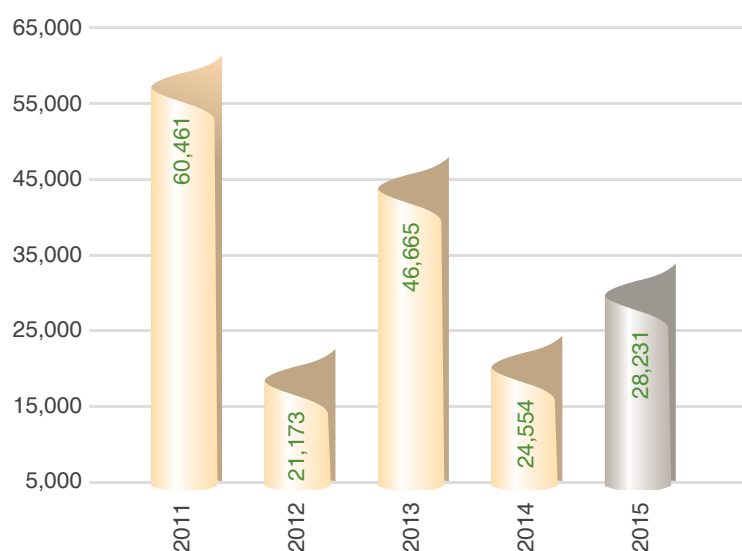
Revenue
(RM'000)



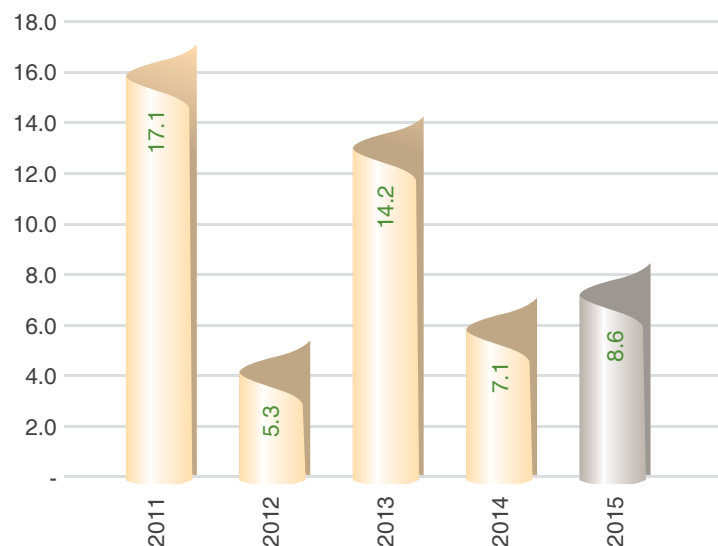
Profit Before Tax
(RM'000)



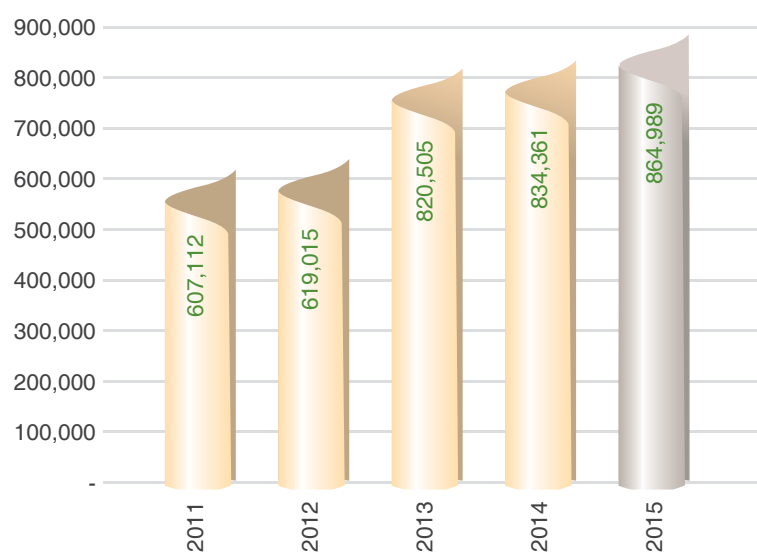
Profit After Tax
(RM'000)



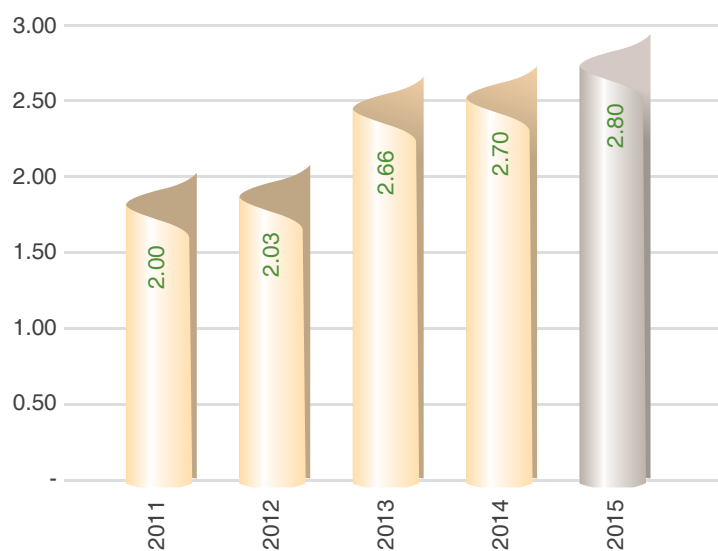
Earnings Per Share (sen)



Shareholders' Equity (RM'000)



Net Tangible Assets Per Share (RM)



/ Profile of Directors

TAN SRI LIM GUAN TEIK

PSM, JMN, DMPN, DJN
Non-Independent Non-Executive Chairman
Male, Malaysian, 81



Tan Sri Lim Guan Teik was appointed to the Board on 1 November 1983 and is currently the Non-Executive Chairman of the Company. During the period from November 1983 to February 2007, Tan Sri Lim Guan Teik held the following positions in the Company:-

- Managing Director from 30 November 1983 to 20 May 1988;
- Chairman cum Managing Director from 20 May 1988 to 23 April 2004; and
- Executive Chairman from 23 April 2004 to 18 February 2007.

Tan Sri Lim Guan Teik is a member of the Audit Committee and sits on the board of several local and overseas subsidiaries in the Group.

Tan Sri Lim Guan Teik graduated from Nanyang University of Singapore in 1960 with a Bachelor of Commerce Degree. He was one of the early pioneers of the paper industry in the country and has been active in this industry since 1964. He was President of the Malaysian Pulp & Paper Manufacturers Association (MPPMA) from 1980 to 1992 and is currently one of the advisers to MPPMA. Tan Sri Lim was President of The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) from 1998 to 2003 and The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor (KLSCCCI) from 1998 to 2003. He is currently the Honorary Life President of ACCCIM, KLSCCCI and the Malaysia-China Chamber of Commerce.

Tan Sri Lim Guan Teik is the father of Datuk Lim Chiun Cheong, Deputy Managing Director of the Company and the brother of Dato' Lim Wan Peng, an Executive Director of the Company. Tan Sri Lim Guan Teik is also a major shareholder of the Company. He is deemed to have an interest in certain related party transactions in the Group as disclosed on Page 86 of this Report.

Tan Sri Lim Guan Teik attended all six (6) Board of Directors' Meetings held during the financial year ended 31 December 2015 and has not been convicted of any offences within the past ten years and does not have any public sanctions or penalties imposed on him by the relevant regulatory bodies.



**Dato' Azaman Bin
Abu Bakar**
DIMP
Managing Director
Male, Malaysian, 69

Dato' Lim Wan Peng
DSPN
Executive Director
Male, Malaysian, 73

Dato' Azaman Bin Abu Bakar was appointed to the Board as Executive Director on 19 March 1985 and was Deputy Chairman of the Company from October 1992 until re-designation to his current position as Managing Director in April 2004. He is Chairman of the Executive Committee and a member of the Remuneration Committee and sits on the board of several local and overseas subsidiaries in the Group. Currently, he is the President of the Malaysian Pulp & Paper Manufacturers Association.

Dato' Azaman graduated from University of Malaya in 1969 with a Bachelor of Arts Degree and obtained a Master in Management Degree from Asian Institute of Management, Manila in 1978. He started his career as a marketing executive in Harper Gilfillan. He then joined Urban Development Authority (UDA) in 1974. His last position in UDA was that of Director in charge of property management and marketing.

Dato' Azaman is a major shareholder of Muda Holdings Berhad. He does not have any family relationship with any other directors and/or major shareholders of the Company. There is no business arrangement with the Company in which he has personal interest.

Dato' Azaman attended all six (6) Board of Directors' Meetings held during the financial year ended 31 December 2015. He has not been convicted of any offences within the past ten years and does not have any public sanctions or penalties imposed on him by the relevant regulatory bodies.

Dato' Lim Wan Peng joined the Board on 12 July 1976 and was appointed Executive Director in 1985. Dato' Lim began his career in the Group when he joined Muda Paper Mills Sdn Bhd in 1970 as a Manager and thereafter held various senior positions in Muda Paper Mills Sdn Bhd. He assumed the position of Managing Director of Muda Paper Mills Sdn Bhd and Federal Packages Sdn Bhd since 1981 and 1993 respectively. Presently, Dato' Lim oversees the business affairs and operations of the Manufacturing and Trading Divisions of the Group. He is a member of the Executive Committee and sits on the board of several local and overseas subsidiaries in the Group.

Dato' Lim is the brother of Tan Sri Lim Guan Teik, the Non-Executive Chairman of the Company and the uncle of Datuk Lim Chiun Cheong, the Deputy Managing Director of the Company. Dato' Lim Wan Peng is also a major shareholder of the Company. He is deemed to have interest in certain related party transactions in the Group as disclosed on Page 86 of this Report.

Dato' Lim attended all six (6) Board of Directors Meeting during the financial year ended 31 December 2015. He has not been convicted of any offences within the past ten years and does not have any public sanctions or penalties imposed on him by the relevant regulatory bodies.

/ Profile of Directors



**Datuk
Lim Chiun Cheong**
DPSM
Deputy Managing Director
Male, Malaysian, 52

**Datuk Nik
Ibrahim Bin
Nik Abdullah**
PJN, JSM, AMN
Independent Non-Executive Director
Male, Malaysian, 72

Datuk Lim Chiun Cheong joined the Board on 23 April 2004 and was appointed Executive Director on 1 September 2005 until re-designation to the present position as Deputy Managing Director on 1 July 2006. He is a member of the Executive Committee and sits on the board of several local and overseas subsidiaries in the Group. Currently, Datuk Lim Chiun Cheong is involved in the management of the Manufacturing and Trading Divisions of the Group.

Datuk Lim Chiun Cheong obtained a Bachelor of Science Degree from Arizona State University and a Bachelor of Law Degree from the University of Birmingham, United Kingdom in 1986 and 1989 respectively. He was called to the English and Malaysian Bar in 1990 and 1991 respectively. He joined the Group as Legal Assistant in October 1991 and thereafter served in various senior positions in the Group from 1992 to 2005. He is a committee member of the Malaysian Pulp & Paper Manufacturers Association.

Datuk Lim Chiun Cheong is the son of Tan Sri Lim Guan Teik, the Non-Executive Chairman of the Company and is the nephew of Dato' Lim Wan Peng, an Executive Director of the Company. Datuk Lim Chiun Cheong is also a major shareholder of the Company. He is deemed to have an interest in certain related party transactions in the Group as disclosed on Page 86 of this Report.

Datuk Lim Chiun Cheong attended all six (6) Board of Directors Meetings of the Company during the financial year ended 31 December 2015. He has not been convicted of any offences within the past ten years and does not have any public sanctions or penalties imposed on him by the relevant regulatory bodies.

Datuk Nik Ibrahim Bin Nik Abdullah was appointed to the Board on 23 April 2004. Datuk Nik Ibrahim Bin Nik Abdullah has been a member of the Audit Committee since 28 February 2005 and was appointed Chairman of the Audit Committee on 2 January 2015. He is also Chairman of Remuneration Committee, a member of the Executive Committee and the Nominating Committee.

Datuk Nik Ibrahim holds a B.A. (Hons) Economics Degree from University of Malaya. He joined Malaysian Industrial Development Authority (MIDA) in 1968 as an Economist and thereafter served in the Ministry of Finance as Assistant Secretary from 1970 to 1972. Datuk Nik Ibrahim returned to MIDA and served as Senior Economist from 1972 to 1974. He then joined Bank Pembangunan & Infrastruktur Malaysia Berhad as Manager and was promoted to General Manager, Chief Executive Officer and was the Chief Operating Officer prior to his retirement in March 2004. Datuk Nik Ibrahim sits on the board of a few other local companies.

Datuk Nik Ibrahim does not hold any shares in the Company and its subsidiaries and neither does he have any family relationship with any other directors and/or major shareholders of the Company. There is no business arrangement with the Company in which he has personal interest.

Datuk Nik Ibrahim attended all six (6) Board of Directors Meetings held during the financial year ended 31 December 2015. He has not been convicted of any offences within the past ten years and does not have any public sanctions or penalties imposed on him by the relevant regulatory bodies.



Patrick Chin Yoke Chung
FCA
Senior Independent
Non-Executive Director
Male, Malaysian, 70



Lee Khim Sin
FCA, CA(M)
Independent
Non-Executive Director
Male, Malaysian, 75

Mr Patrick Chin Yoke Chung was appointed to the Board of the Company on 29 July 1994. He is the Senior Independent Director of the Company. Mr Patrick Chin is member of the Audit Committee and was Chairman of Audit Committee from 28 February 2005 until 2 January 2015. He is the Chairman of the Nominating Committee and a member of the Remuneration Committee.

Mr Patrick Chin Yoke Chung has been a Fellow Member of the Institute of Chartered Accountants in England and Wales since 1980. He joined Asian International Merchant Bankers Berhad (AIM) in 1974 and was the Deputy General Manager prior joining Morgan Grenfell (M) Sdn Bhd as Executive Director in 1994. He left Morgan Grenfell (M) Sdn Bhd in 1995 to assume the post of Chief Representative / Country Head of Bankers Trust Company until 1999. He was Chairman of Schroeder (Malaysia) Sdn Bhd in 2000. He sits on the Board of RHB Investment Bank Berhad and is the Chairman of RHB Asset Management Sdn Bhd.

Mr Patrick Chin Yoke Chung does not hold any shares in the Company and its subsidiaries and neither does he have any family relationship with any other directors and/or major shareholders of the Company. There is no business arrangement with the Company in which he has personal interest.

Mr Patrick Chin Yoke Chung attended all six (6) Board of Directors Meetings held during the financial year ended 31 December 2015. He has not been convicted of any offences within the past ten years and does not have any public sanctions or penalties imposed on him by the relevant regulatory bodies.

Mr Lee Khim Sin was appointed to the Board on 25 June 2014. He was appointed a member of the Audit Committee, Nomination Committee and Remuneration Committee on 2 January 2015.

Mr Lee Khim Sin qualified as Chartered Accountant in 1969 and also holds a Bachelor of Arts Degree from Nanyang University of Singapore which he obtained in 1962. He was the managing partner of Hii & Lee (AF0458), a firm of Chartered Accountant in Sarawak and Sabah until his retirement in 2000. Whilst in practice as a chartered accountant for the last few decades, Mr Lee Khim Sin has been advising clients varying from small to large multinational enterprises in areas of corporate planning, management, mergers, acquisitions, investments and divestments of companies and businesses. Mr Lee Khim Sin is a member of the Malaysian Institute of Accountants and the Institute of Chartered Accountants in England and Wales.

Mr Lee Khim Sin has a direct shareholding of 60,000 ordinary shares of RM0.50 each in the Company. He does not hold any shares in the subsidiaries of the Company and neither does he have any family relationship with any other directors and/or major shareholders of the Company. There is no business arrangement with the Company in which he has personal interest.

Mr Lee Khim Sin attended all six (6) Board of Directors Meetings held during the financial year ended 31 December 2015 and he has not been convicted of any offences within the past ten years and does not have any public sanctions or penalties imposed on him by the relevant regulatory bodies.

/ Statement on Corporate Governance

The Board of Directors of Muda Holdings Berhad (Muda) recognizes the importance of strong corporate governance and to this end, has in place sound corporate policies and business practices and internal controls to help the Company safeguard its assets and shareholders' interest while pursuing sustainable growth and value-enhancement strategies.

The Board believes in compliance with applicable laws, rules and regulations including the listing requirements of Bursa Malaysia Securities Berhad and principles and guidelines of the Malaysian Code on the Corporate Governance 2012 (Code). The Company is guided by the Code, and continues to strive towards achieving a high standard of corporate governance and corporate transparency.

Roles and Responsibilities

Our Board comprises of highly qualified and effective members who set the Company's values and standards. The Board has oversight of the business performance and affairs of the Company and its subsidiary ("the Group") and is responsible for the Group's overall entrepreneurial leadership, strategic direction, performance objectives and long term success including:-

- i. Protecting and enhancing long-term value and return to shareholders;
- ii. Establishing, reviewing and approving annual budget, corporate policies, strategies, objectives, systems of risk management and internal compliance and control, code of conduct and legal compliance;
- iii. Development of corporate objectives and strategy with Management and approving plans, new investments, divestments, major capital expenditure and operating expenditure and major funding activities proposed by Management;
- iv. Satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, risk management and internal control processes are in place and functioning appropriately;
- v. Board and Senior Management development and succession planning;
- vi. Delegating appropriate powers to the Executive Directors and Senior Management to ensure the effective day-to-day management of the business and monitoring the exercise of these powers;
- vii. Ensuring that the Company and its officers act legally, ethically and responsibly on all matters; and
- viii. Ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy, encouraging effective participation at general meetings and, through the Chairman, being the key interface between the Company and its shareholders.

It is the role of Executive Directors and Senior Management to manage the Company in accordance with the directions and delegations of the Board and the responsibility of the Board to oversee the activities of Management in carrying out these delegated duties. The Board ensures that the Company complies with all its contractual, statutory and any other legal obligations including the requirements of any regulatory body. During Board meetings our Directors actively participate, discuss, deliberate and appraise the matters requiring attention and decision. The Company's Code of Conduct for the Directors provides guidance for proper standard of conduct for the Board of Directors relating to viz-a-viz their duties and function and conflict of interest. The Board has adopted a Board Charter which sets out the authority, responsibilities, membership and operation of the Board. The Board Charter is subject to review periodically to ensure it remains relevant and effective. The Board Charter is available in the Company's website at www.muda.com.my.

The Group believes in developing long term sustainable business that delivers value to our stakeholders including our employees, suppliers, business partners, shareholders and the environment and the community we operate in. The Group recycles a substantial amount of various grades of recovered paper yearly which would otherwise be dumped to the landfills. These recovered paper are collected through our regional collection centers in Peninsular Malaysia. To ensure availability of these recovered paper as continuous source of raw material to feed the Group's mills, new collection centers are set up whenever the need arises and new agents are constantly developed and or appointed to increase the collection volume and to ensure availability of the desired grade of recovered paper. The Group also reaches out to schools and universities by creating awareness of the importance of waste separation and collection which can be an alternative source of fund raising to support the activities of schools and universities.

In caring for the environment and the community within our locality, we ensure minimum ink discharge by recycling waste ink into our production process, we have water treatment plants in Kajang, Selangor Darul Ehsan and Tasek, Penang to treat our waste water to ensure minimal discharge of effluents into the river and we have dust bag filter systems to reduce dust pollution. Our combined heat and power plant reduces the emission of carbon dioxide, nitrogen dioxide and sulphur dioxide and converts waste heat into process steam.

We value our employees and are committed to providing them with a healthy, safe and secure work place and we also provide various training and development opportunities to upgrade and enhance their skills and knowledge in order to maintain a set of highly competent and motivated employees.

To our shareholders we are committed to continuously deliver profits and dividend payout to reward investors as well as to build the Company into becoming a sustainable organization. For the year ended 31 December 2015, the Company has maintained its dividend payout at 6% (3 sen) per 50 sen share which approximates a third of the profit for the year.

Strengthen Composition

As at 31 December 2015, the Muda Board comprises of three (3) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Executive Directors. The size and composition of the Board is reviewed annually by the Nominating Committee to ensure alignment with the needs of the Group. The Nominating Committee is of the view that the current size and composition of the Board is appropriate for the scope and nature of the Group's operations and facilitate effective decision-making. In this regard, the Nominating Committee took into account the requirements of the Group's business and the need to avoid disruptions from changes to the composition of the Board and Board Committees. No individual or group dominates the Board's decision-making process.

In order for the Board to efficiently provide strategic oversight of the Group, it delegates specific areas of responsibilities to Board Committees namely, the Executive Committee, the Audit Committee, the Nominating Committee and the Remuneration Committee. The purpose of the Board Committees is to help the Board effectively and efficiently fulfill its responsibilities, although the Board Committees do not replace the oversight responsibilities of the Board as a whole. The Board Committees will report the results of their significant activities to the Board or make recommendations to the Board where appropriate.

Each Board Committee is governed by clear terms of reference which have been approved by the Board. The Board may add, eliminate and change the charter or composition of any Board Committee at any time except to the extent that such change would violate the Company's Articles of Association, regulations or the listing standards of Bursa Malaysia Securities Berhad. Minutes of all Board Committee meetings are circulated to Board Members so that they are kept abreast of proceedings and matters discussed at such meetings. The Chairman of the relevant Board Committees also reports to the Board on key issues deliberated by the Board Committees at their respective meetings.

The Board will, if possible, rotate the membership of these Board Committees to comply with the requirements of prevailing legislations and regulations. The Board acknowledges the value of experience and continuity and recognizes that at times, it may not be in the best interest of the Company or the Board to rotate certain Directors.

The Chair of each Board Committee will, after consultation with the appropriate members of the Company's management, determine the agenda for each meeting. The Chairman of the Board and other Committee members may suggest the inclusion of items to the agenda. Each Board Committee has their terms of reference specifying the duties and responsibilities of the Board Committee and its members.

The Executive Committee ("ExCo") is made up of the following members:-

Dato' Azaman Bin Abu Bakar	Chairman
Dato' Lim Wan Peng	Member
Datuk Lim Chiun Cheong	Member
Datuk Nik Ibrahim Bin Nik Abdullah	Member

The ExCo assumes the oversight of the business affairs of the Group and is empowered to exercise the full power and authority of the Board when the Board does not meet except in respect of matters that specifically require the decision of the Board or any other Board Committees. The ExCo is authorised to approve certain transactions up to a specific limit, beyond which the approval of the Board needs to be obtained. Below the Board and ExCo levels, there are appropriate delegation of authority and approval sub-limits at management level, to facilitate operational efficiency.

The members of the Audit Committee are:-

Datuk Nik Ibrahim Bin Nik Abdullah	Chairman
Tan Sri Lim Guan Teik	Member
Mr Patrick Chin Yoke Chung	Member
Mr Lee Khim Sin	Member

The Audit Committee on behalf of the Board, undertakes the monitoring and review of the system of internal controls. Its main responsibilities are to assist the Board in the discharge of its responsibilities in the areas of internal controls, financial and accounting practices, operation and compliance controls. Significant findings are reported to the Board.

The Audit Committee is guided by written terms of reference endorsed by the Board and which set out its duties and responsibilities. It is duly authorised to investigate any matter within such terms of reference, and has full access to and the co-operation of Management, as well as the full discretion to invite any Director or executive officer to attend its meetings.

/ Statement on Corporate Governance

The Audit Committee is made up of Non-Executive Directors, the majority of whom, including the Chairman, are Independent Directors. The members of the Audit Committee are appropriately qualified. Their collective wealth of experience and expertise in accounting and financial management enables them to discharge their responsibilities competently. The Audit Committee is supported by an in-house Internal Audit Function in the discharge of its duties and responsibilities. The Report of the Audit Committee is set out on Page 22 to 24 of this Report.

The Nominating Committee is made up of the following Directors:-

Mr Patrick Chin Yoke Chung	Chairman
Datuk Nik Ibrahim Bin Nik Abdullah	Member
Mr Lee Khim Sin	Member

All the members of the Nominating Committee are Independent Non-Executive Directors. The Chairman of the Nominating Committee is the Senior Independent Non-Executive Director. The Nominating Committee is guided by written terms of reference, which are approved by the Board and which sets out the duties and responsibilities of the Nominating Committee. The Nominating Committee reviews the structure, size and composition of the Board. The Nominating Committee also identifies the balance of skills, knowledge and experience required for the Board to discharge its responsibilities effectively and nominates candidates to meet the needs and requirements of the Group.

The Nominating Committee ensures that every Director assess the performance of the Board and Board Committees annually. The Nominating Committee has put in place a formal Board evaluation process. Directors are required to complete evaluation questionnaires which assess the effectiveness of the Board and Board Committees. The questionnaires include assessment criteria such as Board composition, Board meetings, Board functions, risk management, assessment of the various Board Committees and Directors' self-evaluation. Directors can also provide input on issues which do not fall under these categories, for instance addressing specific areas where improvement can be made. The results of the performance evaluation are presented first to the Chairman of the Nominating Committee and then to the Board. The Board would act on the results where appropriate.

Where necessary, the Nominating Committee identifies and nominates suitable candidates to fill up vacancies in the Board and reviews suitability of candidates for appointment to the Board against criteria such as expertise of the individual, business experience, integrity, skills, breadth of experience, knowledge of Company's business or industry, compatibility with other Board members and willingness to devote time and effort to the Board and taking into account an appropriate mix of core competencies for the Board to fulfill its roles and responsibilities. On appointment, a new Director is advised of his duties and obligations, lines of communication, including direct access to the Chairman, Company Secretary and Management are immediately established. This provides a new Director with the opportunity to establish exchanges and to exercise his statutory duties.

The Remuneration Committee is made up of the following Directors:-

Datuk Nik Ibrahim Bin Nik Abdullah	Chairman
Dato' Azaman Bin Abu Bakar	Member
Mr Patrick Chin Yoke Chung	Member
Mr Lee Khim Sin	Member

The Remuneration Committee is made up of four (4) members, a majority of whom who are Independent Non-Executive Directors, including the Chairman. The main responsibility of the Remuneration Committee is to assist the Board in establishing a formal and transparent process for developing policies on executive remuneration and development. Such policies are submitted to the Board for approval. The Remuneration Committee also reviews the remuneration packages and service terms of individual Directors and Executive Directors. When carrying out its duties, the Remuneration Committee reviews and make recommendations on the remuneration framework for the Board and key management personnel, for endorsement by the Board. When reviewing the performance bonus, remuneration and benefit policies and practices of the Company, the Remuneration Committee takes into account the performance of the Company and the key management of the Group.

The Remuneration Committee reviews and recommends to the Board the remuneration packages of Executive Directors which takes into consideration the competency, experiences and the responsibility undertaken by each director. The remuneration of the Executive Directors comprises of basic salary, benefits-in-kind, fees and allowances that are competitive and reflective of their performance, duties and responsibilities. The remuneration of Non-Executive Directors takes into account their level and quality of contribution and their respective responsibilities, including attendance and time spent at Board meetings and Board Committee meetings. The remuneration of the Non-Executive Directors consists of fees, attendance allowances and benefits-in-kind that commensurate with their roles, duties and responsibilities. Fees payable to Directors of the Company are subject to yearly approval of shareholders of the Company at the Annual General Meeting. The remuneration of the Executive Directors and Non-Executive Directors of the Company are set out on Page 80 and 81 of this Report.

Reinforce Independence

The Board currently comprises a Non-Independent Non-Executive Chairman, a Managing Director, an Executive Director, a Deputy Managing Director and three (3) Independent Non-Executive Directors; the composition of which is in line with Paragraph 15.02 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. A brief profile of each of the Directors is presented on Page 9 to 12 of this Report.

The Board has adopted the definition set out in Paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad of what constitutes an Independent Director in its review of the independence of each Director. The Code requires the Board to review annually the independence of the Independent Directors, and to review with particular rigor whether an Independent Director who has served for a period of more than nine years as a Director continues to be independent.

The Board has reviewed and affirmed the independence of Mr Lee Khim Sin who has served less than nine years as Independent Director. The Board has reviewed the independence of Mr Patrick Chin Yoke Chung and Datuk Nik Ibrahim Bin Nik Abdullah, each of whom has served as Independent Director for more than nine years. The Board is of the view that an individual's independence cannot be determined arbitrarily on the basis of a set period of time. There are significant advantages to be gained from the long serving Independent Directors who possess tremendous insight and knowledge of the Company's business and affairs. The Board has determined that both Mr Patrick Chin Yoke Chung and Datuk Nik Ibrahim Bin Nik Abdullah are independent as they have continued to demonstrate independence in character and judgement in the discharge of their responsibilities as Directors and that there are no relationships or circumstances which affect or likely to affect their judgement and ability to discharge their responsibilities as Independent Directors.

The offices of the Chairman of the Board and the Managing Director are held by separate individuals to maintain effective oversight and accountability at Board and management levels. As Chairman of the Board, Tan Sri Lim Guan Teik bears responsibility for the workings of the Board. Dato' Azaman Bin Abu Bakar, as Managing Director, bears responsibility for overall running of the business.

The Chairman leads the Board and ensures its effectiveness by, among other things, steering effective, productive and comprehensive discussions amongst Board members and the management team on strategic, business and other key issues pertinent to the business and the operations of the Group. In addition, the Chairman promotes a culture of openness and debate at Board meetings and also ensures with the support of the Company Secretary, that Directors are provided with clear, complete and timely information in order to make sound, informed decisions.

The Chairman encourages active and effective engagement, participation by and contribution from all the Directors and facilitates constructive relations among and between them and Management. With the full support of the Board, the Company Secretary and the Management, the Chairman supports the Company in its bid to promote, attain and maintain higher standards of corporate governance and transparency. The Chairman also sees to it that there is overall effective communications to and with shareholders on the performance of the Group. In turn, the Executive Directors of the Group's business divisions are responsible for executing the Group's strategies and policies and are accountable to the Board for the conduct and performance of the respective business operations under their charge.

The Board is of the view that having regard to the size of the Company and the composition of the Board of Directors, the Board did not consider it necessary for a majority of the Board to be independent even though the Chairman is not an Independent Director as the Board is of the view that the Company has effective Independent Non-Executive Directors to provide balance within the workings of the Board and oversight for minority shareholders' interests. The Board does not have a policy on boardroom diversity including gender diversity. In its selection for Board representation, the Company believes in and provides equal opportunity to candidates with merit.

Mr Patrick Chin Yoke Chung was appointed as Senior Independent Non-Executive Director to serve in a lead capacity to coordinate the activities of the Independent Directors when necessary and appropriate. The Senior Independent Non-Executive Director is also available to address shareholders' concern which have not been resolved through the normal channels such as the Chairman, Managing Director or other Executive Directors has failed to resolve or for which such contact is inappropriate.

The Directors receive regular supply of information from Management about the Group so that they are equipped to play as full a part as possible in Board meetings. Detailed Board papers are circulated to all Directors prior to the scheduled meetings so that Board members may better understand the issues beforehand, allowing for more time at such meetings for questions that Board members may have. The Board papers will include background or explanatory information relating to matters to be brought before the Board.

All Directors have separate and independent access to the advice and services of the Company Secretary. The Company Secretary attends all the Board and Board Committee meetings and assists the Chairman of the Board and Board Committees in ensuring that the relevant procedures are followed and that applicable rules and regulations are complied with as well as ensuring good information flow within the Board and its committees, between Senior Management and the Non-Executive Directors, facilitating orientation and assisting with professional development as required. The appointment and removal of the Company Secretary is a matter which is approved by the Board.

/ Statement on Corporate Governance

The Board has also provided an avenue for shareholders' queries to be emailed directly to the Senior Independent Non-Executive Director at invest-info@muda.com.my or directed to Lot 7, Jalan 51A/241, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

Foster Commitment

The Board is satisfied that all Directors on the Board are professionals with extensive management, financial, accounting, investment and commercial backgrounds, who are capable of acting responsibly and are able to properly serve on the Board and any of the Board Committees to which such Directors are appointed despite competing commitments and demands on their time. The Board is also satisfied that all its members have committed their time towards fulfilling their roles and responsibilities as Directors of Muda. The attendance of the Directors at meetings of the Board during the financial year ended 31 December 2015 is as follows:-

Name of Director	Number of Meetings Attended
Tan Sri Lim Guan Teik	6/6
Dato' Azaman Bin Abu Bakar	6/6
Dato' Lim Wan Peng	6/6
Datuk Lim Chiun Cheong	6/6
Mr Patrick Chin Yoke Chung	6/6
Datuk Nik Ibrahim Bin Nik Abdullah	6/6
Mr Lee Khim Sin	6/6

Directors have been routinely updated on development and changes in the operating environment, including revisions to accounting standards and laws and regulations affecting the Group. At the request of Directors, the Company will fund Directors' participation at industry conferences, seminars or any training program in connection with their duties as Directors of the Company. The Company Secretary will bring to the Directors' attention, seminars that may be of relevance or use to them. During the financial year, all the Board members attended the following training program:-

Name of Director/ Course Title	Sustainability Symposium: Responsible Business: Responsible Investing	Enterprise Risk Management: Refresher Session
Date	8.10.2015	9.11.2015
Tan Sri Lim Guan Teik	√	√
Dato' Azaman Bin Abu Bakar	√	√
Dato' Lim Wan Peng	√	√
Datuk Lim Chiun Cheong	-	√
Patrick Chin Yoke Chung	-	√
Datuk Nik Ibrahim Bin Nik Abdullah	√	√
Lee Khim Sin	√	√

Uphold Integrity In Financial Reporting

One of the Board's principal duties is to protect and enhance long-term value and returns to shareholders of the Company. This accountability to the shareholders is demonstrated through the presentation of the quarterly financial statements as well as the timely announcements of significant corporate developments and activities so that shareholders can have a detailed explanation and balanced assessment of the Group's financial position and prospects.

The Company is committed to providing balanced and clear assessment of the Group's performance, financial position and prospects through timely reporting of its quarterly and full-year results. The Company has in place a system of reporting to maintain compliance with statutory and regulatory reporting requirements. Assurance statements are issued by the Board annually to confirm to the best of its knowledge that the financial statements of the Group gives a true and fair view of the state of affairs of the Group and are prepared in compliance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 and made proper judgments and estimates that are prudent and reasonable.

The Audit Committee reviews the integrity and reliability of the Group's quarterly and yearly financial statements prior to recommending them for approval of the Board of Directors.

The Company maintains a transparent relationship with its auditors and seeks their professional advice to ensure that accounting standards are complied with. The Audit Committee meets up with the external auditors at least twice a year in the absence of the Executive Directors and Management.

The Audit Committee recommends to the Board the appointment or re-appointment or change of the external auditors, and their remuneration and terms of engagement. The appointment of the external auditors is subject to shareholders' approval at each annual general meeting of the Company. The Audit Committee reviews the independence and objectivity of the external auditors through discussions with them as well as an annual review of the volume and nature of non-audit services provided by the external auditors. The external auditors are required to declare their independence annually to the Audit Committee as specified by the Malaysian Institute of Accountants. The external auditors have provided the declaration in their annual audit plan presented to the Audit Committee of the Company. The Audit Committee is satisfied with the independence and objectivity of the external auditors.

Recognise and Manage Risks

The Board is primarily responsible for the governance of risk. The Company's Internal Auditor reviews the implementation of policies and procedures adopted and reports its findings to the Audit Committee to provide check and balance. The Board has established an in-house internal audit function which is headed by the Internal Audit Manager who reports directly to the Audit Committee. The Head of Internal Audit Department provides assurance to the Board that the internal controls of the Group are operating effectively. The Internal Auditor conducts regular reviews and appraisals on the effectiveness of governance, risk management and internal control system in the Group. The Statement on Risk Management and Internal Control on Page 20 and 21 of this Report sets out the framework on risk management and internal control of the Group.

The Company has adopted a risk management framework to enhance its risk management capabilities. The Board through the Audit Committee reviews the adequacy of the Group's risk management framework to ensure that robust risk management and internal controls are in place. Key risks, mitigating measures and management actions are continually identified, reviewed and monitored as part of the risk management process. Financial and operational key risk indicators are in place to track key risk exposures. Apart from the risk management process, significant transactions are comprehensively analysed so that Management understands the risks involved before it is embarked upon.

The Company's external auditors carry out, in the course of the statutory audit, an assessment of the risks of material misstatement of the financial statements of the Company and the Group, whether due to fraud or error, and highlight any material internal control weaknesses that have come to its attention during the conduct of normal audit procedures, which are designed primarily to enable it to express its opinion on the financial statements. Any material internal control weaknesses, identified during its audit and its recommendations, are reported to the Audit Committee.

In this regard, the Board also notes that no system of controls and risk management can provide absolute assurance the occurrence of material errors, poor judgement in decision making, human errors, losses, fraud or other irregularities.

Based on the system of internal controls established and maintained by the Group, work performed by the internal auditors and external auditors and reviews performed by Management and various Board Committees and assurance from the Managing Director and Group Financial Controller, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's risk management and internal controls were adequate and effective for the financial year ended 31 December 2015 to address financial, operational and compliance and information technology risks, which the Group considers relevant and material in operations.

/ Statement on Corporate Governance

Strengthen Relationship Between Company And Shareholders

The Company believes in treating all shareholders fairly and equitably. It aspires to keep all shareholders and other stakeholders and analysts in Malaysia and beyond informed in a timely and consistent manner of its corporate activities, including changes (if any) in the Company or its businesses which are likely to materially affect the price of its shares.

The Board supports and encourages active shareholders' participation at Annual General Meetings (AGMs). It believes that general meetings serve as an appropriate forum for shareholders to meet the Board and Senior Management, and to interact with them.

The Company's existing constitution allows all shareholders the right to appoint not more than two proxies to attend and vote on their behalf in shareholders' meetings. A copy of each of the Annual Report and Notice of AGM are sent to shareholders. At general meetings, the Company sets out separate resolutions on each substantially separate issue and shareholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions to be passed.

Board members and Senior Management are present at each shareholders' meeting to respond to any questions from shareholders. The Company's external auditors are also present to address queries about the conduct of audit and preparation and content of the auditors' report.

The Board has put in place systems to facilitate poll voting at the AGMs of the Company when the need arises. The Board will also consider adopting electronic voting at the appropriate time to facilitate wider shareholders' participation at general meetings and to ensure accurate voting process.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Notwithstanding the foregoing, the Company has been declaring dividends on an annual basis and any pay-out of dividend is clearly communicated to shareholders via announcements released to Bursa Malaysia Securities Berhad.

The Group has in place a Code of Conduct which sets out the business practices, standards and ethical conduct expected of all employees in the course of their employment with the Muda Group. The Code of Conduct is disseminated and distributed to all employees for compliance, and covers such aspects of business operations of the Group as conflicts of interest and dealings with government officials, government employees and supplier and customers of the Company. In addition, Directors, officers and employees are required to observe and maintain high standards of integrity in carrying out their roles and responsibilities, and to comply with relevant and applicable laws and regulations, as well as with Company policies.

The Company maintains an official website at www.muda.com.my for the expeditious and effective dissemination of information through information technology. In addition to the Board Charter, the Annual Report and Announcements are also available to shareholders in the Company's website.

This Corporate Governance Statement is made in accordance with a resolution of the Board of Directors dated 18 March 2016.

Statement on Risk Management / and Internal Control

Introduction

The Board is pleased to present the Statement on Risk Management and Internal Control for the financial year ended 31 December 2015 as required under Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Statement has been prepared in accordance with the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" endorsed by Bursa Malaysia Securities Berhad.

Roles and Responsibilities

The Board of Directors acknowledges their responsibility for the Group's system of internal control, its adequacy and effectiveness. It has implemented processes for identifying, evaluating, monitoring and managing significant risks faced by the Group that may hinder the achievement of the Group's business objective. The Board is assisted by the Management in executing the Board's policies and procedures on risks and controls. However, as the control systems are designed to manage rather than to totally eliminate associated risks, the system can only provide reasonable but not absolute assurance against material loss or failure.

Risk Management Framework

The Group has a risk management framework to identify and manage the risks and it is reviewed and revised from time to time to ensure relevance and effectiveness. Under the above framework, Management of individual company in the Group will identify key risks facing their business and determine the appropriate mitigating measures to manage those risks. As risk is dynamic, Management of each company is required to continuously monitor new risks that may emerge from time to time and reviewing relevance and effectiveness of existing risk management measures.

A half yearly risk management report is submitted by Management of individual company to the Board. The content of the report includes risk profile, risk register and measures adopted by the reporting company to manage the risks identified. The Audit Committee reviews the half yearly risk management reports of selected companies and Management of the reporting companies were invited to attend the reviews. Shortcomings identified from the review will be addressed by the Management.

Key Elements of Internal Control System

Organisation Structure

The Board has set up various committees to assist them in discharging their duties. The committees are the Executive Committee, the Audit Committee, the Remuneration Committee and the Nominating Committee.

Authority and Responsibility

The Company has laid down the authority and responsibilities of the various Committees and Management of individual company. Similarly, the line of reporting by Management of individual company to the Board of Directors and the Executive Committee is clearly defined and functioned effectively. Authority for entering into transactions are determined according to hierarchy in each company and the Group.

Policies and Procedures

The Group has policies and procedures relating to key business processes to ensure objectives are achieved and assets are safeguarded. These policies and procedures are subject to review and revision to accommodate changing operating environment.

Executive Committee

The Executive Committee meets regularly to oversee operational and financial performance of the Group. In addition, policies, strategic and operational plans are deliberated by the Committee in their meetings.

Budgetary Controls

Companies in the Group are required to submit an annual budget which is subject to review by the Executive Committee and subsequently tabled to the Board of Directors. Actual result is tracked against the budget and performance of individual company is monitored by the Executive Directors.

Management Information System

The Group has in place a management information system that provides data and information which enables companies to monitor their operational and financial performance. The operational and financial performance of companies are reviewed by the Executive Committee regularly and senior managers of the subsidiaries are present in those meetings. On quarterly basis, the financial and operational performances of key operating companies are reviewed by the respective board of directors.

/ Statement on Risk Management and Internal Control

Internal Audit Department

The Group has an in-house Internal Audit Department, which is under the purview of the Audit Committee. The Head of Internal Audit Department reports to the Chairman of the Audit Committee directly. The Department undertakes activities to review adequacy and effectiveness of the Group's risk management and internal control systems and it is independent from the operations. Further details about the Internal Audit Department have been included in the Audit Committee Report.

Annual Assessment of Risk Management and Internal Control System

A review on the adequacy and effectiveness of the risk management and internal control system has been undertaken for the financial year under review. The reviews include:-

- Reports issued by the Internal Audit Department during the year and up to the date of this Report.
- Half yearly Risk Management Reports submitted by companies in the Group; and
- Declarations and response to the Internal Control Self Assessment Questionnaires 2015 returned by senior managers of major operating companies; and
- Assurance from the Managing Director and Group Financial Controller that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively.

Conclusion

The Board is of the opinion that the risk management system and internal control system which is in place in the financial year and up to the date of this Statement is adequate and effective and they were no material control failures that have directly resulted in any material loss to the Group.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board of Directors dated 18 March 2016.

Audit Committee Report /

The Board of Directors of Muda Holdings Berhad ("the Board") is pleased to present the report on Audit Committee ("the Committee") for the financial year ended 31 December 2015. The Audit Committee was established on 30 June 1994 with the primary objective of assisting the Board in fulfilling its fiduciary responsibilities relating to corporate governance, risk management, internal control and financial reporting of the Company and its subsidiaries ("Group").

Composition Of Audit Committee And Meetings

The Audit Committee comprises of four (4) members, all of whom are Non-Executive Directors.

A total of eight (8) meetings of the Audit Committee were held during the year. The status of directorship and attendance of each of the members during the financial year are as follows:

Name of Director	Status of Directorship	No. of Meetings Attended
Datuk Nik Ibrahim Bin Nik Abdullah (Chairman)	Independent Non-Executive Director	8/8
Patrick Chin Yoke Chung	Senior Independent Non-Executive Director	8/8
Tan Sri Lim Guan Teik	Non-Independent Non-Executive Director	8/8
Lee Khim Sin	Independent Non-Executive Director	8/8

At the invitation of the Committee, the Managing Director, Executive Director and Deputy Managing Director attended some of these meetings. The senior managers of subsidiary companies were also invited to attend the Committee meetings to review the audit and risk management reports. The Committee met with the external auditors twice during the year under review, without the presence of Management or Executive Board members.

Terms Of Reference

Membership

- (a) The Committee shall be appointed by the Board from among the Directors and shall consist of at least 3 members, a majority of whom are independent and all of whom are Non-Executive Directors.
- (b) All members of the Committee should be financially literate and at least one (1) 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:-
 - he must have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967.
- (c) No alternate director shall be appointed a member of the Committee.
- (d) The members of the Committee shall select a Chairman among their members who is not an Executive Director or employee of the Company or any related corporation.
- (e) If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall, within three (3) months of that event, appoint such number of new member(s) as may be required to make up the minimum number of three (3) members.
- (f) The terms of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three (3) years.

Authority

The Committee is empowered by the Board, and at the cost of the Company, to:

- (a) 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 or the Group;
- (d) have direct communication channels with the external auditors and internal auditors;
- (e) obtain such independent professional or other advice; and
- (f) convene meetings with the external auditors, the internal auditors or both, without the attendance of other Directors and employees, whenever deemed necessary.

Meetings

- (a) The Committee shall meet not less than four (4) times a year. Additional meetings may be called at any time at the Chairman's discretion.
- (b) A quorum of meeting shall consist of a majority of Independent Non-Executive Directors.
- (c) Any other Board members and any other representatives as deemed necessary shall be invited to attend the meeting.
- (d) The Committee shall meet with external auditors in the absence of executive board members and employees at least twice a year.
- (e) The Company Secretary shall be the Secretary of the Committee.

/ Audit Committee Report

Duties And Responsibilities

Financial Statements And Reporting

To review the Group's quarterly unaudited financial results and the consolidated audited financial statements before submission to the Board for approval. The review shall focus on:

- (a) any changes in accounting policies and practices;
- (b) significant adjustments arising from the audit;
- (c) the going concern assumption; and
- (d) compliance with accounting standards and other legal, regulatory requirements.

Internal Audit

- (a) To review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- (b) To review the internal audit programme, processes, the results of the internal audit programme, processes and whether appropriate action is taken on the recommendations of the internal audit function;
- (c) To consider major findings or internal investigations and Management's response.
- (d) To approve any appointment or termination of senior staff members of the internal audit function;

External Audit

- (a) To review with the external auditors their audit plan, scope and nature of the audits for the Company and the Group;
- (b) To review internal control recommendations in respect of control weaknesses arising from the interim and final audits reported by the external auditors together with Management's response.
- (c) To review with the external auditors the results of their audit, the audit report and significant findings noted in the course of their audit.
- (d) To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal;
- (e) To review the independence and objectivity of the external auditors and their services;
- (f) To review the assistance given by the employees of the Company or Group to the external auditors;

Other Matters

- (a) To review and advise appropriateness of risk management and effectiveness of internal control systems of the Company and the Group based on reports and information made available to the Committee with assistance from the Internal Auditor.
- (b) To review any related party transactions that may arise within the Group.
- (c) To verify and confirm allocations of options pursuant to the Company's share option scheme as being in compliance with the criteria set out in the by-laws of a share option scheme.

Activities During The Financial Year

The main activities undertaken by the Committee during the financial year were as follows:

Financial Statements and Reporting

Reviewed the Group's quarterly interim financial statements and the Group's audited financial statements before making recommendations to the Board for approval.

Internal Audit

- (a) Reviewed and approved the Internal Audit Plan to ensure adequacy of scope and coverage of the auditable areas and that the resources are sufficient and competent to enable the Internal Audit to discharge and carry out its functions effectively.

- (b) Reviewed and deliberated on internal audit reports which were tabled during the year, the audit recommendations and the Management's response to these recommendations and ensured the audit findings were promptly addressed by Management.
- (c) Reviewed and deliberated the audit follow-up reports to ensure Management has implemented action plans to address outstanding audit issues and to ensure major risks and control lapses have been addressed.
- (d) Reviewed the quarterly audit performance report on the progress of internal audit engagements against the approved internal audit plan, the hiring and resignation of internal audit staff.
- (e) Took cognizance of resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

External Audit

- (a) Discussion with external auditors before the commencement of audit, the audit plan, nature and scope of the audit. In reviewing the audit plan, the Committee discussed the key audit areas identified by the external auditors which were most susceptible to material financial reporting error and requiring additional audit emphasis.
- (b) Reviewed with the external auditors on their audit report and the level of co-operation given by employees to the external auditors.
- (c) Evaluated the performance of external auditors and made the recommendation to the Board for consideration in relation to their appointment and audit fees.
- (d) Discussed with external auditors on problems and reservations arising from the interim and final audits and their evaluation of the system of internal controls.
- (e) Assessed the independence and objectivity of the external auditors during the year. The external auditors provided their written confirmation to the Committee regarding their independence and measures used to control the quality of their work. The Committee took this into account and concluded that the external auditors remained independent and objective in relation to the audit.

Others

- (a) Reviewed the half yearly risk management reports compiled by Management of operating units on the process of identification of principal risks of the Group.
- (b) Reviewed the risk profile of the Group and major initiatives in mitigating risks with significant impact on the business with Management. Pertinent comments from the Committee were communicated to Management for further improvement.
- (c) Reviewed recurrent related party transactions entered into by the Group.

Internal Audit Function

The Committee is supported by an in-house Internal Audit function in the discharge of its duties and responsibilities. The terms of reference of the Internal Audit function is stated in the Internal Audit Charter and approved by the Committee which sets out its role, scope, accountability and authority. The total cost incurred for maintaining the Internal Audit function for the financial year ended 31 December 2015 was RM562,040. The Head of Internal Audit function reports directly to the Committee and administratively to the Managing Director, and is independent of the activities or operations of the Company and its operating subsidiaries. The Committee reviewed the adequacy, scope and resources of the internal audit function during the year.

The Internal Audit function conducted regular audits on key operating processes of operating subsidiaries in the manufacturing, trading and other sectors of the Group in accordance with the annual audit plan approved by the Committee. The focus of these audits were to assess the effectiveness and efficiency of internal control systems and recommendations for improvements and enhancements to the existing system of internal controls and work processes were made from these audits. The audit reports which provided the results of the audit conducted were issued to Management for their response on corrective actions with timeline for completion of these corrective actions. The audit reports were tabled for review at Audit Committee meetings.

The Committee reviewed and deliberated on the audit reports to ensure major audit findings and audit recommendations were adequately addressed by Management within the timeline. The Internal Audit function also conducted follow-up reviews to determine the adequacy, effectiveness and timeliness of action taken by Management on audit recommendations and provided updates on their status to the Committee.

This Audit Committee Report is made in accordance with a resolution of the Board of Directors dated 18 March 2016.

/ Corporate Social Responsibility



Environment, Community and the Market Place

Muda Holdings Berhad and its subsidiaries (collectively, “the Group”) believes and is committed to operating the Group’s business based on ethical values and respect for the community, its employees, the environment, its shareholders and other stakeholders.

While striving to meet shareholders’ expectation for sound financial returns through regular dividend payment and to meet customers’ expectations, we have ensured that our business processes are managed in a way that will reduce our carbon foot print. We are constantly adopting new and improved manufacturing processes and innovative technologies to reduce emissions, effluents and discharge of waste materials that are harmful to the environment, to reduce energy consumption, adopt alternative source of energy and to reduce usage of water. Both our paper mills in Selangor and Penang have waste water treatment plants to ensure minimal discharge of effluents into the rivers so that the communities within our locale will not be adversely impacted by our activities. To ensure zero pollution to rivers and for the well being of our communities and employees, all hazardous factory waste are disposed through Government approved licensed contractors at designated dumpsites, dust generated from our manufacturing activities are removed through our dust bag filter systems, waste ink are recycled into our production process and greenhouse gases are reduced through our combined heat and power plant which converts waste heat into process steam. The Group abides by the standards set by the Government and local authorities on the quality of waste water discharged and the level of dust emitted which will translate into reduction of cost of legal compliance and prevent costly conflict with local communities and regulatory authorities. Monthly reports on schedule waste are submitted to the Department of Environment (DOE) and the relevant local authorities. The quality of our waste water are constantly monitored to ensure compliance with DOE’s discharge standards.

The Group recovers and recycles a substantial amount of recovered paper annually which helps to divert the waste away from landfills. The Group collects all grades of wastepaper from appointed agents and delivered to the Group’s collection centres located throughout Peninsular Malaysia. The Group continued with its campaign to “RE-USE, REDUCE AND RECYCLE” in 2015 to raise awareness on the benefits of recycling among employees, customers and suppliers through various campaigns. In the calligraphy competitions organised by the Group which were held in schools in Kuala Lumpur and Selangor, the Group took the opportunity to increase public awareness and interest in recycling and the importance of separation of waste at source. Factory visits were organised for students, teachers and lecturers from a school and a university in Penang to introduce them to the concept of paper manufacturing from recovered paper. To inculcate the spirit of volunteerism within our employees and to build a culture of helping and forging stronger bond with our communities in areas that we operate, the Group organised “clean up” campaign at two villages in Penang.



Workplace and Human Capital

The Group recognises its diverse workforce and their talent as the success of the Group is a reflection of the quality and skill of its people. The Group is committed to seeking out and retaining the finest human talent to ensure consistent business growth. We aim to create a safe workplace for everyone that works and visits our factories to prevent any incidents. A series of Health and Safety trainings involving in house and external trainers were organised for all employees to ensure that they are competent and are capable of handling emergencies and are equipped with basic safety knowledge. The Group is working towards zero harm goals through continuous improvement of its systems, processes and culture.

The Group is also committed to creating efficient, effective and sustainable human resources by embracing the principle of continuous growth and employees' satisfaction at work. As such, both external and in-house training programmes are provided or conducted on a regular basis to enhance the skill and knowledge as well as job performance of its employees. Emphasis is placed on employees development plans, talent management, leadership development for managers and employees' performance management. Incentives are provided to staff upon attainment of work related qualifications to promote professionalism and excellence amongst employees. The Group appreciates long service employees and 82 awards are given in 2015 recognition of the contributions, loyalty and dedication of these long service employees.

The Group has in place Safety and Health Committees to oversee the safety and occupational health issues in the workplace. In 2015, our paper mill in Penang secured the Gold Class 1 award from Malaysia Society for Occupational Safety and Health for good occupational safety and health practices. In caring for our employees' health, audiometric tests are conducted by external consultants to ensure zero risk of hearing impairment and tests on exposure to radiation required by the Atomic Energy Licensing Board for Radiations Protection Officer and Radiations Protections Supervisor are also carried out yearly to ensure occupational safety, reduction of potential work hazards and for protection of employees' wellbeing. Protective gears and safety equipment are provided to its factory and production staff/workers for protection against hazardous environment and for safety. Preventive measures such as safety briefing and fire drills were conducted on site to enable the employees to better understand certain safety issues and enhance their preparedness in times of emergency. Our Emergency Response Teams (ERT Team) at our Tasek and Kajang locality frequently participate in competitions organised by the State Fire & Rescue Department of Penang and Selangor and have won numerous prizes over the years.

This Corporate Social Responsibility Report is made in accordance with a resolution of the Board of Directors dated 18 March 2016.



The Financials

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Directors' Report /

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

Principal Activities

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

There were no significant changes in the nature of principal activities of the Company and its subsidiaries during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the financial year	28,231	2,665
Attributable to:-		
Owners of the Company	26,255	2,665
Non-controlling interests	1,976	-
	28,231	2,665

Dividends

The amount of dividends paid and declared since the end of last financial year were as follows:-

	RM'000
In respect of financial year ended 31 December 2014 and paid on 14 July 2015:-	
First and final single tier dividend of 3.0 sen per share (6.0%)	9,152

A first and final single tier dividend of 6.0% on 305,050,835 ordinary shares, amounting to RM9,151,525 in respect of the financial year ended 31 December 2015, will be proposed for shareholders' approval at the upcoming annual general meeting. This proposed dividend is not reflected in the current year's financial statements. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of unappropriated profits in the financial year ending 31 December 2016.

Reserves And Provisions

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

Directors Of The Company

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

Tan Sri Lim Guan Teik, PSM, JMN, DMPN, DJN (Non-Executive Chairman)
Dato' Azaman Bin Abu Bakar, DIMP (Managing Director)
Dato' Lim Wan Peng, DSPN (Executive Director)
Datuk Lim Chiun Cheong, DPSM (Deputy Managing Director)
Patrick Chin Yoke Chung, FCA (Senior Independent Non-Executive Director)
Datuk Nik Ibrahim Bin Nik Abdullah, PJN, JSM, AMN (Independent Non-Executive Director)
Lee Khim Sin, FCA, CA(M) (Independent Non-Executive Director)

Datuk Lim Chiun Cheong will retire by rotation at the forthcoming Annual General Meeting in accordance with Article 74 of the Company's Articles of Association and being eligible, offers himself for re-election.

Tan Sri Lim Guan Teik, Dato' Lim Wan Peng, Datuk Nik Ibrahim Bin Nik Abdullah, Patrick Chin Yoke Chung and Lee Khim Sin will retire in accordance with Section 129(6) of the Companies Act, 1965 at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

/ Directors' Report

Directors' Interests

According to the Register of Directors' Shareholdings, beneficial interests of those who were Directors at the end of financial year in shares of the Company are as follows:-

	Number of ordinary shares of RM0.50 each			
	At 1.1.2015	Bought	Sold	At 31.12.2015
Tan Sri Lim Guan Teik				
- direct interest	3,250,000	-	-	3,250,000
- deemed interest	123,211,413	1,090,900	-	124,302,313
Dato' Azaman Bin Abu Bakar				
- direct interest	100,000	-	-	100,000
- deemed interest	114,870,013	-	-	114,870,013
Dato' Lim Wan Peng				
- direct interest	3,731,000	-	-	3,731,000
- deemed interest	116,520,413	-	-	116,520,413
Datuk Lim Chiun Cheong				
- direct interest	715,500	-	-	715,500
- deemed interest	125,745,913	1,090,900	-	126,836,813
Lee Khim Sin				
- direct interest	-	60,000	-	60,000

By virtue of the direct and indirect interest of Tan Sri Lim Guan Teik, Dato' Azaman Bin Abu Bakar, Dato' Lim Wan Peng and Datuk Lim Chiun Cheong in the Company, they are also deemed to have interest in shares of all the subsidiaries to the extent that the Company has an interest under Section 6A of the Companies Act, 1965.

Except as disclosed, none of the Directors at the end of the financial year held any interest in shares of the Company or its related corporations during the financial year.

Directors' Benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of 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 any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Issue Of Shares And Debentures

There were no issuance of shares or debentures during the financial year.

Other Statutory Information

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

- to ascertain that action had been taken in relation to writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate provision had been made for doubtful debts; and
- to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

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

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

- (a) any charge on assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

- (a) 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 affect the ability of the Group and of the Company to meet its obligations as and when they fall due;
- (b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

Auditors

The Auditors, Messrs SJ Grant Thornton, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 18 March 2016.

TAN SRI LIM GUAN TEIK

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DIRECTORS

DATO' AZAMAN BIN ABU BAKAR

Kuala Lumpur

/ Statement By Directors

In the opinion of the Directors, the financial statements set out on pages 33 to 98 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 18 March 2016.

TAN SRI LIM GUAN TEIK

DATO' AZAMAN BIN ABU BAKAR

Kuala Lumpur

/ Statutory Declaration

I, Dato' Azaman Bin Abu Bakar, being the Director primarily responsible for the financial management of Muda Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 33 to 98 and the supplementary information set out in page 99 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed at Kuala Lumpur in
the Federal Territory this 18 day of
March 2016

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)
) DATO' AZAMAN BIN ABU BAKAR

Before me:

S. ARULSAM Y (W.490)
Commissioner for Oaths

Independent Auditors' Report /

To The Members Of Muda Holdings Berhad

Report on the Financial Statements

We have audited the financial statements of Muda Holdings Berhad, which comprise statements of financial position as at 31 December 2015 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 33 to 99.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its Malaysian subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 42, page 99 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

SJ GRANT THORNTON
(No. AF: 0737)
CHARTERED
ACCOUNTANTS

TAN CHEE BENG
(NO: 2664/02/17(J))
CHARTERED
ACCOUNTANT

Kuala Lumpur
18 March 2016

Statements Of Financial Position

As At 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Assets					
Non-current assets					
Property, plant and equipment	4	903,172	904,107	15,904	16,046
Prepaid land lease payments	5	12,205	12,308	-	-
Capital work-in-progress	6	96,706	103,500	-	-
Investment property	7	7,022	6,930	-	-
Investment in subsidiaries	8	-	-	210,678	209,178
Investment in associates	9	20,689	18,106	*	*
Intangible assets	10	9,979	9,467	-	-
Deferred tax assets	11	7,840	8,295	-	-
Total non-current assets		1,057,613	1,062,713	226,582	225,224
Current assets					
Inventories	12	170,747	184,454	-	-
Trade receivables	13	224,439	195,812	-	-
Other receivables	14	29,062	18,059	258	232
Amount due from subsidiaries	8	-	-	22,653	27,160
Amount due from associates	9	867	2,227	936	946
Held-for-trading investments	15	4,478	4,410	4,478	4,410
Derivative financial instruments	16	43	-	-	-
Tax recoverable		1,719	1,654	1,332	1,363
Cash and bank balances, deposits and short term placements	17	93,679	102,940	9,945	11,973
Total current assets		525,034	509,556	39,602	46,084
TOTAL ASSETS		1,582,647	1,572,269	266,184	271,308
Equity And Liabilities					
Equity attributable to owners of the Company					
Share capital	18	152,525	152,525	152,525	152,525
Share premium		6,946	6,946	6,946	6,946
Reserves	19	265,325	256,995	12,259	12,419
Unappropriated profits	20	416,231	398,028	85,922	92,453
Non-controlling interests		841,027	814,494	257,652	264,343
Total equity		864,989	834,361	257,652	264,343
Non-current liabilities					
Finance lease liabilities	21	24,071	17,956	255	364
Borrowings	22	80,000	121,260	-	-
Provision for retirement benefit	23	41,226	36,095	5,036	4,582
Deferred tax liabilities	24	40,518	32,517	134	171
Total non-current liabilities		185,815	207,828	5,425	5,117

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current liabilities					
Trade payables	25	46,159	41,122	-	-
Other payables	26	69,045	70,297	1,827	1,577
Amount due to subsidiaries	8	-	-	1,143	1
Derivative financial instruments	16	-	203	-	-
Finance lease liabilities	21	9,270	7,649	137	270
Borrowings	22	394,031	393,772	-	-
Tax payable		2,834	1,192	-	-
Bank overdrafts	27	10,504	15,845	-	-
Total current liabilities		531,843	530,080	3,107	1,848
TOTAL LIABILITIES		717,658	737,908	8,532	6,965
TOTAL EQUITY AND LIABILITIES		1,582,647	1,572,269	266,184	271,308

* Less than RM1,000

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

/ Statements Of Profit Or Loss And Other Comprehensive Income

For The Financial Year Ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	28	1,124,852	1,051,572	10,739	11,924
Cost of sales		(916,573)	(873,141)	-	-
Gross profit		208,279	178,431	10,739	11,924
Other income		11,568	11,507	709	520
Distribution expenses		(76,967)	(72,692)	-	-
Administration expenses		(63,016)	(56,385)	(8,668)	(7,605)
Other expenses		(13,528)	(2,938)	(64)	(207)
Finance costs		(25,726)	(25,936)	(23)	(31)
Share of profit of associates		532	2,712	-	-
Profit before tax	29	41,142	34,699	2,693	4,601
Tax (expense)/income	30	(12,911)	(10,145)	(28)	20
Profit for the financial year		28,231	24,554	2,665	4,621
Other comprehensive income/(loss), net of tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit obligation	23	(1,522)	-	(269)	-
Tax effect on items that will not be reclassified to profit or loss	30	365	1,488	65	102
		(1,157)	1,488	(204)	102
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations, net of tax		14,044	1,372	-	-
		14,044	1,372	-	-
Other comprehensive income/(loss) for the financial year, net of tax		12,887	2,860	(204)	102
Total comprehensive income for the financial year		41,118	27,414	2,461	4,723
Profit attributable to:-					
Owners of the Company		26,255	21,759	2,665	4,621
Non-controlling interests		1,976	2,795	-	-
		28,231	24,554	2,665	4,621
Total comprehensive income attributable to:-					
Owners of the Company		35,685	24,176	2,461	4,723
Non-controlling interests		5,433	3,238	-	-
Total comprehensive income for the financial year		41,118	27,414	2,461	4,723
Earnings per share attributable to owners of the Company					
Earnings per share					
- basic (sen)	31	8.61	7.13		
- diluted (sen)	31	N/A	N/A		

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

Statement Of Changes In Equity /

For The Financial Year Ended 31 December 2015

← Attributable to owners of the Company →
 ← Non-Distributable → Distributable

Group	Note	Share capital RM'000	Share premium RM'000	Exchange fluctuation reserve RM'000	Revaluation reserve RM'000	Unappropriated profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance at 1 January 2014		152,525	6,946	2,857	254,153	383,290	799,771	20,734	820,505
Profit for the financial year		-	-	-	-	21,759	21,759	2,795	24,554
Realisation of revaluation reserve upon depreciation of revalued assets		-	-	-	(2,299)	2,299	-	-	-
Realisation of reserve upon disposal of revalued assets		-	-	-	(77)	77	-	-	-
Other comprehensive income for the financial year		-	-	929	1,488	-	2,417	443	2,860
Total comprehensive income/(loss) for the financial year		-	-	929	(888)	24,135	24,176	3,238	27,414

Transactions with owners:-

First and final single tier dividend of 3.0 sen per share	32	-	-	-	-	(9,152)	(9,152)	-	(9,152)
Acquisition of non-controlling interests		-	-	(56)	-	(245)	(301)	(2,873)	(3,174)
Dividend paid to non-controlling interests		-	-	-	-	-	-	(1,232)	(1,232)
Total transactions with owners		-	-	(56)	-	(9,397)	(9,453)	(4,105)	(13,558)
Balance at 31 December 2014		152,525	6,946	3,730	253,265	398,028	814,494	19,867	834,361

Statement Of Changes In Equity

For The Financial Year Ended 31 December 2015

← Attributable to owners of the Company →
 ← Non-Distributable → Distributable

Group	Note	Share capital RM'000	Share premium RM'000	Exchange fluctuation reserve RM'000	Revaluation reserve RM'000	Unappropriated profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance at 31 December 2014		152,525	6,946	3,730	253,265	398,028	814,494	19,867	834,361
Profit for the financial year		-	-	-	-	26,255	26,255	1,976	28,231
Realisation of revaluation reserve upon depreciation of revalued assets		-	-	-	(2,296)	2,296	-	-	-
Other comprehensive income/(loss) for the financial year		-	-	10,626	-	(1,196)	9,430	3,457	12,887
Total comprehensive income/(loss) for the financial year		-	-	10,626	(2,296)	27,355	35,685	5,433	41,118
Transactions with owners:-									
First and final single tier dividend of 3.0 sen per share	32	-	-	-	-	(9,152)	(9,152)	-	(9,152)
Dividend paid to non-controlling interests		-	-	-	-	-	-	(1,338)	(1,338)
Total transactions with owners		-	-	-	-	(9,152)	(9,152)	(1,338)	(10,490)
Balance at 31 December 2015		152,525	6,946	14,356	250,969	416,231	841,027	23,962	864,989

		← Non-Distributable →		← Attributable to owners of the Company →		Distributable	
	Note	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Unappropriated profits RM'000	Total profits RM'000	
Company							
Balance at 1 January 2014		152,525	6,946	12,477	96,824	268,772	
Profit for the financial year		-	-	-	4,621	4,621	
Realisation of revaluation reserve upon depreciation of revalued assets		-	-	(160)	160	-	
Other comprehensive income for the financial year		-	-	102	-	102	
Total comprehensive (loss)/income for the financial year		-	-	(58)	4,781	4,723	
Transaction with owners:-							
First and final single tier dividend of 3.0 sen per share	32	-	-	-	(9,152)	(9,152)	
Balance at 31 December 2014		152,525	6,946	12,419	92,453	264,343	
Profit for the financial year		-	-	-	2,665	2,665	
Realisation of revaluation reserve upon depreciation of revalued assets		-	-	(160)	160	-	
Other comprehensive loss for the financial year		-	-	-	(204)	(204)	
Total comprehensive (loss)/income for the financial year		-	-	(160)	2,621	2,461	
Transaction with owners:-							
First and final single tier dividend of 3.0 sen per share	32	-	-	-	(9,152)	(9,152)	
Balance at 31 December 2015		152,525	6,946	12,259	85,922	257,652	

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

Statements Of Cash Flows

For The Financial Year Ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Operating Activities					
Profit before tax		41,142	34,699	2,693	4,601
Adjustments for:-					
Amortisation of prepaid land lease payments		463	433	-	-
Bad debts written off		326	119	-	-
Capital work-in-progress written off		9	-	-	-
Depreciation		53,586	56,819	870	896
Fair value (gain)/loss on derivative instruments		(246)	116	-	-
Fair value loss on held-for-trading investments		59	214	59	214
Impairment on doubtful receivables					
- current		3,855	1,122	-	-
- no longer required		(351)	(1,109)	-	-
Impairment loss on property, plant and equipment		-	314	-	-
Interest expenses		25,726	25,936	23	31
Inventories written off		4,576	251	-	-
Inventories written down		516	292	-	-
Property, plant and equipment written off		535	104	-	-
Provision for retirement benefit		3,961	3,492	185	174
Dividend income		(127)	(163)	(10,739)	(11,924)
Fair value gain adjustments on investment property		(60)	(120)	-	-
Gain on deconsolidation of subsidiary company subject to members' voluntary liquidation, net of cash	A	-	(3)	-	-
Gain on disposal of asset held for sale		-	(149)	-	-
Gain on disposal of property, plant and equipment		(1,056)	(503)	(309)	-
Interest income		(700)	(658)	(324)	(322)
Inventories written back		*	(267)	-	-
Reversal of inventories written down		(141)	(71)	-	-
Share of profit of associates		(532)	(2,712)	-	-
Unrealised loss/(gain) on foreign exchange		1,867	(321)	-	-
Operating profit/(loss) before working capital changes		133,408	117,835	(7,542)	(6,330)
Changes in working capital:-					
Inventories		12,380	(8,665)	-	-
Receivables		(40,622)	(14,048)	(26)	(5)
Payables		666	3,291	250	66
Bills payable		13,820	12,845	-	-
Associates		1,404	(62)	-	-
Cash generated from/(used in) operations		121,056	111,196	(7,318)	(6,269)
Retirement benefit paid		(352)	(517)	-	-
Dividend received		598	480	13,625	19,296
Dividend paid to shareholders		(9,152)	(9,152)	(9,152)	(9,152)
Dividends paid to non-controlling interests		(1,338)	(1,232)	-	-
Interest paid		(28,062)	(27,429)	(23)	(31)
Interest received		700	658	324	322
Tax paid		(3,020)	(1,377)	(65)	(66)
Tax refunded		185	238	96	-
Net cash from/(used in) operating activities		80,615	72,865	(2,513)	4,100

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Investing Activities					
Capital work-in-progress incurred	B	(18,120)	(55,398)	-	-
Proceeds from disposal of property, plant and equipment		3,378	2,650	440	-
Proceeds from disposal of asset held for sale		-	393	-	-
Purchase of property, plant and equipment	C	(15,861)	(15,059)	(779)	(319)
Purchase of investment property		(32)	-	-	-
Additional investment in subsidiaries		-	-	(1,500)	(8,400)
Acquisition of non-controlling interests	8.1	-	(3,174)	-	-
Net cash used in investing activities		(30,635)	(70,588)	(1,839)	(8,719)
Financing Activities					
Proceeds from finance leases		6,022	2,148	-	-
(Repayment)/Drawdown of revolving credit		(6,300)	1,250	-	-
Drawdown of onshore foreign currency loan		1,734	-	-	-
Repayment of term loans		(40,347)	(34,578)	-	-
Repayment of flexi financing loan		(248,624)	(6,838)	-	-
Repayment of finance leases		(9,028)	(7,933)	(322)	(400)
Flexi financing loans drawdown		238,338	28,832	-	-
Term loans drawdown		378	39,257	-	-
Repayment received from subsidiaries		-	-	2,636	5,366
Repayment received from associates		9	15	10	14
Placement of fixed deposit pledged		(119)	(24)	-	-
Net cash (used in)/from financing activities		(57,937)	22,129	2,324	4,980
Cash And Cash Equivalents					
Net changes		(7,957)	24,406	(2,028)	361
Effect of exchange rate changes		3,918	434	-	-
Brought forward		86,248	61,408	11,973	11,612
Carried forward	D	82,209	86,248	9,945	11,973

* Less than RM1,000

Statements Of Cash Flows

For The Financial Year Ended 31 December 2015

Notes To The Statements Of Cash Flows

A. Gain On Deconsolidation Of Subsidiary Subject To Members' Voluntary Liquidation, Net Of Cash

The fair value of assets and liabilities of subsidiary subject to members' voluntary liquidation and deconsolidated are as follows:-

	2014 RM'000
Cash and bank balances	34
Receivables	448
Payables	(3)
Loss on deconsolidation	479
Less: Cash distribution upon liquidation of subsidiary company	(448)
Less: Cash and cash equivalents in subsidiary company	(34)
Net cash inflows from deconsolidation of subsidiary subject to members' voluntary liquidation	(3)

B. Capital Work-In-Progress Incurred

	Group	
	2015 RM'000	2014 RM'000
Total addition	25,937	68,008
Purchase through finance lease arrangements	(7,817)	(12,610)
Cash payment	18,120	55,398

C. Purchase Of Property, Plant And Equipment

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total addition	18,782	19,745	859	619
Purchase through finance lease arrangements	(2,921)	(4,686)	(80)	(300)
Cash payment	15,861	15,059	779	319

D. Cash And Cash Equivalents

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	76,982	83,371	77	27
Fixed deposits with licensed banks	4,979	5,693	-	-
Short term placements with financial institutions	11,718	13,876	9,868	11,946
Bank overdrafts	(10,504)	(15,845)	-	-
Less: Fixed deposits pledged	83,175 (966)	87,095 (847)	9,945 -	11,973 -
	82,209	86,248	9,945	11,973

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

Notes To The Financial Statements /

31 December 2015

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. It is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at Lot 7, Jalan 51A/241, 46100 Petaling Jaya, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

The financial statements of the Group and the Company for the financial year ended 31 December 2015 were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 18 March 2016.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under historical cost convention, unless otherwise indicated in the summary of significant accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and its measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group and the Company.

The fair value of an asset or a liability is measured on the assumptions that market participants would act in their economic best interest when pricing the asset or liability. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

The Group and the Company have established control framework in respect of measurement of fair values of financial instruments. The Executive Committee has overall responsibility for overseeing all significant fair value measurements. The Executive Committee regularly reviews significant unobservable inputs and valuation adjustments.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia (RM) which is the Company's functional currency and all values are rounded to the nearest thousand (RM'000) except when otherwise stated.

/ Notes To The Financial Statements

31 December 2015

2.4 Malaysian Financial Reporting Standards (MFRSs)

2.4.1 Adoption of new or revised Malaysian Financial Reporting Standards (MFRSs)

The accounting policies adopted by the Group and by the Company are consistent with those of the prior financial year except for the new and revised MFRSs and IC Interpretations approved by Malaysian Accounting Standards Board ("MASB") and applicable for current financial year. Application of the new and revised MFRSs and interpretations has no material impact on financial statements of the Group and of the Company.

Several other amendments are effective for the first time in financial year ended 31 December 2015. However, they do not impact the annual financial statements of the Group and of the Company.

The nature and impact of the amendments to MFRSs with effective date on or after 1 July 2014 are described below:-

2.4.1.1 Amendments to MFRS 119 Employee benefits

The amendments clarify how an entity should account for contributions made by employees or third parties providing services that are linked to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by employees or third parties.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service either using the plan's contribution formula or on a straight-line basis; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

2.4.1.2 Annual Improvements to MFRSs 2010 – 2012 Cycle

Amendment to MFRS 3 Business combinations

The amendment clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of MFRS 9 (or MFRS 139, as applicable).

Amendments to MFRS 8 Operating segments

The amendments clarify that an entity must disclose the judgements made by management in applying the aggregation criteria to operating segments, including a brief description of operating segment that have been aggregated and the economic indicators assessed in determining whether the operating segments have similar economic characteristics. The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to chief operating decision maker, similar to the required disclosure for segment liabilities.

The amendments affected disclosures in the financial statements only and do not have material impact on the financial statements of the Group and of the Company.

Amendment to MFRS 13 Fair value measurement

It clarifies that the Basis for Conclusion that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial.

Amendment to MFRS 116 Property, plant and equipment and MFRS 138 Intangibles assets

The amendment clarifies in MFRS 116 and MFRS 138 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation and amortisation is the difference between the gross and carrying amounts and carrying amount after taking into account the accumulated impairment losses of the assets.

Amendment to MFRS 124 Related party disclosures

The amendment clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

2.4.1.3 Annual Improvements to MFRSs 2011 – 2013 Cycle

Amendment to MFRS 3 Business combinations

The amendment clarifies that MFRS 3 does not apply to the accounting for formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

Amendment to MFRS 13 Fair value measurement

The amendment clarifies that the scope of the portfolio exception in MFRS 13 can be applied not only to the financial assets and financial liabilities, but also to other contracts within the scope of MFRS 9 (or MFRS139, as applicable).

Amendment to MFRS 140 Investment property

The description of ancillary services in MFRS140 differentiates between investment property and owner-occupied property (i.e. property, plant and equipment). The amendment clarifies that MFRSs, and not the description of ancillary services in MFRS140, is used to determine if the transaction is the purchase of an asset or business combination.

2.4.2 Standards issued but not yet effective

At the date of authorisation of these financial statements, MASB has approved certain new standards, amendments and interpretations to existing standards which are not yet effective, and have not been early adopted by the Group and the Company.

The management anticipates that all of the relevant pronouncements will be adopted in the Group's and the Company's accounting policies for the first period beginning after the effective date of the pronouncement. The initial application of the new standards, amendments and interpretations are not expected to have any material impacts to the financial statements of the Group and the Company except as mentioned below:-

MFRS 9 Financial instruments

MFRS 9 replaces MFRS139 Financial Instruments: Recognition and Measurement and all previous version of MFRS 9. The new standard introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which fall under the scope of MFRS 9, new "expected credit loss model" under the impairment of financial assets and greater flexibility has been allowed in hedge accounting transactions. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is also expected that the Group's and the Company's investment in unquoted shares will be measured at fair value through other comprehensive income.

This standard will come into effect on or after 1 January 2018 with early adoption permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will result in a change in accounting policy. The Group and the Company are currently assessing the financial impact of adopting MFRS 9.

MFRS 15 Revenue from contracts with customers

MFRS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118, Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue – Barter Transactions Involving Advertising Services. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with current practices.

This standard will come into effect on or after 1 January 2018 with early adoption permitted. The adoption of MFRS 15 will result in a change in accounting policy. The Group and the Company are currently assessing the financial impact of adopting MFRS 15.

2.5 Significant accounting estimates and judgements

Accounting estimates and judgements are being constantly reviewed against historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. However, because of uncertainty in determining future events and its impact, actual result could differ from the estimates reported.

Significant management judgements

The following items in financial statements are significantly affected by management judgements in the application of accounting policies:-

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed tax losses, unabsorbed capital allowances, unabsorbed reinvestment allowances and unabsorbed tax credits to the extent that it is probable that taxable profit will be available against which all deductible temporary differences, unabsorbed tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with future tax planning strategies.

Key sources of estimation uncertainties

Key assumptions concerning the future and accounting estimates at the reporting 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:-

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their useful life. However, significant judgement is involved in estimating the useful life and residual value of property, plant and equipment which are subjected to technological development and level of usage. Therefore residual values of these assets and future depreciation charges may vary.

Impairment of property, plant and equipment and prepaid land lease payments

The Group carried out impairment tests where there are indications of impairment based on a variety of estimation including value-in-use of cash-generating unit to which the property, plant and equipment and the prepaid land lease payments are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from cash-generating unit and also to choose a suitable discount rate in order to calculate present value of those cash flows.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management make assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Further details of the carrying values, key assumptions applied in the impairment assessment of goodwill are disclosed in Note 10 to financial statements.

Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. Factors such as probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments are considered in determining whether there is objective evidence of impairment. 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. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters result is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget or forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

Fair value measurement and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting. Significant judgment is involved in determining the appropriate valuation techniques and inputs for fair value measurements where active market quotes are not available.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in measuring the assets and liabilities. Where Level 1 inputs are not available, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting date. For the valuation of land and buildings, the Group engages third party qualified valuers to perform the valuation.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in the Notes 4, 7, 9 and 39 to the financial statements.

Pension benefit

The cost of defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country.

Further details about the assumptions used are given in Note 23 to the financial statements.

/ Notes To The Financial Statements

31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied to financial statements for the periods presented, unless otherwise stated.

3.1 Basis of consolidation

3.1.1 Business combinations

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

The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed off and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 139 either in profit or loss or as a charge to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. When the excess is negative, a bargain purchase is recognised immediately in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of operation within the unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group and the Company. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. In circumstances when the voting rights are not more than half or when voting rights are not the dominant determinant of control, the Group uses judgements to assess whether it has de facto control, control by other arrangements, or by holding substantive potential voting rights.

Consolidation of a subsidiary begins when the Group or Company obtains control over the subsidiary and ceases when control over the subsidiary is lost.

Investment in subsidiaries is stated at cost and/or valuation in the Company's statement of financial position. Where an indication of impairment exists, the carrying amount of the subsidiaries is assessed and written down immediately to their recoverable amount. Upon disposal of investment in subsidiaries, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with the Group's accounting policies.

3.1.3 Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company. It is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separate from equity attributable to owners of the Company.

Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even though it may result in deficit to non-controlling interest.

3.1.4 Acquisition of non-controlling interests

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

3.1.5 Eliminations on consolidation

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in preparing the consolidated financial statements.

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

3.1.6 Changes in ownership in subsidiaries without loss of control

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3.1.7 Loss of control

When the Group ceases to have control of a subsidiary, the Group derecognises the assets and liabilities, non-controlling interests and other components of equity related to the subsidiary. Surplus or deficit arising from the loss of control is recognised in profit or loss.

Any interest retained by the Group in the entity is remeasured to its fair value at the date when the control is lost and surplus or deficit arising from the remeasurement is recognised in profit or loss. Subsequently, it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.1.8 Associates

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

Investments in associates are accounted for using the equity method less any impairment losses. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

The share of the result of an associate by the Group is reflected in profit or loss. It is profit attributable to equity holders of the associate. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate. Should the associate subsequently report profits, the Group will only resume to recognise its share of profits after its share of profits equal to the share of losses previously not recognised.

/ Notes To The Financial Statements

31 December 2015

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

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

Where necessary, adjustments are made to bring the accounting policies of the associates in line with those of the Group.

The Group determines at the end of each reporting period whether there is any objective evidence of impairment to the investments in the associates. If applicable, the Group will recognise the difference between the recoverable amount of the associates and their carrying value and recognise the difference in the "share of profit of associates" in profit or loss.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

3.2 Property, plant and equipment

3.2.1 Recognition and measurement

Property, plant and equipment are initially recognised in the financial statements as an asset only 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 recognised can be measured reliably.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

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

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

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

Subsequent to initial recognition, property, plant and equipment with the exception of land and buildings, are measured at cost less accumulated depreciation and accumulated impairment losses.

Land and buildings are shown at market value provided by independent professional valuers on an open market value basis, less subsequent accumulated depreciation and impairment losses. Land and buildings are revalued when indicators of material changes in value exists or at interval of not more than 5 years. Any revaluation increase is credited to other comprehensive income and shown as revaluation reserve in shareholders' equity. Decreases that offset previous increase of the same asset are charged in other comprehensive income and debited against revaluation reserve directly in equity; all other decreases are charged to the profit or loss. Each year difference between depreciation based on the revalued carrying amount of the asset charged to the profit or loss and depreciation based on the asset's original cost is transferred from revaluation reserve to unappropriated profits. Upon disposal of revalued assets, the attributable revaluation surplus remaining in revaluation reserve is transferred to unappropriated profits.

3.2.2 Depreciation

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

Depreciation is recognised as an expense in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group and the Company will obtain ownership by the end of the lease term.

Freehold land is not depreciated but is subject to impairment test if there is indication of impairment. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date the asset is completed and ready for use.

Depreciation of property, plant and equipment is computed over estimated useful life shown below:-

Long leasehold land	Over the term of lease ranging from 61 to 870 years
Buildings	28 to 50 years
Computer systems	3 to 5 years
Electrical installation	10 to 15 years
Firefighting system	10 to 15 years
Furniture, fittings and office equipment	5 to 10 years
Motor vehicle	5 years
Plant and machinery	2 to 20 years
Tools and equipment	3 to 15 years

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

3.2.3 Subsequent measurement

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

At end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicated that its carrying amount may not be recovered fully. A write down is made if the carrying amount exceeds the recoverable amount. Recoverable amount is the net selling price of the property, plant and equipment, i.e. the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

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

3.3 Assets acquired under lease arrangements

3.3.1 Finance leases

Property, plant and equipment acquired under lease arrangements which transfer substantially all the risks and rewards of ownership to the Group and the Company is classified as finance leases. The leased asset is measured at fair value of the leased asset or, if lower, at the present value of the minimum lease payments at inception. Initial direct costs are added to the amount recognised above. Leased asset is accounted in accordance with accounting policy applicable to that asset.

Leased payments are apportioned between the finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Outstanding obligation due under finance lease arrangements after deducting finance expenses are included as liabilities in the financial statements. Finance charges on finance lease arrangements are allocated to profit or loss over the period of respective agreements.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment or as investment property if held to earn rental income or for capital appreciation or for both.

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3.3.2 Operating leases

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

Payments made under operating leases are recognised in profit or loss on straight-line basis over the lease period. 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.

3.3.3 Prepaid land lease payments

Leasehold land with lease period below 50 years at inception is classified as prepaid land lease and the cost is amortised over the lease period on straight line basis.

The Group has applied MFRS 117 Leases and restated the revalued prepaid land lease payments to their original costs and any revaluation surplus is retrospectively adjusted in financial year ended 31 December 2012 in accordance with requirements of MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards.

3.4 Capital work-in-progress

Capital work-in-progress consists of property, plant and equipment under construction/installation for intended use. It is reclassified to property, plant and equipment once it is available for use. The amount is stated at cost and borrowing cost for qualifying assets is capitalised in accordance with accounting policy on borrowing cost.

3.5 Investment property

3.5.1 Investment property carried at fair value

Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

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

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. Where the fair value of the investment property under construction is not reliably determinable, it is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from its use and no future economic benefits are expected from the disposal. Any gain or loss arising from derecognition of investment property is recognised in profit or loss. However, when an investment property that was previously classified as property, plant and equipment is sold, any related amount in the revaluation reserve is transferred to unappropriated profits.

3.5.2 Reclassification to/from investment property

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

When the use of an investment property changes and resulted in it being reclassified as property, plant and equipment, the fair value at the date of reclassification becomes its cost for subsequent accounting.

3.6 Intangible assets

3.6.1 Goodwill

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

3.6.2 Intangibles asset from acquisition of school bookshops

This refers to the acquisition of the contractual rights to operate the school bookshops in accordance with arrangements entered into with schools. The amount represents mainly the excess of cost of acquisition over the fair value of the net identifiable assets of the acquired school bookshops at the date of acquisition. The intangible asset is initially measured at cost which is amortised over the unexpired period of the agreements to run the bookshops and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at the end of each reporting period.

3.6.3 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

3.7 Impairment of assets

3.7.1 Non-financial assets

The Group and the Company assess at each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell or its value in use and it is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's and the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company estimate the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at the end of each reporting period, and when circumstances indicated that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

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3.7.2 Financial assets

All financial assets (except for financial assets categorised as investment in subsidiaries and investment in associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

3.7.2.1 Trade and other receivables and other financial assets carried at amortised cost

An impairment loss in respect of loans and receivables is recognised in profit or loss. The Group and the Company consider factors such as significant delay in payment, default or the probability of insolvency of the loan and receivables to determine whether there is objective evidence that an impairment loss has occurred. If such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

When loan and receivables becomes uncollectible, it is written off against the allowance account. For certain categories of financial assets, such as trade receivables, assets not impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience with industry group, increase in cases of delayed payments and observable changes in economic conditions.

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

3.7.2.2 Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are factors considered in determining whether there is objective evidence that available-for-sale financial assets is impaired.

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

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

3.8 Financial instruments

3.8.1 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group and the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs that are directly attributable to the acquisition or issue of the financial instrument, except for financial instrument carried at fair value through profit or loss, which are measured initially at fair value.

3.8.2 Financial assets - Categories and subsequent measurement

The Group and the Company categorise financial instruments as follows and all financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment:-

3.8.2.1 Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss comprised of financial assets which are held for trading or those designated at fair value through profit or loss upon initial recognition. All derivative financial instruments (including separated embedded derivatives) which are acquired principally for the purpose of selling in the near term and contingent consideration in a business combination fall into this category, except for those that are financial guarantee contracts or those designated and effective as hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other income or other expenses.

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

3.8.2.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are subsequently measured at amortised cost using effective interest method, less provision for impairment. Gains and losses from loans and receivables are recognised in profit or loss through amortisation process or upon derecognition or impairment. Discounting is omitted where the effect of discounting is immaterial in subsequent measurement.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

Financial assets included in loans and receivables are cash and cash equivalents, amount due from associates, trade and other receivables.

3.8.2.3 Held-to-maturity investments

Held-to-maturity investments comprised of non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group and the Company has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. The losses arising from impairment are recognised in profit or loss.

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

3.8.2.4 Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

Available-for-sale financial assets are measured at fair value subsequent to the initial recognition. Gain and losses are recognised in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign currency differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a classification adjustment within other comprehensive income.

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

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the end of the reporting period.

3.8.3 Financial liabilities - Categories and subsequent measurement

3.8.3.1 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, contingent consideration in a business combination and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that are not financial guarantee contracts or do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses recognised on derivatives include exchange differences.

3.8.3.2 Other liabilities measured at amortised cost

Other financial liabilities including borrowings and trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company has unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

3.8.3.3 Financial guarantee contracts

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

Financial guarantee contracts are recognised initially at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the specified debtor fails to make payment to the holder of the financial guarantee contract when it is due and the Group and the Company, 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.

3.8.4 Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset has expired or control of the asset is not retained or substantially all of the risk and rewards of ownership of the financial asset are transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred assets, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

The Group and the Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.8.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.9 Derivative financial instruments

The Group and the Company may enter into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk such as foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in Notes 16 and 39 to the financial statements.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivatives is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

3.10 Inventories

Inventories are stated at lower of cost and net realisable value.

Cost of raw materials is determined using weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them into their existing location and condition. Cost of work-in-progress and finished goods include direct materials, labour and an appropriate proportion of manufacturing overheads (based on normal operating capacity).

Net realisable value is the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

Write-down to net realisable value and inventory losses are recognised as an expense when it occurred and any reversal is recognised in the profit or loss in the period in which it occurs.

3.11 Foreign currency transactions and balances

3.11.1 Foreign currency transactions

The functional currency of the Company is Ringgit Malaysia and transactions in other currencies are recorded in Ringgit Malaysia using exchange rates prevailing at the date of transaction. Similar approach for recording of transactions in currencies other than their respective functional currency is adopted by other companies in the Group.

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

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

3.11.2 Operations denominated in functional currencies other than Ringgit Malaysia

Financial statements of foreign subsidiaries with functional currency are translated into Ringgit Malaysia for consolidation purpose. Assets and liabilities, including goodwill and fair value adjustments arising in an acquisition, are translated at year-end exchange rates and income and expenses are translated to Ringgit Malaysia at average rates during the financial year. Foreign currency differences arising from the consolidation are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the translation difference is allocated to non-controlling interest.

When a foreign subsidiary is disposed of in its entirely or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposed part of its interest but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign subsidiary is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such item will form part of the net investment in the foreign subsidiary. Differences of such nature are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

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3.12 Cash and cash equivalents

Cash and cash equivalents comprised of cash on hand, bank balances, short term demand deposits, fixed deposits, bank overdrafts and short term placements which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown in current liabilities in the statements of financial position. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledge deposits.

3.13 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and investment property, which will continue to be measured in accordance with the applicable MFRSs. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated and any equity-accounted investee is no longer equity accounted.

3.14 Equity and reserves

Share capital represents the nominal value of shares that have been issued. Ordinary shares are equity instruments and they are contracts evidencing residual interest in the assets of the Group and of the Company after deducting all of its liabilities.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefit.

Revaluation reserve within equity comprises gains resulting from revaluation of property, plant and equipment and revaluation of investment in subsidiaries.

Exchange fluctuation reserve consists of foreign currency translation differences arising from the translation of Group's net investment in foreign entities.

Unappropriated profits include current and prior period unappropriated profit.

All transactions with owners of the Company are recorded separately within equity.

3.15 Dividends

Final dividends are not reflected in shareholders' equity as an appropriation of unappropriated profits until they have been approved by the shareholders in a general meeting. Upon approval by the shareholders, final dividends are deducted from unappropriated profit. Interim dividends are recognised as liability when they are declared.

3.16 Provisions

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

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

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

3.17 Contingencies

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

3.18 Borrowing costs

Borrowing costs consist of interest and other costs incurred by the Group and the Company in connection with the borrowing of funds. They are recognised as expenses in the profit or loss in the period they are incurred. However, borrowing costs directly attributable to finance the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets and it ceases or is suspended when the activities necessary to prepare the qualifying asset for its intended use is completed or interrupted.

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

3.19 Employee benefits

3.19.1 Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year, in which associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when employees' entitlement to future compensated absences increases. Other short term non-accumulating compensated absences such as sick leave are recognised as and when it occurred.

3.19.2 Defined contribution plans

Defined contribution plans are post-employment benefit plan under which the Group and the Company pay fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as expenses in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to the respective country's statutory pension schemes.

3.19.3 Retirement benefit

The Group and the Company operates an unfunded defined benefit plan for all eligible Malaysian Directors and employees. Net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value. Net interest expense is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. The calculation is performed once every three years by a qualified actuary using the projected credit method.

The Group and the Company recognises actuarial gain and losses arising from remeasurement of defined benefit plan immediately in other comprehensive income and all expenses related to defined benefit plan in employee benefits are charged to profit or loss. When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The Group and the Company recognises gains or losses on the settlement of a defined benefit plan when settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price.

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3.20 Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

3.20.1 Sales of goods

Revenue from sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates and taxes. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

3.20.2 Dividend income

Dividend income from investment is recognised when the Group's and the Company's right to receive payment is established.

3.20.3 Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis using effective interest method in profit or loss.

3.20.4 Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

3.20.5 Management fee

Management fee is recognised when services are rendered.

3.21 Income tax

Income tax comprises of current tax and deferred tax but exclude taxes arising from business combinations and items recognised directly in equity or other comprehensive income. Current and deferred tax is recognised as an expense or income in the profit or loss.

3.21.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous years. Tax payable (recoverable) for current and prior periods is recognised as liability (or asset) to the extent that it is unpaid (or refundable).

3.21.2 Deferred tax

Deferred tax is provided using liability method for temporary differences between carrying amount of an asset or liability in the statement of financial position and its tax base at reporting date. However, deferred tax on temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination is not recognised because they affect neither accounting nor taxable profit or loss.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they are reversed, based on the laws that have been enacted or substantively enacted by the reporting date.

Where investment property are carried at their fair value in accordance with the accounting policy set out in Note 3.5, the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying value at the reporting date unless the property is depreciable and held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the realisation or settlement of the carrying amount of the assets and liabilities, using tax rate enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

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

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

3.21.3 Goods and service tax

The Group's supply of goods and services in Malaysia is subject to goods and services tax ("GST") at the applicable standard rate of 6%.

The net amount of GST recoverable from, or payable to, the Royal Malaysian Customs Department ("RMCD") is included as part of "other receivables" or "other payables" in the statements of financial position.

Revenues, expenses and assets are recognised net of the amount of GST expenses when the GST incurred on the purchase of assets or services is not recoverable from the RMCD, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

3.22 Related parties

A related party is a person or entity that is related to the Group and to the Company and they could be:-

(a) A person or a close member of that person's family is related to the Group if that person:-

- (i) Has control or joint control over the Group;
- (ii) Has significant influence over the Group; or
- (iii) Is a member of the key management personnel of the ultimate holding company, or the Group, and

(b) An entity is related to the Group if any of the following conditions applies:-

- (i) The entity and the Group are members of the same group.
- (ii) The entity is an associate or joint venture of the other entity.
- (iii) Both entities are joint ventures of the same third party.
- (iv) The entity is a joint venture of a third entity and the other entity is an associate of the same third entity.
- (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the ultimate holding company or the entity.
- (viii) The entity, or any member of a group of which it is part, provides key management personnel services to the Group.

A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

3.23 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses related to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Executive Directors to determine the resources to be allocated to the segment and to assess its performance.

Segment results that are reported to the Executive Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprised mainly of corporate assets, head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, prepaid land lease payments, capital work-in-progress and intangible assets other than goodwill.

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4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Long leasehold land RM'000	Buildings RM'000	Equipment, tools, plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and others RM'000	Total RM'000
Cost or valuation							
At 1.1.2014							
- cost	2,678	4,928	1,791	912,051	29,360	24,014	974,822
- valuation	210,924	105,280	234,028	-	-	-	550,232
	213,602	110,208	235,819	912,051	29,360	24,014	1,525,054
Additions	1,360	1,975	349	10,718	3,677	1,666	19,745
Transfer from capital work-in-progress	1,902	-	1,219	28,009	-	330	31,460
Disposals	-	-	(390)	(7,975)	(1,502)	(253)	(10,120)
Written off	-	-	(100)	(2,212)	(108)	(239)	(2,659)
Translation difference	-	-	59	644	33	107	843
At 31.12.2014	216,864	112,183	236,956	941,235	31,460	25,625	1,564,323
Cost or valuation							
At 1.1.2015							
- cost	5,941	6,903	3,239	941,235	31,460	25,625	1,014,403
- valuation	210,923	105,280	233,717	-	-	-	549,920
	216,864	112,183	236,956	941,235	31,460	25,625	1,564,323
Additions	3,249	505	708	8,688	3,811	1,821	18,782
Transfer from capital work-in-progress	1,895	-	3,925	29,120	-	118	35,058
Disposals	-	-	(10)	(5,120)	(4,233)	(80)	(9,443)
Written off	-	-	(1)	(8,328)	-	(202)	(8,531)
Translation difference	-	-	1,412	3,024	137	652	5,225
At 31.12.2015	222,008	112,688	242,990	968,619	31,175	27,934	1,605,414
Representing:							
- cost	11,085	7,408	7,861	968,619	31,175	27,934	1,054,082
- valuation	210,923	105,280	235,129	-	-	-	551,332
	222,008	112,688	242,990	968,619	31,175	27,934	1,605,414
Accumulated depreciation							
At 1.1.2014	-	(212)	1,903	570,748	22,093	17,541	612,073
Charge for the financial year	-	1,747	5,459	44,653	3,113	1,847	56,819
Disposals	-	-	(2)	(6,572)	(1,149)	(250)	(7,973)
Written off	-	-	(37)	(1,785)	(108)	(226)	(2,156)
Translation difference	-	-	8	614	30	83	735
At 31.12.2014	-	1,535	7,331	607,658	23,979	18,995	659,498
Charge for the financial year	-	1,765	5,562	41,503	2,941	1,815	53,586
Disposals	-	-	(1)	(3,102)	(3,939)	(79)	(7,121)
Written off	-	-	-	(7,797)	-	(199)	(7,996)
Translation difference	-	-	64	2,898	129	466	3,557
At 31.12.2015	-	3,300	12,956	641,160	23,110	20,998	701,524
Accumulated impairment loss							
At 1.1.2014	-	-	-	803	-	-	803
Additions	-	-	314	-	-	-	314
Written off	-	-	-	(399)	-	-	(399)
At 31.12.2014/31.12.2015	-	-	314	404	-	-	718
Net carrying amount							
At 31.12.2014	216,864	110,648	229,311	333,173	7,481	6,630	904,107
At 31.12.2015	222,008	109,388	229,720	327,055	8,065	6,936	903,172

Company	Long leasehold land RM'000	Buildings RM'000	Equipment, tools, plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and others RM'000	Total RM'000
Cost or valuation						
At 1.1.2014						
- cost	-	-	285	3,343	674	4,302
- valuation	11,500	3,400	-	-	-	14,900
	11,500	3,400	285	3,343	674	19,202
Additions	-	-	-	583	36	619
Written off	-	-	-	-	(8)	(8)
At 31.12.2014	11,500	3,400	285	3,926	702	19,813
Representing:						
- cost	-	-	285	3,926	702	4,913
- valuation	11,500	3,400	-	-	-	14,900
	11,500	3,400	285	3,926	702	19,813
Additions	-	-	-	693	122	815
Transfer from subsidiary	-	-	-	43	1	44
Disposal	-	-	-	(1,991)	-	(1,991)
At 31.12.2015	11,500	3,400	285	2,671	825	18,681
Representing:						
- cost	-	-	285	2,671	825	3,781
- valuation	11,500	3,400	-	-	-	14,900
At 31.12.2015	11,500	3,400	285	2,671	825	18,681
Accumulated depreciation						
At 1.1.2014	49	14	260	2,251	305	2,879
Charge for the financial year	195	58	3	542	98	896
Written off	-	-	-	-	(8)	(8)
At 31.12.2014	244	72	263	2,793	395	3,767
Charge for the financial year	195	58	2	516	99	870
Disposal	-	-	-	(1,860)	-	(1,860)
At 31.12.2015	439	130	265	1,449	494	2,777
Net carrying amount						
At 31.12.2014	11,256	3,328	22	1,133	307	16,046
At 31.12.2015	11,061	3,270	20	1,222	331	15,904

Note

The Group's and the Company's land and buildings are stated at revalued amounts, being fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's and the Company's land and buildings were performed by independent professional valuers with appropriate recognised professional qualifications and recent experience in the location and category of property valued in the financial year 2013. The fair value of land was determined based on the comparison approach and fair value of buildings was determined using the depreciated replacement cost and comparison approach. There is no change to the valuation technique.

In the opinion of the Directors, unreasonable expenses would be incurred in obtaining the original costs of assets valued in those years.

The net carrying amount of property, plant and equipment of the Group and of the Company which are under finance lease arrangements amounted to RM50,828,959 (2014: RM31,529,583) and RM705,817 (2014: RM1,029,000) respectively.

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5. PREPAID LAND LEASE PAYMENTS

	Group	
	2015 RM'000	2014 RM'000
Short term leasehold land		
Brought forward	18,471	18,247
Translation difference	1,012	224
Carried forward	19,483	18,471
Accumulated amortisation		
Brought forward	6,163	5,585
Amortisation for the financial year	463	433
Translation difference	652	145
Carried forward	7,278	6,163
Net carrying amount	12,205	12,308
Amount to be amortised:		
- Within 1 year	463	433
- Between 2 to 5 years	1,852	1,732
- After 5 years	9,890	10,143
	12,205	12,308

6. CAPITAL WORK-IN-PROGRESS

Group	Land and buildings RM'000	Plant, machinery and others RM'000	Total RM'000
At cost:-			
At 1.1.2014	4,828	60,631	65,459
Additions	5,912	62,096	68,008
Borrowing costs capitalised ranging from 5.6% to 6.1% per annum	-	1,493	1,493
Transfer to property, plant and equipment	(3,121)	(28,339)	(31,460)
At 31.12.2014	7,619	95,881	103,500
Additions	3,358	22,579	25,937
Borrowing costs capitalised ranging from 5.6% to 6.1% per annum	-	2,336	2,336
Transfer to property, plant and equipment	(5,820)	(29,238)	(35,058)
Written off	-	(9)	(9)
At 31.12.2015	5,157	91,549	96,706

The net carrying amount of capital work-in-progress of the Group which are under finance lease arrangement amounted to RM980,356 (2014: RM10,312,574).

7. INVESTMENT PROPERTY

	Group	
	2015 RM'000	2014 RM'000
Fair value:-		
Brought forward	6,930	6,810
Additions	32	-
Fair value adjustments	60	120
Carried forward	7,022	6,930

Investment property comprises of freehold commercial property, leasehold land and buildings leased to third parties. The leases contain a cancellable period of 2 (2014: 2) years with renewal period of 1 (2014: 1) year. No contingent rents are charged.

The fair value of investment property is determined by external independent professional valuers with recent experience in the location and category of property being valued. The fair value of the investment property is determined once a year based on the comparison approach and depreciated cost approach.

Fair value of investment property held under lease term is as follows:-

	Group	
	2015 RM'000	2014 RM'000
Land	3,810	3,010

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

	Group	
	2015 RM'000	2014 RM'000
Rental income	616	622
Direct operating expenses: - income generating investment property	75	60

8. SUBSIDIARIES

Investment in subsidiaries:-

	Company	
	2015 RM'000	2014 RM'000
Unquoted shares		
- at cost	183,326	181,826
- at valuation	55,633	55,633
	238,959	237,459
	(28,281)	(28,281)
Less: Allowance for impairment loss	210,678	209,178

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Details of subsidiaries at the end of the reporting period are as follows:-

Name of Subsidiaries	Principal Activities	Place of Incorporation	Proportion of Effective Ownership Interest and Voting Power Held by the Group	
			2015 %	2014 %
Central Malaya Paper Sdn. Bhd.	Trading of waste paper and investment holding	Malaysia	100	100
CMP Resources Sdn. Bhd.	Property holding	Malaysia	100	100
Federal Packages Sdn. Bhd.	Manufacture and sale of paper cartons and paper related products	Malaysia	100	100
Intra-Muda Holdings Sdn. Bhd.	Investment holding and provision of management services	Malaysia	100	100
Intrapac Trading (M) Sdn. Bhd.	Trading in paper products and acting as commission agent	Malaysia	100	100
K F Paper Products (Melaka) Sdn. Bhd.	Manufacture and sale of board sheets and paper related products	Malaysia	100	100
Kajang Paper Mills Sdn. Bhd.	Investment holding	Malaysia	100	100
Kotak Malaysia Holdings Sdn. Bhd.	Dormant	Malaysia	100	100
Kotak Malaysia (KOM) Sdn. Bhd.	Manufacture and sale of corrugated cartons and boards and related packaging products	Malaysia	100	100
MC Pack (Malaysia) Sdn. Bhd.	Manufacture and sale of packaging materials	Malaysia	65	65
Muda Global Engineering Sdn. Bhd.	Engineering and fabrication services	Malaysia	100	100
Muda Land Development Sdn. Bhd.	Property holding	Malaysia	100	100
Muda Management Services Sdn. Bhd.	Management consultancy and general insurance agency	Malaysia	100	100
Muda Packaging Industries Sdn. Bhd.	Manufacture and sale of corrugated cartons and boards and related packaging products	Malaysia	100	100
Muda Paper Converting Sdn. Bhd.	Converting and sale of paper products related to stationery and food packaging	Malaysia	100	100
Muda Paper Mills Sdn. Bhd.	Manufacture and sale of paper and paper related products	Malaysia	100	100
Muda Pasifik Sdn. Bhd.	Manufacture and sale of corrugated cartons and board and related packaging products	Malaysia	100	100
RJ & R Holdings Sdn. Bhd.	Property holding	Malaysia	100	100
Intrapac (Singapore) Pte. Ltd.*	Trading in paper products, commission agent and investment holding	Republic of Singapore	70	70
Ee Sin Paper Products Pte. Ltd.*	Trading in school books, uniforms and stationery	Republic of Singapore	42	42

Name of Subsidiaries	Principal Activities	Place of Incorporation	Proportion of Effective Ownership Interest and Voting Power Held by the Group	
			2015 %	2014 %
Pacific Bookstores Pte. Ltd.*	Operator of school and online bookstores	Republic of Singapore	70	70
Intrapac (Australia) Pty. Ltd.*	Trading in paper and paper related products	Australia	100	100
Intrapac Investment Ltd.*	Investment holding	Hong Kong	100	100
Intrapac (UK) Ltd.*	Dormant	United Kingdom	100	100
Muda Packaging Industries (Qingyuan) Ltd.*	Manufacture and sale of corrugated cartons and related products	The People's Republic of China	100	100

* Subsidiaries not audited by SJ Grant Thornton

8. SUBSIDIARIES

8.1 Acquisition of subsidiaries

8.1.1 Acquisition of additional equity in Pacific Bookstores Pte. Ltd.

On 2 January 2014, Pacific Bookstores Pte. Ltd. ("Pacific") became a wholly owned subsidiary of Intrapac (Singapore) Pte. Ltd., after completion of the acquisition of 100,000 shares (20%) each on 2 January 2013 and 2 January 2014 in accordance with an agreement dated 6 December 2012 between Intrapac (Singapore) Pte Ltd and a minority shareholder of Pacific.

In prior financial year, the carrying amount of Pacific's net asset in the Group's financial statements at the date of acquisition was RM14,645,000. The Group recognised a decrease in non-controlling interests of RM2,873,000, a decrease in unappropriated profits of RM245,000, and a decrease in exchange fluctuation reserve of RM56,000.

The following summarises the effect of changes in the equity interest in Pacific that is attributable to owners of the Company as at 31 December 2014:-

	2014 RM'000
Equity interest at 1 January	8,044
Effect of decrease in Group's ownership interest	(301)
Share of comprehensive income	5,007
Equity interest at 31 December	12,750

8.2 Subsidiary under member's voluntary liquidation

During the financial year, the Group initiated and completed voluntary liquidation of Agaya (Malaysia) Sdn. Bhd., a wholly-owned dormant subsidiary. The liquidation of the subsidiary has no significant impact on the financial position of the Group.

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8.3 Details of non-wholly owned subsidiaries with material non-controlling interests

Non-wholly owned subsidiaries of the Group with material non-controlling interests ("NCI") are shown below.

Intrapac (Singapore) Pte. Ltd. Group	2015 RM'000	2014 RM'000
NCI percentage of ownership interest and voting interest	30%	30%
Profit allocated to NCI	215	500
Carrying amount of NCI	5,390	4,495

Summarised financial information in respect of the above subsidiaries with material non-controlling interests is set out below. The summarised financial information below is before intragroup eliminations.

Intrapac (Singapore) Pte. Ltd. Group	2015 RM'000	2014 RM'000
Non-current assets	25,764	23,450
Current assets	69,286	61,316
Total assets	95,050	84,766
Non-current liabilities	-	(15)
Current liabilities	(19,887)	(20,273)
Total liabilities	(19,887)	(20,288)
Equity attributable to owners of the company	75,163	64,478
Non-controlling interest	5,390	4,495
Revenue	129,051	120,195
Expenses	(122,968)	(111,091)
Profit for the financial year	6,083	9,104
Profit attributable to owners of the company	5,868	8,604
Profit attributable to the non-controlling interest	215	500
Profit for the financial year	6,083	9,104
Total comprehensive income attributable to owners of the company	5,868	8,604
Total comprehensive income attributable to non-controlling interests	215	500
Total comprehensive income for the financial year	6,083	9,104
Dividends paid to non-controlling interests	(1,275)	(1,163)
Net cash inflow from operating activities	7,352	10,318
Net cash outflow from investing activities	(162)	(3,318)
Net cash outflow from financing activities	(3,927)	(4,187)
Net cash inflow	3,263	2,813

8.4 Amount due from/(to) subsidiaries

Amount due from/(to) subsidiaries bears no interest except for temporary loan of RM2,358,000 in prior financial year to subsidiary which bear interest at rate of 4.0% per annum. However, the interest bearing loan is amount fully settled in the financial year ended 2014.

Amount due from/(to) subsidiaries are non-trade related, bears no interest, unsecured and repayable in cash on demand.

9. ASSOCIATES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unquoted shares, at cost	1,180	1,180	88	88
Fair value gain on remeasurement of remaining interest in KL Resources Pte.Ltd.	4,949	4,949	-	-
Share of post-acquisition reserves	11,712	11,787	-	-
Translation difference	2,848	190	-	-
	20,689	18,106	88	88
Less: Allowance for impairment loss	-	-	(88)	(88)
	20,689	18,106	*	*

* Less than RM1,000

Investment in KL Resources Pte. Ltd. is measured at fair value, using significant unobservable inputs (Level 3). The fair value is computed using profit projections approved by management covering a five-year period, applying before-tax discount rate of 13%. The key assumption used in impairment test for the investment is that the associate will be able to maintain its gross margins as it will be able to pass on cost increases in the products to its customers.

9.1 Details of associates

Details of associates at the end of the reporting period are as follows:-

Name of Associates	Principal Activities	Place of Incorporation	Proportion of Ownership Interest and Voting Power Held by the Group	
			2015 %	2014 %
Asia Pacific Printer & Packer Sdn. Bhd.	Trading of printing, packing materials and other related products	Malaysia	40	40
Choice Impact Sdn. Bhd.	Property holding	Malaysia	49	49
Timly Enterprise Company LDA *	Trading in stationeries	Democratic Republic of Timor-Leste	17	17
KL Resources Pte. Ltd.*	Trading in waste paper and scrap	Republic of Singapore	24	24
Asia Recycling Resources Pte. Ltd.*	Trading in waste paper and scrap	Republic of Singapore	17	17
Impetus Conceptus Pte. Ltd.*	Provider of waste management services and trading in waste paper and scrap	Republic of Singapore	17	17
KL Logistics Pte. Ltd.*	Provider of logistic services	Republic of Singapore	24	24

* Associates not audited by SJ Grant Thornton

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

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9.2 Details of material associates

Summarised financial information in respect of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with MFRSs.

KL Resources Pte. Ltd. Group	2015 RM'000	2014 RM'000
Non-current assets	44,369	19,330
Current assets	26,612	34,228
Total assets	70,981	53,558
Non-current liabilities	(19,422)	(5,986)
Current liabilities	(9,868)	(8,775)
Total liabilities	(29,290)	(14,761)
Net assets of the associate	41,691	38,797
Proportion of the Group's ownership in KL Resources Pte. Ltd.	34%	34%
Carrying amount of the Group's interest in KL Resources Pte. Ltd.	14,077	13,191
Revenue	141,674	159,105
Expenses	(142,142)	(151,109)
Profit/Total comprehensive (loss)/income for the financial year	(468)	7,996
Group's share of (loss)/profit for the financial year	(6)	2,700
Dividend received from associate during the financial year	598	480

9.3 Amount due from/(to) associates

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Amount due from/(to) associates				
- Trade related	(90)	1,269	-	-
- Non-trade related	957	958	936	946
	867	2,227	936	946

Amount due from/(to) associates of the Group and of the Company are unsecured, bears no interest and repayable in cash on demand.

Currency exposure profile of amount due to associates is as follows:-

	Group	
	2015 RM'000	2014 RM'000
SGD	642	-

10. INTANGIBLE ASSETS

Group	Goodwill RM'000	Intangible assets with finite life RM'000	Total RM'000
Cost			
At 1.1.2014	9,401	597	9,998
Translation difference	66	11	77
At 31.12.2014	9,467	608	10,075
Translation difference	512	90	602
At 31.12.2015	9,979	698	10,677
Accumulated amortisation			
At 1.1.2014	-	597	597
Translation difference	-	11	11
At 31.12.2014	-	608	608
Translation difference	-	90	90
At 31.12.2015	-	698	698
Net carrying amount			
At 31.12.2014	9,467	-	9,467
At 31.12.2015	9,979	-	9,979

The recoverable amount of goodwill arising from acquisition of the subsidiaries are determined based on a value-in-use calculation using profit projections approved by management covering a five-year period, applying after-tax discount rates at 10.0% (2014: 10.0%). The other key assumption on which management has based its profit projections to undertake impairment testing is that the subsidiaries will be able to maintain its gross margins recorded during the current year under review as it will be able to pass on cost increases in the products to its customers.

11. DEFERRED TAX ASSETS

	Group	
	2015 RM'000	2014 RM'000
Brought forward	8,295	11,033
Recognised in profit or loss	(361)	(2,937)
Recognised in other comprehensive income	(101)	201
Translation difference	7	(2)
	7,840	8,295

Deferred tax assets are made up of tax effect on temporary differences arising from:-

	Group	
	2015 RM'000	2014 RM'000
Property, plant and equipment	(7,516)	(6,745)
Real property gains tax on investment property	(79)	(79)
Revaluation reserve on land and buildings	(4,622)	(4,723)
Provision for retirement benefit	2,033	1,917
Unabsorbed business losses	3,762	3,852
Unabsorbed capital allowances	273	761
Unabsorbed reinvestment allowance	13,152	12,904
Others	837	408
	7,840	8,295

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Deferred tax assets have not been recognised in respect of the following items (stated at gross) for certain subsidiaries due to uncertainty of future taxable income of the subsidiaries and absence of Group relief. However, the deductible temporary differences, unabsorbed business losses, unabsorbed reinvestment allowances and unabsorbed capital allowances are available for offset against future taxable profits of the respective subsidiaries.

	Group	
	2015 RM'000	2014 RM'000
Property, plant and equipment	(15,447)	(16,636)
Unabsorbed business losses	4,742	5,359
Unabsorbed capital allowances	17,047	17,424
Unabsorbed reinvestment allowances	23,028	26,957
Provision for retirement benefit	1,769	1,608
Others	1,582	1,275
	32,721	35,987

12. INVENTORIES

	Group	
	2015 RM'000	2014 RM'000
Raw materials	65,241	76,810
Consumables	27,483	26,356
Work-in-progress	6,345	4,510
Finished goods	69,372	73,824
Goods-in-transit	2,306	2,954
	170,747	184,454

Recognised in profit or loss:-

	Group	
	2015 RM'000	2014 RM'000
Inventories written down	516	292
Inventories written off	4,576	251
Inventories written back	*	(267)
Reversal of inventories written down	(141)	(71)

* Less than RM1,000

Inventories written down is reversed and recognised in profit or loss when the related inventories were subsequently used or were sold above their carrying amounts.

13. TRADE RECEIVABLES

	Group	
	2015 RM'000	2014 RM'000
Trade receivables	229,518	197,363
Less: Allowances for impairment losses	(5,079)	(1,551)
	224,439	195,812

13.1 Normal trade credit terms granted to customers ranged from 30 to 180 days (2014: 30 to 180 days). Trade receivable is recognised at invoice amounts and it is non-interest bearing. Included in trade receivables is an amount of RM1,004,059 (2014: RM763,459) due from subsidiaries of Asia File Corporation Bhd, a substantial shareholder.

13.2 Currency exposure profile of trade receivables is as follows:-

	Group	
	2015 RM'000	2014 RM'000
US Dollar	14,964	17,905
SGD	764	847
AUD	4,867	3,592
EURO	382	39
Others	120	114

13.3 The ageing analysis of trade receivables of the Group are as follows:-

	Group	
	2015 RM'000	2014 RM'000
Neither past due nor impaired	169,162	143,482
Past due, not impaired		
Past due 1-30 days	37,211	35,044
Past due 31-60 days	11,348	12,362
Past due 61-90 days	3,751	3,255
Past due more than 90 days	2,967	1,669
Past due and impaired	55,277	52,330
	5,079	1,551
Trade receivables	229,518	197,363

13.3.1 Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are due from creditworthy customers with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

13.3.2 Receivables that are past due but not impaired

The Group has trade receivables amounting to RM55,277,000 (2014 : RM52,330,000) that are past due at the reporting date but not impaired. Based on historical information about customer default rates, management considers the credit quality of trade receivables that are past due but not impaired to be good. These receivables are unsecured.

13.4 Impairment

The movements in the allowance for impairment in respect of trade receivables during the year were as follows:-

Group	Individual impairments RM'000	Collective impairments RM'000	Total RM'000
Year 2015			
Brought forward	1,375	176	1,551
Charge for the financial year	3,530	325	3,855
Reversal of impairment losses	(329)	(22)	(351)
Impairment loss written off	(6)	-	(6)
Translation difference	30	-	30
Carried forward	4,600	479	5,079
Year 2014			
Brought forward	1,313	247	1,560
Charge for the financial year	1,122	-	1,122
Reversal of impairment losses	(1,038)	(71)	(1,109)
Impairment loss written off	(29)	-	(29)
Translation difference	7	-	7
Carried forward	1,375	176	1,551

13.5 Information on financial risk of trade receivables is disclosed in Note 38 to the financial statements.

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14. OTHER RECEIVABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-trade receivables	2,155	2,038	97	97
Deposits	12,251	4,157	71	71
Prepayments	14,339	11,864	90	64
GST receivable	317	-	-	-
	29,062	18,059	258	232

Currency exposure profile of other receivables is as follows:-

	Group	
	2015 RM'000	2014 RM'000
US Dollar	2,138	2,437
SGD	-	6
AUD	-	162
RMB	475	-
EURO	323	-
Others	177	195

15. HELD-FOR-TRADING INVESTMENTS

	Group and Company	
	2015 RM'000	2014 RM'000
At fair value:-		
Held-for-trading investments		
Quoted in Malaysia	4,478	4,410
Market value of quoted investment in Malaysia	4,478	4,410

16. DERIVATIVE FINANCIAL INSTRUMENTS

Group	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000	Net RM'000
Current				
Non-hedging derivatives:-				
Forward currency contracts				
2015	17,037	17,037	16,994	43
2014	6,035	6,035	6,238	(203)

The Group uses forward currency contracts to manage transaction exposure and they have maturity period of less than 12 months.

These contracts are not designated as cash flow or fair value hedges and do not qualify for hedge accounting. The contract period is consistent with the currency transaction exposure and fair value changes exposure.

17. CASH AND BANK BALANCES, DEPOSITS AND SHORT TERM PLACEMENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	76,982	83,371	77	27
Fixed deposits with licensed banks	4,979	5,693	-	-
Short term placements with financial institutions	11,718	13,876	9,868	11,946
	93,679	102,940	9,945	11,973

Fixed deposits amounting to RM966,000 (2014: RM847,000) of certain foreign subsidiaries are pledged as security for bank overdrafts and trade finance facilities, and hence are not available for general use.

The currency exposure profile of cash and bank balances, deposits and short term placements is as follows:-

	Group	
	2015 RM'000	2014 RM'000
US Dollar	12,321	19,795
SGD	6,789	8,651
AUD	1,593	7,356
EURO	227	38
Others	240	48

18. SHARE CAPITAL

	Group and Company			
	2015		2014	
	Unit'000	RM'000	Unit'000	RM'000
Authorised:-				
Ordinary shares of RM0.50 each	400,000	200,000	400,000	200,000
Issued and fully paid:-				
Ordinary shares of RM0.50 each	305,051	152,525	305,051	152,525

19. RESERVES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-distributable				
Revaluation reserve	250,969	253,265	12,259	12,419
Exchange fluctuation reserve	14,356	3,730	-	-
Total	265,325	256,995	12,259	12,419

Revaluation reserve consists of surplus from revaluation of properties and revaluation of investment in subsidiaries.

Exchange fluctuation reserve represents exchange differences arising from translation of financial statements of foreign operations whose functional currencies differed from the Group's presentation currency.

The above reserves are not available for distribution as dividends.

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20. UNAPPROPRIATED PROFITS

The Company is able to pay out all the unappropriated profits as dividends to its shareholder under the single tier system.

The Company has sufficient tax exempt income to distribute dividends out of its unappropriated profits as at financial year end to the extent of RM84,594,000 (2014: RM84,594,000).

21. FINANCE LEASE LIABILITIES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Minimum lease payments				
- Within 1 year	11,038	8,965	152	293
- Between 2 to 5 years	26,373	19,709	270	386
	37,411	28,674	422	679
Less: Future finance charges on finance leases	(4,070)	(3,069)	(30)	(45)
Present value of finance lease liabilities	33,341	25,605	392	634
Present value of finance lease liabilities				
- Within 1 year	9,270	7,649	137	270
- Between 2 to 5 years	24,071	17,956	255	364
	33,341	25,605	392	634

Interest charged on finance leases of the Group and the Company ranged from 4.4% to 7.8% and 4.4% to 4.8% (2014: 4.2% to 7.8% and 4.2% to 5.8%) per annum respectively.

22. BORROWINGS

	Group	
	2015 RM'000	2014 RM'000
Current		
Unsecured:-		
Bankers' acceptance	258,367	244,496
Flexi financing loan	11,708	21,994
Revolving credit	80,770	87,070
Term loans	41,452	40,161
Onshore foreign currency loan	1,734	-
Trust receipts	-	51
	394,031	393,772
Non-current		
Unsecured:-		
Term loans	80,000	121,260
Total borrowings	474,031	515,032

Currency exposure profile of the borrowings is as follows:-

	Group	
	2015 RM'000	2014 RM'000
US Dollar	1,734	-

Revolving credit and other banking facilities of certain foreign subsidiaries are secured by fixed and floating charge on account receivables amounting to RM3,782,169 (2014: RM4,084,138), fixed deposits of subsidiaries, corporate guarantee from the Company and joint and several guarantee of directors of the foreign subsidiaries.

Unsecured borrowings and unsecured term loans of other subsidiaries in the Group were obtained by way of negative pledge over the assets of the respective subsidiaries and corporate guarantee from the Company.

Term loans are repayable on monthly or quarterly basis.

Interest is charged at rates ranging from 1.1% to 8.6% (2014: 3.8% to 8.4%) per annum.

23. PROVISION FOR RETIREMENT BENEFIT

The defined benefit plan provided by the Group and the Company to all eligible Malaysian Directors and employees pays lump sum benefits which are defined by salary and period of service to qualified Directors and employees upon their retirement. The defined benefit plan is unfunded, benefits are paid directly by the Group and the Company and all the participants are active participants.

The plan exposes the Group and the Company to actuarial risks such as interest rate risk and inflation risk as explained below:-

23.1 Interest rate risk

The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation. A decrease in market yield on high quality corporate bonds will increase the Group's and the Company's defined benefit liability.

23.2 Inflation risk

A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Group's and the Company's liability.

23.3 Movement in defined benefit plan

The following is reconciliation of the Group's and the Company's defined benefit obligation presented in the statements of financial position for each reporting period:-

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Defined benefit obligation brought forward	36,095	33,120	4,582	4,408
Current service costs	2,460	2,149	93	90
Net interests	1,501	1,343	92	84
Remeasurement effect recognised in other comprehensive income	1,522	-	269	-
Benefit paid	(352)	(517)	-	-
Defined benefit obligation carried forward	41,226	36,095	5,036	4,582

23.4 Actuarial assumptions

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while all other assumptions remained constant.

	Core assumption	Sensitivity analysis	Effect on defined benefit obligation increase / (decrease) RM'000	Effect on defined benefit obligation increase / (decrease)
Group				
Discount rate	5.4%	1.0% increase	(4,132)	(10%)
Rate of salary increase	6.0%	1.0% increase	4,729	11%
Company				
Discount rate	5.4%	1.0% increase	(354)	(7%)
Rate of salary increase	6.0%	1.0% increase	383	8%

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The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation because it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statements of financial position.

23.5 Defined benefit plan expenses

Amounts recognised in profit or loss related to the Group's and the Company's defined benefit plan is as follows:-

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current service costs	2,460	2,149	93	90
Net interests	1,501	1,343	92	84
Total expenses recognised in profit or loss	3,961	3,492	185	174

Amounts recognised in other comprehensive income related to the Group's and the Company's defined benefit plan is as follows:-

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Actuarial (gain)/loss in defined benefit obligation due to plan experience	(197)	-	124	-
Actuarial loss in defined benefit obligation due to financial assumption	1,719	-	145	-
Total expenses recognised in other comprehensive income	1,522	-	269	-

All the expenses summarised above were included within items that will not be reclassified subsequently to profit or loss in the statements of profit or loss and other comprehensive income.

23.6 Other information on the defined benefit plan

The Group and the Company weighted average duration of the benefit obligation at 31 December 2015 is 11.2 and 7.7 years respectively. The Group and the Company are expected to make benefit payment RM406,779 (2014: RM352,000) and RM139,906 (2014: Nil) respectively in the next financial year.

24. DEFERRED TAX LIABILITIES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Brought forward	32,517	28,601	171	293
Recognised in profit or loss	8,430	5,212	28	(20)
Recognised in other comprehensive income	(466)	(1,287)	(65)	(102)
Translation difference	37	(9)	-	-
Carried forward	40,518	32,517	134	171

The above deferred tax liabilities are made up of tax effect on temporary differences arising from:-

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Property, plant and equipment	54,604	51,098	521	407
Real property gains tax				
- property, plant and equipment	5,833	5,833	-	-
- investment property	36	36	-	-
Revaluation reserve of land and buildings	30,895	31,498	2,372	2,414
Provision for retirement benefit	(7,420)	(6,364)	(1,209)	(1,100)
Unabsorbed business losses	(1,591)	(1,768)	(1,272)	(1,272)
Unabsorbed capital allowances	(278)	(1,733)	(278)	(278)
Unabsorbed reinvestment allowances	(41,564)	(46,086)	-	-
Others	3	3	-	-
	40,518	32,517	134	171

25. TRADE PAYABLES

Currency exposure profile of trade payables is as follows:-

	Group	
	2015 RM'000	2014 RM'000
US Dollar	4,294	3,334
RMB	561	704
Others	368	336

Normal trade credit terms granted by suppliers ranged from 60 to 90 days (2014: 60 to 90 days).

26. OTHER PAYABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-trade payables	26,306	35,327	-	-
Deposits received	299	307	11	38
Accruals	40,819	34,663	1,816	1,539
GST payable	1,621	-	-	-
	69,045	70,297	1,827	1,577

Currency exposure profile of other payables is as follows:-

	Group	
	2015 RM'000	2014 RM'000
US Dollar	2,820	3,269
SGD	1,990	1,725
RMB	49	190
EURO	57	240
Others	148	70

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27. BANK OVERDRAFTS

	Group	
	2015 RM'000	2014 RM'000
Unsecured	10,504	15,845

Bank overdrafts of subsidiaries in Malaysia are unsecured and are granted against guarantee of the Company and negative pledge on assets of respective subsidiaries.

Bank overdrafts of certain foreign subsidiaries are secured by fixed and floating charge on account receivables amounting to RM3,782,169 (2014: RM4,084,138) and fixed deposits of the respective borrowing companies.

Interest is charged at rates ranging from 6.2% to 8.6% (2014: 7.1% to 8.6%) per annum.

28. REVENUE

Revenue for the Group represents sales of goods and services to customers, net of discounts, allowances and taxes.

Revenue for the Company represents dividend income.

29. PROFIT BEFORE TAX

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before tax is determined:-				
After charging:-				
Amortisation of prepaid land lease payments	463	433	-	-
Auditors' remuneration				
- Company's auditors				
- statutory audit	280	261	35	33
- other	172	250	45	44
- other external auditors	174	192	-	-
- under provision in prior year for other external auditors	3	27	-	-
Bad debts written off	326	119	-	-
Capital work-in-progress written off	9	-	-	-
Depreciation	53,586	56,819	870	896
Directors' remuneration				
- fee	883	866	350	280
- other emoluments	5,287	4,933	3,223	2,925
Fair value loss on derivative instruments	-	116	-	-
Fair value loss on held-for-trading investments	59	214	59	214
Impairment on doubtful receivables	3,855	1,122	-	-
Impairment loss on property, plant and equipment	-	314	-	-
Interest expenses				
- Bank overdrafts	1,681	2,310	1	*
- Bankers' acceptance	11,003	10,155	-	-
- Finance lease	1,477	993	22	31
- Flexi financing loan	855	338	-	-
- Onshore foreign currency loan	20	28	-	-
- Revolving credit	4,335	4,208	-	-
- Term loans	6,355	7,904	-	-
Inventories written down	516	292	-	-
Inventories written off	4,576	251	-	-
Loss on deconsolidation of subsidiary subjected to members' voluntary liquidation	-	479	-	-

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Loss on foreign exchange				
- realised	928	167	-	-
- unrealised	2,524	443	-	-
Property, plant and equipment written off	535	104	-	-
Provision for retirement benefit	3,961	3,492	185	174
Rental of equipment	618	435	-	-
Rental of motor vehicles	4,292	4,594	-	-
Rental of premises				
- subsidiaries	-	-	197	91
- third parties	2,143	1,878	-	-
- company in which certain Directors have interest	14	84	-	-
And crediting:-				
Bad debts recovered	5	5	-	-
Dividend income				
- unquoted subsidiaries	-	-	10,612	11,761
- quoted investment in Malaysia	127	163	127	163
- unquoted associate	598	480	-	-
Fair value gain on derivative instruments	246	-	-	-
Fair value gain adjustments on investment property	60	120	-	-
Gain on disposal of property, plant and equipment	1,056	503	309	-
Gain on disposal of asset held for sale	-	149	-	-
Gain on foreign exchange				
- realised	5,954	5,439	-	-
- unrealised	657	764	-	-
Interest income				
- subsidiaries	-	-	-	42
- others	700	658	324	280
Impairment on doubtful receivables no longer required	351	1,109	-	-
Inventories written back	*	267	-	-
Rental income				
- third parties	986	1,120	64	198
Reversal of inventories written down	141	71	-	-

* Less than RM1,000

The estimated monetary value of benefits provided to Directors of the Group and of the Company during the financial year by way of usage of the Company's and subsidiaries assets and other benefits amounted to RM145,000 (2014: RM158,000) and RM147,000 (2014: RM130,000) respectively.

Remuneration of Directors of the Group and of the Company during the financial year are as follows:-

Group	Fees RM'000	Others emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
2015				
Executive Directors	602	4,228	116	4,946
Non-Executive Directors	281	1,059	29	1,369
Total	883	5,287	145	6,315
2014				
Executive Directors	626	3,993	129	4,748
Non-Executive Directors	240	940	29	1,209
Total	866	4,933	158	5,957

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Company	Fees RM'000	Others emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
2015				
Executive Directors	150	2,633	118	2,901
Non-Executive Directors	200	590	29	819
Total	350	3,223	147	3,720
2014				
Executive Directors	120	2,486	101	2,707
Non-Executive Directors	160	439	29	628
Total	280	2,925	130	3,335

Remuneration of the Directors is analysed as follows:-

		Group			
From RM	to RM	2015		2014	
		Executive Directors	Non Executive Directors	Executive Directors	Non Executive Directors
50,000	100,000	-	-	-	1
150,001	200,000	-	2	-	2
200,001	250,000	-	1	-	-
750,001	800,000	-	1	-	1
1,350,001	1,400,000	-	-	1	-
1,450,001	1,500,000	1	-	-	-
1,500,001	1,550,000	-	-	-	-
1,550,001	1,600,000	-	-	-	-
1,600,001	1,650,000	-	-	1	-
1,700,001	1,750,000	1	-	1	-
1,750,001	1,800,000	1	-	-	-
		3	4	3	4

30. TAX EXPENSE/ (INCOME)

Tax recognised in profit or loss

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
In Malaysia				
Current year	3,621	1,141	-	-
Over provision in prior years	(18)	(31)	-	-
Deferred tax liabilities/assets recognised in profit or loss	9,487	8,962	70	22
Realisation of deferred tax upon depreciation of revalued assets	(704)	(738)	(42)	(42)
	12,386	9,334	28	(20)
Outside Malaysia				
Current year	577	807	-	-
(Over)/Under provision in prior years	(60)	79	-	-
Deferred tax assets recognised in profit or loss	8	(75)	-	-
	525	811	-	-
Total	12,911	10,145	28	(20)

Reconciliation of tax expense/(income) at statutory tax rate and effective tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before tax	41,142	34,699	2,693	4,601
Tax at Malaysian statutory tax rate of 25%	10,285	8,675	673	1,150
Tax effects in respect of:-				
Expenses not deductible for tax	7,521	4,498	2,158	1,823
Income not subject to tax	(191)	(151)	(2,766)	(3,051)
Realisation of deferred tax upon depreciation of revalued assets	(704)	(738)	(42)	(42)
(Over)/Under provision in prior years	(78)	48	-	-
Movement on deferred tax assets not recognised	(817)	(1,536)	-	-
Deferred tax liabilities/assets (over)/under recognised in prior years	(2,098)	326	5	7
Tax effect of share of results of associates	(79)	(457)	-	-
Income subject to real property gains tax	-	6	-	-
Unabsorbed reinvestment allowances granted during the financial year	(151)	(166)	-	-
Different tax rates of subsidiaries in overseas	(387)	(671)	-	-
Effect of changes in deferred tax assets/liabilities rate	(390)	311	-	93
Total	12,911	10,145	28	(20)

Tax recognised in other comprehensive income

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Effect of changes in deferred tax assets/ liabilities rate	-	(1,469)	-	(102)
Remeasurement of defined benefit obligation	(365)	-	(65)	-
Realisation of deferred tax liabilities upon disposal of revalued assets	-	(19)	-	-
	(365)	(1,488)	(65)	(102)

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Income tax savings arising from tax losses

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Income tax arising from utilisation of prior year tax losses previously unrecognised	1,311	880	-	-

- (a) The Company's unabsorbed capital allowances and unabsorbed business losses which can be carried forward to offset against future taxable profit amounted to approximately RM1,159,000 (2014: RM1,159,000) and RM5,300,000 (2014: RM5,300,000) respectively.
- (b) The Group's unabsorbed business losses, unabsorbed capital allowances and unabsorbed reinvestment allowances which can be carried forward to offset against future taxable profit amounted to approximately RM27,045,000 (2014: RM28,776,000), RM19,336,000 (2014: RM27,819,000) and RM251,009,000 (2014: RM272,750,000) respectively.
- (c) Tax expense for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.
- (d) The corporate tax will be reduced to 24% for the year of assessment 2016 as announced in the Country's 2014 Budget. Consequently, deferred tax assets/liabilities of Malaysian companies is measured at 24%.

31. EARNINGS PER SHARE

(a) Basic

Earnings per share is calculated based on the Group's profit for the financial year attributable to owners of the Company of RM26,255,000 (2014: RM21,759,000) and weighted average number of ordinary shares in issue during the financial year of 305,050,835 (2014: 305,050,835).

(b) Diluted

There is no diluted earnings per share because the Company does not have any convertible financial instruments as at the end of the year.

32. DIVIDENDS

	Group and Company RM'000
Recognised in the year	
2015	
First and final single tier dividend for financial year 2014:- 3.0 sen per share (6%)	9,152
2014	
First and final single tier dividend for financial year 2013:- 3.0 sen per share (6%)	9,152

At the forthcoming Annual General Meeting, a first and final single tier dividend, in respect of financial year ended 31 December 2015, of 6.0% on 305,050,835 ordinary shares, amounting to a dividend payable of RM9,151,525 will be proposed for shareholders' approval. The financial statements for current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of unappropriated profits in the financial year ending 31 December 2016.

33. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Staff costs	147,054	135,200	4,829	4,159

The following items were included in employee benefits expenses:-

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
a. Defined contribution plan	11,297	10,196	408	355
b. Directors' emoluments	5,287	4,933	3,223	2,925
c. Provision for retirement benefit	3,961	3,492	185	174

34. COMMITMENTS

34.1 Capital commitments

Capital expenditure not provided for in the financial statements is as follows:-

	Group	
	2015 RM'000	2014 RM'000
Authorised and contracted for	33,018	7,129
Authorised but not contracted for	20,223	1,183
	53,241	8,312
Made up of:-		
Land and buildings	16,756	1,081
Plant and machineries	36,198	7,032
Motor vehicles and others	287	199
	53,241	8,312

34.2 Rental commitments

Minimum rentals payable under the non-cancellable operating lease in the future and not provided for in the financial statements are as follows:-

	Group	
	2015 RM'000	2014 RM'000
- Within 1 year	1,718	1,808
- Between 2 to 5 years	914	1,731
	2,632	3,539

34.3 Maintenance commitments

Minimum maintenance commitments payable in the future in respect of the following are not provided for in the financial statements:-

	Group	
	2015 RM'000	2014 RM'000
Authorised and contracted for:		
- Maintenance for plant and machinery		
- Within 1 year	3,174	2,585
- Between 2 to 5 years	12,697	10,340
- More than 5 years	4,494	8,352
	20,365	21,277

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35. OPERATING LEASE ARRANGEMENTS

Minimum lease payments receivable under the non-cancellable operating leases as at end of the year but not recognised as receivables are as follows:-

	Group	
	2015 RM'000	2014 RM'000
Within 1 year	90	793
Between 2 to 5 years	-	89
	90	882

36. CONTINGENT LIABILITIES

	Company	
	2015 RM'000	2014 RM'000
Unsecured:-		
Guarantees given to financial institutions for credit facilities granted to subsidiaries	1,010,605	1,028,685
Guarantees given to third parties for supply of goods and services to subsidiaries	7,183	7,269
	1,017,788	1,035,954

37. RELATED PARTY DISCLOSURES

The Group has related party relationship with its shareholders, subsidiaries and associates, Directors and key management personnel.

The outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 8, 9 and 13 to the financial statements.

Related party transactions have been entered into in the normal course of business under normal trade terms. Related party transactions of the Group and the Company are as follows:-

37.1 Transactions with subsidiaries

	Company	
	2015 RM'000	2014 RM'000
Rental	197	91
Secretarial and statutory records maintenance fee	109	97
Stationery expenses	4	7
Office administration fee	456	456
Share registration fee incurred	144	138
Interest income	-	42
Dividend income received	10,612	11,761
Property, plant and equipment transfer from subsidiary	44	-

37.2 Transactions with associates

	Group	
	2015 RM'000	2014 RM'000
Sales of goods	2,205	2,251
Purchase of goods	1,664	-
Dividend income received	598	480
Management fee	68	62

37.3 Recurrent related party transactions with corporate shareholder

	Group	
	2015 RM'000	2014 RM'000
Sale of goods:		
- Asia File Products Sdn Bhd	2,231	2,380
- AFP Composite Sdn Bhd	313	399
	2,544	2,779

Both of the companies are subsidiaries of Asia File Corporation Berhad, a major shareholder.

37.4 Transaction with certain Directors

	Group	
	2015 RM'000	2014 RM'000
Rental paid to Tri-yen Enterprise Sdn. Bhd.	114	84

Tri-yen Enterprise Sdn. Bhd. is a company in which certain Directors namely, Tan Sri Lim Guan Teik, Dato' Lim Wan Peng and Datuk Lim Chiun Cheong have or are deemed to have substantial interest.

37.5 Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel include all Directors of the Group and certain members of senior management of the Group.

The remuneration of key management personnel of the Group during the financial year are as follows:-

	Group	
	2015 RM'000	2014 RM'000
Salaries, bonus and other emoluments	11,097	10,447
Benefit-in-kind	302	322
	11,399	10,769

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38. FINANCIAL INSTRUMENTS

Risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. It has established policies and procedures to ensure effective management of credit risk, liquidity risk, interest rate risk, foreign currency risk and other price risk.

The following sections explain key risks faced by the Group and its management. Financial assets and liabilities of the Group are summarised in Note 3.8.

38.1 Credit risk

Credit risk refers to the risk that a counter party will default in its contractual obligations resulting in financial loss to the Group. The Group adopts the policy of dealing with customers of appropriate standing to mitigate credit risk and customers who wish to trade on credit terms are subject to credit evaluation. Receivables are monitored on an ongoing basis to mitigate risk of bad debts. For other financial assets, the Group adopts the policy of dealing with reputable institutions.

38.1.1 Exposure to credit risk

Maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of financial assets recognised at reporting date summarised below:-

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Classes of financial assets:-				
Short term placements	11,718	13,876	9,868	11,946
Cash and bank balances	76,982	83,371	77	27
Fixed deposits with licensed banks	4,979	5,693	-	-
Trade receivables	224,439	195,812	-	-
Other receivables	29,062	18,059	258	232
Amount due from subsidiaries	-	-	22,653	27,160
Amount due from associates	867	2,227	936	946
Carrying amount	348,047	319,038	33,792	40,311

The Group continuously monitors credit standing of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. External credit ratings and/or reports on customers and other counterparties may also be used.

The Group's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. None of the Group's financial assets are secured by collateral or other credit enhancements.

38.1.2 Credit risk concentration

In respect of trade and other receivables, the Group is not subjected to significant credit risk exposure to a single counterparty or a group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates, management considers the credit quality of trade receivables that are past due but not impaired to be good.

38.1.3 Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 13 to the financial statements. Deposits with banks and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and have no history of default.

38.1.4 Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13 to the financial statements.

38.2 Liquidity risk

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting its obligations as and when they fall due. The Group and the Company is exposed to liquidity risk arising from payables, loans and borrowings and it maintains a level of cash and cash equivalents and bank credit facilities deemed adequate by management to ensure it has sufficient liquidity to meet its obligations as and when they fall due.

38.2.1 Analysis of financial liabilities by remaining contractual maturity period

The following is a summary of the financial liabilities of the Group and of the Company according to maturity period:-

	Current Within 1 year RM'000	Non-current 2 to 5 years RM'000	Non-current More than 5 years RM'000
Group			
2015			
<i>Non-derivative financial liabilities</i>			
Bank borrowings	410,885	76,682	12,518
Finance lease liabilities	11,038	26,373	-
Trade payables	46,159	-	-
Other payables	69,045	-	-
Total undiscounted financial liabilities	537,127	103,055	12,518
Company			
2015			
<i>Non-derivative financial liabilities</i>			
Finance lease liabilities	152	270	-
Other payables	1,827	-	-
Amount due to subsidiaries	1,143	-	-
Total undiscounted financial liabilities	3,122	270	-
Group			
2014			
<i>Non-derivative financial liabilities</i>			
Bank borrowings	417,669	115,142	21,412
Finance lease liabilities	8,965	19,709	-
Trade payables	41,122	-	-
Other payables	70,297	-	-
	538,053	134,851	21,412
<i>Derivative financial liabilities</i>			
Forward currency contracts:			
- Outflow	6,238	-	-
- Inflow	(6,035)	-	-
Total undiscounted financial liabilities	538,256	134,851	21,412
Company			
2014			
<i>Non-derivative financial liabilities</i>			
Finance lease liabilities	293	386	-
Other payables	1,577	-	-
Amount due to subsidiaries	1	-	-
Total undiscounted financial liabilities	1,871	386	-

The above amounts reflect the contractual undiscounted cash flows of the financial liabilities, which may differ from carrying values of the liabilities at the end of the year.

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38.3 Interest rate risk

Interest rate risk is caused by changes in market interest rate resulting in fluctuation in fair value or future cash flow of financial instruments of the Group. The Group's interest rate management objective is to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation.

The Group's borrowings at variable interest rates are exposed to the risk of change in cash flow due to changes in interest rate. Investment in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

38.3.1 Interest rate sensitivity analysis

The Group and the Company are exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The following is interest rate profile of the significant interest-bearing financial instruments, based on carrying amounts as at the reporting date:-

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fixed rate instruments				
Financial asset				
Fixed deposits with licensed banks	4,979	5,693	-	-
Financial liability				
Finance lease liabilities	(33,341)	(25,605)	(392)	(634)
Net financial liabilities	(28,362)	(19,912)	(392)	(634)
Floating rate instruments				
Financial asset				
Short term placements with financial institutions	11,718	13,876	9,868	11,946
Financial liabilities				
Bankers' acceptance	(258,367)	(244,496)	-	-
Flexi financing loan	(11,708)	(21,994)	-	-
Onshore foreign currency loan	(1,734)	-	-	-
Revolving credit	(80,770)	(87,070)	-	-
Term loans	(121,452)	(161,421)	-	-
Trust receipts	-	(51)	-	-
Bank overdrafts	(10,504)	(15,845)	-	-
Total financial liabilities	(484,535)	(530,877)	-	-
Net financial (liabilities)/assets	(472,817)	(517,001)	9,868	11,946

38.3.2 Interest rate sensitivity analysis

The following illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/-25 (2014: +/-25) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Group		Company	
	Effect on profit for the year RM'000	Effect on profit for the year RM'000	Effect on profit for the year RM'000	Effect on profit for the year RM'000
2015 (+/- 25bp)	(1,182)	1,182	25	(25)
2014 (+/- 25bp)	(1,293)	1,293	30	(30)

38.4 Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases transactions denominated in currency other than functional currencies of the Group's respective entities. The currencies giving rise to this risk are primarily US Dollar (USD), Singapore Dollar (SGD), Australian Dollar (AUD), Renminbi (RMB) and Euro (EURO).

The Group uses forward exchange contracts to hedge its foreign currency risk and the contract period is less than one year.

The Group is also exposed to currency translation risk arising from its net investment in foreign subsidiaries in Republic of Singapore, Australia, Hong Kong, China and United Kingdom. The investments are not hedged because the investments are long term in nature.

Carrying amounts of the Group's exposure to foreign currency risk are as follows:-

Group	USD RM'000	SGD RM'000	AUD RM'000	RMB RM'000	EURO RM'000	Others RM'000
2015						
Trade and other receivables	17,102	764	4,867	475	705	297
Deposits, cash and bank balances	12,321	6,789	1,593	-	227	240
Amount due to associates	-	(642)	-	-	-	-
Trade and other payables	(7,114)	(1,990)	-	(610)	(57)	(516)
Borrowings	(1,734)	-	-	-	-	-
Net exposure	20,575	4,921	6,460	(135)	875	(21)
2014						
Trade and other receivables	20,342	853	3,754	-	39	309
Deposits, cash and bank balances	19,795	8,651	7,356	-	38	48
Trade and other payables	(6,603)	(1,725)	-	(894)	(260)	(386)
Net exposure	33,534	7,779	11,110	(894)	(183)	(29)

38.4.1 Foreign currency sensitivity analysis

The following table illustrates the sensitivity of profit or loss with regards to the Group's financial assets and financial liabilities and the RM/USD exchange rate, RM/SGD exchange rate, RM/AUD exchange rate, RM/RMB exchange rate and RM/EURO exchange rate assuming all other things being equal.

A +/-5% (2014: +/-2%) change in the RM/USD, RM/SGD, RM/AUD, RM/RMB, RM/EURO and RM/Others exchange rates at the reporting period is deemed possible. Both of these percentages have been determined based on average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

If the RM had strengthened against the USD, SGD, AUD, RMB, EURO and others, then the impact would be as follows:-

Group	Effect on profit for the year						Total RM'000
	USD RM'000	SGD RM'000	AUD RM'000	RMB RM'000	EURO RM'000	Others RM'000	
2015	(1,029)	(246)	(323)	7	(44)	1	1,634
2014	(671)	(156)	(222)	18	4	*	(1,027)

* Less than RM1,000

If the RM had weakened against the USD, SGD, AUD, RMB, EURO and others, then the impact on profit for the year would be the opposite.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

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38.5 Other price risk sensitivity analysis

The Group and the Company is exposed to equity price risk due to fluctuation in prices of quoted securities under held-for-trading investments (Note 15). The movements in quoted price of these securities are monitored continuously.

An increase or decrease of 1% (2014: 1%) in the prices of the quoted securities would result in an increase or decrease of RM44,780 (2014: RM44,100) to the profit or loss of the Group and of the Company.

39. FAIR VALUE MEASUREMENT

The carrying amounts of financial assets and liabilities of the Group and of the Company at reporting date approximate their fair values because they are floating rate instruments which are re-priced to market rates on or near reporting date or they have a short maturity period.

39.1 Group

39.1.1 Fair value measurement of financial instruments

The following table summarises the methods used in determining the fair value of financial assets and liabilities on a recurring basis as at 31 December 2015 and 31 December 2014:-

Financial assets / Financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	2015 RM'000	2014 RM'000		
1) Foreign currency forward contracts	Assets 43	Liabilities 203	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
2) Held-for-trading investments	Assets 4,478	Assets 4,410	Level 1	Quoted bid prices in an active market.

There were no transfers between Level 1 and Level 2 in 2015 and 2014.

39.1.2 Fair value measurement of non-financial assets

The following table summarises the methods used in determining the fair value of non-financial assets on a recurring basis as at 31 December 2015 and 31 December 2014:-

Non-financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2015 RM'000	2014 RM'000				
1) Property, plant and equipment	Land 316,670	Land 318,527	Level 3	Land Comparison approach which reflects recent market transactions for similar properties.	Land Adjustment for factors such as plot size, location, encumbrances and current use.	Land The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as starting point for valuation.
	Buildings 199,183	Buildings 202,918		Buildings Depreciated replacement cost and comparison approach reflecting the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.	Buildings Adjustment for factors such as physical deterioration, functional and economic obsolescence.	Buildings Depreciation is deducted to reflect the current condition of the buildings and structures.
2) Investment property	Land 3,842	Land 3,760	Level 3	Land Comparison approach which reflects recent market transactions for similar properties.	Land Adjustment for factors such as plot size, location, encumbrances and current use.	Land The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as starting point for valuation.
	Buildings 3,180	Buildings 3,170		Buildings Depreciated replacement cost and comparison approach reflecting the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.	Buildings Adjustment for factors such as physical deterioration, functional and economic obsolescence.	Buildings Depreciation is deducted to reflect the current condition of the buildings and structures.

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The reconciliation of the carrying amounts of non-financial assets classified within Level 3 is as follows:-

	← Property, plant and equipment →				← Investment property →			
	Land		Buildings		Land		Buildings	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Brought forward	318,527	320,121	202,918	208,169	3,760	3,690	3,170	3,120
Additions	-	260	-	-	32	-	-	-
Gains /(Expenses) recognised in profit or loss:								
- Increase in fair value of land and building	-	-	-	-	50	70	10	50
- Depreciation	(1,857)	(1,854)	(4,387)	(4,852)	-	-	-	-
- Disposal	-	-	-	(388)	-	-	-	-
- Written off	-	-	-	(63)	-	-	-	-
Translation difference	-	-	652	52	-	-	-	-
Carried forward	316,670	318,527	199,183	202,918	3,842	3,760	3,180	3,170

	Group Investment property			
	Land		Buildings	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total amount included in profit or loss for unrealised gains or losses on Level 3 assets	50	70	10	50

39.2 Company

39.2.1 Fair value measurement of financial instruments

The following table summarises the methods used in determining the fair value of financial assets and liabilities on a recurring basis as at 31 December 2015 and 31 December 2014:-

Financial assets / Financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	2015 RM'000	2014 RM'000		
Held-for-trading investments	Assets 4,478	Assets 4,410	Level 1	Quoted bid prices in an active market.

There were no transfers between Level 1 and Level 2 in 2015 and 2014.

39.2.2 Fair value measurement of non-financial assets

The following table summarises the methods used in determining the fair value of non-financial assets on a recurring basis as at 31 December 2015 and 31 December 2014:-

Non-financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2015 RM'000	2014 RM'000				
Property, plant and equipment	Land 11,061	Land 11,256	Level 3	Land Comparison approach which reflects recent market transactions for similar properties.	Land Adjustment for factors such as plot size, location, encumbrances and current use.	Land The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as starting point for valuation.
	Buildings 3,270	Buildings 3,328		Buildings Depreciated replacement cost and comparison approach reflecting the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.	Buildings Adjustment for factors such as physical deterioration, functional and economic obsolescence.	Buildings Depreciation is deducted to reflect the current condition of the buildings and structures.

The reconciliation of the carrying amounts of non-financial assets classified within Level 3 is as follows:-

	Company Property, plant and equipment			
	Land		Buildings	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Brought forward	11,256	11,451	3,328	3,386
Expenses recognised in profit or loss:- - Depreciation	(195)	(195)	(58)	(58)
Carried forward	11,061	11,256	3,270	3,328

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40. CAPITAL MANAGEMENT

The primary capital management objective of the Group is to achieve sustainable growth and maximise return to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2015 and 2014.

The Group manages the mixture of equity and borrowings to ensure that gearing ratio of the Group does not exceed 1.5 and consolidated shareholders' equity is not less than RM400,000,000 to comply with the covenants of certain loan and credit facilities taken by certain subsidiaries. Shareholders' equity and gearing ratio at the end of 2015 and 2014 are reported below:-

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Borrowings	517,876	556,482	392	634
Total equity	864,989	834,361	257,652	264,343
Debt-to-equity ratio	0.599	0.667	0.002	0.002

The Group has complied with Practice Note No. 17/2005 of Bursa Malaysia Securities Berhad which requires the Group to maintain a consolidated shareholders' equity equal to or not less than 25% of the issued and paid-up capital of the Company and shareholders' equity of not less than RM40 million.

41. OPERATING SEGMENTS – GROUP

Management currently identifies the Group's manufacturing and trading operations as operating segments. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results. The following summary describes the operations in each of the Group's reportable segments:-

Manufacturing segment : Manufacture of various types of industrial paper, corrugated cartons, paper bags, paper stationery and paper based food packaging products.

Trading segment : Trading in paper, recovered paper and stationery products.

Other non-reportable segments comprise operations related to investment holding, property holding, management consultancy, general insurance agency services and engineering and fabrication services.

Transfer prices between operating segments are on negotiated basis.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports. Segment profit is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operates within these industries.

Analysis of the Group's revenue, results, assets, liabilities and other information by operating segment are shown below:-

	Manufacturing			Trading			Others		Eliminations		Notes	Consolidated	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000		2015 RM'000	2014 RM'000
Revenue													
External revenue	949,244	900,737	175,467	150,777	141	58	-	-	1,124,852	1,051,572			
Intersegment revenue	31,735	31,907	156,392	181,182	-	-	(188,127)	(213,089)	-	-	A		
Total revenue	980,979	932,644	331,859	331,959	141	58	(188,127)	(213,089)	1,124,852	1,051,572			
Results													
Segment profit	70,287	54,302	8,912	8,968	9,931	13,480	(23,494)	(19,485)	65,636	57,265	B		
Interest income	178	176	661	754	385	372	(524)	(644)	700	658			
Finance cost	(25,249)	(25,311)	(704)	(871)	(289)	(263)	516	509	(25,726)	(25,936)			
Depreciation and amortisation	(51,332)	(54,073)	(1,661)	(2,064)	(1,056)	(1,115)	-	-	(54,049)	(57,252)			
Share of results of associates	63	15	469	2,697	-	-	-	-	532	2,712			
Other non-cash (expenses)/income	(9,744)	251	742	(79)	(887)	(643)	-	-	(9,889)	(471)	C		
Assets													
Segment assets	1,385,504	1,384,497	113,699	105,162	43,217	45,088	-	-	1,542,420	1,534,747	D		
Investment in associate companies	107	45	20,582	18,061	-	-	-	-	20,689	18,106			
Additions to non-current assets other than financial instruments and deferred tax assets	43,921	86,796	2,112	1,831	1,054	619	-	-	47,087	89,246	E		
Segment liabilities	(120,121)	(112,026)	(28,807)	(30,707)	(7,502)	(4,984)	-	-	(156,430)	(147,717)	F		

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

A. Intersegment revenues are eliminated on consolidation.

B. The following items are added to/(deducted from) segment profit to arrive at "profit before tax" presented in the profit or loss:-

	2015 RM'000	2014 RM'000
Segment profit	65,636	57,265
Interest income	700	658
Finance costs	(25,726)	(25,936)
Share of results of associates	532	2,712
Profit before tax	41,142	34,699

C. Other major non-cash (expenses)/income consist of the following items as presented in the respective notes to the financial statements:-

	2015 RM'000	2014 RM'000
Impairment of doubtful receivables	(3,855)	(1,122)
Bad debts written off	(326)	(119)
Capital work-in-progress written off	(9)	-
Fair value gain/(loss) on derivative instruments	246	(116)
Fair value loss on held-for-trading investments	(59)	(214)
Loss on deconsolidation of subsidiary subjected to members' voluntary liquidation	-	(479)
Impairment loss on property, plant and equipment	-	(314)
Property, plant and equipment written off	(535)	(104)
Inventories written down	(516)	(292)
Inventories written off	(4,576)	(251)
Fair value gain adjustments on investment property	60	120
Impairment of doubtful receivables no longer required	351	1,109
Reversal of inventories written down	141	71
Gain on disposal of property, plant and equipment	1,056	503
Gain on disposal of asset held for sale	-	149
Unrealised (loss)/gain on foreign exchange	(1,867)	321
Inventories written back	*	267
	(9,889)	(471)

* Less than RM1,000

D. The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:-

	2015 RM'000	2014 RM'000
Segment assets	1,542,420	1,534,747
Intangible assets	9,979	9,467
Investment in associates	20,689	18,106
Deferred tax assets	7,840	8,295
Tax recoverable	1,719	1,654
Total assets	1,582,647	1,572,269

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

	2015 RM'000	2014 RM'000
Property, plant and equipment	18,782	19,745
Capital work-in-progress	28,273	69,501
Investment property	32	-
	47,087	89,246

F. The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statements of financial position:-

	2015 RM'000	2014 RM'000
Segment liabilities	(156,430)	(147,717)
Finance lease liabilities	(33,341)	(25,605)
Borrowings and bank overdrafts	(484,535)	(530,877)
Tax payable	(2,834)	(1,192)
Deferred tax liabilities	(40,518)	(32,517)
Total liabilities	(717,658)	(737,908)

Geographical information

The Group's revenue and non-current assets information based on geographical location are as follows:-

	Revenue		Non-current assets	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysia *	977,723	914,427	1,009,435	1,018,694
Republic of Singapore	127,797	118,971	5,182	4,428
The People's Republic of China	14,884	14,525	8,145	7,321
Australia	4,448	3,649	6,322	5,869
	1,124,852	1,051,572	1,029,084	1,036,312

* Company's home country

Non-current assets information presented above consist of the following items as presented in the statements of financial position:-

	2015 RM'000	2014 RM'000
Property, plant and equipment	903,172	904,107
Prepaid land lease payments	12,205	12,308
Capital work-in-progress	96,706	103,500
Investment property	7,022	6,930
Intangible assets	9,979	9,467
	1,029,084	1,036,312

Major customers

The Group does not have any revenue from a single external customer which represents 10% or more of the Group's revenue.

/ Notes To The Financial Statements

31 December 2015

42. DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

Bursa Malaysia Securities Berhad has on 25 March 2010 and 20 December 2010, issued directives requiring all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses into realised and unrealised on group and company basis, as the case may be, in quarterly reports and annual audited financial statements.

The breakdown of unappropriated profits as at the reporting date that has been prepared in accordance with the directives from Bursa Malaysia Securities Berhad stated above and Guidance on Special Matter No. 1 issued on 20 December 2010 by the Malaysian Institute of Accountants are as follows:-

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
- Realised	375,224	342,992	83,565	90,032
- Unrealised	17,165	27,650	2,357	2,421
	392,389	370,642	85,922	92,453
Total unappropriated profits from associates				
- Realised	367	2,731	-	-
	392,756	373,373	85,922	92,453
Consolidation adjustments	23,475	24,655	-	-
	416,231	398,028	85,922	92,453

The above disclosures were reviewed and approved by the Board of Directors in accordance with a resolution of the Directors on 18 March 2016.

The background of the page is an abstract composition. It features several overlapping circles and arcs. One large circle is a solid light green color, while others are white or light gray with a subtle, concentric-line texture, resembling a cross-section of a tree or a topographical map. The overall color palette is muted, with greens, grays, and off-whites.

The Properties & Shareholdings

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/ Properties Owned By The Group

31 December 2015

Location	Description of property	Land area (Sq metre)	Existing use	Net carrying amount RM'000	Age of building (Approx. years)	Date of (A) acquisition / (B) revaluation / (C) fair value
CENTRAL MALAYA PAPER SDN BHD						
No. 15, Jalan Wawasan 2 Kawasan Perindustrian Sri Gading 83009 Batu Pahat, Johor Darul Takzim 60 Years Lease Expiring 2053	Industrial Building	5,026	Office & Warehouse	1,563	16	(B) 26-08-13
No. 1A, Jalan Taman Teknologi Cheng 2 Taman Teknologi Cheng, 75250 Melaka 99 Years Lease Expiring 2096	Industrial Building	5,304	Office & Warehouse	3,470	12	(B) 26-08-13
No. 2, Persiaran Rishah 14 Kawasan Perindustrian Silibin 30100 Ipoh, Perak Darul Ridzuan 60 Years Lease Expiring 2045	Industrial Building	1,600	Office & Warehouse	623	27	(B) 26-08-13
No. 101-D, Lintang Kampung Jawa 11900 Bayan Lepas, Penang 60 Years Lease Expiring 2041	Industrial Building	1,339	Office & Warehouse	801	24	(B) 26-08-13
No. 4858, Jalan Permatang Pauh 13400 Butterworth, Penang 99 Years Lease Expiring 2064	Industrial Building	266	Office & Warehouse	510	31	(C) 07-10-15
No. 23, Jalan Padu Kawasan Perindustrian Tampoi 80350 Johor Bahru, Johor Darul Takzim 60 Years Lease Expiring 2044	Industrial Building	6,070	Office & Warehouse	3,267	25	(B) 26-08-13
CMP RESOURCES SDN BHD						
Plot 79, Lorong Perusahaan Maju 4 Kawasan Perusahaan Prai, Mukim 6 Daerah Seberang Prai Tengah 13600 Prai, Penang 60 Years Lease Expiring 2052	Industrial Building	9,337	Office & Warehouse	3,632	15	(B) 26-08-13
FEDERAL PACKAGES SDN BHD						
Lot 401 (formerly known as Lot 372) Mukim 2, Daerah Seberang Perai Selatan, Penang Freehold	Agricultural Land	11,124	Vacant	800	-	(C) 08-10-15
Lot 401, Mukim 1 Daerah Seberang Perai Selatan Penang Freehold	Agricultural Land	10,370	Vacant	1,942	-	(B) 26-08-13
Lot 134, Jalan Tasek 14120 Simpang Ampat Daerah Seberang Perai Selatan, Penang Freehold	Industrial Land	12,375	Open Storage Yard	1,500	-	(B) 26-08-13
Lot 415, Jalan Tasek 14120 Simpang Ampat Daerah Seberang Perai Selatan, Penang Freehold	Industrial Building	73,370	Office, Factory & Warehouse	39,382	22	(B) 26-08-13
Lot 10017, Mukim 2 Daerah Seberang Perai Selatan, Penang Freehold	Agricultural Land	6,032	Vacant	771	-	(A) 14-07-15

Location	Description of property	Land area (Sq metre)	Existing use	Net carrying amount RM'000	Age of building (Approx. years)	Date of (A) acquisition / (B) revaluation / (C) fair value
INTRAPAC (AUSTRALIA) PTY LTD						
Unit 12, 5 Meridian Place Baulkham Hills New South Wales, Australia Freehold	Office & Warehouse	889	Office & Warehouse	6,287 (A\$2,006,204)	12	(B) 20-06-13
KOTAK MALAYSIA (KOM) SDN BHD						
Lot 11 & 12, Jalan Usaha 4 Kawasan Perindustrian Air Keroh 75450 Melaka 99 Years Lease Expiring 2072	Industrial Building	16,156	Office & Factory	6,992	2 - 42	(B) 26-08-13
No. 136, Jalan Usaha 4 Kawasan Perindustrian Air Keroh 75450 Melaka 99 Years Lease Expiring 2070	Industrial Land	21,600	Vacant	5,633	-	(B) 26-08-13
Lot 1-9, Jalan Usaha 2 Taman Perindustrian Merlimau 77300 Merlimau, Melaka 99 Years Lease Expiring 2088	Industrial Building	51,770	Office & Factory	14,090	5	(A) 23-01-13
MUDA HOLDINGS BERHAD						
Lot 7, Jalan 51A/241 46100 Petaling Jaya Selangor Darul Ehsan 99 Years Lease Expiring 2072	Industrial Building	4,662	Office & Warehouse	14,332	42	(B) 26-08-13
MUDA LAND DEVELOPMENT SDN BHD						
Apartment FL2-1 & FL2-2 Jalan Pantai, Batu 2, Corus Paradise 71000 Port Dickson Negeri Sembilan Darul Khusus 99 Years Lease Expiring 2087	Apartment	167	Holiday Apartments	301	24	(B) 26-08-13
No. E-14, Block E, Jalan Gereja, Greenhill Resort Tanah Rata, 39000 Cameron Highlands Pahang Darul Makmur 45 Years Lease Expiring 2037	Apartment	84	Holiday Apartments	218	22	(B) 26-08-13
Unit BG1-BG8, B1-1 to B1-8, B2-1 to B2-8, B3-1 to B3-8, B4-1 to B4-8 Rumah Pangsa Kajang Indah Taman Kajang Indah 43000 Kajang, Selangor Darul Ehsan Freehold	5 Storey Flats	2,140	Employees' Hostel	2,065	22	(B) 26-08-13

/ Properties Owned By The Group

31 December 2015

Location	Description of property	Land area (Sq metre)	Existing use	Net carrying amount RM'000	Age of building (Approx. years)	Date of (A) acquisition / (B) revaluation / (C) fair value
MUDA PACKAGING INDUSTRIES SDN BHD						
Lot 57496 (formerly known as Lot 6648) 1 1/2 Miles, Off Jalan Sungai Chua 43000 Kajang, Selangor Darul Ehsan Freehold	Industrial Building	38,340	Office & Factory	54,014	38	(B) 06-08-13
Lot 2373, 1 1/2 Miles Off Jalan Sungai Chua 43000 Kajang, Selangor Darul Ehsan Freehold	Industrial Building	12,899	Warehouse	9,648	23	(B) 06-08-13
Lot 57979 (formerly known as Lot 5568) 1 1/2 Miles, Off Jalan Sungai Chua 43000 Kajang, Selangor Darul Ehsan Freehold	Agricultural Land	2,986	Car Park	1,976	-	(B) 06-08-13
Lot 57976 & 57977 (formerly known as Lot 945) 1 1/2 Miles, Off Jalan Sungai Chua 43000 Kajang, Selangor Darul Ehsan Freehold	Agricultural Land	13,902	Vacant	6,214	-	(B) 26-08-13
MUDA PACKAGING INDUSTRIES (QINGYUAN) LTD						
9th Area Longtang Industrial Development Zone Qingyuan, Guangdong, China 45 Years Lease Expiring 2044	Industrial Building	36,698	Office & Factory	7,690 (RMB11,633,242)	22	(B) 28-08-13
MUDA PAPER MILLS SDN BHD						
Lot 1062, 1 1/2 Miles Off Jalan Sungai Chua 43000 Kajang, Selangor Darul Ehsan Freehold	Industrial Building	11,539	Warehouse	11,735	1 - 24	(B) 06-08-13
Lot 8868, 1 1/2 Miles Off Jalan Sungai Chua 43000 Kajang, Selangor Darul Ehsan Freehold	Industrial Land	8,215	Open Storage Yard	6,190	-	(B) 06-08-13
Lot 8869 & 8871, 1 1/2 Miles Off Jalan Sungai Chua 43000 Kajang, Selangor Darul Ehsan Freehold	Industrial Building	22,063	Warehouse	26,031	1 - 15	(B) 06-08-13
Lot 11207, 1 1/2 Miles Off Jalan Sungai Chua 43000 Kajang, Selangor Darul Ehsan 99 Years Lease Expiring 2070	Industrial Building	87,499	Office, Factory & Warehouse	115,650	1 - 45	(B) 06-08-13
Lot 17667, 1 1/2 Miles Off Jalan Sungai Chua 43000 Kajang, Selangor Darul Ehsan 99 Years Lease Expiring 2093	Industrial Building	4,000	Warehouse	2,722	22	(B) 06-08-13

Location	Description of property	Land area (Sq metre)	Existing use	Net carrying amount RM'000	Age of building (Approx. years)	Date of (A) acquisition / (B) revaluation / (C) fair value
Lot 37065, 1 1/2 Miles Off Jalan Sungai Chua 43000 Kajang, Selangor Darul Ehsan 99 Years Lease Expiring 2093	Industrial Building	17,522	Warehouse & Water Treatment Plant	15,986	12 - 23	(B) 06-08-13
Lot 5235, Taman Perindustrian Kidamai 43000 Kajang Selangor Darul Ehsan Freehold	Industrial Building	21,271	Office, Factory & Storage Yard	20,430	3 - 4	(B) 26-08-13
Lot 1572, Taman Perindustrian Kidamai 43000 Kajang Selangor Darul Ehsan Freehold	Industrial Land	23,750	Open Storage Yard	17,794	-	(B) 26-08-13
Lot 5744, Taman Perindustrian Kidamai 43000 Kajang Selangor Darul Ehsan Freehold	Industrial Land	43,934	Open Storage Yard	28,535	-	(B) 26-08-13
Lot 34133, Mukim of Kapar District of Klang Selangor Darul Ehsan 99 Years Lease Expiring 2089	Agricultural Land	12,060	Vacant	2,778	-	(B) 26-08-13
No. 1, Jalan Kilang Larkin Industrial Estate 80350 Johor Bahru Johor Darul Takzim 60 Years Lease Expiring 2031	Industrial Building	14,012	Office & Warehouse	4,732	33	(C) 02-06-15
Lot 771 & 782, Jalan Tasek 14120 Simpang Ampat Seberang Perai Selatan, Penang Freehold	Industrial Land	10,986	Vacant	2,194	-	(B) 26-08-13
No. 789, Jalan Tasek 14120 Simpang Ampat Seberang Perai Selatan Penang Freehold	Industrial Building	25,868	Office, Factory & Warehouse	14,949	8	(B) 15-09-14
Lot 153, 156, 157, 160, 161, 162 & 163 Jalan Tasek, 14120 Simpang Ampat Seberang Perai Selatan Penang Freehold	Industrial Building	108,740	Office, Factory, Warehouse & Water Treatment Plant	59,458	50	(B) 31-07-13
Lot 123, 165, 166 & 444 Jalan Tasek, 14120 Simpang Ampat Seberang Perai Selatan Penang Freehold	Industrial Building	22,955	Warehouse	9,641	8	(B) 31-07-13
Lot 155, Jalan Tasek 14120 Simpang Ampat Seberang Perai Selatan Penang 999 Years Lease Expiring 2880	Industrial Building	12,906	Factory & Water Treatment Plant	2,804	50	(B) 31-07-13

/ Properties Owned By The Group

31 December 2015

Location	Description of property	Land area (Sq metre)	Existing use	Net carrying amount RM'000	Age of building (Approx. years)	Date of (A) acquisition / (B) revaluation / (C) fair value
Lot 774, 775, 822, 823, 824, 10216 & 10217 Jalan Seberang Tasek 14120 Simpang Ampat Seberang Perai Selatan Penang Freehold	Industrial Land	50,520	Factory & Water Treatment Plant	9,922	-	(B) 26-08-13
Lot 777, Jalan Seberang Tasek 14120 Simpang Ampat Seberang Perai Selatan Penang Freehold	Industrial Land	21,246	Factory & Water Treatment Plant	4,087	-	(B) 26-08-13
Lot 772, 784 & 785 Jalan Seberang Tasek 14120 Simpang Ampat Seberang Perai Selatan Penang Freehold	Industrial Land	22,073	Storage Yard	5,789	-	(B) 26-08-13
Lot 149, 725, 729 & 730 Kampung Seberang Tasek 14120 Simpang Ampat Seberang Perai Selatan Penang Freehold	Agricultural Land	61,042	Vacant	4,451	-	(B) 26-08-13
Lot 164, Jalan Tasek 14120 Simpang Ampat Seberang Perai Selatan Penang Freehold	Industrial Land	4,217	Vacant	1,939	-	(A) 13-03-13
No. 22, Lorong Bakap Indah 10 Taman Bakap Indah 14200 Sungai Bakap Penang Freehold	Double Storey Terrace House	205	Employees' Hostel	512	2	(A) 19-11-13
MUDA PASIFIK SDN BHD						
No. 9, Jalan Persiaran Teknologi Taman Teknologi Johor 81400 Senai Johor Darul Takzim 60 Years Lease Expiring 2063	Industrial Building	38,360	Office & Factory	23,312	13	(B) 26-08-13
RJ & R HOLDINGS SDN BHD						
No. 401, Block A Glomac Business Centre Jalan SS6/1, Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan Freehold	Office	290	Office	980	21	(C) 08-10-15

Additional Compliance Information /

The following information is provided in compliance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad:-

Share Buyback

During the financial year, the Company has not purchased any of its own shares.

Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities issued by the Company in respect of the financial year under review.

American Depositary Receipt (ADR) or Global Depositary Receipt (GDR) Program

During the financial year, the Company did not sponsor any ADR or GDR program.

Imposition of Sanctions/Penalties

There were no sanctions and or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory authorities during the financial year.

Non-Audit Fees

The amount of non-audit fees paid to the external auditors for the financial year amounted to RM171,560.00.

Profit Estimate, Forecast and Projection

There are no variances between the results of the financial year and the unaudited results previously announced. The Company did not make any release on the profit estimates, forecasts and projections for the financial year.

Profit Guarantee

During the financial year, there was no profit guarantee issued by the Company.

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests during the financial year under review.

Recurrent Related Party Transactions Statement

Details of transactions with related parties undertaken by the Muda Group during the period under review are disclosed in Note 37 to the Financial Statements.

/ Analysis Of Shareholdings

As At 22 March 2016

Authorised Share Capital	RM200,000,000 divided into 400,000,000 ordinary shares of RM0.50 each
Issued and Paid-up Share Capital	RM152,525,417.50 divided into 305,050,835 ordinary shares of RM0.50 each
Class of Shares	Ordinary Shares of RM0.50 each
Voting Rights of Shareholders	Every member of the Company present in person or by proxy shall have one vote on a show of hand and in the case of a poll shall have one vote for every share of which he is the holder

Size of Holdings	No. of Shareholders	No. of Shares Held	% of Issued Share Capital
Less than 100	440	18,851	0.01
100 to 1,000	617	399,425	0.13
1,001 to 10,000	3,402	13,287,366	4.35
10,001 to 100,000	711	19,525,323	6.40
100,001 to less than 5% of issued shares	120	113,043,770	37.06
5% and above of issued shares	3	158,776,100	52.05
Total	5,293	305,050,835	100.0

Directors' Direct and Indirect Interest in the Company and its Related Corporations

Other than as disclosed below, there are no other Directors of the Company who has an interest, direct or indirect, in shares of the Company and its related corporations.

Name	Direct Interest		Indirect Interest		
	No of Shares	%	No of Shares	%	
Tan Sri Lim Guan Teik	3,250,000	1.06	124,302,313	*	40.75
Dato' Azaman Bin Abu Bakar	100,000	0.03	114,770,013	*	37.62
Dato' Lim Wan Peng	3,731,000	1.22	116,520,413	*	38.20
Datuk Lim Chiun Cheong	715,500	0.23	126,836,813	*	41.58
Lee Khim Sin	60,000	0.01	-	-	-

By virtue of their interests in shares of Muda Holdings Berhad (MHB), Tan Sri Lim Guan Teik, Dato' Azaman Bin Abu Bakar, Dato' Lim Wan Peng, Datuk Lim Chiun Cheong and Lee Khim Sin are also deemed interested in shares of all subsidiaries of MHB to the extent that MHB has an interest.

Substantial Shareholders (as shown in the Register of Substantial Shareholders)

Name	Direct Interest		Indirect Interest		
	No of Shares	%	No of Shares	%	
Tan Sri Lim Guan Teik	3,250,000	1.06	124,302,313	*	40.75
Dato' Azaman Bin Abu Bakar	100,000	0.03	114,770,013	*	37.62
Dato' Lim Wan Peng	3,731,000	1.22	116,520,413	*	38.20
Datuk Lim Chiun Cheong	715,500	0.23	126,836,813	*	41.58
Lim Wan Hoi	2,448,500	0.80	115,078,213	*	37.72
Hartaban Holdings Sdn Bhd	20,300,000	6.65	93,659,013	^	30.70
Puan Sri Teow Sook Inn @ Teo Ah Kiang	2,236,900	0.73	125,315,413	*	41.08
Asia File Corporation Bhd	6,261,400	2.05	54,826,100	^	17.97
Lim & Khoo Sdn Bhd	54,826,100	17.97	-	-	-
Lim Soon Huat	1,390,000	0.45	61,087,500	^	20.03
Prestige Elegance (M) Sdn Bhd	-	-	61,087,500	^	20.03
Datin Khoo Saw Sim	-	-	61,087,500	^	20.03

Notes:

* Deemed to have interest in shares of MHB held by persons deemed to be connected with the Directors as defined under Section 122A of the Companies Act, 1965 and by other corporations by virtue of Section 6A(4) of the Companies Act, 1965.

^ Deemed to have interest in shares of MHB held by other corporations by virtue of Section 6A(4) of the Companies Act, 1965.

30 Largest Shareholders as per Record of Depositors as at 22 March 2016

No.	Name	No. of Shares	%
1	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account For Hartaban Holdings Sdn Bhd (01-00794-000)	83,650,000	27.42
2	Lim & Khoo Sdn Bhd	54,826,100	17.97
3	Hartaban Holdings Sdn Bhd	20,300,000	6.65
4	Lim Siew Lee	13,257,800	4.34
5	Styme Sdn Bhd	10,009,013	3.28
6	Beh Phaik Hooi	9,618,200	3.15
7	Lim Guan Teik Holdings Sdn Bhd	6,500,900	2.13
8	Asia File Corporation Bhd	6,261,400	2.05
9	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (RHB INV)	5,236,000	1.71
10	Dato' Lim Wan Peng	3,731,000	1.22
11	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Manulife Investment Progress Fund (4082)	3,640,400	1.19
12	Citigroup Nominees (Asing) Sdn Bhd Exempt AN For Citibank New York (Norges Bank 14)	3,345,700	1.09
13	Tan Sri Lim Guan Teik	3,250,000	1.06
14	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (RHB INV)	3,067,400	1.00
15	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For RHB Kidsave Trust	2,400,000	0.78
16	Puan Sri Teow Sook Inn @ Teo Ah Kiang	2,236,900	0.73
17	Lim Wan Hoi	2,128,000	0.69
18	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For RHB Smart Treasure Fund	1,750,000	0.57
19	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Mak Tian Meng (MY0343)	1,509,600	0.49
20	Lim Soon Huat	1,390,000	0.45
21	Lucy Khoo	1,279,000	0.41
22	Datin Cheong Koon Hooi	1,001,900	0.32
23	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Lim Ka Kian (PB)	1,000,000	0.32
24	Mclaren Saksama (Malaysia) Sdn Bhd	999,800	0.32
25	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad For Manulife Investment Value Fund (950290)	956,700	0.31
26	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For RHB-OSK Private Fund-Series 3	930,000	0.30
27	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For RHB Small Cap Opportunity Unit Trust	910,000	0.29
28	Tri-Yen Enterprise Sdn Bhd	890,000	0.29
29	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad For Manulife Investment-ML Flexi Fund (250283)	855,800	0.28
30	Yayasan Kelantan Darulnaim	853,300	0.27
Total		247,784,913	81.08

/ Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Fifth Annual General Meeting of the Company will be held at Ground Floor, Lot 7, Jalan 51A/241, 46100 Petaling Jaya, Selangor Darul Ehsan on Thursday, 30 June 2016 at 11.00 a.m. to transact the following businesses:-

A G E N D A

As Ordinary Business

1. To receive the Audited Financial Statements for financial year ended 31 December 2015 together with the Directors' and Auditors' Reports thereon. **(Please refer to Explanatory Note A)**
2. To declare a First and Final Single Tier Dividend of 6% (3 sen) per 50 sen share for the financial year ended 31 December 2015. **Ordinary Resolution 1**
3. To approve Directors' fees of RM350,000 for financial year ended 31 December 2015. **Ordinary Resolution 2**
4. To re-elect Datuk Lim Chiun Cheong retiring pursuant to Article 74 of the Company's Articles of Association. **Ordinary Resolution 3**
5. To pass the following resolutions pursuant to Section 129 (6) of the Companies Act, 1965:-
 - (a) "That Tan Sri Lim Guan Teik, who retires pursuant to Section 129 (6) of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting." **Ordinary Resolution 4**
 - (b) "That Dato' Lim Wan Peng, who retires pursuant to Section 129 (6) of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting." **Ordinary Resolution 5**
 - (c) "That Datuk Nik Ibrahim Bin Nik Abdullah, who retires pursuant to Section 129 (6) of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting." **Ordinary Resolution 6**
 - (d) "That Mr Lee Khim Sin, who retires pursuant to Section 129 (6) of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting." **Ordinary Resolution 7**
 - (e) "That Mr Patrick Chin Yoke Chung, who retires pursuant to Section 129 (6) of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting." **Ordinary Resolution 8**
6. To re-appoint Messrs SJ Grant Thornton as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorize the Directors to fix their remuneration. **Ordinary Resolution 9**

As Special Business

To consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications thereto:-

7. **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

"That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the number of shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Ordinary Resolution 10
8. **Retention as Independent Non-Executive Director**

"That subject to the passing of Ordinary Resolution 8, Mr Patrick Chin Yoke Chung be retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012 until the conclusion of the next Annual General Meeting."

Ordinary Resolution 11

9. Retention as Independent Non-Executive Director

"That subject to the passing of Ordinary Resolution 6, Datuk Nik Ibrahim Bin Nik Abdullah be retained as Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012 until the conclusion of the next Annual General Meeting."

Ordinary Resolution 12

10. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that the First and Final Single Tier Dividend of 6% (3 sen) per 50 sen share in respect of financial year ended 31 December 2015, if approved at the Forty-Fifth Annual General Meeting, will be payable on 14 July 2016 to depositors and shareholders listed in the Record of Depositors and Register of Members on 30 June 2016.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

- Shares transferred to depositor's securities account before 4.00 p.m. on 30 June 2016 in respect of ordinary transfers; and
- Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.

By Order of the Board
Goh Ching Yee (MAICSA 0760803)
Secretary

29 April 2016
Petaling Jaya

Notes:-

A. Item 1 of Agenda on Audited Financial Statements for the Financial Year Ended 31 December 2015

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

B. Appointment of Proxy

- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- A member other than an Exempt Authorised Nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- If the appointor is a corporation, the Proxy Form must be executed under the hand of an officer or attorney duly authorised.
- Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- To be valid, the Proxy Form duly completed must be deposited at the Registered Office of the Company at Lot 7, Jalan 51A/241, 46100 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the Annual General Meeting or any adjournment thereof. (Last day for lodgment of proxy forms is at 11.00 a.m. on Tuesday, 28 June, 2016).

C. Completion of Proxy Form

The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed and illegible. An instrument of proxy transmitted by fax to the Company shall be treated as invalid.

/ Notice Of Annual General Meeting

D. Members Entitled to Attend Forty-Fifth Annual General Meeting

In respect of deposited securities, only members whose names appear in the Record of Depositors as at 23 June 2016 (General Meeting Record of Depositors) shall be eligible to be present and vote at the Forty-Fifth Annual General Meeting of the Company or to appoint a proxy or proxies to attend and/or vote on such Depositor's behalf.

E. Ordinary Resolution 10 – Proposed Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

This is a renewal of the mandate obtained from members of the Company at the last Annual General Meeting ("the previous mandate"). No new ordinary shares were issued under the previous mandate.

The proposed Ordinary Resolution 10 to seek authority to issue shares pursuant to Section 132D of the Companies Act, 1965, is a renewal of the previous mandate and if passed, will enable the Directors of the Company to issue up to a maximum of 10% of the issued and paid up share capital of the Company for the time being. This authorisation will give flexibility to the Directors for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment projects, working capital and or acquisitions by the issuance of shares in the Company to such persons at any time the Directors deem appropriate, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of next Annual General Meeting of the Company.

F. Ordinary Resolution 11 & 12 – Proposed Retention of Independent Non-Executive Directors

The Board of Directors of the Company has assessed the independence of the Independent Directors namely, Mr Patrick Chin Yoke Chung and Datuk Nik Ibrahim Bin Nik Abdullah, who have served a cumulative term of more than nine (9) years each as Independent Directors of the Company. After this assessment, the Board of Directors was satisfied that the two (2) Independent Directors have remained objective and independent in participating in deliberations and decision making of the Board and Board Committees and have continuously demonstrated independence in expressing their views and carrying out their role as members of the Board, Audit Committee, Nominating Committee and Remuneration Committee. The Company has obtained shareholders' approval in last Annual General Meeting to retain these two (2) Independent Directors. The Board recommends that shareholders' approval be obtained at the Forty-Fifth Annual General Meeting of the Company to retain Mr Patrick Chin Yoke Chung and Datuk Nik Ibrahim Bin Nik Abdullah as Independent Directors of the Company in accordance with the Malaysian Code on Corporate Governance 2012 until the conclusion of the next Annual General Meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

No individual is seeking election as Director at the Forty-Fifth Annual General Meeting of the Company.

Proxy Form /

MUDA HOLDINGS BERHAD

Forty-Fifth Annual General Meeting

CDS Account No.	No. of Shares Held

I/We.....NRIC No. /Passport No. /Company No.
of.....
being a member/members of MUDA HOLDINGS BERHAD hereby appoint :-

Full Name (In Block)	NRIC No./Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to attend and vote for me/us on my/our behalf at the Forty-Fifth Annual General Meeting of the Company to be held at Ground Floor, Lot 7, Jalan 51A/241, 46100 Petaling Jaya, Selangor Darul Ehsan on Thursday, 30 June 2016 at 11.00 a.m. and at any adjournment thereof.

My/our proxy is to vote either on a show of hands or on a poll indicated below with an "X" in the appropriate space below. If you do not indicate how your proxy should vote on any resolution, the proxy shall vote as he thinks fit or, at his discretion, abstain from voting.

ITEM	AGENDA	RESOLUTION	FOR	AGAINST
1.	To receive the Audited Financial Statements for financial year ended 31 December 2015 together with the Directors' and Auditors' Reports thereon			
2.	To approve payment of a First and Final Single Tier Dividend of 6% (3 sen) per 50 sen share	1		
3.	To approve Directors' fees of RM350,000 for financial year ended 31 December 2015	2		
4.	To re-elect Datuk Lim Chiun Cheong pursuant to Article 74 of the Company's Articles of Association	3		
5a.	To re-appoint Tan Sri Lim Guan Teik as Director pursuant to Section 129 (6) of the Companies Act, 1965	4		
5b.	To re-appoint Dato' Lim Wan Peng as Director pursuant to Section 129 (6) of the Companies Act, 1965	5		
5c.	To re-appoint Datuk Nik Ibrahim Bin Nik Abdullah as Director pursuant to Section 129 (6) of the Companies Act, 1965	6		
5d.	To re-appoint Mr Lee Khim Sin as Director pursuant to Section 129 (6) of the Companies Act, 1965	7		
5e.	To re-appoint Mr Patrick Chin Yoke Chung pursuant to Section 129 (6) of the Companies Act, 1965	8		
6.	To re-appoint Messrs SJ Grant Thornton as Auditors of the Company and to authorize the Directors to fix their remuneration	9		
7.	To authorise Directors to issue shares pursuant to Section 132D of the Companies Act, 1965	10		
8.	To retain Mr Patrick Chin Yoke Chung as Independent Non-Executive Director	11		
9.	To retain Datuk Nik Ibrahim Bin Nik Abdullah as Independent Non-Executive Director	12		

Dated this day of, 2016

.....
Signature of Shareholder/ Common Seal

IMPORTANT: Please read the notes overleaf

Telephone No.....

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Stamp

THE SECRETARY
MUDA HOLDINGS BERHAD
LOT 7, JALAN 51A/241
46100 PETALING JAYA
SELANGOR DARUL EHSAN
MALAYSIA

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Notes

A. Appointment of Proxy

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. A member other than an Exempt Authorised Nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
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