GuocoLand (Malaysia) Berhad

A Member of the Hong Leong Group

ANNUAL REPORT 2015

Corporate Section

Financial Section

GuocoLand (Malaysia) Berhad

GuocoLand (Malaysia) Berhad, listed on the Main Market of Bursa Malaysia Securities Berhad, is the property arm of the Hong Leong Group and an award winning developer of residential and commercial properties in Malaysia.

The Company is a subsidiary of the Singapore-based GuocoLand Limited which is a leading regional property player with established operations in China, Singapore and Vietnam. With a history that spans over 50 years, GuocoLand Malaysia has built an enviable track record as a leading property developer in residential townships, commercial and mixed development projects in Malaysia.

The Company currently has a land bank of about 10,000 acres, mainly in the Klang Valley and Jasin, Melaka. Among the portfolio of notable and thoughtfully developed prime projects are Damansara City, the first and only integrated city development in Damansara Heights; master planned township in Emerald Rawang and Pantai Sepang Putra; PJ City Corporate Hub in Petaling Jaya; Commerce One corporate office along Old Klang Road; a luxury residential development named *Murfree* in Alam Damai, Cheras; and *Amandarii* boutique bungalows in Kajang.

GuocoLand Malaysia also owns two luxury hotels in Malaysia, namely, Thistle Port Dickson Resort and Thistle Johor Bahru. It is also active in property investment through Tower REIT which has a portfolio of high quality and yield-accretive office buildings in and around the Klang Valley, namely, Menara HLA and HP Towers.

GuocoLand Malaysia has won several awards and accolades over the past few years, among them are:

2012

- 5-Star Award for Best Residential High-Rise Development, Malaysia for Damansara City
  (Asia Pacific Property Awards 2012)
- Highly Commended Award for the Retail Development, Malaysia for Damansara City
  (Asia Pacific Property Awards 2012)

2014

- 5-Star Award for Best New Hotel & Construction Design, Malaysia for Clermont Kuala Lumpur
  (Asia Pacific Property Awards 2014)
- Top Ten Developers in Malaysia (BCI Asia)
- Construction Industry Development Board (CIDB) Malaysia's Quality Assessment System for Building Construction Works (QLASSIC) Award for *Coris* in Emerald Rawang

As a subsidiary of GuocoLand Limited, GuocoLand Malaysia subscribes to the tagline "Creating Thoughtful Spaces" that speaks volume about our commitment to always think ahead of everything we do internally and externally. It's about caring for everyone, being thoughtful and putting in passion, enthusiasm and emotional considerations into every actions and steps throughout the entire supply chain when delivering our products and services. This is all about creating better working relationships and environment, as well as products that touch the hearts and minds of people and also in harmony with the nature and surrounding community.

Corporate Information

DIRECTORS

YBhg Tan Sri Quek Leng Chan
(Chairman)

Mr Tan Lee Koon
(Managing Director)

YBhg Dato' Poh Yang Hong

YBhg Dato' Ong Joo Theam

YBhg Tan Sri Nik Mohamed bin Nik Yaacob

Mr Peter Ho Kok Wai

Mr Raymond Choong Yee How

SECRETARIES

Ms Lim Yew Yoke (LS 000431)
Ms Chin Min Yann (MAICSA 7034011)

AUDITORS

Messrs Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel : 03-7495 8000
Fax : 03-2095 9076/78

REGISTRAR

Hong Leong Share Registration Services Sdn Bhd
Level 5, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Tel : 03-2164 1818
Fax : 03-2164 3703

REGISTERED OFFICE

Level 10, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Tel : 03-2164 1818
Fax : 03-2164 2476

DIRECTORS' PROFILE

YBHG TAN SRI QUEK LENG CHAN

Chairman; Non-Executive/Non-Independent

Tan Sri Quek Leng Chan, aged 72, a Malaysian, qualified as a Barrister-at-Law from Middle Temple, United Kingdom. He has extensive business experience in various business sectors, including financial services, manufacturing and real estate.

Tan Sri Quek is the Chairman of GuocoLand (Malaysia) Berhad ("GLM") and was appointed to the Board of Directors ("Board") of GLM on 16 June 1990. He does not sit on any committee of GLM.

He is the Chairman & Chief Executive Officer of Hong Leong Company (Malaysia) Berhad, a public company; Chairman of Hong Leong Financial Group Berhad, Hong Leong Bank Berhad and Hong Leong Capital Berhad, companies listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"); Chairman of Hong Leong Assurance Berhad and Hong Leong Foundation; and a member of the Board of Trustees of The Community Chest, all public companies.

MR TAN LEE KOON

Managing Director/Non-Independent

Mr Tan Lee Koon, aged 41, a Malaysian, holds a Bachelor (Honours) degree in Business Administration from the Coventry University, United Kingdom and a Charter Holder of Chartered Financial Analyst (CFA). He joined Hong Leong Group in 2008, holding various positions within the Group, including General Manager of Hume Roofing Products Sdn Bhd and Business Development Manager of Hong Leong Industries Berhad. He was transferred to GLM as the Head of Marketing and Sales in 2012 before assuming his current position as the Managing Director of GLM with effect from 19 October 2012.

Mr Tan does not sit on any committee of GLM.

He is a Director of GLM REIT Management Sdn Bhd, the Manager of Tower Real Estate Investment Trust which is listed on the Main Market of Bursa Securities.

DIRECTORS' PROFILE Cont'd

YBHG DATO' POH YANG HONG

Non-Executive Director/Non-Independent

Dato' Poh Yang Hong, aged 42, a Malaysian, graduated from Monash University, Melbourne, Australia with a Bachelor of Economics degree. He had held various positions in the Hong Leong Group, including as the Managing Director of Corporate & Private Equity Department, Group Investment Office of HL Management Co Sdn Bhd. He is currently the Chief Executive Officer of Caprice Capital International Ltd, a private investment vehicle.

Dato' Poh was appointed as the Managing Director of GLM with effect from 1 June 2008. He relinquished office as the Managing Director of GLM with effect from 16 June 2010 but remains as a Director of GLM. He is a member of the Nominating Committee of GLM.

Dato' Poh is a Director of GLM REIT Management Sdn Bhd, the Manager of Tower Real Estate Investment Trust which is listed on the Main Market of Bursa Securities.

YBHG DATO' ONG JOO THEAM

Non-Executive Director/Non-Independent

Dato' Ong Joo Theam, aged 66, a Malaysian, qualified as a Barrister-at-Law from Middle Temple, United Kingdom in February 1972 and the Malaysian Bar in September 1972. He is an advocate and solicitor and has been in legal practice for more than 30 years.

Dato' Ong was appointed to the Board of GLM on 26 August 1981 and he is a member of the Board Audit & Risk Management Committee of GLM.

YBHG TAN SRI NIK MOHAMED BIN NIK YAACOB
Non-Executive Director/Independent

Tan Sri Nik Mohamed bin Nik Yaacob, aged 66, a Malaysian, holds a Diploma in Mechanical Engineering, a B.E. (Hons) Degree from Monash University and a Masters in Business Management from the Asian Institute of Management. He also completed the Advanced Management Programme at Harvard University in the United States.

Tan Sri Nik Mohamed was the Group Chief Executive of Sime Darby Berhad from 1993 until his retirement in June 2004. He was Sime Darby Berhad's Director of Operations in Malaysia prior to his appointment as the Group Chief Executive in 1993. He also served on various Boards of the Sime Darby group of companies during this period. He was also the Chairman of the Advisory Council of National Science Centre and Chairman of the Board of UiTM and served as member of the INSEAD East Asian Council, National Council for Scientific Research and Development, Co-ordinating Council for the Public-Private Sectors in the Agricultural Sector, National Coordinating Committee on Emerging Multilateral Trade Issues and the Industrial Coordinating Council. He was a representative for Malaysia in the Apec Business Advisory Council and the Asia-Europe Business Forum.

Tan Sri Nik Mohamed is currently the Executive Director of Perdana Leadership Foundation, a public company. He is also a Director of Scomi Group Berhad, Scomi Energy Services Bhd and Symphony Life Berhad, companies listed on the Main Market of Bursa Securities.

Tan Sri Nik Mohamed was appointed to the Board of GLM on 28 January 2005. He is the Chairman of the Board Audit & Risk Management Committee and the Nominating Committee of GLM.

MR PETER HO KOK WAI
Non-Executive Director/Independent

Mr Peter Ho Kok Wai, age 56, a Malaysian, is a Member of the Malaysian Institute of Accountants (MIA), Fellow of the The Institute of Chartered Accountants in England and Wales (ICAEW), Associate Member of the Institute of Cooperative and Management Accountants (CIMA) and Member of The Malaysian Institute of Certified Public Accountants (MICPA).

Mr Peter Ho forged his early career with Everett Pinto & Co., a central London Firm of Chartered Accountants, and qualified as a Chartered Accountant in 1984. Subsequently, in 1987, Mr Peter Ho joined KPMG, Kuala Lumpur ("KPMG, KL") where he progressed to Head of Department in 1992. He was transferred to KPMG, Ipoh in 1993 to head the branch and was admitted as Partner in 1995. He was transferred back to KPMG, KL in 2005 where he had, at various times, headed the Audit Technical Committee, Audit Function and Marketing Department. He has more than 30 years of auditing experience in a wide range of companies including public listed companies and multinationals, with particular emphasis in manufacturing, distribution and financial services. Mr Peter Ho retired from KPMG, KL in December 2014.

Mr Peter Ho is a Director of Hong Leong Industries Berhad, a company listed on the Main Market of Bursa Securities.

He was appointed to the Board of GLM on 20 August 2015. He is a member of the Board Audit & Risk Management Committee and the Nominating Committee of GLM.

DIRECTORS' PROFILE Cont'd

MR RAYMOND CHOONG YEE HOW

Non-Executive Director/Non-Independent

Mr Raymond Choong Yee How, aged 59, a Malaysian, obtained a Bachelor of Science in Biochemistry (Honours) degree in 1979 and a Master of Business Administration in 1981 from the University of Otago, New Zealand. Mr Raymond Choong has over 30 years of experience in banking, of which 23 were with Citibank in Malaysia. He started his career with Citibank Malaysia as a Management Associate and was promoted to assume various senior positions within the Citibank Group; the last being President and Chief Executive Officer of Citibank Savings Inc, Philippines. Mr Raymond Choong was the President & Chief Executive Officer of Hong Leong Financial Group Berhad from December 2005 to August 2015. He is currently the Group President & Chief Executive Officer of GuocoLand Limited which is listed on Singapore Exchange Securities Trading Limited and is the holding company of GLM.

Mr Raymond Choong was appointed to the Board of GLM on 1 September 2015. He does not sit on any committee of GLM.

Notes:

1. **Family Relationship with Director and/or Major Shareholder**
   Mr Quek Leng Chye, a major shareholder of GLM, is a brother of YBhg Tan Sri Quek Leng Chan. Save as disclosed herein, none of the Directors has any family relationship with any other Directors and/or major shareholders of GLM.

2. **Conflict of Interest**
   None of the Directors has any conflict of interest with GLM.

3. **Conviction of Offences**
   None of the Directors has been convicted of any offences in the past 10 years.

4. **Attendance of Directors**
   Details of Board meeting attendance of each Director are disclosed in the Statement on Corporate Governance, Risk Management and Internal Control in the Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninety-first Annual General Meeting of GuocoLand (Malaysia) Berhad (the "Company") will be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Wednesday, 11 November 2015 at 11.00 a.m. in order:

1. To lay before the meeting the audited financial statements together with the reports of the Directors and Auditors thereon for the financial year ended 30 June 2015.

2. To declare a final single tier dividend of 4% for the financial year ended 30 June 2015 to be paid on 2 December 2015 to members registered in the Record of Depositors on 18 November 2015. ***(Resolution 1)***

3. To approve the payment of Director fees of RM257,425 for the financial year ended 30 June 2015 (2014: RM264,658), to be divided amongst the Directors in such manner as the Directors may determine. ***(Resolution 2)***

4. To re-elect the following retiring Directors:

   (a) Mr Peter Ho Kok Wai; and ***(Resolution 3)***

   (b) Mr Raymond Choong Yee How. ***(Resolution 4)***

5. To pass the following motion as an Ordinary Resolution:

   "THAT YBhg Tan Sri Quek Leng Chan, a Director who retires in compliance with Section 129 of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting." ***(Resolution 5)***

6. To re-appoint Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration. ***(Resolution 6)***

SPECIAL BUSINESS

As special business, to consider and, if thought fit, pass the following motions:

7. **Ordinary Resolution**
   Authority To Directors To Issue Shares

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time and from time to time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being; AND THAT the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." ***(Resolution 7)***

NOTICE OF ANNUAL GENERAL MEETING Cont'd

8. **Ordinary Resolution**
Proposed Renewal Of And New Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Hong Leong Company (Malaysia) Berhad ("HLCM") And Persons Connected With HLCM

"THAT approval be and is hereby given for the Company and/or its subsidiaries to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature as set out in paragraph 2.3(A) of Part A of the Company's Circular to Shareholders dated 20 October 2015, with HLCM and persons connected with HLCM provided that such transactions are undertaken in the ordinary course of business, on terms which are not more favourable to the related parties than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders and that the breakdown of the aggregate value of the recurrent related party transactions conducted during the financial year, including the types of recurrent transactions made and the names of the related parties involved and their relationship with the Company and/or its subsidiaries, are disclosed in the annual report of the Company;

AND THAT such approval shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution." ***(Resolution 8)***

9. **Ordinary Resolution**
Proposed Renewal Of And New Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature With The Directors And Major Shareholders Of The Company And Persons Connected With Them

"THAT approval be and is hereby given for the Company and/or its subsidiaries to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature as set out in paragraph 2.3(B) of Part A of the Company's Circular to Shareholders dated 20 October 2015 ("Circular"), with all the Directors and major shareholders of the Company (as defined in the Circular) and persons connected with them provided that such transactions are undertaken in the ordinary course of business, on terms which are not more favourable to the related parties than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders and that the breakdown of the aggregate value of the recurrent related party transactions conducted during the financial year, including the types of recurrent transactions made and the names of the related parties involved and their relationship with the Company and/or its subsidiaries, are disclosed in the annual report of the Company;

AND THAT such approval shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution." *(Resolution 9)*

10. **Ordinary Resolution**
Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Tower Real Estate Investment Trust ("Tower REIT")

"THAT approval be and is hereby given for the Company and/or its subsidiaries to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature as set out in paragraph 2.3(C) of Part A of the Company's Circular to Shareholders dated 20 October 2015, with Tower REIT provided that such transactions are undertaken in the ordinary course of business, on terms which are not more favourable to the related parties than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders and that the breakdown of the aggregate value of the recurrent related party transactions conducted during the financial year, including the types of recurrent transactions made and the names of the related parties involved and their relationship with the Company and/or its subsidiaries, are disclosed in the annual report of the Company;

AND THAT such approval shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution." *(Resolution 10)*

NOTICE OF ANNUAL GENERAL MEETING Cont'd

11. **Ordinary Resolution**
Proposed Renewal Of The Authority For The Purchase Of Own Shares By The Company

"THAT subject to the Companies Act, 1965 ("Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of RM0.50 each in the Company's issued and paid-up ordinary share capital on Bursa Securities subject further to the following:

(a) the maximum number of shares which may be purchased and/or held by the Company shall be equivalent to ten per centum (10%) of the issued and paid-up ordinary share capital of the Company ("Shares") for the time being;

(b) the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the retained profits and/or the share premium account of the Company (As of 30 June 2015, the audited retained profits and share premium of the Company were RM271.70 million and RM35.09 million respectively); and

(c) the authority conferred by the resolution as set out in paragraphs (a) and (b) above will commence immediately upon passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company, unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting or the expiration of the period within which the next AGM after that date is required by law to be held, whichever occurs first and, in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authority;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares;

AND THAT the Directors of the Company be and are hereby further authorised to deal with any Shares so purchased and any existing treasury shares ("Said Shares") in the following manner:

(i) cancel the Said Shares;
(ii) retain the Said Shares as treasury shares;
(iii) retain part of the Said Shares as treasury shares and cancel the remainder;
(iv) distribute all or part of the Said Shares as dividends to shareholders, and/or resell on Bursa Securities and/or cancel all or part of them,

or in any other manner as may be prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Main Market Listing Requirements of Bursa Securities and any other relevant authority for the time being in force; AND THAT the authority to deal with the Said Shares shall continue to be valid until all the Said Shares have been dealt with by the Directors of the Company." ***(Resolution 11)***

12. To consider any other business of which due notice shall have been given.

FURTHER NOTICE IS HEREBY GIVEN that a depositor shall qualify for entitlement to the final dividend only in respect of:

(i) shares transferred into the depositor's securities account before 4.00 p.m. on 18 November 2015 in respect of ordinary transfers; and

(ii) 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

LIM YEW YOKE (LS 000431)
CHIN MIN YANN (MAICSA 7034011)
Secretaries

Kuala Lumpur
20 October 2015

Notes

1. For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 3 November 2015 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.

2. Save for a member who is an exempt authorised nominee, a member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member who is an authorised nominee may appoint not more than two proxies in respect of each securities account it holds. A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.

3. Where two or more proxies are appointed, the proportions of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which, the appointments shall be invalid.

4. The Form of Proxy must be deposited at the Registered Office of the Company at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time appointed for holding of the meeting or adjourned meeting.

5. YBhg Dato' Ong Joo Theam who is due for retirement by rotation, has informed the Board that he will not seek re-election and will retire at the conclusion of the Ninety-first Annual General Meeting of the Company.

Explanatory Notes

1. **Ordinary Resolution 7 - Authority To Directors To Issue Shares**

   The proposed ordinary resolution, if passed, will give a renewed mandate to the Directors of the Company to issue ordinary shares of the Company from time to time provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being ("Renewed Mandate"). The Renewed Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 14 October 2014 and which will lapse at the conclusion of the Ninety-first Annual General Meeting.

   The Renewed Mandate will enable the Directors to take swift action in case of, inter alia, a need for corporate exercises or in the event business opportunities or other circumstances arise which involve the issue of new shares, and to avoid delay and cost in convening general meetings to approve such issue of shares.

NOTICE OF ANNUAL GENERAL MEETING Cont'd

2. **Ordinary Resolutions 8 to 10 - Proposed Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature ("Proposed Shareholders' Mandate")**

   The proposed ordinary resolutions, if passed, will empower the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for the day-to-day operations of the Company and its subsidiaries, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to and/or from the public and are not, in the Company's opinion, detrimental to the minority shareholders of the Company.

3. **Ordinary Resolution 11 - Proposed Renewal Of The Authority For The Purchase Of Own Shares By The Company ("Proposed Share Buyback")**

   The proposed ordinary resolution, if passed, will empower the Directors to exercise the power of the Company to purchase its own shares up to 10% of the issued and paid-up ordinary share capital of the Company by utilising its financial resources not immediately required. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Detailed information on the Proposed Shareholders' Mandate and the Proposed Share Buyback are set out in the Circular to Shareholders/Share Buyback Statement dated 20 October 2015 which is despatched together with the Company's 2015 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. **Details of individuals who are standing for election as Directors**

   No individual is seeking election as a Director at the Ninety-first Annual General Meeting of the Company.

2. **Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

   Details of the general mandate to issue securities in the Company pursuant to Section 132D of the Companies Act, 1965 are set out in Explanatory Note 1 of the Notice of Ninety-first Annual General Meeting.

BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT

CONSTITUTION

The Board Audit & Risk Management Committee ("Committee") of GuocoLand (Malaysia) Berhad ("GLM" or "Company") has been established since 23 March 1994.

COMPOSITION

YBhg Tan Sri Nik Mohamed bin Nik Yaacob
Chairman, Independent Non-Executive Director
(Appointed on 14.01.2015 and redesignated as Chairman on 20.08.2015)

YBhg Dato' Ong Joo Theam
Non-Independent Non-Executive Director

Mr Peter Ho Kok Wai
Independent Non-Executive Director
(Appointed on 20.08.2015)

YBhg Dato' Chew Kong Seng, deceased
Chairman, Independent Non-Executive Director
(Passed away on 17.07.2015)

Mr Tan Keok Yin
Chairman, Independent Non-Executive Director
(Retired on 14.10.2014)

BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT Cont'd

SECRETARY

The Secretary to the Committee is Ms Lim Yew Yoke who is the Company Secretary of GLM.

TERMS OF REFERENCE

- To consider and recommend the nomination, appointment and/or re-appointment of a person or persons as external auditor(s), and to consider any resignation or dismissal of the external auditors.
- To review the independence and objectivity of the external auditors and their services, including non-audit services.
- To review the external audit fees.
- To review, with the external auditors, the audit scope and plan.
- To review, with the external auditors, the audit report and audit findings and the management's response thereto.
- To review the assistance given by the Group's officers to the external auditors.
- To review the quarterly reports and annual financial statements of the Company and of the Group prior to the approval by the Board of Directors ("Board").
- To review the adequacy of the internal audit scope and plan, functions, competency and resources of the internal audit functions.
- To review the report and findings of the Internal Audit Department, including any findings of internal investigations and the management's response thereto.
- To review the adequacy and integrity of internal control systems, including risk management and management information system.
- To review the risk management framework adopted by the Group and the processes employed to identify, evaluate and manage key business risks.
- To review related party transactions that may arise within the Company or the Group, where any one of the percentage ratios (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) of a related party transaction triggers the requirement of announcement to Bursa Malaysia Securities Berhad.
- To review other conflict of interest situations that may arise within the Company or the Group, including any transaction, procedure or course of conduct that may raise questions of management integrity.
- Other functions as may be agreed to by the Committee and the Board.

AUTHORITY

The Committee is authorised by the Board to review any activity of the Group within its Terms of Reference. It is authorised to seek any information it requires from any director or member of management and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain independent legal or other professional advice if it considers necessary.

MEETINGS

The Committee meets at least four (4) times a year and additional meetings may be called at any time as and when necessary. All meetings to review the quarterly reports and annual financial statements are held prior to such quarterly reports and annual financial statements being presented to the Board for approval.

The head of finance, head of internal audit, risk manager, Managing Director and senior management may attend Committee meetings, on the invitation of the Committee, to provide information and clarification required on items on the agenda. Representatives of the external auditors are also invited to attend the Committee meetings to present their audit scope and plan, audit report and findings together with management's response thereto, and to brief the Committee members on significant audit and accounting areas which they noted in the course of their audit.

Issues raised, discussions, deliberations, decisions and conclusions made at the Committee meetings are recorded in the minutes of the Committee meetings. Where the Committee is considering a matter in which a Committee member has an interest, such member abstains from reviewing and deliberating on the subject matter.

Two (2) members of the Committee, who shall be independent, shall constitute a quorum.

After each Committee meeting, the Committee shall report and update the Board on significant issues and concerns discussed during the Committee meetings and where appropriate, make the necessary recommendations to the Board.

ACTIVITIES

The Committee carried out its duties in accordance with its Terms of Reference.

During the financial year ended 30 June 2015, four (4) Committee meetings were held and the attendance of the Committee members was as follows:

Member	Attendance
YBhg Tan Sri Nik Mohamed bin Nik Yaacob *(Appointed on 14.01.2015)*	2/2
YBhg Dato' Chew Kong Seng, deceased *(Passed away on 17.07.2015)*	4/4
YBhg Dato' Ong Joo Theam	4/4
Mr Tan Keok Yin *(Retired on 14.10.2014)*	2/2

Notes:

1. YBhg Tan Sri Nik Mohamed bin Nik Yaacob and Mr Tan Keok Yin attended all the Committee meetings held during their tenure of office as members of the Committee.
2. Mr Peter Ho Kok Wai was appointed to the Committee on 20 August 2015 and as such, he did not attend any Committee meeting held during the financial year ended 30 June 2015.

BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT Cont'd

ACTIVITIES cont'd

The Committee had two (2) separate sessions with the external auditors without the presence of management.

The Committee reviewed the quarterly reports and annual financial statements of the Group. The Committee met with the external auditors and discussed the nature and scope of the audit, considered any significant changes in accounting and auditing issues, reviewed the management letter and management's response, reviewed pertinent issues which had significant impact on the results of the Group and discussed applicable accounting and auditing standards. The Committee reviewed the internal auditor's audit findings and recommendations.

In addition, the Committee reviewed the adequacy and integrity of internal control systems, including risk management and relevant management information system. It also reviewed the processes put in place to identify, evaluate and manage the significant risks encountered by the Group.

The Committee reviewed various related party transactions carried out by the Group.

INTERNAL AUDIT

The Group has an in-house Internal Audit ("IA") Department which reports directly to the Committee. The Committee takes cognizance of the fact that an independent and adequately resourced internal audit function is essential in obtaining the assurance it requires regarding the effectiveness of the system of internal controls.

The IA activities carried out during the financial year ended 30 June 2015 include, inter alia, the following:

- Ascertained the extent of compliance with the established Group policies, procedures and statutory requirements;
- Reviewed the system of internal controls and key operating processes based on the approved annual plan by adopting a risk based approach and recommending improvements to the existing system of controls;
- Conducted investigation audits on the request of management;
- Carried out ad-hoc audit reviews on building maintenance and services;
- Attended physical stock-count of the Group's hotels; and
- Observed and witnessed tender opening processes during the year.

Arising from the above activities, IA reports, incorporating the audit findings, audit recommendations and management's responses were presented to the Committee. Follow-up audit was also conducted and the status of implementation on the agreed recommendations was reported to the Committee.

The cost incurred by the IA Department for the financial year ended 30 June 2015 amounted to RM279,532.

This Board Audit & Risk Management Committee Report is made in accordance with the resolution of the Board of Directors.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL

"Corporate Governance is the process and structure used to direct and manage the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholder value, whilst taking into account the interest of other stakeholders."

~ Finance Committee on Corporate Governance

The Board of Directors ("Board") has reviewed the manner in which the Malaysian Code on Corporate Governance 2012 ("Code") is applied in the Group as set out below. The Board is pleased to report compliance of the Group with the principles and recommendations as set out in the Code except where otherwise stated.

A. ROLES AND RESPONSIBILITIES OF THE BOARD

The Board assumes responsibility for effective stewardship and control of the Company and has established terms of reference ("TOR") to assist in the discharge of this responsibility.

The roles and responsibilities of the Board are set out in the Board Charter which is published on the Company's website, and broadly cover formulation of corporate policies and strategies; overseeing and evaluating the conduct of the Group's businesses; identifying principal risks and ensuring the implementation of appropriate systems to manage those risks; and reviewing and approving key matters such as financial results, investments and divestments, acquisitions and disposals and major capital expenditure.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL Cont'd

A. ROLES AND RESPONSIBILITIES OF THE BOARD cont'd

There is a clear division of responsibilities between the Chairman and the Managing Director, which are distinct and separate. Although the Chairman is not an independent director, this segregation of responsibilities between the Chairman and the Managing Director ensures an appropriate balance of roles, responsibilities and accountability.

The Chairman leads the Board and ensures its smooth and effective functioning.

The Managing Director is responsible for the vision and strategic direction of the Group, implementing the policies and decisions of the Board, initiating business ideas and corporate strategies to create competitive edge and enhancing shareholder wealth, setting the benchmark and targets for operating companies, overseeing the day-to-day operations and tracking compliance and business progress.

Independent Non-Executive Directors ("INEDs") are responsible for providing insights, unbiased and independent views, advice and judgement to the Board and bring impartiality to Board deliberations and decision-making. They also ensure effective checks and balances on the Board. INEDs do not participate in the day-to-day management of the Company and there are no relationships or circumstances that could interfere with or are likely to affect the exercise of their independent judgement or the ability to act in the best interest of the Company and its shareholders.

The Group continues to operate in a sustainable manner and seeks to contribute positively to the well-being of stakeholders. The Group's key corporate social responsibility activities or sustainability plan are set out in the Corporate Social Responsibility Statement of this Annual Report.

The Board observes the Company Directors' Code of Ethics established by the Companies Commission of Malaysia ("CCM") which is available at CCM's website at *www.ssm.com.my*. In addition, the Group also has a Code of Ethics that sets out sound principles and standards of good practice which are observed by the employees. The Group has in place procedures and rules for employees to raise responsibly, in confidence, concerns about serious misconduct and other possible improprieties which pose a financial, legal, reputational or operational risks to the Group.

B. BOARD COMPOSITION

The Board comprises seven (7) directors, six (6) of whom are non-executive. Of the non-executive directors, two (2) are independent. The profiles of the members of the Board are provided in the Annual Report.

The Company is guided by the Policy on Board Composition adopted by the Company in determining its board composition. The Policy includes the following:

- The Board shall determine the appropriate size of the board to enable an efficient and effective conduct of board deliberation.
- The Board shall have a balance of skills and experience commensurate with the complexity, size, scope and operations of the Company and shall have an appropriate balance of independent directors comprising at least one third of the board.
- The Board shall also include a balanced composition of executive and non-executive directors.
- Board members should have the ability to commit time and effort to carry out duties and responsibilities effectively.
- The Board recognises the merits of Board diversity in adding value to collective skills, perspectives and strengths to the Board.

B. BOARD COMPOSITION cont'd

The Board will consider appropriate targets in Board diversity including gender, ethnicity and age balance on the Board and will take the necessary measures to meet these targets from time to time as appropriate.

The Board is of the view that the current size and composition of the Board are appropriate and effective for the control and direction of the Group's business. The composition of the Board also fairly reflects the investment of shareholders in the Company.

C. BOARD COMMITTEES

Board Committees have been established by the Board to assist in the discharge of its duties.

I. Board Audit & Risk Management Committee ("BARMC")

The composition of the BARMC, its TOR and a summary of its activities are set out in the BARMC Report of this Annual Report.

II. Nominating Committee ("NC")

The NC was established on 2 May 2013 and the members are as follows:

YBhg Tan Sri Nik Mohamed bin Nik Yaacob
Chairman, Independent Non-Executive Director
(Appointed on 14.01.2015 and redesignated as Chairman on 20.08.2015)

YBhg Dato' Poh Yang Hong
Non-Independent Non-Executive Director

Mr Peter Ho Kok Wai
Independent Non-Executive Director
(Appointed on 20.08.2015)

YBhg Dato' Chew Kong Seng, deceased
Chairman, Independent Non-Executive Director
(Passed away on 17.07.2015)

Mr Tan Keok Yin
Independent Non-Executive Director
(Retired on 14.10.2014)

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL Cont'd

C. BOARD COMMITTEES cont'd

II. Nominating Committee ("NC") cont'd

The NC's functions and responsibilities are set out in the TOR as follows:

- To review and propose to the Board, all appointments, re-appointments, re-elections and removals of directors; appointments of Board committees and chief executive; and to review the criteria to be used.
- To assess annually the independence of the independent directors.
- To propose for the Board's approval, objective performance criteria for evaluation of the performance of the Board as a whole, the Board committees and the contribution and performance of each individual director and Board committee member, including the chief executive and chief financial officer.
- To evaluate the Board's performance by carrying out the assessment process implemented by the Board for assessing the effectiveness of the Board as a whole, Board committees and the contribution and performance of each individual director and Board committee member, including the chief executive and chief financial officer.
- To review and propose appropriate training programmes for the Board.
- To carry out such other functions and duties as may be delegated by the Board from time to time.

The NC carried out its duties in accordance with its TOR.

The Company has in place the process and procedure for assessment of new appointment, re-appointment, re-election and removal of directors, and the appointment of chief executive, and the criteria used ("Process and Procedure for Assessment").

A formal evaluation process has been put in place to assess the effectiveness of the Board as a whole, the Board committees and the contribution and performance of each individual director, Board committee member and the Group Financial Controller.

Having reviewed the annual assessments in respect of the financial year ended 30 June 2015 ("FYE 2015"), the NC is satisfied that the Board, Board committees, each individual director and each Board committee member (except for the Director who ceased to be on the Board and Board committees) have effectively discharged their duties and responsibilities. They have also fulfilled their responsibilities and are suitably qualified to hold their positions. There was no annual assessment review for the Group Financial Controller who had resigned from the Group, and the newly appointed Directors whose assessments were carried out by the NC prior to their appointments in accordance with the Process and Procedure for Assessment.

The NC meets at least once in each financial year and additional meetings may be called at any time as and when necessary.

The NC met once during the FYE 2015 where all the NC members attended.

During the FYE 2015, the NC had considered and reviewed the following:

- composition of the Board and Board committees;
- professional qualification and experience of the directors;
- independence of independent directors and their tenure;
- trainings undertaken by directors; and
- re-election and re-appointment of directors.

The NC has also evaluated the performance of the Board and Board committees, benchmarking against their respective TOR.

C. BOARD COMMITTEES cont'd

III. Remuneration Committee ("RC")

The Company does not have a RC. The Board is of the view that it is not necessary for the Company to establish a RC for the time being given the current size of the Board. The Board as a whole functions as the RC.

The Group's remuneration scheme for executive directors is linked to performance, service seniority, experience and scope of responsibility and is periodically benchmarked to market/industry surveys conducted by human resource consultants. Performance is measured against profits and targets set in the Group's annual plan and budget.

The level of remuneration of non-executive directors reflects the level of responsibilities undertaken by them.

The remuneration packages of executive directors are reviewed by the entire Board, with the presence of a majority of non-executive directors. The executive director concerned shall not participate in the deliberations and shall vacate the meeting room during deliberations of his remuneration package.

The Board, in assessing and reviewing the remuneration packages of executive directors, ensures that a strong link is maintained between their rewards and individual performance, based on the provisions in the Group's Human Resources Manual, which are reviewed from time to time to align with market/industry practices.

The fees of directors are recommended and endorsed by the Board for approval by the shareholders of the Company at its annual general meeting ("AGM").

The aggregate remuneration of directors (including remuneration of directors retired during the FYE 2015 and remuneration earned as directors of subsidiaries) for the FYE 2015 is as follows:

	Fees (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Directors	3,000	935,494	938,494
Non-Executive Directors	297,425	101,030	398,455

The number of directors (including director retired during the FYE 2015) whose remuneration falls into the following bands is as follows:

Range of Remuneration (RM)	Executive	Non-Executive
50,000 and below	-	3
50,001 – 100,000	-	3
100,001 – 150,000	-	1
150,001 – 900,000	-	-
900,001 – 950,000	1	-

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL Cont'd

D. INDEPENDENCE

The Company has in place, an Independence of Directors Policy which sets out the criteria for assessing the independence of independent directors. The Board will apply these criteria upon admission, annually and when any new interest or relationship develops.

The Board further takes cognizance of Recommendations 3.2 and 3.3 of the Code that the tenure of an independent director should not exceed a cumulative term of 9 years. However, the Board seeks to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the Board. Although a longer tenure of directorship may be perceived as relevant to the determination of a director's independence, the Board recognises that an individual's independence should not be determined solely based on tenure of service. Further, the continued tenure of directorship brings considerable stability to the Board, and the Company benefits from directors who have, over time, gained valuable insight into the Group, its market and the industry.

YBhg Tan Sri Nik Mohamed bin Nik Yaacob, an independent director and who has served on the Board for more than 9 years, has declared his independence, and the NC and the Board have determined, at the annual assessment, that he remains objective and has continued to bring independent and objective judgement to Board deliberations and decision-making.

Both the independent directors and non-independent directors are required to submit themselves for re-election at the AGM every 3 years under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa") ["MMLR"] and Articles of Association of the Company. In addition, the re-appointment of director who has attained 70 years of age and above is subject to shareholders' approval at the AGM under Section 129 of the Companies Act, 1965. In respect of the independent director who has served a tenure of 9 years and above, and who is due for re-election, justification for his re-election, will be set out in the explanatory notes of the notice of AGM.

E. COMMITMENT

The directors are aware of their responsibilities and will devote sufficient time to carry out such responsibilities. In line with the MMLR, directors are required to comply with the restrictions on the number of directorships in public listed companies. Directors provide notifications to the Board for acceptance of any new Board appointments. This ensures that their commitment, resources and time are focused on the affairs of the Company to enable them to discharge their duties effectively. Board meetings are scheduled a year ahead in order to enable full attendance at Board meetings. Directors are required to attend at least 50% of Board Meetings pursuant to the MMLR.

The Board meets quarterly with timely notices of issues to be discussed. Additional meetings may be convened on an ad-hoc basis as and when necessary. Where appropriate, decisions are also taken by way of Directors' Circular Resolutions.

All Board members are supplied with information in a timely manner. Board reports are circulated prior to Board meetings and the reports provide, amongst others, financial and corporate information, significant operational, financial and corporate issues, updates on the performance of the Company and of the Group and management's proposals which require the approval of the Board.

E. COMMITMENT cont'd

All directors have access to the advice and services of qualified and competent Company Secretaries and internal auditors. All directors also have access to independent professional advice at the Company's expense, in consultation with the Chairman or the Managing Director of the Company.

At Board meetings, active deliberations of issues by Board members are encouraged and such deliberations, decisions and conclusions are recorded by the Company Secretaries accordingly. Any director who has an interest in the subject matter to be deliberated shall abstain from deliberation and voting on the same during the meetings.

The Board met 4 times during the FYE 2015. Details of attendance of each director are as follows:

Directors	Attendance
YBhg Tan Sri Quek Leng Chan	4/4
Mr Tan Lee Koon	4/4
YBhg Dato' Poh Yang Hong	3/4
YBhg Dato' Ong Joo Theam	4/4
Mr Tan Keok Yin *(Retired on 14.10.2014)*	1/1
YBhg Dato' Chew Kong Seng, deceased *(Passed away on 17.07.2015)*	4/4
YBhg Tan Sri Nik Mohamed bin Nik Yaacob	4/4
Mr Chia Boon Kuah *(Resigned on 01.09.2015)*	4/4

Notes:
1. Mr Tan Keok Yin attended the Board Meeting held during his tenure of office as a Director of the Company.
2. Messrs Peter Ho Kok Wai and Raymond Choong Yee How were appointed to the Board on 20 August 2015 and 1 September 2015 respectively; and as such, they did not attend any Board meeting held during the FYE 2015.

The Board recognises the importance of continuous professional development and training for directors.

The Company is guided by a Directors' Training Policy which covers an Induction Programme and Continuing Professional Development ("CPD") for Directors of the Company. The Induction Programme which includes visits to the Group's various development project sites and meetings with senior management are organised for directors to assist them to familiarise and to get acquainted with the Group's businesses. The CPD encompasses areas related to the industry or businesses of the Group, governance, risk management and regulations through a combination of courses and conferences.

All directors of the Company have completed the Mandatory Accreditation Programme.

The Company regularly organises in-house programmes, briefings and updates by its in-house professionals. The directors are also encouraged to attend seminars and briefings in order to keep themselves abreast with the latest developments in the business environment and to enhance their skills and knowledge. Directors are kept informed of available training programmes on a regular basis.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL Cont'd

E. COMMITMENT cont'd

The Company has prepared for the use of its directors, a Director Manual which highlights, amongst others, the major duties and responsibilities of a director vis-à-vis various laws, regulations and guidelines governing the same.

In assessing the training needs of directors, the Board has determined that appropriate training programmes covering matters on corporate governance, finance, legal, risk management and/or statutory/regulatory compliance, and property industry related matters, be recommended and arranged for the directors to enhance their contributions to the Board.

During the FYE 2015, the directors received regular briefings and updates on the Group's businesses, operations, risk management, internal controls, corporate governance, finance and any changes to relevant legislation, rules and regulations from in-house professionals. The Company also organised an in-house programme for its directors and senior management.

The directors of the Company have also attended various programmes and forums facilitated by external professionals in accordance with their respective needs in discharging their duties as directors.

During the FYE 2015, the directors of the Company, collectively or on their own, attended various training programmes, seminars, briefings and/or workshops, including:

- Shaking Things Up: Technology That Transforms And How To Keep Pace
- Malaysia: Surviving the Next Global Financial Crisis
- Training on Property Market
- The Power of Partnerships
- Leadership & Project Management
- Malaysian Goods & Services Tax – An Overview for Directors
- Alternative Energy Outlook for Malaysia and the Region
- Dialogue with Audit Oversight Board
- Corporate Financial Reporting – Are You Making the Right Decision?
- Update on amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- Update on recent changes in regulations, legislations and accounting standard in Singapore
- Update on recent changes in regulations, legislations and accounting standard in Hong Kong
- HKEx Consultation and IPO updates
- HKEx Consultation Conclusion on Risk Management and Internal Control

F. ACCOUNTABILITY AND AUDIT

The financial reporting and internal control system of the Group is overseen by the BARMC which comprises all non-executive directors with a majority independent. The primary responsibilities of the BARMC are set out in the BARMC Report.

The BARMC is supported by the Internal Audit Department whose principal responsibility is to conduct periodic audits to ensure compliance with systems and/or standard operating procedures of the Group. Investigation will be made at the request of the BARMC and senior management on specific areas of concern when necessary. Significant breaches and deficiencies identified are discussed at the BARMC meetings where appropriate actions will be taken.

I. Financial Reporting

The Board is responsible for ensuring the proper maintenance of accounting records of the Group. The Board receives the recommendation to adopt the financial statements from the BARMC which assesses the financial statements with the assistance of the external auditors.

F. ACCOUNTABILITY AND AUDIT cont'd

II. Risk Management and Internal Control

The Statement on Risk Management and Internal Control as detailed under paragraph I of this Statement provides an overview of the system of internal controls and risk management framework of the Group.

III Relationship with Auditors

The appointment of external auditors is recommended by the BARMC which determines the remuneration of the external auditors. The BARMC reviews the suitability and independence of the external auditors annually. The external auditors meet with the BARMC to:

- present the scope of the audit before the commencement of audit; and
- review the results of the audit as well as the management letter after the conclusion of the audit.

At least twice a year, the BARMC will have a separate session with the external auditors without the presence of management.

G. DISCLOSURE

The Company has in place, a corporate disclosure policy for compliance with the disclosure requirements set out in the MMLR, and to raise awareness and provide guidance to the Board and management on the Group's disclosure requirements and practices.

All timely disclosure and material information documents will be posted on the website after release to Bursa.

H. SHAREHOLDERS

I Dialogue with Shareholders and Investors

The Board acknowledges the importance of regular communication with shareholders and investors via the annual reports, circulars to shareholders and quarterly financial reports and the various announcements made during the year, through which shareholders and investors can have an overview of the Group's performance and operation.

Notices of general meetings and the accompanying explanatory notes are provided within the prescribed notice period on the Company website, Bursa website, in the media and by post to shareholders. This allows shareholders to make the necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.

Shareholders have the right to demand to vote by way of a poll at the general meetings for resolutions and the voting results will be announced at the meetings and through Bursa.

The Company has a website at 'www.guocoland.com.my' which the shareholders can access for information which includes the Board Charter, corporate information, announcements/press releases/briefings, financial information, products information and investor relations.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL Cont'd

H. SHAREHOLDERS cont'd

I Dialogue with Shareholders and Investors cont'd

In addition, shareholders and investors can have a channel of communication with the Group Financial Controller to direct queries and provide feedback to the Group.

Queries may be conveyed to the following person:

Name	:	Mr Loi Kok Mun
Tel No.	:	603-2726 1000
Fax No.	:	603-2726 1120
E-mail address	:	info@guocoland.com.my

II AGM

The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. Senior management and the external auditors are also available to respond to shareholders' queries during the AGM.

I. STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Responsibility of the Board

The Board recognises its overall responsibility for the adequacy and effectiveness of the Group's system of internal controls and risk management framework to safeguard shareholders' investment and the Group's assets.

Accordingly, the Board has entrusted the BARMC to provide oversight of the system of internal controls and risk management framework. The BARMC is assisted by the Group's Internal Audit Department in this role.

The Risk Management Framework

The risk management framework which is in accordance with MS ISO 31000: 2010 serves to:

- establish the context of risk in relation to the Group's risk appetite;
- identify the risks faced by the Group in the operating environment;
- assess the likelihood and impact of such risks identified and hence, their risk levels;
- evaluate the priority to be given in managing each risk based on its respective risk level;
- assess the adequacy and effectiveness of the existing risk mitigating measures;
- evaluate risk treatment options (i.e. changing the likelihood or consequence of risk; and sharing, retaining or avoiding risk) in relation to the Group's context of risk;
- develop any necessary further measures to manage these risks; and
- monitor and review risk mitigating measures, risk levels and emerging risks.

On an on-going basis, each operating company has clear accountabilities to:

- monitor its existing risks, identify emerging risks and hence update the enterprise-wide risk registers;
- maintain the adequacy, effectiveness and relevance of action plans and control systems developed to manage risks; and
- periodically prepare risk management report for reporting to the BARMC.

I. STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL cont'd

The System of Internal Controls

The key elements of the Group's system of internal controls are described below:

- A management structure exists with clearly defined delegation of responsibilities to the management of the Group's operating companies, including authorisation levels for all aspects of the business and operations.
- Documented corporate policies and procedures covering various aspects of the business and operations of the Group.
- Promotion of a strong internal control culture through the Group's values and ethics and also the "tone at the top".
- Diligent review of the quarterly financial results and reports and identifying the reasons for any unusual variances.
- Risk-based internal audits carried out by the Group's Internal Audit Department, focusing on key risk areas.
- Periodic reporting to the BARMC on the results of control assurance and audit activities, and also the management of risks throughout the Group.

Management and Decision-Making Processes

The internal control and risk management processes embedded within the operations of the Group are in place for the year under review and up to the date of approval of this Statement for inclusion in the Annual Report, and reviewed periodically by the BARMC. These processes are intended to manage and not expected to eliminate all risks of failure to achieve business objectives. Accordingly, they can only provide reasonable and not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

The Board has received assurance from the Managing Director that the Group's system of internal controls and risk management framework are operating adequately and effectively, in all material aspects, based on the internal control system and risk management framework of the Group.

Pursuant to paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement for inclusion in the 2015 Annual Report, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

J. DIRECTORS' RESPONSIBILITY IN FINANCIAL REPORTING

The MMLR requires the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of the financial performance and cash flows of the Group and of the Company for the financial year.

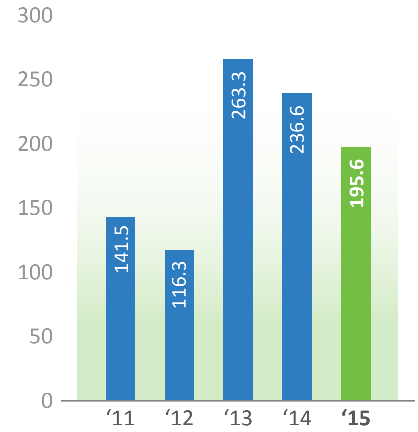
The directors of the Company are satisfied that the financial statements of the Group and the Company for the FYE 2015 have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia and that the Group and the Company have adopted appropriate accounting policies and have applied them consistently.

This Statement on Corporate Governance, Risk Management and Internal Control is made in accordance with the resolution of the Board.

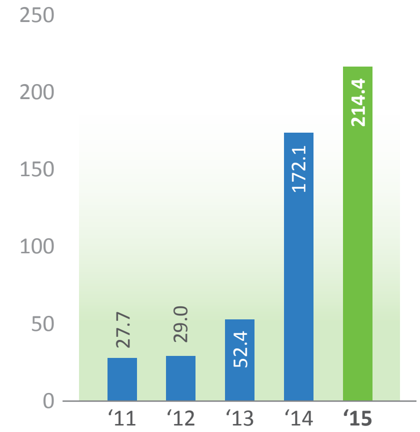
GROUP FINANCIAL HIGHLIGHTS

YEAR ENDED (RM Million)	June '11	June '12	June '13	June '14	June '15
Revenue	141.5	116.3	263.3	236.6	**195.6**
Profit before tax	27.7	29.0	52.4	172.1	**214.4**
Profit attributable to owners of the parent	24.7	26.5	42.0	153.2	**188.9**
Net earnings per share (sen)	3.7	4.0	6.3	22.9	**28.2**
Net dividend per share (sen)	1.5	1.5	1.5	2.0	**2.0**
Gross dividend per share (sen)	2.0	2.0	2.0	2.0	**2.0**
Shareholders' funds	817.0	762.8	806.7	952.6	**1,122.6**
Total assets	1,866.2	2,030.2	1,948.0	2,163.1	**2,897.3**

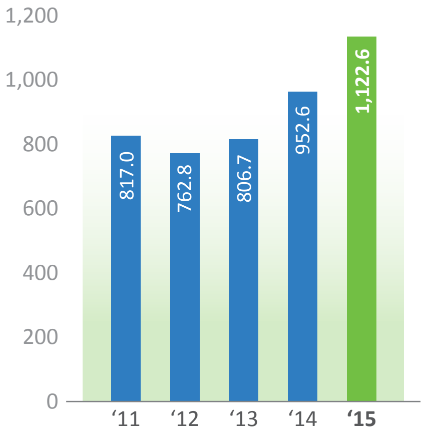
REVENUE
(RM Million)



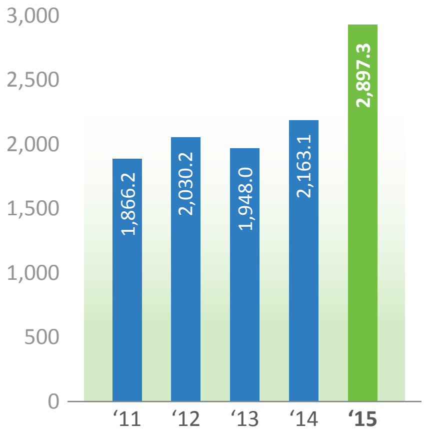
PROFIT BEFORE TAX
(RM Million)



SHAREHOLDERS' FUNDS
(RM Million)



TOTAL ASSETS
(RM Million)



Artist's impression of Damansara City

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and audited financial statements of GuocoLand (Malaysia) Berhad ("GLM") for the financial year ended 30 June 2015.

OPERATING ENVIRONMENT

The Malaysian economy is currently going through some challenges due to various domestic and international issues such as, declining value of Ringgit, low commodity prices and a slowdown in the Chinese economy. Nevertheless, we are cautiously optimistic that the situation is still being kept in check by a stable economic growth rate of 4.9% in the second quarter of 2015 as reported by Bank Negara Malaysia recently.

The Gross Domestic Product (GDP) in Malaysia was worth USD326.93 billion in 2014 and expanded 5.6% in the first quarter of 2015 over the same quarter of the previous year. The growth reflects Malaysia's resilient domestic demand and private-sector investments that help cushion slowing exports.

According to the Finance Ministry's Valuation and Property Services Department, the Malaysian property transactions registered a 7.0% rise in transaction value at RM162.97 billion, while volume increased by 0.8% to 384,060 transactions in 2014 as compared to the previous year.

In terms of value, the residential segment led with a 50.4% share followed by commercial properties at 19.5%. By volume, the residential sector led the property market with a 64.4% contribution. The rise in both the value and volume was led by residential property sales and purchases.

OPERATING RESULTS

Despite the challenges and a 17.3% drop in revenue to RM195.6 million (2014: RM236.6 million), I am pleased that the Group ended the financial year 30 June 2015 on a positive note with a higher profit before tax, an increase of 24.6% to RM214.4 million (2014: RM172.1 million).

While property development performed better during the year under review, the performance of our property investment and hotel operations was mixed. The imbalance in the demand for and supply of office space in the Klang Valley and rising costs continued to exert pressure on Tower Real Estate Investment Trust while the results from overall hotel operations improved marginally.

PROSPECTS

The Group expects the property market outlook and sentiment to remain cautious amid credit tightening rules and uncertain economic environment. The Group foresees

CHAIRMAN'S STATEMENT Cont'd

Artist's impression of F&B centric lifestyle mall @ Damansara City, Damansara Heights

a challenging year ahead but we shall continue to enhance shareholder value by focusing on timely completion of our development projects and monetising our inventories.

DIVIDEND

The Board of Directors has recommended a dividend of 2 sen per share for the financial year ended 30 June 2015. The recommended dividend is subject to approval at the forthcoming Annual General Meeting on 11 November 2015.

ACKNOWLEDGEMENTS

On behalf of the Board, I welcome Messrs Raymond Choong Yee How and Peter Ho Kok Wai as new Board members. Mr Raymond Choong assumed the position of Group President & Chief Executive Officer of GuocoLand Limited, the holding company of GLM, with effect from 1 September 2015.

On behalf of the Board and myself, we express our sorrow on the demise of the late YBhg Dato' Chew Kong Seng and convey our sincere condolences to his family. We would like to extend our gratitude and appreciation for his invaluable contributions to the Group.

We would also like to extend our sincere thanks and appreciation to Mr Tan Keok Yin who retired at the last Annual General Meeting of the Company, and Mr Chia Boon Kuah who resigned from the Company on 1 September 2015, for their past services and invaluable contributions to the Group.

I wish to thank the Board members, the management and staff of the Group for their commitment, dedicated services and contributions in the past year. On behalf of the Board, I would also like to express our sincere appreciation to our shareholders, customers and business partners for their confidence and continued support for the Group.

TAN SRI QUEK LENG CHAN
Chairman
15 September 2015

MANAGING DIRECTOR'S REVIEW

Artist's Impression:

1 Murfree @ KL Peak semi-detached home, Alam Damai, Cheras

2 Spacious living room @ Serene, Pantai Sepang Putra

3 Bedroom that oversees nature's beautiful scenery @ Serene, Pantai Sepang Putra

I am pleased to present a review of GuocoLand Malaysia's businesses and performance for the financial year ended 30 June 2015.

Despite market challenges and economic uncertainty, I am pleased to report that the Group had completed the financial year in a position of strength.

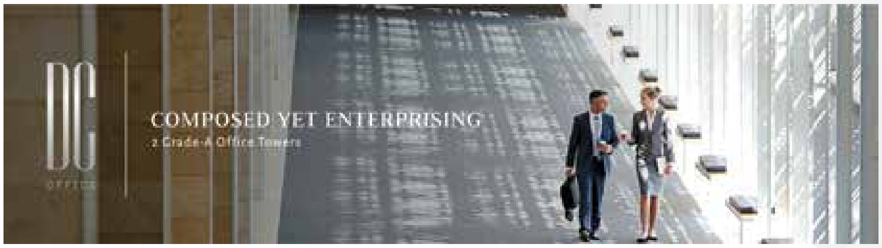
The better performance was achieved through improved contributions from our property development activities and fair value gains. For the financial year ended 30 June 2015, the Group's pre-tax profit rose by 24.6% to RM214.4 million from RM172.1 million in the previous financial year. Revenue, however, retreated by 17.3% to RM195.6 million from RM236.6 million recorded in the financial year ended 30 June 2014. The decrease in revenue was largely due to the completion of the Group's commercial development sub-segment projects in PJ City and Old Klang Road as well as the residential project in Kajang.

On a more positive note, the higher profit was driven by recognition of net fair value gain in the 4th quarter that amounted to RM181.4 million arising from the valuation of investment properties. The increase is also boosted by sales of *The Rise* boutique bungalows in Emerald, Rawang and *Serene* double-storey terraced homes in Pantai Sepang Putra.

To cap an eventful year, GuocoLand Malaysia's ongoing pursuit of excellence for better built homes has been recognised by the Construction Industry Development Board (CIDB) Malaysia – a top 10 rating among developers with the highest score in Quality Assessment System for Building Construction Works (QLASSIC), with *Coris* double-storey link homes in Emerald, Rawang obtaining

MANAGING DIRECTOR'S REVIEW Cont'd

an excellent score. The recognition, together with the other awards that we have won previously, have again highlighted our long term commitment to develop innovative and comfortable homes with uncompromised quality.



PROPERTY DEVELOPMENT

It has been a very eventful and exciting year for Damansara City integrated development with Hong Leong Bank Berhad's proposed acquisition of the entire equity interest in DC Tower Sdn Bhd which holds the development and ownership rights of Office Tower A, a 33-storey Grade-A office tower, with a total net lettable area of 506,069 sq ft. The said acquisition is expected to contribute positively to Damansara City as it will reinforce the integrated development's position as one of the most anticipated business enclaves in the Greater Kuala Lumpur and Damansara Height's community.

Damansara City is strategically located just outside the Kuala Lumpur City Centre with good accessibility through multiple road systems and nearby Mass Rapid Transit (MRT) station, as well as being just a few kilometers away from Bangsar, the KL Sentral transportation hub and other established townships. The various components such as the office towers, residency towers, hospitality facilities and a refined and curated lifestyle mall are all seamlessly integrated to provide the best possible convenient and luxury lifestyle for all.

DC Mall, the upcoming F&B-centric lifestyle mall, is seeing strong demand for its space as it has already secured in-principle agreements with some well known local and international brands. All these are translating into positive demand for our residential towers.

In terms of our townships, Emerald Rawang has been undergoing a series of re-planning processes to further enhance its value, in line with the latest market scenario and consumer requirements. Response to *The Rise* luxury boutique bungalows launched in February 2014 has been encouraging, while Phase II of this development is currently in the pipeline for launch.

For investors and buyers who are looking for high quality, comfortable and affordable homes especially in the surrounding areas of Greater Klang Valley, the Pantai Sepang Putra township at the southern coast of Selangor is the perfect choice. The township is very well matured and established, and located in the vicinity of various modern amenities and convenience. Most exciting of all, it is surrounded by abundance of natural lush greenery and is just a stone's throw away from the beautiful beaches overseeing the Straits of Melaka. Almost all units of the *Serene* double-storey terraced homes launched here in August last year have already been taken up.

1 & 2 Artist's impression of the Ascent super-link homes at Emerald Rawang (future launch)

UPCOMING PROJECTS

We are excited about our upcoming projects which aim to bring us to the next level and further establish our position as the proven expert in building townships, landed properties and integrated city development. We are also constantly exploring and studying ways to unlock the value to our sizeable landbank of about 10,000 acres, particularly in the Klang Valley, Rawang, Sepang and Jasin, Melaka.

The next one year and beyond will be an exciting yet challenging time for GuocoLand Malaysia as we will have the opportunity to progressively embark on a growth journey with innovative and thoughtful development that will surely enthuse the market and investors alike. We are committed to partner with well known local and international consultants to transform our current townships into lifestyle inspired neighbourhoods and future planned townships into various themed communities and ultramodern living spaces. Much efforts have been put into the planning, design and execution of all our products to ensure we meet the aspirations and requirements of today's home buyers and investors.

Among the many upcoming projects that are already stirring up excitement in the markets and receiving many registrants are:

EMERALD, RAWANG

Following the successful launch of *The Rise* boutique bungalows last year, GuocoLand Malaysia will be launching *The Ascent* – 142 units of double-storey super-link homes that integrate a unique blend of exclusive suburban living and sophistication in the heart of nature that offers a rich tapestry of flora and fauna, lush green lawns, tree-lined boulevards, beautiful lakes and a sprawling parkland. Like *The Rise*, *The Ascent* is set to draw tremendous interest from discerning investors from around Rawang and Greater Kuala Lumpur.

MANAGING DIRECTOR'S REVIEW Cont'd

Artist's Impression:

1 Bayou, Pantai Sepang Putra, offers a magnificent lake view

2 Bayou, Pantai Sepang Putra, semi-detached homes

PANTAI SEPANG PUTRA, SEPANG

The latest phases of development for the residential township are *Alanna* and *Bayou* launched in July 2015.

Inheriting the DNA of *Serene* launched in August 2014, *Alanna*, within the same vicinity as *Serene*, has 72 units of contemporarily designed 22'x70' double-storey terraced homes and is set to continue to inspire those who truly appreciate nature's surroundings that encompass countryside greenery and sunny beaches, and the tranquility of suburban lifestyle with modern convenience and practicality.

Bayou provides contemporarily crafted 2-storey semi-detached villa that harmonises the natural gifts of nature with the vibrancy of modern, suburban living. There are 142 units in total, and the homes offer large rooms for spacious living, double frontage with lake and garden view, large car porches that fit up to 3 cars, and rainwater harvesting system, as well as the luxury, joy and comfort of living in harmony with nature.

Artist's Impression:
3-acre Central Wetlands Park at Murfree @ KL Peak, Alam Damai, Cheras

MANAGING DIRECTOR'S REVIEW Cont'd

1 & 2 Artist's impression of Murfree @ KL Peak, semi-detached homes, Alam Damai, Cheras

MURFREE @ KL PEAK, ALAM DAMAI, CHERAS

This is our latest and most exciting hidden gem in the Klang Valley that we shall reveal in the next financial year. Surrounded by verdant green natural rainforest, this 47-acre luxury development comprises 236 units of three and three-and-a-half storey homes with a central wetland park perched at the highest point in KL Peak (Alam Damai), Cheras. 220 units are semi-detached homes while the remaining 16 units are bungalows.

This freehold development boasts a secured and guarded neighbourhood with multi-tiered security system, perimeter fencing, multiple CCTVs and guard houses with round-the-clock security monitoring. *Murfree's* dual-key concept which provides multi-generational living under one roof will appeal to today's lifestyle.


HP Towers


Menara HLA

PROPERTY INVESTMENT

TOWER REAL ESTATE INVESTMENT TRUST (Tower REIT)

The financial year under review has been a challenging year for the Malaysian REITs on the back of an upward trend of bond yields, oversupply of office and retail spaces, and downward pressure on rental rates, as well as upward pressure on various utility tariffs like energy, water, sewer and DBKL assessment rates that are all contributing to higher operating expenses. The trend is expected to continue in 2015 with slower growth outlook.

Prospects for Tower REIT are expected to be challenging in the coming financial year due to oversupply of office situation and potential lower occupancy for the portfolio assets in the event we are unable to restore major vacancies due to tenant turnover. Notwithstanding the difficult operating environment, Tower REIT will continue to take active steps to manage the portfolio assets to maximise return to unitholders.

MANAGING DIRECTOR'S REVIEW Cont'd

Thistle Johor Bahru

Thistle Port Dickson Resort

HOTELS

HOTEL OPERATIONS

Tourist arrival in Malaysia dropped 8.6 percent to 6.5 million in the first quarter of 2015. Despite that, Thistle Port Dickson has seen a 1% increase in its revenue to RM27.3 million as compared to the previous financial year, while Thistle Johor Bahru's revenue dropped by 8% to RM33.1 million. The drop for Thistle Johor Bahru is mainly due to both occupancy and average rates, which dropped by 3% and 5% respectively as compared to the previous financial year. This is primarily contributed by the increase in supply of five star hotels in the Johor Bahru market for the year under review, which is affecting the market in general.

In terms of gross operating profit, Thistle Port Dickson has a better showing with growth of 5% over the previous financial year to RM8.8 million. This is made possible through better productivity and efficiency in operating the hotel.

Thistle Port Dickson Resort received various top accolades, such as the TripAdvisor's Certificate of Excellence 2014, Travelers' Choice Award 2014, and Travelers' Choice Award 2015. We also received commendation from TripAdvisor who place Thistle Port Dickson Resort as one of the top-ranked properties in Port Dickson. We are also awarded with the Bravo Badge as Thistle Port Dickson Resort has constantly been getting glowing reviews. Due to the high standard of service and facilities that we continuously deliver, the Ministry of Tourism & Culture has once again renewed our 5-Star Certificate up to May 2017.

ACKNOWLEDGEMENTS

On behalf of the management team and staff, I would like to express our heartfelt gratitude to the Board of Directors for their guidance and support. I also wish to convey my appreciation to our valued customers, shareholders and business partners for their continued support for the Group.

TAN LEE KOON
Managing Director
15 September 2015

CORPORATE SOCIAL RESPONSIBILITY

At GuocoLand (Malaysia) Berhad ("GLM"), we strive to go beyond corporate social responsibility and integrate sustainability in everything that we do. We need to move away from a list of check boxes to meaningful action to ensure impact and create real change for the better. This has impacted our actions in the past year and we shall continue to affect thinking moving forward. We take this effort seriously and are not simply motivated by trying to enhance our corporate image.

CORPORATE SOCIAL RESPONSIBILITY Cont'd

We need to genuinely transform by integrating sustainability into the heart of our businesses and we are slowly making inroads into this. We believe in serving our communities, which include our employees, customers, business partners and the environment, as our partners. We have a common understanding that without the community, there is no company. The Hong Leong Group sees corporate social responsibility, or more accurately, sustainability, as integral to its mission. The Group contributes to the socio-economic development of the nation through its business growth, promoting education, providing aid to marginalised communities, supporting and developing local talent, propagating green practices and practicing sustainable supply-chain in its operations.

Below is our commitment to each of the focus areas under the Group Sustainability Plan:

WORKPLACE

GLM is committed to upholding the human rights of our employees and treating them with dignity and respect.

GLM also aims to ensure that the health, safety and welfare of our employees are well taken care of and we acknowledge our responsibility towards employees who may be affected by our activities. We strive to deliver innovative solutions as well as create an inspiring and conducive working and living environment for all workers, from the construction site to the workers' hostel, and to the various offices that house the company's office based employees.

Various in-house and external programmes were conducted for the Group's employees to enhance their technical competencies as well as supervisory skills in order to develop a competent workforce that is knowledgeable and highly motivated e.g. we support our Raikon Technical staff to better themselves and move up in their career ladder by supporting them in their studies to get further technical certifications through study grants and paid time off work.

Since its founding, the Group has demonstrated an on-going commitment to people and to fair employment practices. We believe that diverse workforce helps the organisation realises its full potential.

We believe that a well-managed, diverse and inclusive work force expands the Group's base of knowledge, skills and cross-cultural understanding, which in turn, enables us to understand, relate and respond to our diverse and changing customers throughout the world. Our overall commitment is reflected in our diversity and inclusion philosophy.

Consistent with our Best Work Environment practices, we maintain a work environment free from discrimination and we comply with all applicable laws pertaining to non-discrimination and equal opportunity.

This is evidenced by the diverse ethnic and social backgrounds of staff and business partners.

ENVIRONMENT

GLM endeavours to identify and minimise the negative environmental impact of our products and business activities. We take steps to reduce environmental impact wherever possible.

Our environmental initiatives include smart and careful consumption of resources, water, emissions to air, waste generation, energy use and procurement processes. Our final products and their related development/construction processes are also adhered to strictly and guided by local and international environmental standards to ensure minimum negative impact to the environment. Among some of the notable examples are our Damansara City flagship integrated development at Damansara Heights that is built to comply with the Green Building Index (GBI) Certified rating; the Leadership in Energy & Environmental Design (LEED) Gold rating; and CONQUAS Quality Assessment for building construction works. Our on-going pursuit of excellence for better built homes has also been recognised by the Construction Industry Development Board (CIDB) Malaysia when the *Coris* double-storey link homes in Emerald, Rawang obtained an excellent score.

We are committed to minimising our environmental impact and encouraging greater sustainability throughout our business. Our commitment to the environment has guided us to continually strive to reduce unnecessary waste in Malaysia and elsewhere in the world by offering more environmentally friendly and sustainable operations.

CORPORATE SOCIAL RESPONSIBILITY Cont'd

MARKETPLACE

GLM is committed to good business ethics and integrity. For many years now, the Group has had in place internally generated best practices to ensure the economic sustainability of all its companies. Some of these best practices are:

- Established Financial Management Disciplines intended to drive excellence in financial management with the objective of preserving and enhancing the quality of the business as an on-going concern.
- An established Enterprise Risk Management structure to ensure that a systematic process and delegation of responsibility is clearly set out to guide management.
- A code of business conduct and ethics of financial reports which contains disclosures that are true and fair.
- In choosing its directors, the Group seeks individuals of high integrity, and with shareholder orientation and a genuine interest in their respective company's businesses. They are tasked with the responsibility of exercising their business judgement to act in what they reasonably believe to be in the best interest of the company and the shareholders they represent.
- The practice of responsible selling and marketing of products and services via strict adherence to the guidelines set under the Housing Development (Control And Licensing) 1966 Act and Regulations, Malaysian Code of Advertising Practice as well as other relevant laws and policies.

COMMUNITY

The Group conducts most of its philanthropic activities through Hong Leong Foundation, the charitable arm of Hong Leong Group.

Incorporated in 1992, Hong Leong Foundation is a corporate foundation driven by the interest and passion of the Hong Leong Group. It is funded by contributions from Hong Leong Group Malaysia companies and is, effectively, its charitable arm through which most of the Group's philanthropic activities are conducted. The Foundation expended a total of RM26.9 million over the last three years and has the following programmes in place working with our Community Partners:

- Community Welfare Programme to address the daily needs of homes, shelters and community centres.
- Towards Self-Sufficiency:
    - Tertiary Scholarship Programme
    - Reach out and Rise Education Development Programme
    - The Hong Leong Masters Scholarship Programme
    - After School Care Programme
- Community Partner Programme to enable furtherance of the charity's mission and vision:
    - Good Jobs: Employment Development Programme
    - Better Homes: Welfare Home Transformation Programme
    - Hong Leong Foundation NGO Accelerator Programme
    - Community Welfare Programme

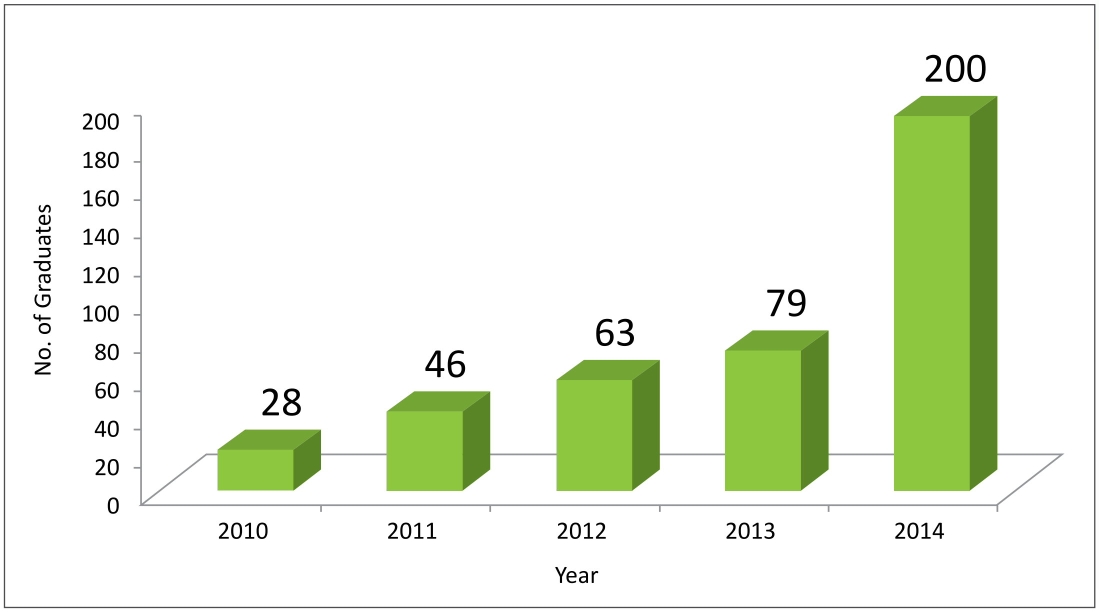
The total funds disbursed by the Foundation in the financial year ended 30 June 2015 were RM6.9 million, benefiting 30 charity organisations. During the year, the Foundation disbursed RM3.2 million in scholarships to benefit around 200 scholars studying in various universities, all of whom are from financially-challenged families. Because gaps of opportunity exist along the entire spectrum of education development, the Foundation has set up a comprehensive programme to empower its scholars: enrichment camps and workshops, internships, mentorships and other supports to help them excel in their formative years at university and beyond.

Since 1993, Hong Leong Foundation has awarded more than RM29.5 million in scholarships to 1,204 scholars via its scholarship programmes for diplomas, degrees or masters.

CORPORATE SOCIAL RESPONSIBILITY Cont'd

COMMUNITY cont'd

Hong Leong Foundation Scholarship Graduates by Year:



Apart from education for the youth, we are also concerned for our future generations when it comes to preserving wildlife. Over 125 newly born turtles of the Chelonia Mydas species (or commonly known as Green Turtle) were released into the open sea by GLM staff during our GLM Retreat in Cherating, Pahang at the end of 2014. Cash was raised from the turtle release campaign and donated to the Cherating Sanctuary Centre which was set up to safeguard and protect the endangered turtles.

Another community engagement programmes that GLM organised was a blood donation campaign held at its sales gallery in Emerald Rawang in February 2015, whereby more than 40 bags of blood were collected.

This Corporate Social Responsibility Statement is made in accordance with the resolution of the Board of Directors.

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are as stated in Note 40 to the financial statements.

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

RESULTS

	GROUP RM'000	COMPANY RM'000
Profit net of tax	193,257	269,583
Profit attributable to:		
Owners of the parent	188,866	269,583
Non-controlling interests	4,391	-
	193,257	269,583

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

In the opinion of the directors, the results of the 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.

DIRECTORS' REPORT Cont'd

DIVIDENDS

The dividend paid by the Company since 30 June 2014 was as follows:

	RM'000
In respect of the financial year ended 30 June 2014:	
Final single tier dividend of 2 sen per share on 669,880,418 (net of ESS Trust shares) ordinary shares of RM0.50 each, paid on 4 November 2014	**13,398**

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 30 June 2015, of 2 sen per share on 669,880,418 (net of ESS Trust shares) ordinary shares of RM0.50 each, amounting to a dividend payable of RM13,397,608 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2016.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

YBhg Tan Sri Quek Leng Chan	*(Chairman)*
Mr Tan Lee Koon	*(Managing Director)*
YBhg Dato' Poh Yang Hong	
YBhg Dato' Ong Joo Theam	
YBhg Tan Sri Nik Mohamed bin Nik Yaacob	
Mr Chia Boon Kuah	
Mr Peter Ho Kok Wai	*(Appointed on 20.08.2015)*
Mr Tan Keok Yin	*(Retired on 14.10.2014)*
YBhg Dato' Chew Kong Seng @ Chew Kong Huat, deceased	*(Passed away on 17.07.2015)*

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in the ordinary shares, preference shares, options over ordinary shares and/or loan stocks in the Company and/or its related corporations during the financial year were as follows:

	Shareholdings in which directors have direct interests Number of ordinary shares/preference shares/ordinary shares issued or to be issued or acquired arising from the exercise of options*/ conversion of redeemable convertible unsecured loan stocks**/ redeemable convertible cumulative preference shares***				
	Nominal value per share RM	As at 1.7.2014	Acquired	Sold	As at 30.6.2015
Interests of YBhg Tan Sri Quek Leng Chan in:					
GuocoLand (Malaysia) Berhad	0.50	19,506,780	-	-	**19,506,780**
Hong Leong Company (Malaysia) Berhad	1.00	390,000	-	-	**390,000**
Guoco Group Limited	USD0.50	1,056,325	-	-	**1,056,325**
GuocoLand Limited	(1)	13,333,333	-	-	**13,333,333**
Hong Leong Financial Group Berhad	1.00	4,989,600	-	-	**4,989,600**
GuocoLeisure Limited	USD0.20	735,000	-	-	**735,000**
The Rank Group Plc	GBP13$^{8/9}$p	285,207	-	-	**285,207**
Interests of YBhg Dato' Ong Joo Theam in:					
GuocoLand (Malaysia) Berhad	0.50	22,588	-	-	**22,588**
Hong Leong Financial Group Berhad	1.00	18,000	-	-	**18,000**
GuocoLand Limited	(1)	61,000	-	-	**61,000**

DIRECTORS' REPORT Cont'd

DIRECTORS' INTERESTS cont'd

	Nominal value per share RM	Shareholdings in which directors have indirect interests Number of ordinary shares/preference shares/ordinary shares issued or to be issued or acquired arising from the exercise of options*/ conversion of redeemable convertible unsecured loan stocks**/ redeemable convertible cumulative preference shares*** As at 1.7.2014	Acquired	Sold	As at 30.6.2015
Interests of YBhg Tan Sri Quek Leng Chan in:					
Hong Leong Company (Malaysia) Berhad	1.00	13,069,100	-	-	**13,069,100**
Hong Leong Financial Group Berhad	1.00	826,612,300 (6) 900,000 * (6)	900,000 (6) (15) -	(825,000) (6) (900,000) * (6) (15)	**826,687,300** (6) **-**
Hong Leong Capital Berhad	1.00	200,805,058	-	-	**200,805,058**
Hong Leong Bank Berhad	1.00	1,160,549,285	-	-	**1,160,549,285**
Hong Leong MSIG Takaful Berhad	1.00	65,000,000	-	-	**65,000,000**
Hong Leong Assurance Berhad	1.00	140,000,000	-	-	**140,000,000**
Hong Leong Industries Berhad ("HLI")	0.50	246,136,603 (6)	-	(701,600)	**245,435,003** (6)
Hong Leong Yamaha Motor Sdn Bhd					
- Ordinary shares	1.00	17,352,872	-	-	**17,352,872**
- Redeemable preference shares	1.00	6,941	-	(6,941) (9)	**-**
Guocera Tile Industries (Meru) Sdn Bhd	1.00	19,600,000	-	-	**19,600,000**
Hong Leong Maruken Sdn Bhd (In members' voluntary liquidation)	1.00	1,750,000	-	-	**1,750,000**
Century Touch Sdn Bhd (In members' voluntary liquidation)	1.00	6,545,001	-	-	**6,545,001**
Varinet Sdn Bhd (In members' voluntary liquidation)	1.00	10,560,627	-	-	**10,560,627**

DIRECTORS' INTERESTS cont'd

	Nominal value per share RM	Shareholdings in which directors have indirect interests Number of ordinary shares/preference shares/ordinary shares issued or to be issued or acquired arising from the exercise of options*/ conversion of redeemable convertible unsecured loan stocks**/ redeemable convertible cumulative preference shares*** As at 1.7.2014	Acquired	Sold	As at 30.6.2015
Interests of YBhg Tan Sri Quek Leng Chan in: cont'd					
RZA Logistics Sdn Bhd (In members' voluntary liquidation)	1.00	7,934,247	-	(7,934,247) (10)	**-**
Malaysian Pacific Industries Berhad	0.50	111,951,357 (6)	266,500	-	**112,217,857** (6)
Carter Realty Sdn Bhd	1.00	5,640,607	-	-	**5,640,607**
Carsem (M) Sdn Bhd					
- Ordinary shares	1.00	84,000,000	-	-	**84,000,000**
- Redeemable preference shares	100.00	22,400	-	-	**22,400**
Hume Industries Berhad (formerly known as Narra Industries Berhad) ("HIB")	1.00	37,853,100	339,175,511 (6) (11)	(4,238,328) (17,387,700) (6) (12) (1,029,537) (13)	**354,373,046** (6)
Southern Steel Berhad ("SSB")	1.00	301,541,202	-	(2,000,000)	**299,541,202**
		-	141,627,296 **(8)	-	**141,627,296** **(8)
Southern Pipe Industry (Malaysia) Sdn Bhd	1.00	118,822,953	-	-	**118,822,953**
	1.00	20,000,000 ***(7)	-	-	**20,000,000** ***(7)
Guoco Group Limited	USD0.50	237,124,930	-	-	**237,124,930**
GuocoLand Limited	(1)	819,244,363 (6)	-	-	**819,244,363** (6)
First Garden Development Pte Ltd (In members' voluntary liquidation)	(1)	63,000,000	-	-	**63,000,000**
Sanctuary Land Pte Ltd (In members' voluntary liquidation)	(1)	90,000	-	-	**90,000**

DIRECTORS' REPORT Cont'd

DIRECTORS' INTERESTS cont'd

	Nominal value per share RM	Shareholdings in which directors have indirect interests Number of ordinary shares/preference shares/ordinary shares issued or to be issued or acquired arising from the exercise of options*/ conversion of redeemable convertible unsecured loan stocks**/ redeemable convertible cumulative preference shares*** As at 1.7.2014	Acquired	Sold	As at 30.6.2015
Interests of YBhg Tan Sri Quek Leng Chan in: cont'd					
Beijing Minghua Property Development Co., Ltd (In members' voluntary liquidation)	(2)	150,000,000	-	-	**150,000,000**
Nanjing Mahui Property Development Co., Ltd	(2)	271,499,800	-	(271,499,800)	**-**
Shanghai Xinhaojia Property Development Co., Ltd	(2)	3,150,000,000	-	-	**3,150,000,000**
Shanghai Xinhaozhong Property Development Co., Ltd	(3)	19,600,000	-	-	**19,600,000**
Beijing Cheng Jian Dong Hua Real Estate Development Company Limited	(2)	50,000,000	-	-	**50,000,000**
Belmeth Pte Ltd	(1)	40,000,000	-	-	**40,000,000**
Guston Pte Ltd	(1)	8,000,000	-	-	**8,000,000**
Perfect Eagle Pte Ltd	(1)	24,000,000	-	-	**24,000,000**
Lam Soon (Hong Kong) Limited	(5)	140,008,659	-	-	**140,008,659**
Kwok Wah Hong Flour Company Limited (In members' voluntary liquidation)	(5)	9,800	-	-	**9,800**
Guangzhou Lam Soon Food Products Limited	(4)	6,570,000	-	-	**6,570,000**
GuocoLand (Malaysia) Berhad	0.50	456,055,616	-	(357,020)	**455,698,596**
Guoman Hotel & Resort Holdings Sdn Bhd	1.00	277,000,000	-	-	**277,000,000**
JB Parade Sdn Bhd					
- Ordinary shares	1.00	28,000,000	-	-	**28,000,000**
- Redeemable preference shares	0.01	68,594,000	-	-	**68,594,000**

DIRECTORS' INTERESTS cont'd

	Nominal value per share RM	Shareholdings in which directors have indirect interests Number of ordinary shares/preference shares/ordinary shares issued or to be issued or acquired arising from the exercise of options*/ conversion of redeemable convertible unsecured loan stocks**/ redeemable convertible cumulative preference shares*** As at 1.7.2014	Acquired	Sold	As at 30.6.2015
Interests of YBhg Tan Sri Quek Leng Chan in: cont'd					
Continental Estates Sdn Bhd					
- Ordinary shares	1.00	30,051,174 (14)	4,356,826	-	**34,408,000**
- Redeemable preference shares	0.01	107,903,020 (14)	15,599,585	-	**123,502,605**
GuocoLeisure Limited	USD0.20	923,255,425	-	-	**923,255,425**
The Rank Group Plc	GBP13$^{8/9}$p	268,194,969	1,087,252	(50,000,000)	**219,282,221**
Interests of YBhg Dato' Poh Yang Hong in:					
Hong Leong Industries Berhad	0.50	102,800	-	(102,800)	**-**

Legend:

(1) Concept of par value was abolished with effect from 30 January 2006 pursuant to the Singapore Companies (Amendment) Act, 2005
(2) Capital contribution in RMB
(3) Capital contribution in USD
(4) Capital contribution in HKD
(5) Concept of par value was abolished with effect from 3 March 2014 pursuant to the New Companies Ordinance (Chapter 622), Hong Kong
(6) Inclusive of interest pursuant to Section 134(12)(c) of the Companies Act, 1965 in shares held by family member
(7) The redeemable convertible cumulative preference shares ("RCCPS") are convertible into ordinary shares of RM1.00 each at the option of the holder of RCCPS on the basis of 400 ordinary shares of RM1.00 each for every RCCPS of RM1.00 nominal value
(8) Subscription of renounceable rights issue of redeemable convertible unsecured loan stocks in SSB ("RCULS") on the basis of RM1.00 nominal value of rights RCULS for every 2 existing ordinary shares held in SSB
(9) Redemption of redeemable preference shares
(10) Dissolved during the financial year
(11) Entitlement to new ordinary shares of RM1.00 each in HIB ("HIB Shares") pursuant to the capital distribution by HLI to entitled shareholders of HLI on the basis of 1,080 new HIB Shares for every 1,000 ordinary shares held in HLI
(12) Cancellation of RM0.50 of the par value of existing HIB Shares pursuant to a reduction of share capital by HIB
(13) Transfer of free HIB Shares to the grant holders upon vesting
(14) Shareholdings as at 19 August 2014 when the corporation became a related corporation
(15) Exercise of share options

None of the other directors in office at the end of the financial year had any interest in the ordinary shares, preference shares, options over ordinary shares and/or loan stocks in the Company or its related corporations during the financial year.

DIRECTORS' REPORT Cont'd

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors of the Company might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or became entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except for YBhg Tan Sri Quek Leng Chan who may be deemed to derive a benefit by virtue of those transactions, contracts and agreements for the acquisitions and/or disposal of stocks and shares, stocks-in-trade, products, parts, accessories, plants, chattels, fixtures, buildings, land and other properties or any interest in any properties; and/or for the provision of services, including but not limited to project and sales management and any other management and consultancy services; and/or for construction, development, leases, tenancy, licensing, dealership and distributorship; and/or for the provision of treasury functions, advances in the conduct of normal trading, banking, insurance, investment, stockbroking and/or other businesses between the Company or its related corporations and corporations in which YBhg Tan Sri Quek Leng Chan is deemed to have interests and as disclosed in Note 44 to the financial statements.

EXECUTIVE SHARE SCHEME ("ESS")

(a) At an Extraordinary General Meeting ("EGM") held on 11 October 2011, the shareholders of the Company had approved the establishment of a new executive share option scheme ("ESOS").

The Company is a subsidiary of GuocoLand Limited, which in turn is a subsidiary of Guoco Group Limited ("GGL"), a corporation listed on The Stock Exchange of Hong Kong Limited ("HKSE"). Under the HKSE Listing Rules, all schemes involving the grant of options by GGL and its subsidiaries to, or for the benefit of, specified participants would have to comply with the provisions of the HKSE Listing Rules, with appropriate modifications. The HKSE Listing Rules further provide that where the shares of the listed issuer or the subsidiary concerned are also listed on another stock exchange, the more onerous requirements shall prevail and be applied in the event of a conflict or inconsistency between the requirements of the HKSE Listing Rules and the requirements of the other stock exchange.

Pursuant to the HKSE Listing Rules, the ESOS was further approved by the shareholders of GGL on 25 November 2011 ("Approval Date").

On 23 September 2011, the Company announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had approved-in-principle the listing of new ordinary shares of the Company to be issued pursuant to the exercise of options under the ESOS at any time during the existence of the ESOS.

The ESOS was established on 21 March 2012 and shall be in force for a period of 10 years.

The ESOS would provide an opportunity for eligible executives who had contributed to the growth and development of the Group to participate in the equity of the Company.

EXECUTIVE SHARE SCHEME ("ESS") cont'd

Subsequently, at an EGM held on 21 October 2013, the shareholders of the Company had approved the establishment of an executive share grant scheme ("ESGS").

Pursuant to the HKSE Listing Rules, the amendments to the Bye-Laws of the ESOS to incorporate the ESGS were approved by the shareholders of GGL on 19 November 2013.

On 18 September 2013, the Company announced that Bursa Securities had approved-in-principle the listing of new ordinary shares of the Company to be issued pursuant to the vesting of shares of the Company under the ESGS at any time during the existence of the ESGS.

The ESGS was established on 28 February 2014. The ESGS would reward the eligible executives for their contribution to the Group with grants without any consideration payable by the eligible executives.

The ESOS together with the ESGS have been renamed as the Executive Share Scheme ("ESS"). For ease of administration, the Bye-Laws of the ESOS were amended to incorporate the ESGS to form the consolidated Bye-Laws of the ESS ("GLM Bye-Laws").

The main features of the ESS are, inter alia, as follows:

1. Eligible executives are those executives of the Group who have been confirmed in service on the date of offer or directors (executive or non-executive) of the Company and its subsidiaries. The Board of Directors of the Company ("Board") may from time to time at its discretion select and identify suitable eligible executives to be offered options or grants.

2. The aggregate number of shares to be issued under the ESS and any other ESOS established by the Company shall not exceed 10% of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company at any one time ("Maximum Aggregate"). In compliance with the HKSE Listing Rules, the Maximum Aggregate shall be subjected to the provision that the total number of new shares of the Company which may be issued upon exercise of options under the ESS must not in aggregate exceed 10% of the issued and paid-up ordinary share capital of the Company as at the Approval Date unless approval shall have been obtained from the shareholders of GGL.

3. In compliance with the HKSE Listing Rules, no options may be granted to any eligible executive in any 12-month period that would enable such eligible executive becoming entitled to subscribe for new shares exceeding in nominal value of 1% of the issued and paid-up ordinary share capital of GLM in issue unless approval shall have been obtained from the shareholders of GGL.

4. The ESS shall be in force until 20 March 2022.

5. The option price shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date of offer and shall in no event be less than the par value of the shares of the Company.

6. No consideration is required to be payable by eligible executives for shares of the Company to be vested pursuant to share grants.

7. Option granted to an option holder is exercisable by the option holder only during his/her employment or directorship with the Group and within the option exercise period subject to any maximum limit as may be determined by the Board under the GLM Bye-Laws.

DIRECTORS' REPORT Cont'd

EXECUTIVE SHARE SCHEME ("ESS") cont'd

8. Shares of the Company granted to a share grant holder will be vested to the share grant holder only during his/her employment or directorship with the Group subject to any maximum limit as may be determined by the Board under the GLM Bye-Laws.

9. The exercise of options and the vesting of shares of the Company may, at the discretion of the Board, be satisfied by way of issuance of new shares, transfer of existing shares purchased by a trust established for the ESS ("ESS Trust"); or a combination of both new shares or existing shares.

The ESS Trust did not acquire any ordinary shares of the Company during the financial year.

No option or shares in the Company had been granted under the ESS during the financial year.

On 7 July 2015, option over 10,000,000 GLM shares (representing 1.43% of the existing issued and paid-up ordinary share capital of GLM) had been granted to the Managing Director of the Company pursuant to the ESS. The underlying 7,004,585 GLM shares under the said option are within the 1% limit stipulated by the HKSE Listing Rules and the ESS. The option in respect of the remaining 2,995,415 GLM shares were offered conditional on the approval of shareholders of GGL in a general meeting to be convened as required under the HKSE Listing Rules and the ESS.

(b) On 22 August 2011, the Company had established a Value Creation Incentive Plan ("VCIP") for selected key executives of the Group to incentivise them towards achieving long term performance targets through the grant of options over GLM shares, which options will be satisfied through the transfer of existing GLM shares held by the ESS Trust. Pursuant to the VCIP, the Company had granted options ("VCIP Options") over 27,500,000 GLM shares at an exercise price of RM0.87 per share to eligible key executives of the Group ("VCIP Options Holders").

The VCIP Options granted are subject to the achievement of prescribed financial and performance targets/criteria by the VCIP Options Holders over a stipulated performance period. No VCIP Option had been vested during the financial year.

As the VCIP does not involve any issuance of new shares, the VCIP and the grant of options under the VCIP do not require the approval of shareholders of the Company and GGL.

As at the reporting date, there were no outstanding VCIP Options granted (2014: 3,150,000). 3,150,000 unvested VCIP Options granted had lapsed during the financial year. No VCIP Option had been granted during the financial year.

The Board shall have the discretion to determine the aggregate allocation of shares to directors and senior management pursuant to the ESS and the VCIP, but in any case, it shall not exceed the Maximum Aggregate.

OTHER STATUTORY INFORMATION

(a) Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

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

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION cont'd

(b) At the date of this report, the directors are not aware of any circumstances which would render:

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

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

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

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

(e) As at the date of this report, there does not exist:

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

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

(f) In the opinion of the directors:

(i) 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 will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

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

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

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

TAN LEE KOON **TAN SRI NIK MOHAMED BIN NIK YAACOB**

28 August 2015

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, Tan Lee Koon and Tan Sri Nik Mohamed bin Nik Yaacob, being two of the directors of GuocoLand (Malaysia) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 60 to 163 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of their financial performance and cash flows for the year then ended.

The information set out in Note 47 on page 164 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

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

TAN LEE KOON

TAN SRI NIK MOHAMED BIN NIK YAACOB

Kuala Lumpur
28 August 2015

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Lai Tak Loi, being the person primarily responsible for the financial management of GuocoLand (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 60 to 164 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the statutory declarations applicable in Singapore.

Subscribed and solemnly declared
by the abovenamed Lai Tak Loi
in Singapore on 28 August 2015

LAI TAK LOI

Before me,

HO SUK TSING, LESLIE
Notary Public
Singapore

INDEPENDENT AUDITORS' REPORT

To the Members of **GUOCOLAND (MALAYSIA) BERHAD** (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of GuocoLand (Malaysia) Berhad, which comprise the statements of financial position as at 30 June 2015 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 60 to 163.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

INDEPENDENT AUDITORS' REPORT Cont'd

To the Members of **GUOCOLAND (MALAYSIA) BERHAD** (Incorporated in Malaysia)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS cont'd

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 40 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 47 on page 164 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

ERNST & YOUNG
AF: 0039
Chartered Accountants

KUA CHOO KAI
No. 2030/03/16(J)
Chartered Accountant

Kuala Lumpur, Malaysia
28 August 2015

INCOME STATEMENTS

For the Financial Year Ended 30 June 2015

		GROUP		COMPANY	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	4	**195,563**	236,554	**270,649**	10,900
Cost of sales	5	**(113,580)**	(135,117)	**-**	-
Gross profit		**81,983**	101,437	**270,649**	10,900
Selling and marketing expenses		**(5,509)**	(7,264)	**-**	-
Administrative expenses		**(41,271)**	(48,012)	**(1,594)**	(5,867)
Other net operating income	6	**195,947**	126,340	**43**	60
Profit from operations		**231,150**	172,501	**269,098**	5,093
Finance income	7	**1,555**	833	**12,657**	10,894
Finance costs	8	**(31,930)**	(23,060)	**(11,150)**	(10,399)
Share of results of associates		**12,999**	8,840	**-**	-
Share of results of joint ventures		**583**	13,027	**-**	-
Profit before tax	9	**214,357**	172,141	**270,605**	5,588
Income tax expense	12	**(21,100)**	(15,718)	**(1,022)**	(1,565)
Profit net of tax		**193,257**	156,423	**269,583**	4,023
Attributable to:					
Owners of the parent		**188,866**	153,228	**269,583**	4,023
Non-controlling interests		**4,391**	3,195	**-**	-
		193,257	156,423	**269,583**	4,023
Earnings per share attributable to owners of the parent (sen per share):					
Basic	13	**28.19**	22.87		
Diluted	13	**28.16**	22.85		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 30 June 2015

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	**193,257**	156,423	**269,583**	4,023
Other comprehensive income to be reclassified to profit or loss in subsequent periods*:				
Fair value gain on available-for-sale investments	**(2,241)**	1,831	**-**	-
Foreign currency translation	**(2,454)**	600	**-**	-
Other comprehensive income, representing total other comprehensive income	**(4,695)**	2,431	**-**	-
Total comprehensive income for the year	**188,562**	158,854	**269,583**	4,023
Attributable to:				
Owners of the parent	**184,171**	155,659	**269,583**	4,023
Non-controlling interests	**4,391**	3,195	**-**	-
	188,562	158,854	**269,583**	4,023

* *There is no tax effect arising from each of the components of the other comprehensive income.*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
As at 30 June 2015

	Note	GROUP 2015 RM'000	GROUP 2014 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**270,874**	233,767
Investment properties	16	**421,210**	453,500
Land held for property development	17	**362,462**	190,639
Investments in associates	19	**197,194**	311,073
Investments in joint ventures	20	**113,480**	116,711
Available-for-sale investments	21	**1,876**	4,431
Goodwill	22	**13,638**	13,638
Deferred tax assets	23	**4,910**	3,701
Derivative financial assets	24	**637**	2,517
		1,386,281	1,329,977
CURRENT ASSETS			
Inventories	25	**444,289**	458,602
Property development costs	26	**532,675**	267,100
Trade and other receivables	27	**35,614**	33,057
Other current assets	28	**25,798**	8,851
Tax recoverable		**3,120**	4,588
Cash and cash equivalents	29	**50,414**	60,967
		1,091,910	833,165
Assets of disposal group classified as held for sale	30	**419,095**	-
		1,511,005	833,165
TOTAL ASSETS		**2,897,286**	2,163,142

STATEMENTS OF FINANCIAL POSITION Cont'd

As at 30 June 2015

		GROUP	
		2015	**2014**
	Note	**RM'000**	**RM'000**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	31	**350,229**	350,229
Reserves	32	**796,302**	626,213
Equity funds		**1,146,531**	976,442
Shares held by ESS Trust	33	**(23,883)**	(23,883)
		1,122,648	952,559
Non-controlling interests		**109,077**	88,495
TOTAL EQUITY		**1,231,725**	1,041,054
NON-CURRENT LIABILITIES			
Loans and borrowings	35	**783,982**	828,219
Deferred tax liabilities	23	**32,797**	18,115
Derivative financial liabilities	24	**243**	-
		817,022	846,334
CURRENT LIABILITIES			
Trade and other payables	36	**147,701**	100,391
Loans and borrowings	35	**424,781**	172,297
Tax payable		**1,092**	3,066
		573,574	275,754
Liabilities of disposal group classified as held for sale	30	**274,965**	-
		848,539	275,754
TOTAL LIABILITIES		**1,665,561**	1,122,088
TOTAL EQUITY AND LIABILITIES		**2,897,286**	2,163,142

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

As at 30 June 2015

		COMPANY	
		2015	2014
	Note	RM'000	RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**389**	343
Investments in subsidiaries	18	**608,120**	575,604
Investment in an associate	19	**56,000**	56,000
		664,509	631,947
CURRENT ASSETS			
Trade and other receivables	27	**359,794**	307,909
Tax recoverable		**-**	717
Cash and cash equivalents	29	**1,744**	3,860
		361,538	312,486
TOTAL ASSETS		**1,026,047**	944,433
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	31	**350,229**	350,229
Reserves	32	**382,758**	127,257
Equity funds		**732,987**	477,486
Shares held by ESS Trust	33	**(23,883)**	(23,883)
TOTAL EQUITY		**709,104**	453,603

STATEMENTS OF FINANCIAL POSITION Cont'd

As at 30 June 2015

		COMPANY	
		2015	**2014**
	Note	**RM'000**	**RM'000**
NON-CURRENT LIABILITIES			
Amounts due to subsidiaries	34	**143,910**	323,196
Loans and borrowings	35	**6,230**	14,538
		150,140	337,734
CURRENT LIABILITIES			
Trade and other payables	36	**4,226**	9,713
Tax payable		**194**	-
Loans and borrowings	35	**162,383**	143,383
		166,803	153,096
TOTAL LIABILITIES		**316,943**	490,830
TOTAL EQUITY AND LIABILITIES		**1,026,047**	944,433

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2015

	Attributable to owners of the parent											
		Non-Distributable							Distributable			
	Share capital (Note 31) RM'000	Share premium (Note 32) RM'000	Exchange reserve (Note 32) RM'000	Fair value reserve (Note 32) RM'000	Share option reserve (Note 32) RM'000	Merger reserve (Note 32) RM'000	Capital redemption reserve (Note 32) RM'000	Shares held by ESS Trust (Note 33) RM'000	Retained profits (Note 32) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
GROUP												
At 1 July 2013	350,229	35,089	1,857	844	444	(24,028)	17	(23,883)	466,139	806,708	85,300	892,008
Profit for the year	-	-	-	-	-	-	-	-	153,228	153,228	3,195	156,423
Other comprehensive income	-	-	600	1,831	-	-	-	-	-	2,431	-	2,431
Total recognised income and expense for the year	-	-	600	1,831	-	-	-	-	153,228	155,659	3,195	158,854
Transactions with owners:												
Share-based payments	-	-	-	-	240	-	-	-	-	240	-	240
Dividend paid (Note 14)	-	-	-	-	-	-	-	-	(10,048)	(10,048)	-	(10,048)
At 30 June 2014	**350,229**	**35,089**	**2,457**	**2,675**	**684**	**(24,028)**	**17**	**(23,883)**	**609,319**	**952,559**	**88,495**	**1,041,054**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**188,866**	**188,866**	**4,391**	**193,257**
Other comprehensive loss	**-**	**-**	**(2,454)**	**(2,241)**	**-**	**-**	**-**	**-**	**-**	**(4,695)**	**-**	**(4,695)**
Total recognised income and expense for the year	**-**	**-**	**(2,454)**	**(2,241)**	**-**	**-**	**-**	**-**	**188,866**	**184,171**	**4,391**	**188,562**
Transactions with owners:												
Share-based payments	**-**	**-**	**-**	**-**	**(684)**	**-**	**-**	**-**	**-**	**(684)**	**-**	**(684)**
Non-controlling interests arising on a business combination	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**19,908**	**19,908**
Acquisition of equity interest from non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,717)**	**(3,717)**
Dividend paid (Note 14)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(13,398)**	**(13,398)**	**-**	**(13,398)**
At 30 June 2015	**350,229**	**35,089**	**3**	**434**	**-**	**(24,028)**	**17**	**(23,883)**	**784,787**	**1,122,648**	**109,077**	**1,231,725**

STATEMENTS OF CHANGES IN EQUITY Cont'd

For the Financial Year Ended 30 June 2015

		Non-Distributable				Distributable	
	Share capital (Note 31) RM'000	Share premium (Note 32) RM'000	Share option reserve (Note 32) RM'000	Merger reserve (Note 32) RM'000	Shares held by ESS Trust (Note 33) RM'000	Retained profits (Note 32) RM'000	Total equity RM'000
COMPANY							
At 1 July 2013	350,229	35,089	444	68,219	(23,883)	29,290	459,388
Profit for the year	-	-	-	-	-	4,023	4,023
Transactions with owners:							
Share-based payments	-	-	240	-	-	-	240
Dividend paid (Note 14)	-	-	-	-	-	(10,048)	(10,048)
At 30 June 2014	**350,229**	**35,089**	**684**	**68,219**	**(23,883)**	**23,265**	**453,603**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**269,583**	**269,583**
Transactions with owners:							
Share-based payments	**-**	**-**	**(684)**	**-**	**-**	**-**	**(684)**
Dividend paid (Note 14)	**-**	**-**	**-**	**-**	**-**	**(13,398)**	**(13,398)**
At 30 June 2015	**350,229**	**35,089**	**-**	**68,219**	**(23,883)**	**279,450**	**709,104**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
For the Financial Year Ended 30 June 2015

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	**214,357**	172,141	**270,605**	5,588
Adjustments for:				
Bad debts written off	**28**	196	**-**	-
Net fair value loss/(gain) on derivative financial assets	**1,689**	(999)	**-**	-
Property, plant and equipment:				
- depreciation	**6,450**	5,832	**81**	135
- written off	**1**	22	**-**	-
- gain on disposal	**-**	(143)	**-**	-
Net gain on fair value adjustments of investment properties	**(181,393)**	(112,541)	**-**	-
Gain on disposal of available-for-sale investments	**(504)**	(1,215)	**-**	-
Reversal of allowance for impairment on trade and other receivables	**(105)**	(323)	**-**	-
Allowance for impairment on trade and other receivables	**15**	-	**-**	-
Realisation of goodwill	**-**	567	**-**	-
Property development expenditure written off	**-**	340	**-**	-
Share-based payments	**(684)**	240	**(113)**	49
Dividend income	**(416)**	-	**(270,649)**	(9,000)
Finance costs	**31,930**	23,060	**11,150**	10,399
Interest income	**(1,555)**	(833)	**(12,657)**	(10,894)
Share of results of associates	**(12,999)**	(8,840)	**-**	-
Share of results of joint ventures	**(583)**	(13,027)	**-**	-
Unrealised profit arising from transaction with joint ventures	**814**	1,610	**-**	-
Operating profit/(loss) before working capital changes carried forward	**57,045**	66,087	**(1,583)**	(3,723)

STATEMENTS OF CASH FLOWS Cont'd

For the Financial Year Ended 30 June 2015

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES cont'd				
Operating profit/(loss) before working capital changes brought forward	**57,045**	66,087	**(1,583)**	(3,723)
Working capital changes:				
Inventories	**14,465**	(25,117)	**-**	-
Receivables	**2,557**	1,500	**5,342**	(5,263)
Property development costs	**23,115**	(7,303)	**-**	-
Payables	**47,316**	(9,214)	**(5,487)**	(355)
Associates balances	**6**	(11)	**36**	2
Joint ventures balances	**7,400**	4,199	**245**	800
Inter-company balances	**-**	-	**(241,488)**	301
Related company balances	**875**	227	**(141)**	(5)
Cash generated from/(used in) operations	**152,779**	30,368	**(243,076)**	(8,243)
Interest received	**221**	162	**-**	-
Interest paid	**(57,342)**	(41,063)	**(6,886)**	(6,395)
Tax (paid)/refunded	**(13,858)**	(7,069)	**(111)**	2,505
Net cash generated from/(used in) operating activities	**81,800**	(17,602)	**(250,073)**	(12,133)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property, plant and equipment (Note a)	**(37,828)**	(11,020)	**(127)**	(26)
Acquisitions of equity interest				
- in a subsidiary	**(4,528)**	-	**-**	-
- from non-controlling interest	**(3,716)**	-	**-**	-
Acquisitions of non-equity interest				
- in a subsidiary	**(26,255)**	-	**-**	-
- from non-controlling interest	**(20,493)**	-	**-**	-
Additions in:				
- land held for property development	**(10,830)**	(71)	**-**	-
- investment properties under construction	**(190,938)**	(54,287)	**-**	-
Dividend income from:				
- subsidiaries	**-**	-	**270,649**	9,000
- associates	**4,272**	30,043	**-**	-
- joint ventures	**3,000**	3,000	**-**	-
- investment securities	**416**	-	**-**	-
Purchase of unquoted shares in subsidiaries	**-**	-	**(32,516)**	-
Net cash (used in)/generated from investing activities carried forward	**(286,900)**	(32,335)	**238,006**	8,974

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES cont'd				
Net cash (used in)/generated from investing activities brought forward	**(286,900)**	(32,335)	**238,006**	8,974
Proceeds from disposals of:				
- property, plant and equipment	**-**	199	**-**	-
- investment securities	**818**	2,588	**-**	100
Interest received	**1,334**	671	**12,657**	10,894
Net cash (used in)/generated from investing activities	**(284,748)**	(28,877)	**250,663**	19,968
CASH FLOWS FROM FINANCING ACTIVITIES				
Bank borrowings drawdown	**287,343**	149,576	**108,500**	114,200
Repayment of bank borrowings	**(78,526)**	(81,628)	**(97,883)**	(112,779)
Dividend paid	**(13,398)**	(10,048)	**(13,398)**	(10,048)
Net cash generated from/(used in) financing activities	**195,419**	57,900	**(2,781)**	(8,627)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(7,529)**	11,421	**(2,192)**	(792)
Effect of exchange rate changes on cash and cash equivalents	**(2,454)**	600	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	**55,793**	43,772	**3,860**	4,652
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (Note 29)	**45,810**	55,793	**1,669**	3,860

Note:

(a) Additions of property, plant and equipment comprise the following:

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cash	**37,828**	11,020	**127**	26
Borrowing costs capitalised	**842**	258	**-**	-
Total additions (Note 15)	**38,670**	11,278	**127**	26

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur. The principal place of business of the Company is located at Level 19, Block B, HP Towers, 12 Jalan Gelenggang, Bukit Damansara, 50490 Kuala Lumpur.

The immediate holding company is GLL (Malaysia) Pte Ltd, incorporated in the Republic of Singapore. The ultimate holding company is Hong Leong Company (Malaysia) Berhad ("HLCM"), incorporated in Malaysia.

Related companies in these financial statements refer to member companies in the HLCM Group.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are as stated in Note 40. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 August 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 July 2014 as described fully in Note 2.2.

The financial statements of the Group and of the Company have been prepared on a historical cost basis, unless otherwise indicated in the summary of significant accounting policies below.

The financial statements are prepared in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2014, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual periods beginning on or after 1 January 2014:

Description	Effective for annual periods beginning on or after
Amendments to FRS 132 : Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127 : Investment Entities	1 January 2014
Amendments to FRS 136 : Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139 : Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Amendments to FRS 119 : Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to FRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011–2013 Cycle	1 July 2014

Adoption of the above standards and interpretations did not have any material effect on the financial performance or position of the Group and of the Company.

2.3 Standards and interpretations issued but not yet effective

As at the date of authorisation of these financial statements, the Group and the Company have not adopted the following amendments to FRSs and IC Interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendment to FRS 5: Non-current Assets Held for Sale and Discountinued Operations (Annual Improvements to FRSs 2012-2014 Cycle)	1 January 2016
Amendment to FRS 7: Financial Instruments: Disclosures (Annual Improvements to FRSs 2012-2014 Cycle)	1 January 2016
Amendments to FRS 119: Defined Benefit Plans: Employee Contributions (Annual Improvements to FRSs 2012-2014 Cycle)	1 January 2016
Amendments to FRS 134 Interim Financial Reporting (Annual Improvements to FRSs 2012-2014 Cycle)	1 January 2016
Amendments to FRS 11 : Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
Amendment to FRS 127: Equity Method in Separate Financial Statement	1 January 2016

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.3 Standards and interpretations issued but not yet effective cont'd

As at the date of authorisation of these financial statements, the Group and the Company have not adopted the following amendments to FRSs and IC Interpretations that have been issued but not yet effective: cont'd

Description	Effective for annual periods beginning on or after
Amendment to FRS 101: Disclosure Initiatives	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 January 2016
Amendment to FRS 116 and FRS 138: Clarification of Acceptable Method of Depreciation and Amortisation	1 January 2016
Amendments to FRS 10 and FRS 128 : Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 : Investment Entities: Applying the consolidation Exception	1 January 2016
Amendment to FRS 9: Financial Instruments	1 January 2018

The initial application of the standards and interpretations above is expected to have no significant impact on the financial statements of the Group and of the Company, except as disclosed below:

FRS 9 : Financial Instruments

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.3 Standards and interpretations issued but not yet effective cont'd

Annual Improvements to FRSs 2012–2014 Cycle

The Annual Improvements to FRSs 2012-2014 Cycle include a number of amendments to various FRSs, which are summarised below. The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

(a) FRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendment to FRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in FRS 5.

The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is to be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.

(b) FRS 7 Financial Instruments: Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in FRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

(c) FRS 119 Employee Benefits

The amendment to FRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

(d) FRS 134 Interim Financial Reporting

FRS 134 requires entities to disclose information in the notes to the interim financial statements, 'if not disclosed elsewhere in the interim financial report'.

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g. in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.3 Standards and interpretations issued but not yet effective cont'd

Malaysian Financial Reporting Standards ("MFRS Framework")

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture ("MFRS 141") and IC Interpretation 15 Agreements for Construction of Real Estate ("IC 15"), including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 30 June 2018. In presenting its first MFRS financial statements, the Group will be required to adjust the comparative financial statements prepared under the FRS to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits. The Group has opted to defer the adoption of the MFRS Framework to the financial year beginning on 1 July 2017.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and of its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

The Group controls an investee if and only if the Group has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

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

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

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

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

(ii) Rights arising from other contractual arrangements; and

(iii) The Group's voting rights and potential voting rights.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.4 Basis of consolidation cont'd

Subsidiaries are consolidated when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity is reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business Combinations

Acquisitions of subsidiaries are accounted for by applying the acquisition method, except for business combinations which were accounted for using merger method of accounting as below:

(i) subsidiaries that were consolidated prior to 1 January 2002 using the merger method of accounting where these subsidiaries continue to be consolidated using the merger method of accounting; and

(ii) business combinations involving entities or businesses under common control.

Under the acquisition method, identifiable method, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 2.13. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.4 Basis of consolidation cont'd

Business Combinations cont'd

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Business combinations involving entities under common control are accounted for by applying the merger method of accounting. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital and capital reserves of the "acquired" entity is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

2.5 Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to owners of the parent.

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

2.6 Subsidiaries

In the Company's separate financial statements, investments in subsidiaries 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.

2.7 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired. Unrealised profits arising from transactions with associates are eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.7 Associates cont'd

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting polices are adopted for like transactions and other events in similar circumstances.

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.

2.8 Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in joint ventures are accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.7.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies to be in line with those of the Group.

In the Company's separate financial statements, investments in joint ventures 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.

2.9 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.9 Foreign currency cont'd

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, 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 can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are recognised in profit or loss as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.10 Property, plant and equipment cont'd

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under development are also not depreciated as these assets are not yet available for use. Long term leasehold land is amortised over the lease tenure of 93 years. Planting development expenditure is stated at cost incurred on land clearing activities up to the point of maturity. Upon maturity of crops, the planting development expenditure is amortised over 25 years. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2% - 4%
Building service plant and equipment	10% - 33%
Furniture and fittings	5% - 10%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

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

2.11 Investment properties and investment properties under construction

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

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

Investment properties under construction ("IPUC") is measured at fair value (when the fair value is reliably determinable). IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

The fair values of IPUC are determined at the end of the reporting period based on valuations performed using either the residual method approach or discounted cash flow approach, as deemed appropriate. Each IPUC is individually assessed.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.11 Investment properties and investment properties under construction cont'd

The estimated value of future assets is based on the expected future income from the project, using risk adjusted yields that are higher than the current yields of similar completed property. The remaining expected costs of completion plus margin are deducted from the estimated future assets value.

2.12 Land held for property development and property development costs

(a) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

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

(b) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

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

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

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

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

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within current assets and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as progress billings within current liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.13 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

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

2.14 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.14 Impairment of non-financial assets cont'd

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. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case, the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.15 Financial assets

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

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

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are 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 losses or other income.

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

(b) Loans and receivables

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.15 Financial assets cont'd

(b) Loans and receivables cont'd

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

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

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group and the Company have the positive intention and ability to hold the investment to maturity.

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

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

(d) Available-for-sale financial assets

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

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments 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 reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.15 Financial assets cont'd

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the assets.

2.16 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables and assets that are assessed not to be 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 of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any 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 financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be 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.

(b) 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 considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.16 Impairment of financial assets cont'd

(b) Available-for-sale financial assets cont'd

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.17 Inventories

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

Cost for trading inventories and consumables comprise costs of purchase and is determined using the weighted average method.

Cost of development properties held for sale comprises cost associated with the acquisition of land, direct costs and appropriate propositions of common costs.

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

2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and short term highly liquid investment that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's and of the Company's cash management.

2.19 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current asset is brought up-to-date in accordance with applicable FRSs.

2.20 Provisions

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

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.20 Provisions cont'd

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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2.21 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading 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 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 on derivatives include exchange differences.

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

(b) Other financial liabilities

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.21 Financial liabilities cont'd

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.22 Share capital and share issuance expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.23 Trust for executive share schemes

The Company has established a trust for its executive share schemes ("ESS") and is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Company upon such terms and conditions as the Company and the trustee may agree to purchase the Company's share from the open market for the purposes of this trust.

The shares purchased are measured and carried at the cost of purchase on initial recognition and subsequently. The ESS Trust is consolidated into the Group's consolidated financial statements as a deduction from equity and classified as "shares held by ESS Trust". Dividends received by the ESS Trust are eliminated against the dividend expense of the Company.

2.24 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.25 Leases

(a) As lessee

Finance leases which transfer to the Group and the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

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

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.26(c).

2.26 Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(a) Sales of properties under development, land and properties held for sale

Revenue from sale of properties under development is accounted for by the stage of completion method as described in Note 2.12(b).

Revenue from sale of land and properties held for sale are recognised net of discount and upon transfer of significant risks and rewards of ownership to the purchasers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of properties held for sale.

(b) Dividend income

Dividend income arising from investments in subsidiaries, jointly ventures, associates, long term investments and short term investments are recognised when the right to receive payment is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.26 Revenue recognition cont'd

(c) Rental income

Revenue from rental of properties is recognised on the accrual basis unless collectability is in doubt, in which case, it is recognised on receipt basis.

(d) Hotel income

Revenue from hotel operations is recognised net of service taxes and discounts upon rendering of the relevant services.

(e) Interest income

Interest income is recognised on the accrual basis unless the collectability is in doubt, in which case, it is recognised on receipt basis.

(f) Management fee income

Management fee income is recognised on the accrual basis unless the collectability is in doubt, in which case, it is recognised on receipt basis.

(g) Sale of fresh fruit bunch

Revenue from sale of fresh fruit bunch is recognised upon the transfer of risks and rewards.

2.27 Income tax

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.27 Income tax cont'd

(b) Deferred tax cont'd

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.28 Employee benefits

(a) Short term benefits

Wages, salaries, paid annual leave and sick leave, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees.

(b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by laws, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(c) Share-based payments

The Group and the Company operate equity-settled, share based compensation plans for the eligible executives of the Group and the Company.

The fair value of the employee service received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity. The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting date, the Group and the Company revise their estimates of the number of share options that are expected to vest. They recognises the impact of the version of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

2.29 Operating segments

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

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.30 Fair value measurement

The Group and the Company measure non-financial assets such as investment properties, at fair value at each reporting date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability; or

(b) 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 by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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 the 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 the fair value measurement is directly or indirectly observable

Level 3 Valuation techniques for which the lowest level input that is significant to the 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 the fair value measurement as a whole) at the end of each reporting period.

The Group's and the Company's management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted AFS financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.30 Fair value measurement cont'd

External valuers are involved for valuation of significant assets, such as properties and AFS financial assets, and significant liabilities, such as contingent consideration. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's and the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's and the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's and the Company's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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 the fair value heirarchy as explained above.

2.31 Current versus non-current classification

The Group and the Company present assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

(i) Expected to be realised or intended to be sold or consumed in normal operating cycle;

(ii) Held primarily for the purpose of trading;

(iii) Expected to be realised within twelve months after the reporting period; or

(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(i) It is expected to be settled in normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and the Company classify all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Critical judgements made in applying accounting policies

The following are critical judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

(a) Operating lease commitments – the Group as lessor

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

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

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

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

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

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty 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 disclosed below:

(a) Depreciation of property, plant and equipment

The cost of hotel buildings are depreciated on a straight-line basis over 50 years with no residual values assumed at the end of their respective useful lives. This is due to the intention of management to continue running the hotel operations until the end of the respective expected useful lives. Changes in the upkeep and maintenance policies could impact the economic useful lives and the residual values of these assets and therefore, future depreciation charges on such assets could be revised.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES cont'd

3.2 Key sources of estimation uncertainty cont'd

(b) Property development

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

Any impairment or expected loss on a development project is recognised as an expense immediately.

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

(c) Income taxes

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

The total carrying value of recognised and unrecognised deferred tax assets of the Group are as disclosed in Note 23.

(ii) Significant judgement and estimates are used in arriving at taxable profits for the year and for prior years, including assessing the deductibility of expense items for tax purposes. Management are guided by tax laws/cases on such instances. Management believes that all deductions claimed, in arriving at taxable profits for current and prior years, are appropriate and justifiable.

(d) Unsold property inventories

Property inventories are stated at the lower of cost and net realisable value.

Significant judgement is required in arriving at the net realisable value, particularly the estimated selling price of property inventories in the ordinary course of the business. The Group has considered all available information, including but not limited to property market conditions, locations of property inventories and target buyers.

Details of property inventories are disclosed in Note 25.

(e) Share-based payments to employees

The cost of providing share-based payments to employees is charged to the profit or loss over the vesting period of the related share options. The cost is based on the fair value of the options and the number of options expected to vest. The Black-Scholes option pricing model was applied to estimate the fair value of share options granted by the Company. The pricing model requires the input of highly subjective assumptions, including the volatility of share price. The changes in input assumptions can materially affect the fair value estimate.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES cont'd

3.2 Key sources of estimation uncertainty cont'd

(e) Share-based payments to employees cont'd

Details of assumptions made in respect of the share-based payments plans are disclosed in Note 37.

(f) Investment property and investment property under construction

The investment property is stated at fair value based on the valuation performed by the independent professional valuers. The valuers have determined the fair value based on a method of valuation which involves certain estimates and assumptions.

Investment property under construction ("IPUC") is valued at fair value if it can be reliably determined. If a fair value cannot be reliably determined, then IPUC is measured at cost. The fair value of IPUC is either determined on the basis of the discounted cash flow or the residual methods. However, using either method to value IPUC also requires considering the significant risks which are relevant to the development process, including but not limited to construction and letting risks.

Details of investment properties are disclosed in Note 16.

4. REVENUE

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Property development:				
- sale of properties under development	**89,873**	139,978	**-**	-
- sale of property inventories	**23,118**	24,329	**-**	-
Rental of properties	**454**	3,320	**-**	-
Revenue from hotel operations	**60,507**	63,180	**-**	-
Dividend income from:				
- investment in securities	**234**	-	**-**	-
- subsidiaries	**-**	-	**270,649**	9,000
Management fees	**7,997**	5,747	**-**	1,900
Sale of fresh fruit bunch	**13,380**	-	**-**	-
	195,563	236,554	**270,649**	10,900

5. COST OF SALES

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Property development costs (Note 26)	**47,991**	70,113	**-**	-
Cost of property inventories sold (Note 25)	**16,053**	18,012	**-**	-
Services rendered	**43,792**	46,992	**-**	-
Cost of fresh fruit bunch sold	**5,744**	-	**-**	-
	113,580	135,117	**-**	-

6. OTHER NET OPERATING INCOME

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment:				
- written off	**(1)**	(22)	**-**	-
- gain on disposal	**-**	143	**-**	-
Rental income	**10,409**	10,136	**-**	-
Bad debts written off	**(28)**	(196)	**-**	-
Dividend income	**182**	-	**-**	-
Reversal of allowance for impairment on trade and other receivables	**105**	323	**-**	-
Allowance for impairment on trade and other receivables	**(15)**	-	**-**	-
Realisation of goodwill (Note 22)	**-**	(567)	**-**	-
Gain on disposal of available-for-sale investments	**504**	1,215	**-**	-
Net gain on fair value adjustments of investment properties (Note 16)	**181,393**	112,541	**-**	-
Net fair value (loss)/gain on derivative financial assets (Note 24)	**(1,689)**	999	**-**	-
Net realised exchange gain/(loss)	**2,455**	(597)	**-**	-
Other expenses	**(113)**	(252)	**-**	-
Other income	**2,745**	2,617	**43**	60
	195,947	126,340	**43**	60

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

7. FINANCE INCOME

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest income from:				
- subsidiaries	**-**	-	**12,621**	10,848
- late payment interests	**221**	162	**-**	-
- others	**1,334**	671	**36**	46
	1,555	833	**12,657**	10,894

8. FINANCE COSTS

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense on:				
- loans and borrowings	**31,513**	22,393	**6,550**	6,287
- subsidiaries	**-**	-	**4,265**	3,700
Others	**417**	667	**335**	412
	31,930	23,060	**11,150**	10,399

9. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Auditors' remuneration				
- statutory audit	**286**	274	**73**	63
- underprovision in previous year	**7**	11	**10**	-
- other services	**-**	-	**4**	4
Bad debts written off	**28**	196	**-**	-
Direct operating expenses of income generating investment properties	**1,299**	1,557	**-**	-
Depreciation of property, plant and equipment (Note 15)	**6,450**	5,832	**81**	135
Employee benefits expense (Note 10)	**29,903**	35,206	**(343)**	3,932
Non-executive directors' remuneration (Note 11)	**398**	391	**358**	391
Office rental	**2,432**	2,195	**253**	260
Property development expenditure written off (Note 17)	**-**	340	**-**	-

10. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Salaries and wages	**24,026**	28,735	**174**	2,424
Defined contribution plans	**3,467**	3,690	**(58)**	377
Social security contributions	**306**	293	**1**	22
Share-based payments	**(684)**	240	**(113)**	49
Other benefits	**2,788**	2,248	**(347)**	1,060
	29,903	35,206	**(343)**	3,932

Included in employee benefits expense of the Group and of the Company are executive director's remuneration excluding benefits-in-kind and share-based payments amounting to RM916,000 and RM Nil (2014: RM764,000 and RM761,000) respectively as disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

11. DIRECTORS' REMUNERATION

The details of remuneration of the directors of the Group and of the Company during the financial year were as follows:

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Executive:				
Salaries and other emoluments	**815**	680	**-**	680
Defined contribution plans	**98**	81	**-**	81
Fees	**3**	3	**-**	-
Estimated money value of benefits-in-kind	**23**	70	**-**	70
	939	834	**-**	831
Non-Executive:				
Fees	**297**	281	**257**	281
Other emoluments	**101**	110	**101**	110
	398	391	**358**	391
Total directors' remuneration	**1,337**	1,225	**358**	1,222
Total directors' remuneration excluding benefits-in-kind				
- Executive directors (Note 10)	**916**	764	**-**	761
- Non-executive directors (Note 9)	**398**	391	**358**	391
Total directors' remuneration excluding benefits-in-kind	**1,314**	1,155	**358**	1,152

11. DIRECTORS' REMUNERATION cont'd

The number of directors (including directors retired during the financial year) of the Company whose total remuneration during the financial year falls within the following bands is analysed below:

	Number of directors	
	2015	**2014**
Executive directors:		
RM800,001 - RM850,000	**-**	1
RM900,001 - RM950,000	**1**	-
	1	1
Non-executive directors:		
RM50,000 and below	**3**	4
RM50,001 - RM100,000	**3**	3
RM100,001 - RM150,000	**1**	1
	7	8

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

12. INCOME TAX EXPENSE

The major tax components of income tax expense for the financial years ended 30 June 2015 and 2014 are:

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	**13,488**	12,090	**994**	1,533
- (over)/underprovision in prior years	**(136)**	25	**28**	32
	13,352	12,115	**1,022**	1,565
Deferred tax (Note 23):				
- relating to origination and reversal of temporary differences	**7,736**	3,613	**-**	-
- under/(over)provision in prior years	**12**	(10)	**-**	-
	7,748	3,603	**-**	-
Income tax expense for the year	**21,100**	15,718	**1,022**	1,565

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The Malaysian corporate income tax rate is expected to reduce from 25% to 24% with effect from year of assessment 2016 as announced in the 2014 Budget.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

12. INCOME TAX EXPENSE cont'd

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income 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	**214,357**	172,141	**270,605**	5,588
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	**53,589**	43,035	**67,651**	1,397
Deferred tax recognised at different tax rates	**(35,571)**	(18,034)	**-**	-
Tax effect on share of results of associates and joint ventures	**(3,396)**	(5,466)	**-**	-
Tax effect on dividend income from an associate	**1,068**	1,626	**-**	-
Income not subject to tax	**(3,280)**	(7,229)	**(67,662)**	-
Expenses not deductible for tax purposes	**7,285**	4,195	**1,005**	136
Utilisation of previously unrecognised deferred tax assets	**(2,945)**	(4,748)	**-**	-
Deferred tax assets not recognised during the year	**4,474**	2,324	**-**	-
(Over)/underprovision of income tax expense in prior years	**(136)**	25	**28**	32
Under/(over)provision of deferred tax in prior years	**12**	(10)	**-**	-
Income tax expense for the year	**21,100**	15,718	**1,022**	1,565

13. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year (net of ESS Trust shares).

Diluted earnings per share amounts are calculated by dividing the profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year (net of ESS Trust shares) plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

13. EARNINGS PER SHARE cont'd

The following reflect the profit and share data used in the computation of basic and diluted earnings per share for the financial years ended 30 June:

	GROUP	
	2015	2014
	RM'000	RM'000
Profit attributable to owners of the parent	188,866	153,228
	Number of shares	Number of shares
	'000	'000
Weighted average number of ordinary shares for basic earnings per share computation*	669,881	669,881
Effect of dilution of share options	884	702
Weighted average number of ordinary shares for diluted earnings per share computation*	670,765	670,583
Earnings per share attributable to owners of the parent (sen per share):		
Basic	28.19	22.87
Diluted	28.16	22.85

** The weighted average number of shares takes into account the weighted average effect of changes in share options transactions during the year.*

None (2014: 3,150,000) of outstanding share options granted to employees under the existing employee share option plans have been included in the calculation of diluted earnings per share.

During the financial year, none of the employees (2014: Nil) had exercised the options to acquire the ordinary shares. 3,150,000 (2014: 1,350,000) unvested share options granted had lapsed during the financial year. There has been no other transactions involving ordinary shares since the reporting date and before the completion of these financial statements.

14. DIVIDEND

	Amount		Net dividend per share	
	2015	2014	2015	2014
	RM'000	RM'000	Sen	Sen
GROUP/COMPANY				
In respect of financial year ended 30 June 2014				
- Final single tier dividend of 2 sen per share paid on 4 November 2014	**13,398**	-	**2.00**	-
In respect of financial year ended 30 June 2013				
- Final dividend of 2 sen per share less tax at 25% paid on 12 November 2013	**-**	10,048	**-**	1.50
	13,398	10,048	**2.00**	1.50

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 30 June 2015, of 2 sen per share on 669,880,418 (net of ESS Trust shares) ordinary shares of RM0.50 each, will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend of RM13,397,608. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Freehold land and buildings	Long term leasehold land	Hotel building on leasehold land	Freehold land and building under construction	Building service plant and equipment	Furniture and fittings	Motor vehicles	Planting and development expenditure	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP										
Cost										
At 1 July 2014	2,272	82,163	5,250	108,461	56,754	16,700	16,942	1,613	-	290,155
Additions	-	-	-	-	32,941	4,498	1,024	91	116	38,670
Written off	-	-	-	-	-	(12)	-	-	-	(12)
Acquisition of a subsidiary	-	149	-	-	-	441	23	-	4,275	4,888
At 30 June 2015	2,272	82,312	5,250	108,461	89,695	21,627	17,989	1,704	4,391	333,701
Accumulated depreciation										
At 1 July 2014	-	7,685	1,072	24,995	-	11,148	10,009	1,479	-	56,388
Charge for the year (Note 9)	-	1,304	-	1,954	-	1,379	1,512	121	180	6,450
Written off	-	-	-	-	-	(11)	-	-	-	(11)
At 30 June 2015	-	8,989	1,072	26,949	-	12,516	11,521	1,600	180	62,827
Net carrying amount										
At 30 June 2015	2,272	73,323	4,178	81,512	89,695	9,111	6,468	104	4,211	270,874

15. PROPERTY, PLANT AND EQUIPMENT cont'd

	Freehold land RM'000	Freehold land and buildings RM'000	Long term leasehold land RM'000	Hotel building on leasehold land RM'000	Freehold land and building under construction RM'000	Building service plant and equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
GROUP									
Cost									
At 1 July 2013	2,272	82,236	5,250	108,591	47,892	16,145	15,381	1,990	279,757
Additions	-	-	-	-	8,862	747	1,664	5	11,278
Disposals	-	-	-	-	-	(12)	-	(382)	(394)
Written off	-	-	-	-	-	(180)	(103)	-	(283)
Adjustments (Note a)	-	(73)	-	(130)	-	-	-	-	(203)
At 30 June 2014	2,272	82,163	5,250	108,461	56,754	16,700	16,942	1,613	290,155
Accumulated depreciation									
At 1 July 2013	-	6,397	1,072	23,054	-	10,395	8,634	1,603	51,155
Charge for the year (Note 9)	-	1,288	-	1,941	-	939	1,462	202	5,832
Disposals	-	-	-	-	-	(12)	-	(326)	(338)
Written off	-	-	-	-	-	(174)	(87)	-	(261)
At 30 June 2014	-	7,685	1,072	24,995	-	11,148	10,009	1,479	56,388
Net carrying amount									
At 30 June 2014	2,272	74,478	4,178	83,466	56,754	5,552	6,933	134	233,767

Note a: In the previous financial year, a subsidiary has finalised the cost incurred for renovation work and RM203,000 was reversed and adjusted against other payables.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

15. PROPERTY, PLANT AND EQUIPMENT cont'd

	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Total RM'000
COMPANY				
At 30 June 2015				
Cost				
At 1 July 2014	**345**	**190**	**410**	**945**
Additions	**-**	**68**	**59**	**127**
At 30 June 2015	**345**	**258**	**469**	**1,072**
Accumulated depreciation				
At 1 July 2014	**345**	**116**	**141**	**602**
Charge for the year (Note 9)	**-**	**34**	**47**	**81**
At 30 June 2015	**345**	**150**	**188**	**683**
Net carrying amount				
At 30 June 2015	**-**	**108**	**281**	**389**
At 30 June 2014				
Cost				
At 1 July 2013	345	175	402	922
Additions	-	18	8	26
Written off	-	(3)	-	(3)
At 30 June 2014	345	190	410	945
Accumulated depreciation				
At 1 July 2013	276	94	100	470
Charge for the year (Note 9)	69	25	41	135
Written off	-	(3)	-	(3)
At 30 June 2014	345	116	141	602
Net carrying amount				
At 30 June 2014	-	74	269	343

15. PROPERTY, PLANT AND EQUIPMENT cont'd

During the financial year, the borrowing costs capitalised into freehold land and building under construction of the Group amounted to RM842,000 (2014: RM258,000).

The net carrying amounts of property, plant and equipment pledged for borrowings as referred to in Note 35 are as follows:

	GROUP	
	2015	**2014**
	RM'000	**RM'000**
Freehold land and buildings	**64,139**	64,139
Long term leasehold land	**4,066**	4,122
Hotel building on leasehold land	**81,512**	83,466
Freehold land and building under construction	**89,695**	56,754
	239,412	208,481

16. INVESTMENT PROPERTIES

Movements in the investment properties are as follows:

	GROUP	
	2015	**2014**
	RM'000	**RM'000**
At beginning of financial year	**453,500**	279,823
Additions from subsequent expenditure	**202,734**	61,136
Net gain on fair value adjustments (Note 6)	**181,393**	112,541
Transfer from property development costs (Note 26)	**1,583**	-
Attributable to disposal group classified as held for sale (Note 30)	**(418,000)**	-
At end of financial year	**421,210**	453,500
Comprising:		
At valuation:		
Completed investment properties:		
- Leasehold land and buildings	**52,610**	50,000
Investment properties under construction	**368,600**	403,500
At end of financial year	**421,210**	453,500

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

16. INVESTMENT PROPERTIES cont'd

Investment properties comprise commercial properties and investment properties under construction ("IPUC"). The commercial properties are stated at fair value of which has been determined based on valuation reports by an accredited independent valuer as at reporting date. The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The IPUC comprises commercial buildings under construction which is part of a mixed development project on freehold land. The carrying values of the properties are based on valuation carried out by an accredited independent valuer.

IPUC are charged to financial institutions as collaterals for credit facilities granted to the Group as disclosed in Note 35.

Included in the IPUC's carrying amount is borrowing costs incurred during the financial year of RM11,796,000 (2014: RM6,849,000).

17. LAND HELD FOR PROPERTY DEVELOPMENT

	Freehold land RM'000	Development expenditure RM'000	Total RM'000
GROUP			
At 30 June 2015			
Cost			
At 1 July 2014	176,580	20,003	196,583
Additions	4,499	6,331	10,830
Acquisition of a subsidiary	291,570	-	291,570
Transfer to property development cost (Note 26)	(114,380)	(16,197)	(130,577)
At 30 June 2015	358,269	10,137	368,406
Accumulated impairment losses			
At 1 July 2014/30 June 2015	(5,944)	-	(5,944)
Carrying amount at 30 June 2015	352,325	10,137	362,462

17. LAND HELD FOR PROPERTY DEVELOPMENT cont'd

	Freehold land RM'000	Development expenditure RM'000	Total RM'000
GROUP			
At 30 June 2014			
Cost			
At 1 July 2013	176,580	16,435	193,015
Additions	-	3,908	3,908
Recognised in the profit or loss (Note 9)	-	(340)	(340)
At 30 June 2014	176,580	20,003	196,583
Accumulated impairment losses			
At 1 July 2013/30 June 2014	(5,944)	-	(5,944)
Carrying amount at 30 June 2014	170,636	20,003	190,639

The net carrying amount of land held for property development of RM108,285,000 (2014: RM181,486,000) has been pledged for borrowings as disclosed in Note 35.

Included in the land held for property development is borrowing costs incurred during the financial year of RM Nil (2014: RM3,837,000).

18. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost	**608,335**	575,819
Less: Accumulated impairment losses	**(215)**	(215)
	608,120	575,604

Details of the subsidiaries are disclosed in Note 40.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

18. INVESTMENTS IN SUBSIDIARIES cont'd

During the financial year, the Group completed the following acquisitions of companies:

a) On 18 July 2014 and 31 July 2014, Pembinaan Sri Jati Sdn Berhad ("PSJ"), an indirect wholly-owned subsidiary of GLM, had accepted the offers to acquire an aggregate of 5,391,583 ordinary shares of RM1.00 each in Continental Estates Sdn Bhd ("CESB"), representing 10.66% of the issued and paid-up ordinary shares in CESB ("Acquisition"). Prior to the Acquisition, CESB was an equity accounted associate with 50% equity interest held by PSJ. Upon the completion of the Acquisition, CESB became a 60.66%-owned subsidiary of PSJ. CESB, a private limited company incorporated in Malaysia, is involved in the operation of an oil palm estate.

The fair values of the identifiable assets and liabilities of CESB as at the date of acquisition were:

	Carrying amount RM'000	Fair value RM'000
Property, plant and equipment	4,888	4,888
Land held for development	236,212	291,570
Inventories	152	152
Trade and other receivables	1,447	1,447
Other investment	11,352	11,352
Cash and bank balances	864	864
Total assets	254,915	310,273
Trade and other payables	1,204	1,204
Loans and borrowings	186,892	242,749
Deferred tax liabilities	927	14,213
Tax payable	1,507	1,507
Total liabilities	190,530	259,673
Total identifiable net assets acquired		50,600
The effect of the acquisition on cash flows is as follows:		
Cost of the business combination settled in cash		5,392
Less: Cash and cash equivalents of subsidiary acquired		(864)
Net cash outflow on acquisition		4,528
Fair value of net identifiable assets		50,600
Less: Non-controlling interests		(19,908)
Less: Fair value of previously held interest		(25,300)
Cost of business combination		5,392

18. INVESTMENTS IN SUBSIDIARIES cont'd

a) **Impact of acquisition in Statement of Comprehensive Income**

From the date of Acquisition, CESB had contributed RM5,331,000 to the Group's profit net of tax. If the combination had taken place at the beginning of the financial year, the Group's profit net of tax would have been RM199,822,000 and revenue would have been RM211,879,000.

Acquisition of non-controlling interests

On 24 May 2015, PSJ had acquired an additional 3,716,417 ordinary shares of RM1.00 each in CESB, representing 7.34% of the issued and paid-up ordinary shares in CESB. As a result, CESB became a 68%-owned subsidiary of PSJ.

b) On 14 January 2015, the Company had acquired 100% equity interest in Suria Idaman Sdn Bhd and Tujuan Optima Sdn Bhd for RM2.00 each in cash.

During the financial year, the Company completed the following transactions involving ordinary shares and/or redeemable preference shares ("RPS"):

a) Subscription of 36,758 RPS in Bedford Development Sdn Bhd at an issue price of RM1,000 each comprising par value of RM1.00 each and premium of RM999 each for a total consideration of RM36,758,000;

b) Subscription of 6,700 ordinary shares of RM1.00 each in GLM Property Services Sdn Bhd for cash at par;

c) Redemption of 6,700 RPS in GLM Property Services Sdn Bhd for a total consideration of RM6,700,000;

d) Subscription of 200,000 ordinary shares of RM1.00 each in GLM Property Management Co Sdn Bhd for cash at par; and

e) Subscription of 2,251,000 ordinary shares of RM1.00 each in GLM Alam Damai Sdn Bhd at par.

On 30 March 2015, the following subsidiaries of the Group had been placed under member's voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965:

a) Guoman International Sdn Bhd, a 70%-owned subsidiary of the Company; and

b) Prophills Development Sdn Bhd, a wholly-owned subsidiary of the Company.

None of the subsidiary with non-controlling interests is material to the Group. Accordingly, the disclose requirements of FRS 12 Disclosure of Interests in Other Entities are not presented.

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30 June 2015

19. INVESTMENTS IN ASSOCIATES

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Quoted shares in Malaysia, at cost	**64,890**	64,890	**-**	-
Unquoted shares in Malaysia, at cost	**56,000**	171,518	**56,000**	56,000
Unquoted shares outside Malaysia, at cost	**6**	6	**-**	-
Less: Accumulated impairment losses	**(6)**	(6)	**-**	-
	120,890	236,408	**56,000**	56,000
Share of post acquisition reserves	**76,599**	74,960	**-**	-
Share of post acquisition translation reserve	**(295)**	(295)	**-**	-
	197,194	311,073	**56,000**	56,000
Represented by:				
Share of net assets of associates	**197,194**	311,073	**N/A**	N/A
Market value of quoted shares	**73,530**	86,292	**N/A**	N/A

Details of the associates are as follows:

Name of company	Country of incorporation	Effective equity interest 2015 %	Effective equity interest 2014 %	Principal activities
^ Luck Hock Venture Holdings, Inc.	Philippines	**28**	28	Dormant
^ Tower Real Estate Investment Trust ("Tower REIT")	Malaysia	**22**	22	Investment in real estate and real estate-related assets
Continental Estates Sdn Bhd ("CESB")	Malaysia	**-***	50	Property development and operation of an oil palm estate
Vintage Heights Sdn Bhd	Malaysia	**40**	40	Property development and operation of an oil palm estate

^ *Not audited by member firms of Ernst & Young Global.*

* *CESB became a subsidiary of the Group during the financial year as disclosed in Note 18.*

19. INVESTMENTS IN ASSOCIATES cont'd

The Group has carried out a review on the recoverable amount of the investment in Tower REIT. The recoverable amount is determined based on value-in-use calculation using cash flow projections of future dividend income and the proceeds from the ultimate disposal of the investment.

The key assumptions used in the value-in-use calculation are as follows:

(i) Growth rates

Future dividend income is estimated to grow at 3% (2014: 2%) per annum over the next 5 years and thereafter, grow at a steady rate of 4.5% (2014: 3.5%) per annum for the next 10 years. The growth rates used are based on the average growth rates achieved in the previous years and adjusted to lower rates to account for the probability of any unfavourable market conditions.

(ii) Discount rate

Discount rate used is 7.05% (2014: 7.05%). This rate is pre-tax and reflects specific risks relating to the investment.

Based on the value-in-use calculation, the management believes that the carrying amount of the investment in Tower REIT is fully recoverable.

The Group's interest in the assets, liabilities, revenue and profit of associates are as follows:

	GROUP	
	2015	**2014**
	RM'000	**RM'000**
Assets and liabilities		
Non-current assets	**214,793**	359,526
Current assets	**6,993**	9,589
Total assets	**221,786**	369,115
Non-current liabilities	**(18,242)**	(45,606)
Current liabilities	**(6,350)**	(12,436)
Total liabilities	**(24,592)**	(58,042)
Results		
Revenue	**16,112**	21,901
Profit for the year	**12,999**	8,840

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19. INVESTMENTS IN ASSOCIATES cont'd

The following table summarises the information of the Group's material associates. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts.

(i) Summarised statements of financial position

	Tower REIT		CESB		Total	
	2015	2014	2015*	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	**541,000**	642,500	-	247,170	**541,000**	889,670
Current assets	**8,990**	1,266	-	14,034	**8,990**	15,300
Total assets	**549,990**	643,766	-	261,204	**549,990**	904,970
Non-current liabilities	**(13,321)**	(105,393)	-	(14,300)	**(13,321)**	(119,693)
Current liabilities	**(100)**	(28,350)	-	(7,614)	**(100)**	(35,964)
Total liabilities	**(13,421)**	(133,743)	-	(21,914)	**(13,421)**	(155,657)
Net assets	**536,569**	510,023	-	239,290	**536,569**	749,313

(ii) Summarised statements of comprehensive income

	Tower REIT		CESB		Total	
	2015	2014	2015*	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	**39,648**	49,658	-	16,907	**39,648**	66,565
Profit before tax from continuing operations	**46,376**	27,101	-	10,528	**46,376**	37,629
Profit for the year from continuing operations representing total comprehensive income	**46,376**	27,101	-	10,936	**46,376**	38,037

19. INVESTMENTS IN ASSOCIATES cont'd

The following table summarises the information of the Group's material associates. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts. cont'd

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates

	Tower REIT		CESB		Total	
	2015	2014	2015*	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net assets at 1 July	**510,023**	512,940	**-**	275,436	**749,313**	788,376
Profit for the year	**46,376**	27,101	**-**	10,936	**46,376**	38,037
Dividend paid during the year	**(19,830)**	(30,018)	**-**	(47,082)	**(19,830)**	(77,100)
Net assets at 30 June	**536,569**	510,023	**-**	239,290	**775,859**	749,313
Interest in associates as at year end	**21.66%**	21.66%	**-**	50.00%		
Carrying value of Group's interest in associates	**116,221**	110,471	**-**	119,645	**116,221**	230,116

* CESB became a subsidiary of the Group during the financial year as disclosed in Note 18.

Aggregate information of associates that are individually not material are as follows:

	2015	2014
	RM'000	RM'000
The Group's share of loss before tax	**(9)**	(2,310)
The Group's share of loss after tax, representing total comprehensive income	**(9)**	(2,498)

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20. INVESTMENTS IN JOINT VENTURES

	GROUP	
	2015	2014
	RM'000	RM'000
Investments, at cost	**75,872**	75,872
Share of post acquisition reserves	**37,608**	40,839
	113,480	116,711

Details of the joint ventures are disclosed in Note 41.

The Group's interest in the assets, liabilities, revenue and expenses of joint ventures are as follows:

	GROUP	
	2015	2014
	RM'000	RM'000
Assets and liabilities		
Non-current assets	**137,744**	148,253
Current assets	**81,752**	73,985
Total assets	**219,496**	222,238
Non-current liabilities	**(64,883)**	(34,860)
Current liabilities	**(41,133)**	(70,667)
Total liabilities	**(106,016)**	(105,527)
Results		
Revenue	**19,795**	73,058
Expenses, including finance costs and income tax expense	**(19,212)**	(60,031)
Profit for the year	**583**	13,027

The Group has recorded elimination of intragroup transactions of RM814,000 (2014: RM1,610,000) during the financial year.

Investments in joint ventures are individually not material to the Group.

20. INVESTMENTS IN JOINT VENTURES cont'd

Aggregate information of joint ventures that are individually not material are as follows:

	2015 RM'000	2014 RM'000
The Group's share of profit before tax	**556**	17,604
The Group's share of profit after tax, representing total comprehensive income	**583**	13,027

21. AVAILABLE-FOR-SALE INVESTMENTS

	GROUP	
	2015 RM'000	2014 RM'000
Long term investments		
At fair value:		
Quoted shares in Malaysia	**1,876**	4,431
Total available-for-sale investments	**1,876**	4,431

Changes in carrying amount of quoted equity instruments was as a result of remeasurement to its current fair value as at reporting date as well as disposals during the financial year.

22. GOODWILL

	GROUP	
	2015 RM'000	2014 RM'000
At beginning of financial year	**13,638**	14,205
Realisation during the year (Note 6)	**-**	(567)
At end of financial year	**13,638**	13,638

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30 June 2015

22. GOODWILL cont'd

On 26 October 2007, the Group, through its wholly-owned subsidiary, Astute Modernization Sdn Bhd, acquired 100% interest in Titan Debut Sdn Bhd. The acquisition was accounted for as a business combination in accordance with FRS 3 Business Combination. Accordingly, paragraph 15(b)(i) of FRS 112 Income Taxes requires deferred tax liability to be recognised for all taxable temporary differences arising from initial recognition of an asset or liability in a transaction which is a business combination. Such temporary differences arose from the differences between the fair value of assets and liabilities acquired in a business combination and their respective tax bases. Accordingly, the acquisition of the said subsidiary had resulted in the recognition of deferred tax liability amounting to RM17,732,000 with the corresponding debit being recognised as additional goodwill. Consequently, to the extent that such deferred tax liability is reversed, the corresponding goodwill will also be realised.

During the current financial year, the Group recognised such realisation of goodwill amounting to RM Nil (2014: RM567,000) due to the reversal of the deferred tax liability relating to the property inventories sold during the current financial year.

23. DEFERRED TAX

	GROUP	
	2015	**2014**
	RM'000	**RM'000**
At beginning of financial year	**14,414**	10,811
Recognised in the profit or loss (Note 12)	**7,748**	3,603
Acquisition of a subsidiary	**14,213**	-
Less: Attributable to disposal group classified as held for sale (Note 30)	**(8,488)**	-
At end of financial year	**27,887**	14,414

Presented after appropriate offsetting as follows:

	GROUP	
	2015	**2014**
	RM'000	**RM'000**
Deferred tax assets	**(4,910)**	(3,701)
Deferred tax liabilities	**32,797**	18,115
	27,887	14,414

23. DEFERRED TAX cont'd

The components and movements of Group's deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group

	Inventories RM'000	Investment properties RM'000	Accelerated capital allowances RM'000	Total RM'000
At 1 July 2013	14,205	-	89	14,294
Recognised in the profit or loss	(567)	4,398	(10)	3,821
At 30 June 2014/1 July 2014	13,638	4,398	79	18,115
Acquisition of a subsidiary	-	13,286	927	14,213
Recognised in the profit or loss	-	8,908	49	8,957
Less: Attributable to disposal group classified as held for sale (Note 30)	-	(8,488)	-	(8,488)
At 30 June 2015	**13,638**	**18,104**	**1,055**	**32,797**

Deferred tax assets of the Group

	Unused tax losses and unabsorbed capital allowances RM'000	Development properties RM'000	Total RM'000
At 1 July 2013	(283)	(3,200)	(3,483)
Recognised in the profit or loss	121	(339)	(218)
At 30 June 2014/1 July 2014	(162)	(3,539)	(3,701)
Recognised in the profit or loss	-	(1,209)	(1,209)
At 30 June 2015	**(162)**	**(4,748)**	**(4,910)**

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

23. DEFERRED TAX cont'd

Deferred tax assets of the Group cont'd

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

	GROUP 2015 RM'000	GROUP 2014 RM'000
Unused tax losses	**165,456**	154,332
Unabsorbed capital allowances	**43,177**	47,562
Investment tax allowances	**121,789**	121,789
Others	**10,664**	11,289
	341,086	334,972

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

24. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	GROUP		
	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000
As at 30 June 2015			
Non-hedging derivatives:			
Non-current			
Interest rate swap	**332,000**	**1,071**	**(243)**
Less: Attributable to disposal group classified as held for sale (Note 30)	**(96,000)**	**(434)**	**-**
	236,000	**637**	**(243)**
As at 30 June 2014			
Non-hedging derivatives:			
Non-current			
Interest rate swap	120,000	2,517	-

24. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) cont'd

The Group uses interest rate swaps and foreign exchange forward contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with fair value changes exposure and foreign exchange transaction exposure. Such derivatives do not qualify for hedge accounting.

The interest rate swaps are used to hedge cash flow interest rate risk arising from various floating rate bank loans with a total amount of RM467,454,000 (2014: RM203,984,000) (Notes 35 and 38(b)). These interest rate swaps receive floating interest equal to Kuala Lumpur Interbank Offered Rate ("KLIBOR") per annum, pay fixed rates of interest ranging from 3.31% to 3.82% per annum (2014: 3.31% to 3.33%). The remaining term to maturity of the interest rate swaps are less than 5 years.

During the financial year, the Group recognised a net loss of RM1,689,000 (2014: gain of RM999,000) (Note 6) arising from fair value changes of derivative financial assets. The fair value changes are attributable to changes in KLIBOR and foreign exchange spot and forward rate. The method and assumptions applied in determining the fair value of derivatives are disclosed in Note 38(h). The fair value hierarchy of derivatives is disclosed in Note 39.

25. INVENTORIES

	GROUP	
	2015	**2014**
	RM'000	**RM'000**
At cost		
Property inventories	**441,816**	456,208
Saleable merchandise	**735**	664
Operating supplies	**585**	577
	443,136	457,449
At net realisable value		
Property inventories	**1,153**	1,153
	444,289	458,602

The cost of property inventories of the Group recognised as cost of sales during the financial year amounted to RM16,053,000 (2014: RM18,012,000) as disclosed in Note 5.

As at the reporting date, the carrying amount of property inventories of RM437,966,000 (2014: RM437,966,000) have been pledged as securities for the borrowing facilities granted to the Group as disclosed in Note 35.

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26. PROPERTY DEVELOPMENT COSTS

	GROUP	
	2015 RM'000	2014 RM'000
Cumulative property development costs		
At beginning of financial year:		
Freehold land	**57,072**	66,390
Leasehold land	**34,868**	50,566
Development costs	**251,645**	289,470
	343,585	406,426
Cost incurred during the year:		
Development costs	**184,572**	125,350
	184,572	125,350
Less: Accumulated impairment losses		
At beginning of financial year	**(21,617)**	(21,617)
At end of financial year	**(21,617)**	(21,617)
Cumulative cost recognised in the profit or loss:		
At beginning of financial year	**(54,868)**	(132,071)
Recognised during the year (Note 5)	**(47,991)**	(70,113)
Reversal of completed projects	**-**	147,316
At end of financial year	**(102,859)**	(54,868)
Reversal of completed projects	**-**	(147,316)
Transfer from land held for property development (Note 17)	**130,577**	-
Unsold units transferred to inventories	**-**	(40,875)
Unsold units transferred to investment property (Note 16)	**(1,583)**	-
Property development costs at end of financial year	**532,675**	267,100

Included in the property development costs is borrowing costs incurred during the financial year of RM12,774,000 (2014: RM7,059,000).

As at the reporting date, the carrying amounts of freehold land and related development costs pledged as securities for the borrowing facilities granted to the Group as disclosed in Note 35 amounted to RM510,751,000 (2014: RM243,781,000).

27. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade receivables	**25,098**	16,514	**-**	-
Less: Allowance for impairment	**(421)**	(521)	**-**	-
	24,677	15,993	**-**	-
Other receivables	**12,871**	11,375	**176**	5,518
Less: Allowance for impairment	**(2,135)**	(2,125)	**-**	-
	10,736	9,250	**176**	5,518
Subsidiaries	**-**	-	**359,438**	302,071
Associates	**35**	83	**34**	70
Joint ventures	**85**	7,485	**-**	245
Related companies	**656**	246	**146**	5
Attributable to disposal group classified as held for sale (Note 30)	**(575)**	-	**-**	-
Total trade and other receivables	**35,614**	33,057	**359,794**	307,909
Total trade and other receivables	**35,614**	33,057	**359,794**	307,909
Add: Cash and cash equivalents (Note 29)	**50,414**	60,967	**1,744**	3,860
Total loans and receivables	**86,028**	94,024	**361,538**	311,769

Trade receivables are non-interest bearing and are generally on 7 to 60 days (2014: 7 to 60 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

All amounts due from subsidiaries, associates, joint ventures and related companies are unsecured, non-interest bearing and have no fixed terms of repayments except for amounts totalling RM312,490,000 (2014: RM281,784,000) due from certain subsidiaries, which bore interest at rates of 4.04% to 4.33% (2014: 4.00% to 4.04%) per annum during the financial year.

There is no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors except for the amounts due from joint ventures, related companies and subsidiaries in respect of the Group and of the Company respectively, with the amount of maximum credit risk exposure equivalent to the respective debtors' carrying amounts as at the reporting date.

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27. TRADE AND OTHER RECEIVABLES cont'd

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

	Nominal amounts 2015 RM'000	Allowance for impairment 2015 RM'000	Nominal amounts 2014 RM'000	Allowance for impairment 2014 RM'000
GROUP				
Not past due	**21,447**	**-**	13,310	-
Past due 1 to 30 days	**2,194**	**-**	246	-
Past due 31 to 90 days	**888**	**-**	2,370	-
More than 90 days	**569**	**(421)**	588	(521)
	25,098	**(421)**	16,514	(521)

Generally, the Group does not renegotiate the terms of trade receivables. There were no renegotiated balances outstanding as at financial year end. Due to the good credit standing of the trade receivables and based on historical default rates, the Group believes that generally no further allowance for impairment is necessary in respect of trade receivables that are past due.

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

	GROUP 2015 RM'000	GROUP 2014 RM'000
Trade receivables - nominal amounts	**421**	521
Less: Allowance for impairment	**(421)**	(521)
Net impaired trade receivable	**-**	-

27. TRADE AND OTHER RECEIVABLES cont'd

The change of allowance for impairment in respect of trade receivables during the financial year is as follows:

	GROUP	
	2015	**2014**
	RM'000	**RM'000**
At beginning of financial year	**521**	733
Add: Allowance for impairment	**5**	-
Less: Reversal of impairment	**(105)**	(212)
At end of financial year	**421**	521

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The change of allowance for impairment in respect of other receivables during the financial year is as follows:

	GROUP	
	2015	**2014**
	RM'000	**RM'000**
At beginning of financial year	**2,125**	2,236
Add: Allowance for impairment	**10**	-
Less: Reversal of impairment	**-**	(111)
At end of financial year	**2,135**	2,125

28. OTHER CURRENT ASSETS

	GROUP	
	2015	**2014**
	RM'000	**RM'000**
Accrued billings in respect of property development costs	**25,562**	8,377
Prepayments	**236**	474
	25,798	8,851

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29. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits placed with licensed banks	**38,144**	52,947	**1,436**	3,314
Cash and bank balances	**11,904**	8,020	**308**	546
Short term funds	**450**	-	**-**	-
Attributable to disposal group classified as held for sale (Note 30)	**(84)**	-	**-**	-
Cash and cash equivalents (Note 27)	**50,414**	60,967	**1,744**	3,860
Bank overdrafts (Note 35)	**(4,604)**	(5,174)	**(75)**	-
Cash and cash equivalents as per the statements of cash flows	**45,810**	55,793	**1,669**	3,860
Of which the balances of amounts placed with a related company, which is a licensed financial institution, are as follows:				
- deposits	**26,739**	23,451	**1,112**	3,000
- bank balances	**1,973**	2,166	**294**	111

Cash and bank balances of the Group include RM3,024,000 (2014: RM2,274,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and are restricted from use in other operations.

The effective interest rates of deposits placed with licensed banks of the Group and of the Company as at the reporting date range from 0.35% to 3.40% (2014: 0.35% to 3.30%) per annum and 2.50% to 3.20% (2014: 2.80% to 3.00%) per annum respectively.

The maturities of deposits placed with licensed banks of the Group and of the Company as at the reporting date range from 1 to 92 days (2014: 1 to 92 days) and 1 to 92 days (2014: 4 to 92 days) respectively.

30. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 3 July 2015, the Company announced the proposed disposal of one of its wholly-owned subsidiaries, DC Tower Sdn Bhd ("DCT") ["Proposed Disposal"], which was previously reported in the property investment segment. The Proposed Disposal is consistent with the Group's strategy to strengthen its liquidity and cash flow position by raising cash proceeds of RM189.3 million which will be utilised for, inter alia, the repayment of its bank borrowings. Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Proposed Disposal is subject to shareholders' approval at an Extraordinary General Meeting to be convened. Accordingly, management has reclassified the assets and liabilities of DCT as held for sale in accordance with the requirements of FRS 5.

30. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE cont'd

The assets and liabilities of DCT classified as held for sale as at 30 June 2015 are as follows:

	Note	GROUP RM'000
Assets		
Non-current assets		
Investment properties	16	418,000
Derivative financial assets	24	434
		418,434
Current assets		
Trade and other receivables	27	575
Tax recoverable		2
Cash and bank balances	29	84
		661
Assets of disposal group classified as held for sale		419,095
Liabilities		
Non-current liabilities		
Loans and borrowings	35	254,865
Deferred tax liabilities	23	8,488
		263,353
Current liabilities		
Trade and other payables	36	11,612
Liabilities of disposal group classified as held for sale		274,965

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31. SHARE CAPITAL

	GROUP/COMPANY			
	Ordinary shares of RM0.50 each			
	2015	2014	2015	2014
	Number of shares	Number of shares	Amount	Amount
	'000	'000	RM'000	RM'000
Authorised	**3,000,000**	3,000,000	**1,500,000**	1,500,000
Issued and fully paid	**700,459**	700,459	**350,229**	350,229

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

32. RESERVES

		GROUP		COMPANY	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Non-distributable:					
Share premium		**35,089**	35,089	**35,089**	35,089
Exchange reserve	(a)	**3**	2,457	**-**	-
Fair value reserve	(b)	**434**	2,675	**-**	-
Share option reserve	(c)	**-**	684	**-**	684
Merger reserve	(d)	**(24,028)**	(24,028)	**68,219**	68,219
Capital redemption reserve	(e)	**17**	17	**-**	-
		11,515	16,894	**103,308**	103,992
Distributable:					
Retained profits	(f)	**784,787**	609,319	**279,450**	23,265
		796,302	626,213	**382,758**	127,257

(a) Exchange reserve

Exchange differences arising on translation of financial statements of subsidiaries whose functional currencies are different from that of the Group's presentation currency are taken into exchange reserve.

32. RESERVES cont'd

(b) Fair value reserve

Fair value reserve represents the cumulative net change in the fair value of available-for-sale financial assets until they are disposed of or impaired.

(c) Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. Details of share options granted are as disclosed in Note 37.

(d) Merger reserve

The merger reserve of the Group arose as a result of business combinations involving entities under common control accounted for by applying the merger method of accounting. The negative merger reserve as at the reporting date represents the excess of the consideration paid over the share capital and capital reserves of the subsidiaries as at the acquisition date.

The merger reserve of the Company represents the premium arising on the shares issued in respect of the subsidiaries accounted for under the merger method of accounting which is credited to the merger reserve account in accordance with the relief granted by Section 60(4) of the Companies Act, 1965.

(e) Capital redemption reserve

Capital redemption reserve arises from the redemption of redeemable preference shares in accordance with Section 61(5) of Companies Act, 1965.

(f) Retained profits

The Company may distribute dividends out of its entire retained profits as at 30 June 2015 under the single tier system.

33. SHARES HELD BY ESS TRUST

In the previous financial years, the Company established a trust ("ESS Trust") for its eligible executives pursuant to the establishment of the executive share schemes ("ESS").

The ESS Trust is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Company, its subsidiaries or a third party upon such terms and conditions as the Company and the trustee may agree to purchase shares in the Company from the open market for the purposes of this trust. The shares purchased for the benefit of the ESS holders are recorded as "Shares held by ESS Trust" in the Group's and the Company's statements of financial position as a deduction in arriving at the shareholders' equity.

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30 June 2015

33. SHARES HELD BY ESS TRUST cont'd

Details of the shares acquired during previous financial years are as follows:

	Share price Lowest	Share price Highest	Average	Number of shares	Total consideration
	RM	RM	RM	'000	RM'000
At 1 July 2014/ 30 June 2015	**0.62**	**1.72**	**0.78**	**30,578**	**23,883**

The main features and the details of the ESS are disclosed in Note 37.

34. AMOUNTS DUE TO SUBSIDIARIES

Amounts due to subsidiaries are unsecured, not expected to be repaid within the next twelve months and non-interest bearing except for an amount of RM143,910,000 (2014: RM127,285,000) which bears interest of 3.00% (2014: ranging from 3.00% to 4.20%) per annum during the financial year.

35. LOANS AND BORROWINGS

	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
	RM'000	RM'000	RM'000	RM'000
Current liabilities				
Bank overdrafts - secured (Note 29)	**4,525**	5,174	**75**	-
Bank overdrafts - unsecured (Note 29)	**79**	-	**-**	-
Revolving credits - secured	**27,250**	3,500	**-**	-
Revolving credits - unsecured	**184,000**	135,075	**154,000**	135,075
Term loans - secured	**200,619**	20,240	**-**	-
Term loans - unsecured	**8,308**	8,308	**8,308**	8,308
	424,781	172,297	**162,383**	143,383

35. LOANS AND BORROWINGS cont'd

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Non-current liabilities				
Revolving credits - secured	**-**	4,500	**-**	-
Term loans - secured	**1,032,617**	809,181	**-**	-
Term loans - unsecured	**6,230**	14,538	**6,230**	14,538
	1,038,847	828,219	**6,230**	14,538
Attributable to disposal group classified as held for sale (Note 30)	**(254,865)**	-	**-**	-
	783,982	828,219	**6,230**	14,538
Total loans and borrowings (Note 36)	**1,208,763**	1,000,516	**168,613**	157,921

The maturity of loans and borrowings are as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
On demand or within 1 year	**424,781**	172,297	**162,383**	143,383
More than 1 year but less than 2 years	**127,873**	211,498	**6,230**	8,308
More than 2 years but less than 5 years	**426,470**	416,883	**-**	6,230
More than 5 years	**229,639**	199,838	**-**	-
	1,208,763	1,000,516	**168,613**	157,921

The bank overdrafts of the Group are secured by a second legal charge over the long term leasehold land and a second fixed and floating charge over the assets of a subsidiary. The bank overdrafts bore effective interest at rates ranging from 6.60% to 7.70% (2014: 6.60% to 7.45%) per annum during the financial year.

The revolving credits of the Group and of the Company are obtained by a negative pledge over all assets of the Company. The revolving credits bore effective interest at rates ranging from 3.82% to 4.81% (2014: 3.82% to 4.60%) per annum.

The revolving credits of the Group are secured by legal charges on certain property, plant and equipment, land held for property development and development properties as disclosed in Notes 15, 17 and 26 as well as fixed and floating charges on assets of certain subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

35. LOANS AND BORROWINGS cont'd

The term loans of the Group are secured by legal charges on certain property, plant and equipment, investment properties, land held for property development, inventories and development properties as disclosed in Notes 15, 16, 17, 25 and 26 as well as fixed and floating charges on assets of certain subsidiaries.

The term loans are repayable over the periods from years 2015 to 2023 (2014: 2014 to 2022) and bore interest at rates ranging from 4.10% to 4.99% (2014: 4.07% to 4.70%) per annum during the financial year.

Interest rate swaps with total notional amount of RM236,000,000 (2014: RM120,000,000) are used to manage the Group's exposure to interest rate risk arising from the Group's floating rate term loan.

36. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Trade payables	**16,330**	28,451	**-**	-
Associates	**137**	120	**-**	-
Subsidiaries	**-**	-	**3,141**	7,970
Related companies	**1,624**	398	**-**	-
Provision for foreseeable loss in land and development	**6,035**	6,035	**-**	-
Retention sum	**49,674**	26,903	**-**	-
Accrued operating expenses	**28,345**	13,641	**1,085**	1,743
Deposits received	**3,048**	2,284	**-**	-
Other payables	**54,120**	22,559	**-**	-
	159,313	100,391	**4,226**	9,713
Attributable to disposal group classified as held for sale (Note 30)	**(11,612)**	-	**-**	-
Total trade and other payables	**147,701**	100,391	**4,226**	9,713
Less: Provision for foreseeable loss in land and development	**(6,035)**	(6,035)	**-**	-
Add: Due to subsidiaries (non-current)	**-**	-	**143,910**	323,196
Add: Loans and borrowings (Note 35)	**1,208,763**	1,000,516	**168,613**	157,921
Total financial liabilities carried at amortised cost	**1,350,429**	1,094,872	**316,749**	490,830

The normal credit terms granted by the trade payables range from 30 to 60 days (2014: 30 to 60 days).

Amounts due to associates, subsidiaries and related companies are unsecured, interest free and have no fixed terms of repayments except for amounts due to subsidiaries as disclosed in Note 34.

36. TRADE AND OTHER PAYABLES cont'd

The movements in provision for foreseeable loss in land and development are as follows:

	GROUP	
	2015	2014
	RM'000	RM'000
At beginning/end of financial year	**6,035**	6,035

Provision made is in respect of foreseeable losses for certain property development activities undertaken by the subsidiaries of the Group. A provision is recognised for expected losses from the development of low cost units, deterioration of market value or undesirable condition of land which will increase future development costs.

37. EMPLOYEE BENEFITS

EXECUTIVE SHARE SCHEME ("ESS")

(a) At an Extraordinary General Meeting ("EGM") held on 11 October 2011, the shareholders of the Company had approved the establishment of a new executive share option scheme ("ESOS").

The Company is a subsidiary of GuocoLand Limited, which in turn is a subsidiary of Guoco Group Limited ("GGL"), a corporation listed on The Stock Exchange of Hong Kong Limited ("HKSE"). Under the HKSE Listing Rules, all schemes involving the grant of options by GGL and its subsidiaries to, or for the benefit of, specified participants would have to comply with the provisions of the HKSE Listing Rules, with appropriate modifications. The HKSE Listing Rules further provide that where the shares of the listed issuer or the subsidiary concerned are also listed on another stock exchange, the more onerous requirements shall prevail and be applied in the event of a conflict or inconsistency between the requirements of the HKSE Listing Rules and the requirements of the other stock exchange.

Pursuant to the HKSE Listing Rules, the ESOS was further approved by the shareholders of GGL on 25 November 2011 ("Approval Date").

On 23 September 2011, the Company announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had approved-in-principle the listing of new ordinary shares of the Company to be issued pursuant to the exercise of options under the ESOS at any time during the existence of the ESOS.

The ESOS was established on 21 March 2012 and shall be in force for a period of 10 years.

The ESOS would provide an opportunity for eligible executives who had contributed to the growth and development of the Group to participate in the equity of the Company.

Subsequently, at an EGM held on 21 October 2013, the shareholders of the Company had approved the establishment of an executive share grant scheme ("ESGS").

Pursuant to the HKSE Listing Rules, the amendments to the Bye-Laws of the ESOS to incorporate the ESGS were approved by the shareholders of GGL on 19 November 2013.

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37. EMPLOYEE BENEFITS cont'd

EXECUTIVE SHARE SCHEME ("ESS") cont'd

(a) On 18 September 2013, the Company announced that Bursa Securities had approved-in-principle the listing of new ordinary shares of the Company to be issued pursuant to the vesting of shares of the Company under the ESGS at any time during the existence of the ESGS.

The ESGS was established on 28 February 2014. The ESGS would reward the eligible executives for their contribution to the Group with grants without any consideration payable by the eligible executives.

The ESOS together with the ESGS have been renamed as the Executive Share Scheme ("ESS"). For ease of administration, the Bye-Laws of the ESOS were amended to incorporate the ESGS to form the consolidated Bye-Laws of the ESS ("GLM Bye-Laws").

The main features of the ESS are, inter alia, as follows:

1. Eligible executives are those executives of the Group who have been confirmed in service on the date of offer or directors (executive or non-executive) of the Company and its subsidiaries. The Board of Directors of the Company ("Board") may from time to time at its discretion select and identify suitable eligible executives to be offered options or grants.

2. The aggregate number of shares to be issued under the ESS and any other ESOS established by the Company shall not exceed 10% of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company at any one time ("Maximum Aggregate"). In compliance with the HKSE Listing Rules, the Maximum Aggregate shall be subjected to the provision that the total number of new shares of the Company which may be issued upon exercise of options under the ESS must not in aggregate exceed 10% of the issued and paid-up ordinary share capital of the Company as at the Approval Date unless approval shall have been obtained from the shareholders of GGL.

3. In compliance with the HKSE Listing Rules, no options may be granted to any eligible executive in any 12-month period that would enable such eligible executive becoming entitled to subscribe for new shares exceeding in nominal value of 1% of the issued and paid-up ordinary share capital of GLM in issue unless approval shall have been obtained from the shareholders of GGL.

4. The ESS shall be in force until 20 March 2022.

5. The option price shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date of offer and shall in no event be less than the par value of the shares of the Company.

6. No consideration is required to be payable by eligible executives for shares of the Company to be vested pursuant to share grants.

7. Option granted to an option holder is exercisable by the option holder only during his/her employment or directorship with the Group and within the option exercise period subject to any maximum limit as may be determined by the Board under the GLM Bye-Laws.

37. EMPLOYEE BENEFITS cont'd

EXECUTIVE SHARE SCHEME ("ESS") cont'd

(a) The main features of the ESS are, inter alia, as follows: cont'd

8. Shares of the Company granted to a share grant holder will be vested to the share grant holder only during his/her employment or directorship with the Group subject to any maximum limit as may be determined by the Board under the GLM Bye-Laws.

9. The exercise of options and the vesting of shares of the Company may, at the discretion of the Board, be satisfied by way of issuance of new shares, transfer of existing shares purchased by a trust established for the ESS ("ESS Trust"); or a combination of both new shares or existing shares.

The ESS Trust did not acquire any ordinary shares of the Company during the financial year.

No option or shares in the Company had been granted under the ESS during the financial year.

On 7 July 2015, option over 10,000,000 GLM shares (representing 1.43% of the existing issued and paid-up ordinary share capital of GLM) had been granted to the Managing Director of the Company pursuant to the ESS. The underlying 7,004,585 GLM shares under the said option are within the 1% limit stipulated by the HKSE Listing Rules and the ESS. The option in respect of the remaining 2,995,415 GLM shares were offered conditional on the approval of shareholders of GGL in a general meeting to be convened as required under the HKSE Listing Rules and the ESS.

(b) On 22 August 2011, the Company had established a Value Creation Incentive Plan ("VCIP") for selected key executives of the Group to incentivise them towards achieving long term performance targets through the grant of options over GLM shares, which options will be satisfied through the transfer of existing GLM shares held by the ESS Trust. Pursuant to the VCIP, the Company had granted options ("VCIP Options") over 27,500,000 GLM shares at an exercise price of RM0.87 per share to eligible key executives of the Group ("VCIP Options Holders").

The VCIP Options granted are subject to the achievement of prescribed financial and performance targets/criteria by the VCIP Options Holders over a stipulated performance period. No VCIP Option had been vested during the financial year.

As the VCIP does not involve any issuance of new shares, the VCIP and the grant of options under the VCIP do not require the approval of shareholders of the Company and GGL.

As at the reporting date, there were no outstanding VCIP Options granted (2014: 3,150,000). 3,150,000 unvested VCIP Options granted had lapsed during the financial year. No VCIP Option had been granted during the financial year.

The Board shall have the discretion to determine the aggregate allocation of shares to directors and senior management pursuant to the ESS and the VCIP, but in any case, it shall not exceed the Maximum Aggregate.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimated fair value of each VCIP Options granted is between RM0.17 to RM0.42 per option. This was calculated using the Black-Scholes model. The model inputs were the share price at grant date of RM0.83, exercise price of RM0.87, expected option life of 1.5 years to 6.5 years, expected volatility of 42.79%, expected dividends yield of 2.30% to 3.09% and risk-free interest rate of 3.04% to 3.25%.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

38. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's and the Company's financial risk management objectives seek to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing their interest rate, credit, liquidity, foreign currency and equity price risks. The Group's and the Company's policy is not to engage in speculative transactions.

(b) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and loans at floating rates given to subsidiaries. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 6 months (2014: less than 6 months) from the reporting date.

The Group's and the Company's policy is to manage interest cost using a mix of fixed and floating rate debts. To manage this mix in a cost-efficient manner, the Group enters into interest rate swaps. At the reporting date, after taking into account the effect of the interest rate swaps, approximately 20% (2014: 12%) of the Group's borrowings are at fixed rates of interest.

Sensitivity analysis for fixed rate instruments

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

Sensitivity analysis for variable rate instruments

A change of zero basis points (2014: 38 basis points) in interest rates, with all other variables held constant, at the reporting date would result in the profit before tax to be higher/(lower) by the amounts shown below.

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Zero basis points (2014: 38 basis points) decrease				
Variable rate instruments	-	2,059	-	600
Zero basis points (2014: 38 basis points) increase				
Variable rate instruments	-	(2,059)	-	(600)

38. FINANCIAL INSTRUMENTS cont'd

(c) Effective interest rates and repricing analysis

The range of effective interest rates of the interest-earning financial assets and interest-bearing financial liabilities of the Group and of the Company and the periods in which they will be repriced or matured, are as follows:

	Effective interest rate %	Floating interest RM'000	Fixed interest rate RM'000	Total RM'000
GROUP				
Financial assets				
At 30 June 2015:				
Deposits placed with licensed banks	**0.35 - 3.40**	**-**	**38,144**	**38,144**
At 30 June 2014:				
Deposits placed with licensed banks	0.35 - 3.30	-	52,947	52,947
Financial liabilities				
At 30 June 2015:				
Loans and borrowings	**3.82 - 7.70**	**1,208,763**	**-**	**1,208,763**
At 30 June 2014:				
Loans and borrowings	3.82 - 7.45	1,000,516	-	1,000,516

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

38. FINANCIAL INSTRUMENTS cont'd

(c) Effective interest rates and repricing analysis cont'd

	Effective interest rate %	Floating interest RM'000	Fixed interest rate RM'000	Total RM'000
COMPANY				
Financial assets				
At 30 June 2015:				
Deposits placed with licensed banks	**2.50 - 3.20**	**-**	**1,436**	**1,436**
Due from subsidiaries	**4.04 - 4.33**	**312,490**	**-**	**312,490**
At 30 June 2014:				
Deposits placed with licensed banks	2.80 - 3.00	-	3,314	3,314
Due from subsidiaries	4.00 - 4.04	281,784	-	281,784
Financial liabilities				
At 30 June 2015:				
Loans and borrowings	**3.82 - 7.70**	**168,613**	**-**	**168,613**
Due to subsidiaries	**3.00**	**143,910**	**-**	**143,910**
At 30 June 2014:				
Loans and borrowings	3.82 - 7.45	157,921	-	157,921
Due to subsidiaries	3.00 - 4.20	127,285	-	127,285

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment in securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

38. FINANCIAL INSTRUMENTS cont'd

(d) Credit risk cont'd

At reporting date, there was no significant concentration of credit risk. The maximum exposures to credit risk for the Group and the Company are represented by the carrying amount of each financial asset.

The Group and the Company do not have any significant exposure or concentration of credit risk that may arise from exposures to a single debtor or to groups of related debtors.

(e) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage their liquidity risk by maintaining adequate reserves, access to a number of sources of banking facilities which are sufficient to meet anticipated funding requirements, and reserve borrowing facilities by continuously monitoring their forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
At 30 June 2015				
GROUP				
Financial liabilities:				
Trade and other payables	141,666	-	-	141,666
Loans and borrowings	475,418	654,923	251,219	1,381,560
Total undiscounted financial liabilities	617,084	654,923	251,219	1,523,226
COMPANY				
Financial liabilities:				
Trade and other payables	4,226	-	-	4,226
Amounts due to subsidiaries	143,910	-	-	143,910
Loans and borrowings	169,720	6,507	-	176,227
Total undiscounted financial liabilities	317,856	6,507	-	324,363

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

38. FINANCIAL INSTRUMENTS cont'd

(e) Liquidity risk cont'd

Analysis of financial instruments by remaining contractual maturities cont'd

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

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
At 30 June 2014				
GROUP				
Financial liabilities:				
Trade and other payables	94,356	-	-	94,356
Loans and borrowings	214,499	729,535	221,209	1,165,243
Total undiscounted financial liabilities	308,855	729,535	221,209	1,259,599
COMPANY				
Financial liabilities:				
Trade and other payables	9,713	-	-	9,713
Amounts due to subsidiaries	323,196	-	-	323,196
Loans and borrowings	149,763	15,391	-	165,154
Total undiscounted financial liabilities	482,672	15,391	-	498,063

(f) Foreign currency risk

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

The Group and the Company are not significantly exposed to foreign currency risk as majority of the Group's and of the Company's transactions, assets and liabilities are denominated in Ringgit Malaysia except for currency translation risk arising from its net investments in foreign operations in Labuan, which are held for long term investment purposes.

38. FINANCIAL INSTRUMENTS cont'd

(f) Foreign currency risk cont'd

The Group's exposures to foreign currencies against the functional currencies at the reporting date are as follows:

	SGD RM'000
GROUP	
At 30 June 2015	
Cash and cash equivalents	**105**
Net currency exposure	**105**
At 30 June 2014	
Cash and cash equivalents	88
Net currency exposure	88

As at reporting date, the Group did not enter into forward exchange contracts to hedge the Group's foreign exchange exposure.

(g) Equity price risk

Equity price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices of equity instruments. The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The Group has available-for-sale investment securities listed in Malaysia.

Sensitivity analysis

A 4% (2014: 6%) increase in the equity prices at the reporting date would increase the fair value reserve by RM74,000 (2014: RM264,000). A 4% (2014: 6%) decrease in the equity prices would have equal and opposite effect. This analysis assumes that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

38. FINANCIAL INSTRUMENTS cont'd

(h) Fair values of financial instruments

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	27
Loans and borrowings (current)	35
Loans and borrowings (non-current - variable rate)	35
Trade and other payables (current)	36

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near to the reporting date.

Derivatives

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Available-for-sale investments

The fair value of available-for-sale investments is based on quoted market price as at reporting date.

39. FAIR VALUE MEASUREMENT

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

<u>Level 1</u>

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

<u>Level 2</u>

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

<u>Level 3</u>

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

39. FAIR VALUE MEASUREMENT cont'd

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 30 June 2015				
GROUP				
Investment properties				
- Completed	**-**	**-**	**52,610**	**52,610**
- Under construction	**-**	**-**	**368,600**	**368,600**
Investments in associates	**73,530**	**-**	**-**	**73,530**
Available-for-sale investments	**1,876**	**-**	**-**	**1,876**
Derivative financial assets	**-**	**637**	**-**	**637**
Derivative financial liabilities	**-**	**(243)**	**-**	**(243)**
	75,406	**394**	**421,210**	**497,010**
At 30 June 2014				
GROUP				
Investment properties				
- Completed	-	-	50,000	50,000
- Under construction	-	-	403,500	403,500
Investments in associates	86,292	-	-	86,292
Available-for-sale investments	4,431	-	-	4,431
Derivative financial assets	-	2,517	-	2,517
	90,723	2,517	453,500	546,740

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

39. FAIR VALUE MEASUREMENT cont'd

Fair value reconciliation of investment properties measured at Level 3

At 30 June 2015

	Commercial RM'000	Under construction RM'000	Total RM'000
At 1 July 2014			
- measured at valuation	**50,000**	**403,500**	**453,500**
Re-measurement recognised in profit or loss	**417**	**180,976**	**181,393**
Additions from subsequent expenditure and transfer from property development costs	**2,193**	**202,124**	**204,317**
Attributable to disposal group classified as held for sale (Note 30)	**-**	**(418,000)**	**(418,000)**
At 30 June 2015	**52,610**	**368,600**	**421,210**
Valuation gains for the year included in profit (recognised in other operating income)	**417**	**180,976**	**181,393**

At 30 June 2014

	Commercial RM'000	Under construction RM'000	Total RM'000
At 1 July 2013			
- measured at cost	-	219,823	219,823
- measured at valuation	60,000	-	60,000
Re-measurement recognised in profit or loss	(10,000)	122,541	112,541
Additions from subsequent expenditure	-	61,136	61,136
At 30 June 2014	50,000	403,500	453,500
Valuation (losses)/gains for the year included in profit/(loss) (recognised in other operating income)	(10,000)	122,541	112,541

39. FAIR VALUE MEASUREMENT cont'd

Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3:

Property category	Valuation technique	Significant unobservable inputs	Range (Weighted average)
As at 30 June 2015			
Completed	Investment method	Estimated rental value per square foot per month	RM1.30 - RM1.75
		Estimated value per parking bay	RM22,500
		Estimated outgoings per square foot per month	RM0.35 - RM0.75
		Void allowance	12.50%
		Yield	7.00% - 7.50%
Under construction	Residual method	Gross development value	RM498,955,000
		Gross development cost	RM177,977,000
		Discount rate	8.00%
As at 30 June 2014			
Completed	Investment method	Estimated rental value per square foot per month	RM1.30 - RM1.75
		Estimated value per parking bay	RM22,500
		Estimated outgoings per square foot per month	RM0.35 - RM0.70
		Void allowance	12.50%
		Yield	6.75% - 7.50%
Under construction	Residual method	Gross development value	RM1,134,994,900
		Gross development cost	RM729,891,000
		Discount rate	8.00%

Residual method

Under the residual method of valuation, the gross development value of the development components is estimated and deducted from the development costs to be incurred to arrive at the residual value. This residual value is appropriately discounted for the period of development and sale is deemed to be the present market value of the subject property.

The gross development value is estimated by comparing the development components of the subject property with similar properties that have been sold recently and those that are currently being offered for sale in the vicinity or other comparable localities.

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39. FAIR VALUE MEASUREMENT cont'd

Residual method cont'd

The characteristics, merits and demerits of these properties are noted and appropriate adjustments are then made to arrive at the proposed selling prices of the development components. The development costs to be incurred are the actual or estimated costs or fees which are likely to be incurred for the completion of the development components.

Investment method

A property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. As an accepted method within the income approach to valuation, the investment method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the real property.

The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related lease up periods, re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. In the case of investment properties, periodic cash flow is typically estimated as gross income less vacancy, non recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating incomes, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases/(decreases) in estimated rental value and outgoings per annum in isolation would result in a significant higher/(lower) fair value of the properties. Significant increases/(decreases) in market yield and discount rate in isolation would result in a significantly lower/(higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate.

40. SUBSIDIARIES

The subsidiaries are as follows:

		% of ownership interest held by				
		Group		Non-controlling interest		
Name of company	Country of incorporation	2015	2014	2015	2014	Principal activities
		%	%	%	%	
Guoman Hotel & Resort Holdings Sdn Bhd and its subsidiaries:	Malaysia	**70**	70	**30**	30	Investment holding
^+ PD Resort Sdn Bhd	Malaysia	**70**	70	**30**	30	Property investment and development and hotel operations
Kiapeng Development Sdn Bhd	Malaysia	**70**	70	**30**	30	Property development and property investment
^ Guoman Philippines, Inc.	Philippines	**70**	70	**30**	30	Dormant
^ Guoman International Limited	Jersey, Channel Islands	**70**	70	**30**	30	Dormant
Guoman International Sdn Bhd	Malaysia	**70**	70	**30**	30	In members' voluntary liquidation
JB Parade Sdn Bhd and its subsidiary:	Malaysia	**49**	49	**51**	51	Investment holding and hotel operations
JB Parade Condominium Sdn Bhd	Malaysia	**49**	49	**51**	51	Property development
Bedford Development Sdn Bhd and its subsidiaries:	Malaysia	**100**	100	**-**	-	Investment holding and property development
Hong Leong Housing Sdn Bhd	Malaysia	**100**	100	**-**	-	Provision of construction management services

NOTES TO THE FINANCIAL STATEMENTS Cont'd

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40. SUBSIDIARIES cont'd

Name of company	Country of incorporation	% of ownership interest held by Group 2015 %	Group 2014 %	Non-controlling interest 2015 %	Non-controlling interest 2014 %	Principal activities
Bedford Development Sdn Bhd and its subsidiaries: cont'd						
+ Bedford Industrial Development Sdn Bhd	Malaysia	**100**	100	**-**	-	Property development
^+ Pembinaan Sri Jati Sdn Berhad and its subsidiary:	Malaysia	**100**	100	**-**	-	Investment holding and property development
Continental Estates Sdn Bhd	Malaysia	**68**	50	**32**	50	Property development and operation of an oil palm estate
Sabna Development Sdn Bhd	Malaysia	**100**	100	**-**	-	Property development
Ace Acres Sdn Bhd	Malaysia	**100**	100	**-**	-	Property development
^ Astute Modernization Sdn Bhd and its subsidiary:	Malaysia	**100**	100	**-**	-	Investment holding
^ Titan Debut Sdn Bhd	Malaysia	**100**	100	**-**	-	Acquisition, enhancement and resale of properties
^ GLM Alam Damai Sdn Bhd (formerly known as Wonderful Space Sdn Bhd)	Malaysia	**100**	100	**-**	-	Property development and property investment
^+ PJ Corporate Park Sdn Bhd	Malaysia	**100**	100	**-**	-	Property development
^+ PJ City Development Sdn Bhd	Malaysia	**100**	100	**-**	-	Property development and property investment

40. SUBSIDIARIES cont'd

Name of company	Country of incorporation	% of ownership interest held by Group 2015 %	Group 2014 %	Non-controlling interest 2015 %	Non-controlling interest 2014 %	Principal activities
Hong Leong Real Estate Holdings Sdn Bhd and its subsidiaries:	Malaysia	**100**	100	**-**	-	Investment holding
^ Bedford Land Sdn Bhd and its subsidiaries:	Malaysia	**100**	100	**-**	-	Investment holding
BLV Fashions Sdn Bhd	Malaysia	**100**	100	**-**	-	Property investment
^ Guobena Development Sdn Bhd	Malaysia	**100**	100	**-**	-	Property investment
HL Bandar Sdn Bhd	Malaysia	**100**	100	**-**	-	Dormant
Prophills Development Sdn Bhd	Malaysia	**100**	100	**-**	-	In members' voluntary liquidation
DC Offices Sdn Bhd	Malaysia	**100**	100	**-**	-	Property investment
DC Hotel Sdn Bhd	Malaysia	**100**	100	**-**	-	Hotel operations
Damansara City Sdn Bhd	Malaysia	**100**	100	**-**	-	Property development and property investment
DC Tower Sdn Bhd	Malaysia	**100**	100	**-**	-	Property investment
DC Town Square Sdn Bhd	Malaysia	**100**	100	**-**	-	Property investment
DC Parking Sdn Bhd	Malaysia	**100**	100	**-**	-	Car park operations and property investment

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40. SUBSIDIARIES cont'd

	Name of company	Country of incorporation	% of ownership interest held by Group 2015 %	Group 2014 %	Non-controlling interest 2015 %	Non-controlling interest 2014 %	Principal activities
	HLP Equities Sdn Bhd	Malaysia	**100**	100	**-**	-	Investment holding
^	HLL Overseas Limited and its subsidiary:	Jersey, Channel Islands	**100**	100	**-**	-	Investment holding and trading in securities
	^ Positive Vision Labuan Limited	Malaysia	**100**	100	**-**	-	Investment holding
^	Hong Leong Real Estate Management Sdn Bhd	Malaysia	**100**	100	**-**	-	Property investment
^	GLM Property Services Sdn Bhd	Malaysia	**100**	100	**-**	-	Provision of property management services
^	GLM Property Management Co Sdn Bhd	Malaysia	**100**	100	**-**	-	Provision of property management services
^	GLM REIT Management Sdn Bhd	Malaysia	**100**	100	**-**	-	Provision of management services
^	Raikon Building Management Co Sdn Bhd	Malaysia	**100**	100	**-**	-	Provision of property-related services
^	Suria Idaman Sdn Bhd	Malaysia	**100**	-	**-**	-	Dormant
^	Tujuan Optima Sdn Bhd	Malaysia	**100**	-	**-**	-	Dormant

\+ *Subsidiaries consolidated under merger method of accounting.*
^ *Not audited by member firms of Ernst & Young Global.*

41. JOINT VENTURES

The details of joint ventures are as follows:

Name of joint venture	Country of incorporation	Effective equity interest 2015 %	Effective equity interest 2014 %	Principal activities
Bedford Damansara Heights Development Sdn Bhd and its subsidiaries:	Malaysia	**50**	50	Investment holding
Promakmur Development Sdn Bhd	Malaysia	**50**	50	Property development
^ Kota Selatan Indah Sdn Bhd	Malaysia	**50**	50	Property development

^ *Not audited by member firms of Ernst & Young Global.*

42. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratios in order to support their business and maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2015 and 30 June 2014.

The Group and the Company monitor capital using Equity : Debt Ratio. The Group's and the Company's policy is to keep the Equity : Debt Ratio at an acceptable level.

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Equity attributable to the owners of the parent	**1,122,648**	952,559	**709,104**	453,603
Loans and borrowings (Note 35)	**1,208,763**	1,000,516	**168,613**	157,921
Less: Cash and cash equivalents (Note 29)	**(50,414)**	(60,967)	**(1,744)**	(3,860)
Net debt	**1,158,349**	939,549	**166,869**	154,061
Equity : Debt Ratio	**49 : 51**	50 : 50	**81 : 19**	75 : 25

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

43. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and comprises four major business segments:

(i) Property development - the development of residential properties and commercial properties for sale;

(ii) Property investment - investments in residential and commercial properties and investment in Real Estate Investment Trusts;

(iii) Hotels - management and operations of hotels; and

(iv) Plantation - operation of oil palm estates and sale of fresh fruit bunches.

Other business segments include provision of management services, investment holdings and trading in securities.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established under terms that are not more favourable than those arranged with independent parties.

43. SEGMENT INFORMATION cont'd

	Property development		Property investment		Hotels		Plantation		Others		Elimination		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue														
External sales	**112,991**	164,307	**454**	3,320	**60,507**	63,180	**13,380**	-	**8,231**	5,747	**-**	-	**195,563**	236,554
Inter-segment sales	**-**	-	**-**	-	**-**	-	**-**	-	**10,165**	9,630	**(10,165)**	(9,630)	**-**	-
Total revenue	**112,991**	164,307	**454**	3,320	**60,507**	63,180	**13,380**	-	**18,396**	15,377	**(10,165)**	(9,630)	**195,563**	236,554
Results														
Segment results	**46,817**	63,645	**175,602**	114,884	**7,069**	8,795	**7,110**	-	**(4,366)**	(14,079)	**-**	-	**232,232**	173,245
Unallocated corporate expenses													**(1,082)**	(744)
Profit from operations													**231,150**	172,501
Finance income	**662**	732	**177**	-	**25**	19	**198**	-	**493**	82	**-**	-	**1,555**	833
Finance costs													**(31,930)**	(23,060)
Share of results of associates	**-**	-	**10,047**	5,870	**-**	-	**2,952**	2,970	**-**	-	**-**	-	**12,999**	8,840
Share of results of joint ventures	**583**	13,027	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**583**	13,027
Income tax expense	**(7,970)**	(10,346)	**(8,824)**	(4,790)	**-**	-	**(1,777)**	-	**(2,529)**	(582)	**-**	-	**(21,100)**	(15,718)
Profit net of tax													**193,257**	156,423
Non-controlling interests													**(4,391)**	(3,195)
Net profit for the year attributable to the owners of the parent													**188,866**	153,228

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

43. SEGMENT INFORMATION cont'd

	Property development		Property investment		Hotels		Plantation		Others		Elimination		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets														
Segment assets	**1,131,892**	978,912	**839,543**	456,501	**276,865**	247,144	**307,184**	-	**21,226**	40,081	**-**	-	**2,576,710**	1,722,638
Investments in associates	**-**	-	**117,483**	110,471	**-**	-	**79,711**	200,602	**-**	-	**-**	-	**197,194**	311,073
Available-for-sale investments	**-**	4,431	**-**	-	**-**	-	**-**	-	**1,876**	-	**-**	-	**1,876**	4,431
Investments in joint ventures	**113,480**	116,711	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**113,480**	116,711
Deferred tax assets													**4,910**	3,701
Tax recoverable													**3,116**	4,588
Consolidated total assets													**2,897,286**	2,163,142
Liabilities														
Segment liabilities	**109,635**	66,187	**27,892**	18,537	**15,489**	8,988	**2,547**	-	**3,993**	6,679	**-**	-	**159,556**	100,391
Loans and borrowings													**1,463,628**	1,000,516
Deferred tax liabilities													**41,285**	18,115
Tax payable													**1,092**	3,066
Consolidated total liabilities													**1,665,561**	1,122,088

43. SEGMENT INFORMATION cont'd

	Property development		Property investment		Hotels		Plantation		Others		Elimination		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other Information														
Additions in non-current assets:														
- Property, plant and equipment	**5**	-	**-**	-	**37,366**	10,948	**272**	-	**1,027**	330	**-**	-	**38,670**	11,278
- Investment properties	**610**	-	**202,124**	61,136	**-**	-	**-**	-	**-**	-	**-**	-	**202,734**	61,136
Depreciation	**8**	-	**2**	3	**5,277**	4,919	**251**	-	**912**	910	**-**	-	**6,450**	5,832
Net gain from fair value adjustment on investment properties	**-**	-	**(181,393)**	(112,541)	**-**	-	**-**	-	**-**	-	**-**	-	**(181,393)**	(112,541)
Realisation of goodwill	**-**	567	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	567
Property, plant and equipment written off	**-**	-	**-**	-	**-**	22	**1**	-	**-**	-	**-**	-	**1**	22
Allowance for impairment on trade and other receivables	**10**	-	**-**	-	**-**	-	**-**	-	**5**	-	**-**	-	**15**	-
Gain on disposal of property, plant and equipment	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(143)	**-**	-	**-**	(143)
Reversal of allowance for impairment on trade and other receivables	**-**	(323)	**-**	-	**-**	-	**-**	-	**(105)**	-	**-**	-	**(105)**	(323)
Net fair value loss/(gain) on derivative financial assets	**200**	-	**1,446**	(999)	**43**	-	**-**	-	**-**	-	**-**	-	**1,689**	(999)

Segmental reporting by geographical location has not been presented as the Group's operations are substantially carried out in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

44. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related parties

The Group has related party transactions with corporations which are related to the directors and/or major shareholders of the Company and/or persons connected with them.

Hong Leong Company (Malaysia) Berhad ("HLCM") is the ultimate holding company of the Company through GLL (Malaysia) Pte Ltd. YBhg Tan Sri Quek Leng Chan is a director and major shareholder of the Company and HLCM. Mr Quek Leng Chye is a major shareholder of the Company and HLCM. YBhg Tan Sri Quek Leng Chan and Mr Quek Leng Chye are brothers. HLCM is a person connected with YBhg Tan Sri Quek Leng Chan and Mr Quek Leng Chye.

The related parties and their relationship with the Group are as follows:

Related parties	Relationship
Hong Leong Financial Group Berhad and subsidiaries ("HLFG Group")	Subsidiaries of HLCM
HLCM Capital Sdn Bhd and subsidiaries ("HLCM Capital Group")	Subsidiaries of HLCM
HL Management Co Sdn Bhd and subsidiaries ("HLMC Group")	Subsidiaries of HLCM
GuocoLeisure Limited and subsidiaries ("GL Group")	Subsidiaries of HLCM
Hong Leong Industries Berhad and subsidiaries ("HLI Group")	Subsidiaries of HLCM
Hume Furniture Industries Sdn Bhd ("HFI")	Subsidiary of HLCM
HLMG Management Co Sdn Bhd ("HLMG")	Subsidiary of HLCM
Guardian Security Consultants Sdn Bhd ("GSC")	Associated company of HLCM
Tower Real Estate Investment Trust ("Tower REIT")	An investment trust in which the Group, HLCM and certain directors have interests
Vintage Heights Sdn Bhd	Associated company of the Company
Bedford Damansara Heights Development Sdn Bhd and subsidiaries	Joint ventures in which certain directors have interests

44. SIGNIFICANT RELATED PARTY TRANSACTIONS cont'd

(b) Transactions within the Group

	COMPANY	
	2015	2014
	RM'000	RM'000
Dividend income	**270,649**	9,000
Management fees	**-**	1,369
Interest income	**12,621**	10,848
Interest expense	**(4,265)**	(3,700)

(c) Related party transactions

	GROUP	
	2015	2014
	RM'000	RM'000
Management services income received/receivable from joint ventures	**2,207**	3,749
Rental income received/receivable from:		
- HLCM Capital Group	**11**	11
- HLI Group	**-**	16
- HLMG	**35**	1
Management services income received/receivable from:		
- GL Group	**390**	183
- Tower REIT	**2,829**	2,354
Property management fees received/receivable from:		
- HLFG Group	**659**	1,625
- HLCM Capital Group	**48**	48
- Tower REIT	**120**	130
Sale of property to HLMG	**12,745**	-
Hotel room rental received/receivable from:		
- HLFG Group	**232**	99
- HLI Group	**-**	21
- HLMC Group	**212**	-

NOTES TO THE FINANCIAL STATEMENTS Cont'd

30 June 2015

44. SIGNIFICANT RELATED PARTY TRANSACTIONS cont'd

(c) Related party transactions cont'd

	GROUP	
	2015	**2014**
	RM'000	**RM'000**
Interest income received/receivable from HLFG Group	**219**	92
Dividend income from:		
- associates	**4,272**	30,043
- joint ventures	**3,000**	3,000
Security guard services fees paid/payable to GSC	**(305)**	(396)
Management services fees paid/payable to GL Group	**(2,634)**	(2,794)
Office rental paid/payable to:		
- HLFG Group	**(113)**	(114)
- Tower REIT	**(2,176)**	(2,039)
Financial and treasury services fees paid/payable to HLMC Group	**(1,913)**	(1,256)
Purchase of goods from HFI	**(309)**	(1,604)
Shares, warrants and ESS administration services fees paid/payable to HLCM Capital Group	**(95)**	(128)

The above transactions have been carried out on normal commercial terms consistent with the usual business practices and policies of the Group and of the Company and on terms not more favourable to the related parties than those generally available to and/or from the public and are not detrimental to the minority shareholders.

Information regarding the outstanding balances arising from related party transactions as at 30 June 2015 are disclosed in Notes 27, 34 and 36.

(d) Compensation of key management personnel

The directors of the Company are key management personnel who have the authority and responsibility for planning, directing and controlling the activities of the Group and of the Company directly or indirectly. The directors' remunerations are as disclosed in Note 11.

45. CAPITAL COMMITMENTS

	GROUP	
	2015	2014
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	**181,653**	214,299
Investment properties	**187,172**	370,592
	368,825	584,891

46. LEASE COMMITMENTS

(a) The Group as lessee

The Group has entered into non-cancellable operating lease agreements for the use of land and buildings. These leases have an average life of between 1 to 3 years with no purchase option included in the contracts. There are no restrictions placed on the Group by entering into these leases.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities are as follows:

	GROUP	
	2015	2014
	RM'000	RM'000
Not later than 1 year	**683**	1,231
Later than 1 year and not later than 5 years	**-**	13
	683	1,244

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30 June 2015

46. LEASE COMMITMENTS cont'd

(b) The Group as lessor

The Group has entered into non-cancellable operating lease agreements on its investment property portfolio.

The future aggregate minimum lease receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables are as follows:

	GROUP	
	2015	**2014**
	RM'000	**RM'000**
Not later than 1 year	**429**	82
Later than 1 year and not later than 5 years	**35**	14
	464	96

47. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

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

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

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained profits of the Company and its subsidiaries:				
- Realised	**243,168**	219,782	**279,450**	23,265
- Unrealised	**275,774**	101,557	**-**	-
	518,942	321,339	**279,450**	23,265
Total share of retained profits from associates:				
- Realised	**35,943**	33,524	**-**	-
- Unrealised	**16,406**	17,185	**-**	-
	52,349	50,709	**-**	-
Total share of retained profits from joint ventures				
- Realised	**37,608**	40,839	**-**	-
- Unrealised	**-**	-	**-**	-
	37,608	40,839	**-**	-
Total unadjusted retained profits	**608,899**	412,887	**279,450**	23,265
Add: Consolidation adjustments	**175,888**	196,432	**-**	-
Total retained profits	**784,787**	609,319	**279,450**	23,265

OTHER INFORMATION

1. TOP 10 PROPERTIES HELD BY THE SUBSIDIARIES AS AT 30 JUNE 2015

	Tenure	Location	Approximate Land Area (acres)	Approximate Age (Years)	Net Book Value (RM'000)	Date of Acquisition
1.	Freehold	**Damansara City** Land with integrated development in progress at Bukit Damansara Kuala Lumpur	8.0	-	1,178,741	9/11/1994
2.	Freehold	**OVAL Kuala Lumpur** Oval apartments at Seksyen 63, Bandar & Daerah Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	1.7	-	413,019	8/08/2007
3.	Freehold	Vacant land at Mukim of Jasin Melaka Darul Amin	3,869.1	-	291,570	22/05/1996
4.	Freehold	Vacant lands at Lot 7585 to 7589 and Lot 7597 to 7600 Mukim Petaling District of Kuala Lumpur	45.6	-	130,577	13/04/2012
5.	Leasehold Expiry Date: 10/10/2087	**Thistle Johor Bahru** Land with a 382-room hotel Jalan Sg. Gelam Off Jalan Sg. Chat District of Johor Bahru Johor Darul Takzim	5.9	21	92,732	23/08/1994^
6.	Freehold	**Thistle Port Dickson Resort** Land with a 251-room hotel resort & 9-hole golf course at Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus	57.3	19	77,691	7/08/1996^

1. TOP 10 PROPERTIES HELD BY THE SUBSIDIARIES AS AT 30 JUNE 2015 cont'd

	Tenure	Location	Approximate Land Area (acres)	Approximate Age (Years)	Net Book Value (RM'000)	Date of Acquisition
7.	Freehold	Vacant land at Geran 25964 Lot 241, Seksyen 63 Bandar & Daerah Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	0.7	-	61,739	14/01/2008
8.	Leasehold Expiry Date: 12/12/2107	Vacant land at Lot 13507 Seksyen 32 Bandar Petaling Jaya Daerah Petaling	3.2	-	49,210	10/09/2004
9.	Leasehold Expiry Date: 24/3/2101	**Menara Pandan C & D** Two 10-storey office tower blocks at Persiaran MPAJ Jalan Pandan Utama Pandan Indah 55100 Kuala Lumpur	356,160 sq ft*	18	48,000	30/06/2015#
10.	Freehold	**Bukit Rahman Putra** Balance land with mixed development in progress at Mukim of Sg. Buloh Selangor Darul Ehsan	21.7	-	21,924	2/03/1993

Notes :
** Net lettable area*
 # Date of revaluation
^ Date of certificate of Fitness obtained

OTHER INFORMATION Cont'd

2. LANDBANK OF JOINT VENTURES AND ASSOCIATES

Tenure	Location	Approximate Land Area (acres)	Approximate Age (Years)	Net Book Value (RM'000)	Date of Acquisition
Freehold	*Kota Selatan Indah Sdn Bhd* **Emerald East** Balance land with development in progress at Mukim of Rawang Districts of Gombak & Ulu Selangor Selangor Darul Ehsan	31.9	-	18,340	11/10/1999
Freehold	*Promakmur Development Sdn Bhd* **Emerald West** Balance land with development in progress at Mukim of Rawang Districts of Gombak & Ulu Selangor Selangor Darul Ehsan	544.0	-	257,709	31/5/2000
Freehold	*Vintage Heights Sdn Bhd* **Pantai Sepang Putra** Land with development in progress at Mukim of Sepang Districts of Sepang & Kuala Langat Selangor Darul Ehsan	4,756.5	-	246,801	27/3/1992

3. ANALYSIS OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2015

Authorised Share Capital	:	RM1,500,000,000
Issued & Paid-up Capital	:	RM350,229,259
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights		
- On show of hands	:	1 vote
- On a poll	:	1 vote for each share held

Distribution Schedule Of Shareholders

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	424	3.91	16,098	0.00
100 – 1,000	2,641	24.38	2,428,101	0.34
1,001 – 10,000	5,768	53.25	26,525,644	3.79
10,001 – 100,000	1,763	16.27	54,285,529	7.75
100,001 – less than 5% of issued shares	236	2.18	162,072,566	23.14
5% and above of issued shares	1	0.01	455,130,580	64.98
	10,833	100.00	700,458,518	100.00

Thirty Largest Shareholders

Name of Shareholders	No. of Shares	%
1. GLL (Malaysia) Pte Ltd	455,130,580	64.98
2. Assets Nominees (Tempatan) Sdn Bhd *- Exempt AN for GuocoLand (Malaysia) Berhad (ESOS)*	30,578,100	4.37
3. Citigroup Nominees (Asing) Sdn Bhd *- CBNY for The Bank Of Nova Scotia*	21,729,500	3.10
4. YBhg Tan Sri Quek Leng Chan	19,506,780	2.79
5. CIMSEC Nominees (Asing) Sdn Bhd *- Exempt AN for CIMB Securities (Singapore) Pte Ltd (Retail Clients)*	7,797,860	1.11
6. UOB Kay Hian Nominees (Asing) Sdn Bhd *- Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)*	3,878,310	0.55
7. Citigroup Nominees (Asing) Sdn Bhd *- Exempt AN for OCBC Securities Private Limited (Client A/C-NR)*	3,434,568	0.49
8. HSBC Nominees (Asing) Sdn Bhd *- Exempt AN for Credit Suisse (HK Br-Tst-Asing)*	3,192,000	0.46
9. HSBC Nominees (Asing) Sdn Bhd *- Exempt AN for Credit Suisse (SG Br-Tst-Asing)*	3,176,500	0.45
10. Citigroup Nominees (Asing) Sdn Bhd *- CBNY for Dimensional Emerging Markets Value Fund*	2,804,100	0.40

OTHER INFORMATION Cont'd

3. ANALYSIS OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2015 cont'd

Thirty Largest Shareholders cont'd

Name of Shareholders	No. of Shares	%
11. RHB Capital Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Poh Soon Sim (CEB)*	2,443,300	0.35
12. Tan Liew Cheun	1,885,200	0.27
13. AMSEC Nominees (Asing) Sdn Bhd *- Lim & Tan Securities Pte Ltd for Low Check Kian*	1,638,200	0.23
14. Citigroup Nominees (Asing) Sdn Bhd *- CBNY for DFA Emerging Markets Small Cap Series*	1,535,500	0.22
15. Lee Sik Pin	1,504,300	0.22
16. UOB Kay Hian Nominees (Asing) Sdn Bhd *- Exempt AN for UOB Kay Hian (Hong Kong) Limited - A/C Clients*	1,480,000	0.21
17. Chua Holdings Sdn Bhd	1,428,465	0.20
18. Goh Cheah Hong	1,382,800	0.20
19. AMSEC Nominees (Tempatan) Sdn Bhd *- AmBank (M) Berhad (Hedging)*	1,270,200	0.18
20. Low Keng Boon @ Lau Boon Sen	1,026,700	0.15
21. AMSEC Nominees (Asing) Sdn Bhd *- Lim & Tan Securities Pte Ltd for Fok Kwong Hang Terry*	925,000	0.13
22. Low Keng Boon Holdings Sdn Bhd	873,700	0.12
23. Citigroup Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Lee Kwong Joo (471898)*	865,860	0.12
24. Citigroup Nominees (Asing) Sdn Bhd *- CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc*	844,000	0.12
25. Public Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Surinder Singh A/L Wassan Singh (E-IMO)*	840,000	0.12
26. HLB Nominees (Asing) Sdn Bhd *- Pledged Securities Account for Low Kang Hai Richard (SIN 9131-9)*	768,200	0.11
27. Yap Sook Chin	700,000	0.10
28. Affin Hwang Nominees (Asing) Sdn Bhd *- Lim & Tan Securities Pte Ltd for Sim Kim See*	661,000	0.09
29. Maybank Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Yu Kuan Huat*	600,000	0.09
30. AllianceGroup Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Ong Siew Eng @ Ong Chai (8040800)*	576,288	0.08
	574,477,011	82.01

3. ANALYSIS OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2015 cont'd

Substantial Shareholders

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 30 September 2015 are as follows:

	Direct		Indirect	
Names of Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
1. Hong Leong Company (Malaysia) Berhad	-	-	455,198,596	64.99*A
2. HL Holdings Sdn Bhd	-	-	455,198,596	64.99*B
3. Tan Sri Quek Leng Chan	19,506,780	2.78	455,698,596	65.06*C
4. Kwek Leng Beng	-	-	455,698,596	65.06*C
5. Kwek Holdings Pte Ltd	-	-	455,698,596	65.06*C
6. Hong Realty (Private) Limited	-	-	455,698,596	65.06*C
7. Hong Leong Investment Holdings Pte Ltd	-	-	455,698,596	65.06*C
8. Kwek Leng Kee	-	-	455,698,596	65.06*C
9. Davos Investment Holdings Private Limited	-	-	455,698,596	65.06*C
10. Quek Leng Chye	-	-	455,698,596	65.06*C
11. GLL (Malaysia) Pte Ltd	455,130,580	64.98	-	-
12. GuocoLand Limited	-	-	455,130,580	64.98*D
13. GuocoLand Assets Pte Ltd	-	-	455,130,580	64.98*D
14. Guoco Group Limited	-	-	455,130,580	64.98*D
15. GuoLine Overseas Limited	-	-	455,130,580	64.98*D
16. GuoLine Capital Assets Limited	-	-	455,130,580	64.98*D

Notes:
*A Held through subsidiaries
*B Held through Hong Leong Company (Malaysia) Berhad
*C Held through Hong Leong Company (Malaysia) Berhad and a company in which the substantial shareholder has interest
*D Held through GLL (Malaysia) Pte Ltd

OTHER INFORMATION Cont'd

4. DIRECTORS' INTEREST AS AT 30 SEPTEMBER 2015

Subsequent to the financial year end, there was no change, as at 30 September 2015, to the Directors' interests in the ordinary shares, preference shares, options over ordinary shares and/or loan stocks of the Company and/or its related corporations (other than wholly-owned subsidiaries), appearing in the Directors' Report on pages 48 to 52 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, except for the changes set out below:

	No. of ordinary shares/ordinary shares to be issued or acquired arising from the exercise of option*	%
Indirect Interests of YBhg Tan Sri Quek Leng Chan in:		
First Garden Development Pte Ltd (In members' voluntary liquidation)	Nil #	Nil
Sanctuary Land Pte Ltd (In members' voluntary liquidation)	Nil #	Nil
Beijing Cheng Jian Dong Hua Real Estate Development Company Limited	Nil	Nil
GuocoLeisure Limited	924,754,625	67.60
Direct Interest of Mr Tan Lee Koon in:		
GuocoLand (Malaysia) Berhad	10,000,000 *	1.43
Direct Interest of Mr Raymond Choong Yee How in:		
Hong Leong Financial Group Berhad	3,650,000	0.35

Legend:
Dissolved by members' voluntary liquidation

5. SHARE BUYBACK

The Company did not buy back any of its shares during the financial year ended 30 June 2015.

6. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into the ordinary course of business) which have been entered into by the Company and its subsidiaries involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year pursuant to Item 21, Part A, Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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GuocoLand (Malaysia) Berhad (300-K)

A Member of the Hong Leong Group

FORM OF PROXY

I/We ____

NRIC/Passport/Company No. ____

of ____

being a member of **GuocoLand (Malaysia) Berhad** ("Company"), hereby appoint ____

____

____

NRIC/Passport No. ____

of ____

____

or failing him/her ____

____

____

NRIC/Passport No. ____

of ____

____

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us and on my/our behalf at the Ninety-first Annual General Meeting of the Company to be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Wednesday, 11 November 2015 at 11.00 a.m. and at any adjournment thereof.

My/Our proxy/proxies is/are to vote either on a show of hands or on a poll as indicated below with an "X":

NO.	RESOLUTIONS	FOR	AGAINST
1.	To declare a final single tier dividend of 4%		
2.	To approve the payment of Director fees		
3.	To re-elect Mr Peter Ho Kok Wai as a Director		
4.	To re-elect Mr Raymond Choong Yee How as a Director		
5.	To re-appoint YBhg Tan Sri Quek Leng Chan as a Director pursuant to Section 129 of the Companies Act, 1965		
6.	To re-appoint Messrs Ernst & Young as Auditors and authorise the Directors to fix their remuneration		
	Special Business		
7.	To approve the ordinary resolution on authority to Directors to issue shares		
8.	To approve the ordinary resolution on the proposed renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature with Hong Leong Company (Malaysia) Berhad ("HLCM") and persons connected with HLCM		
9.	To approve the ordinary resolution on the proposed renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature with the Directors and major shareholders of the Company and persons connected with them		
10.	To approve the ordinary resolution on the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with Tower Real Estate Investment Trust		
11.	To approve the ordinary resolution on the proposed renewal of the authority for the purchase of own shares by the Company		

Dated this __________________ day of __________________________ 2015

____
Number of shares held

____
Signature(s) of Member

Fold This Flap For Sealing

Then Fold Here

Affix
Stamp

The Company Secretary
GuocoLand (Malaysia) Berhad (300-K)
Level 10, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Malaysia

1st Fold Here

NOTES:

1. For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 3 November 2015 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.
2. If you wish to appoint other person(s) to be your proxy, insert the name(s) and address(es) of the person(s) desired in the space so provided.
3. If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.
4. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
5. Save for a member who is an exempt authorised nominee, a member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.
6. Where two or more proxies are appointed, the proportions of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which, the appointments shall be invalid (please see note 9 below).
7. In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its Attorney.
8. All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time appointed for holding of the meeting or adjourned meeting.
9. In the event two or more proxies are appointed, please fill in the ensuing section:

Names of Proxies	% of shareholdings to be represented

GuocoLand (Malaysia) Berhad (300-K)
Level 19, Block B, HP Towers
12, Jalan Gelenggang, Bukit Damansara
50490 Kuala Lumpur
Tel : 03-2726 1000
Fax : 03-2726 1001

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