2. Significant accounting policies (continued)

(h) Investment property (continued)

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

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

(i) Inventories

(i) Properties held for development

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

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

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

(ii) Properties under development

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

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

(iii) Completed properties

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

2. Significant accounting policies (continued)

(i) Inventories (continued)

(iv) Others

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

- Raw material: Purchase costs on a first-in-first-out/weighted average basis.

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

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

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

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

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

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

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

2. Significant accounting policies (continued)

(k) Cash and cash equivalents

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

(l) Impairment

(i) Financial assets

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

2. Significant accounting policies (continued)

(l) Impairment (continued)

(i) Financial assets (continued)

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

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

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

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

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

2. Significant accounting policies (continued)

(l) Impairment (continued)

(ii) Other assets

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

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

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

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

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

2. Significant accounting policies (continued)

(l) Impairment (continued)

(ii) Other assets (continued)

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

(m) Equity instruments

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

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

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

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

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

2. Significant accounting policies (continued)

(n) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

(o) Provisions

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

2. Significant accounting policies (continued)

(p) Revenue and other income

(i) Revenue from property development

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

(a) the risks and rewards of the properties under development passes to the buyer on delivery in its entirety at a single time on vacant possession and not continuously as construction progresses;

(b) the Group entities maintain control over the properties under development during the construction period, i.e. the Group entities retain the obligation to construct the property in accordance with terms of the Sale and Purchase Agreement and correspondingly, construction risks is retained with the Group entities;

(c) the Sale and Purchase Agreement does not give the right to the buyer to take over the work-in-progress during construction; and

(d) the buyers have limited ability to influence the design of the property.

(ii) Goods sold

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

2. Significant accounting policies (continued)

(p) Revenue and other income (continued)

(iii) Services

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

(iv) Rental income

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

(v) Dividend income

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

(vi) Interest income

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

(vii) Management fee income

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

(q) Borrowing costs

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

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

2. Significant accounting policies (continued)

(q) Borrowing costs (continued)

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

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

(r) Income tax

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

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

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

2. Significant accounting policies (continued)

(r) Income tax (continued)

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

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

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

(s) Discontinued operations

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

(t) Earnings per ordinary share

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

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

2. Significant accounting policies (continued)

(t) Earnings per ordinary share (continued)

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

(u) Operating segments

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

(v) Contingencies

(i) Contingent liabilities

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

(ii) Contingent assets

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

2. Significant accounting policies (continued)

(w) Fair value measurements

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

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

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

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : unobservable inputs for the asset or liability.

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

3. Property, plant and equipment

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

3. Property, plant and equipment (continued)

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

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3. Property, plant and equipment (continued)

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

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

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

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

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3. Property, plant and equipment (continued)

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

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

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

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

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

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

	Group	
	2015	**2014**
	RM'000	**RM'000**
Freehold land	195,498	178,334
Leasehold land with unexpired lease period of more than 50 years	8,670	7,895
	204,168	186,229

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

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4. Prepaid land lease payments

	Note	Group 2015 RM'000	Group 2014 RM'000
Long term leasehold land			
At 1 January		-	733
Disposal	30(b)	-	(733)
At 31 December		-	-

5. Investment properties

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

Included in the above are:

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

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

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

5. Investment properties (continued)

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

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

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

5.1 Fair value information

Fair value of investment properties are categorised as follows:

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

Level 2 fair value

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

Level 3 fair value

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

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

5. Investment properties (continued)

5.1 Fair value information (continued)

Level 3 fair value (continued)

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

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

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

5. Investment properties (continued)

5.1 Fair value information (continued)

Level 3 fair value (continued)

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is determined based on:

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

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

6. Investments in subsidiaries

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

Movement in the accumulated impairment losses are as follows:

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

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6. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	Proportion of ownership interest 2014 %
Subsidiaries of Mulpha International Bhd.				
Leisure Farm Corporation Sdn. Bhd.	Malaysia	Property development, property investment and resort operation	100	100
M Sky Services Sdn. Bhd.	Malaysia	Private air transportation services	100	100
Mulpha Land & Property Sdn. Bhd.	Malaysia	Property development	100	100
Mulpha Ventures Sdn. Bhd.	Malaysia	Licensed money lending and trading in securities	100	100
Mulpha Capital Holdings Sdn. Bhd.	Malaysia	Investment holding	100	100
Mulpha Far East Sdn. Bhd.	Malaysia	Investment holding	100	100
Mulpha Infrastructure Holdings Sdn. Bhd.	Malaysia	Investment holding	100	100
Thriven Global Berhad [2] (formerly known as Mulpha Land Berhad) ("Thriven") (listed on Bursa Securities)	Malaysia	Investment holding, property development and property investment	-	62
Mulpha Group Services Sdn. Bhd.	Malaysia	Investment holding and provision of management services	100	100

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6. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of entity	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	Proportion of ownership interest 2014 %
Subsidiaries of Mulpha International Bhd. (continued)				
Mulpha SPV Limited	Malaysia (Labuan)	Issuance of medium term notes	100	100
Mulpha Australia Limited [1]	Australia	Investment holding	100	100
Rosetec Investments Limited [5]	British Virgin Islands	Investment holding	100	100
Subsidiaries of Leisure Farm Corporation Sdn. Bhd.				
Leisure Farm Horticulture Services Sdn. Bhd.	Malaysia	Maintenance and upkeep of landscape services	100	100
Leisure Farm Equestrian Sdn. Bhd.	Malaysia	Investment holding, property development and property investment	100	100
Leisure Farm Polo Club Berhad	Malaysia	Dormant	100	100

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6. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of entity	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	2014 %
Subsidiaries of Thriven Global Berhad				
Bukit Punchor Development Sdn. Bhd. [2]	Malaysia	Property development	-	70
Dynamic Unity Sdn. Bhd. [2]	Malaysia	Investment holding	-	100
Indahview Sdn. Bhd. [2]	Malaysia	Investment holding	-	100
MLB Quarry Sdn. Bhd. [2]	Malaysia	Licensing of a quarry plant	-	60
Mulpha Argyle Property Sdn. Bhd. [2]	Malaysia	Property development	-	51
Eco Green Services Sdn. Bhd. [2]	Malaysia	Maintenance services and facilities management services	-	100
Mulpha Properties (M) Sdn. Bhd. [2]	Malaysia	Property ownership and management	-	100
Mayfair Ventures Sdn. Bhd. [2]	Malaysia	Property development and property investment	-	51
Bakat Stabil Sdn. Bhd. [2]	Malaysia	Property development and property investment	-	100

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6. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of entity	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	2014 %
Subsidiary of Dynamic Unity Sdn. Bhd.				
Golden Cignet Sdn. Bhd. [2]	Malaysia	Property development	-	100
Subsidiaries of Mulpha Capital Holdings Sdn. Bhd.				
Mulpha Capital Markets Sdn. Bhd.	Malaysia	Provision of corporate advisory and professional services and investment holding	100	100
Mulpha Capital Asset Management Sdn. Bhd.	Malaysia	Dormant	70	70
Subsidiary of Mulpha Capital Markets Sdn. Bhd.				
Mulpha Credit Sdn. Bhd.	Malaysia	Dormant	100	100
Subsidiaries of Mulpha Group Services Sdn. Bhd.				
Mulpha Strategic Limited [5]	British Virgin Islands	Investment holding and funds management	100	100
Manta Equipment (Malaysia) Sdn. Bhd.	Malaysia	Dormant	70	70

6. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of entity	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	Proportion of ownership interest 2014 %
Subsidiaries of Mulpha Australia Limited				
Bimbadgen Estate Pty. Limited [1]	Australia	Winery and vineyard	100	100
Mulpha Australia (Holdings) Pty. Limited [1]	Australia	Investment holding	100	100
Caldisc Pty. Limited [1]	Australia	Administration	100	100
Enacon Parking Pty. Limited [1]	Australia	Car park operator	100	100
HD Diesels Pty. Limited [1]	Australia	Investment holding and hotelier	100	100
Mulpha Investments Pty. Limited [1]	Australia	Investment holding	100	100
Mulpha Sanctuary Cove Pty. Limited [1]	Australia	Investment holding	100	100
Mulpha Hotel Investments (Australia) Pty. Limited [1]	Australia	Investment holding	100	100
Mulpha Hotel Management Pty. Limited [1]	Australia	Investment holding	100	100
Mulpha (Hotel Bonds) Group Pty. Limited [1]	Australia	Dormant	100	100
Mulpha Core Plus Trust [1]	Australia	Investment holding	100	100

6. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of entity	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	2014 %
Subsidiaries of Mulpha Australia Limited (continued)				
Mulpha Core Plus Pty. Limited [1]	Australia	Trustee	100	100
Mulpha Education Group Pty. Limited [1]	Australia	Investment holding and administration	100	100
Norwest City Pty. Limited [1]	Australia	Trustee	100	100
MAL Hayman Pty. Limited [1] [4]	Australia	Management of construction contract refurbishments	100	-
Norwest Flexi Pty. Limited [1] [3]	Australia	Trustee	100	-
Mulpha Funds Management Pty. Limited [1] [3]	Australia	Dormant	100	-
Subsidiaries of Mulpha Sanctuary Cove Pty. Limited				
Mulpha Sanctuary Cove (Developments) Pty. Limited [1]	Australia	Property ownership and development	100	100
Mulpha Sanctuary Cove International Boat Show Pty. Limited [1]	Australia	Boat show operator	100	100

6. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of entity	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	2014 %
Subsidiaries of Mulpha Sanctuary Cove Pty. Limited (continued)				
Sanctuary Cove (Real Estate) Pty. Limited [1]	Australia	Investment holding	100	100
Mulpha Sanctuary Cove Hotel Operations Pty. Limited [1]	Australia	Hotelier	100	100
Mulpha Sanctuary Cove Marine Village Pty. Limited [1]	Australia	Property ownership	100	100
Mulpha Sanctuary Cove Marina Pty. Limited [1]	Australia	Marina operations	100	100
Mulpha Sanctuary Cove Hotel Investments Pty. Limited [1]	Australia	Land and property ownership	100	100
Subsidiaries of Mulpha Sanctuary Cove (Developments) Pty. Limited				
Mulpha Sanctuary Cove (Alpinia) Pty. Limited [1]	Australia	Land ownership	100	100
Mulpha SPV2 Pty Limited [1]	Australia	Dormant	100	100
Subsidiary of HD Diesels Pty. Limited				
Salzburg Apartments (Perisher Valley) Pty. Limited [1]	Australia	Investment holding	100	100

6. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of entity	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	2014 %
Subsidiaries of Mulpha Hotel Investments (Australia) Pty. Limited				
Mulpha Hotels Holdings Trust [1]	Australia	Investment holding	100	100
Mulpha Hotels Holdings Pty. Limited [1]	Australia	Trustee	100	100
Subsidiaries of Mulpha Hotels Holdings Trust				
Mulpha Hotels Australia Trust [1]	Australia	Investment holding	100	100
Mulpha Hotels Australia Pty. Limited [1]	Australia	Trustee	100	100
Subsidiaries of Mulpha Australia (Holdings) Pty. Limited				
Mulpha Hotel (Sydney) Pty. Limited [1]	Australia	Trustee	100	100
Mulpha Transport House Pty. Limited [1]	Australia	Property ownership	100	100
Mulpha Hotel (Sydney) Trust [1]	Australia	Property ownership	100	100
Mulpha Hotel Operations Pty. Limited [1]	Australia	Hotelier	100	100

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6. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

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

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6. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

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

[1] Subsidiaries audited by other member firms of KPMG International.
[2] Subsidiaries disposed of during the financial year. The financial impact of the Group is as disclosed in Note 30(a).
[3] Subsidiaries incorporated during the financial year.
[4] Subsidiaries acquired during the financial year.
[5] Not required to be audited pursuant to the relevant regulations of the country of incorporation.

6. Investments in subsidiaries (continued)

(a) Additional investments in subsidiaries

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

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

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

(i) Disposal of 75 million ordinary shares of Thriven with cost of investment of RM28,005,000. The disposal resulted in a gain of RM9,191,000 to the Company. The remaining of the cost of investment of RM24,794,000 was classified as investments in associates in the Company level. The effects of the disposal to the Group are disclosed in Note 30(a).

(ii) Net redemption of redeemable preference shares of certain existing subsidiaries amounting to RM89,540,000.

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

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

(ii) Redemption of redeemable preference shares of a subsidiary amounting to RM2,148,000.

Non-controlling interest in subsidiaries

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

6. Investments in subsidiaries (continued)

Non-controlling interest in subsidiaries (continued)

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

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

Summarised financial information before intra-group elimination	
As at 31 December	**RM'000**
Non-current assets	55,154
Current assets	269,624
Non-current liabilities	(98,591)
Current liabilities	(85,385)
Net assets	140,802
Year ended 31 December	
Revenue	45,076
Profit for the year	5,225
Total comprehensive income	5,225
Cash flows from operating activities	21,647
Cash flows from investing activities	(9,276)
Cash flows from financing activities	(16,157)
Net decrease in cash and cash equivalents	(3,786)
Dividends paid to NCI	3,745

* Thriven Global Berhad was formally known as Mulpha Land Berhad

7. Investments in associates

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

Movement in the accumulated impairment losses account is as follows:

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

7. Investments in associates (continued)

Details of the associates are as follows:

Name of entity	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	Proportion of ownership interest 2014 %
Held by Mulpha International Bhd.				
Rotol Singapore Ltd. [2]	Singapore	Investment holding	38.00	38.00
Thriven Global Berhad [3] (formerly known as Mulpha Land Berhad) ("Thriven")	Malaysia	Investment holding, property development and property investment	24.45	-
Held through Mulpha Infrastructure Holdings Sdn. Bhd.				
Mudajaya Group Berhad ("Mudajaya")	Malaysia	Building contractor and civil engineering	22.34	22.34
Held through Mulpha Australia Limited				
AVEO Group [2] ("AVEO")	Australia	Ownership and management of retirement villages and property development	2.65	2.74
Held through Rosetec Investments Limited				
AVEO [2]	Australia	Ownership and management of retirement villages and property development	22.81	23.52
Held through View Link Global Limited				
New Pegasus Holdings Limited [1] ("New Pegasus")	British Virgin Island	Investment holding	33.00	33.00

(1) Associates audited by other member firms of KPMG International.
(2) Associates not audited by other member firms of KPMG International.
(3) Subsidiary which became an associate during the financial year upon partial disposal of equity interest as disclosed in Note 30(a).

7. Investments in associates (continued)

The following table summarises the information of the Group's associates and reconciles the information to the carrying amount of the Group's interest in the associates:

Group 2015	AVEO RM'000	Mudajaya RM'000	New Pegasus RM'000	Thriven RM'000
Summarised financial information				
As at 31 December				
Non-current assets	9,736,178	871,254	757,150	65,637
Current assets	902,066	1,169,716	71,874	334,830
Non-current liabilities	(1,085,797)	(404,791)	(410,759)	(107,881)
Current liabilities	(4,635,843)	(546,197)	(30,696)	(129,678)
Net assets	4,916,604	1,089,982	387,569	162,908
Year ended 31 December				
Profit	272,728	2,392	22,580	376
Other comprehensive income	1,460	5,960	522	-
Total comprehensive income	274,188	8,352	23,102	376
Included in the total comprehensive income is:				
Revenue	1,281,880	543,509	154,026	56,810

7. Investments in associates (continued)

The following table summarises the information of the Group's associates and reconciles the information to the carrying amount of the Group's interest in the associates (continued):

Group **2015**	**AVEO RM'000**	**Mudajaya RM'000**	**New Pegasus RM'000**	**Thriven RM'000**	**Other immaterial associates RM'000**	**Total RM'000**
Reconciliation of net assets to carrying amount as at 31 December						
Group's share of net assets	937,180	252,340	128,205	34,304	2,318	1,354,347
Group's share of results for the year ended 31 December						
Group's share of profit/(loss)	70,716	(456)	(884)	1,080	123	70,579
Group's share of other comprehensive income	640	1,343	2,773	-	966	5,722
Group's share of total comprehensive income	71,356	887	1,889	1,080	1,089	76,301
Other information						
Dividends received	20,529	-	17,811	-		

7. Investments in associates (continued)

The following table summarises the information of the Group's associates and reconciles the information to the carrying amount of the Group's interest in the associates (continued):

Group	AVEO	Mudajaya	New Pegasus
2014	**RM'000**	**RM'000**	**RM'000**
Summarised financial information			
As at 31 December			
Non-current assets	8,531,190	891,779	679,794
Current assets	942,495	960,225	60,206
Non-current liabilities	(1,056,495)	(410,513)	(352,950)
Current liabilities	(4,257,045)	(355,821)	(15,049)
Net assets	4,160,145	1,085,670	372,001
Year ended 31 December			
Profit/(Loss)	153,105	(70,462)	29,235
Other comprehensive income/(expense)	3,135	1,424	(8,402)
Total comprehensive income/(expense)	156,240	(69,038)	20,833
Included in the total comprehensive income is:			
Revenue	1,331,140	1,050,805	103,741

7. Investments in associates (continued)

The following table summarises the information of the Group's associates and reconciles the information to the carrying amount of the Group's interest in the associates (continued):

Group **2014**	**AVEO** **RM'000**	**Mudajaya** **RM'000**	**New Pegasus** **RM'000**	**Other immaterial associates** **RM'000**	**Total** **RM'000**
Reconciliation of net assets to carrying amount as at 31 December					
Group's share of net assets	806,016	251,453	122,793	1,228	1,181,490
Group's share of results for the year ended 31 December					
Group's share of profit/(loss)	41,828	(15,613)	9,647	(2,160)	33,702
Group's share of other comprehensive income/(expense)	689	2,670	(2,773)	(3,353)	(2,767)
Group's share of total comprehensive income/(expense)	42,517	(12,943)	6,874	(5,513)	30,935
Other information					
Dividends received	14,954	10,826	-		

7. Investments in associates (continued)

(i) On 9 March 2015, Thriven was regarded as an associated company of the Group and the Company subsequent to the Call Option exercise as mentioned in Note 30(a). The effect of the Call Option exercise reduced the Group's and the Company's shareholding in Thriven from 61.93% to 29.08%.

On 17 April 2015, the Group and the Company further disposed of 5 million ordinary shares of Thriven with cost of investment of RM2,479,000 and RM1,868,000 respectively which reduced the Group's and the Company's shareholding in Thriven from 29.08% to 26.89%. This resulted in a gain on partial disposal of RM1,411,000 and RM2,023,000 at the Group level and the Company level respectively.

Subsequently, on 25 June 2015, Thriven had placed out 10% of its issued shares to third parties via a private placement. Consequently, the Group's and the Company's shareholding in Thriven was diluted from 26.89% to 24.45%. This resulted in a gain on dilution of interest in associate amounting to RM2,395,000 at the Group level.

(ii) On 29 May 2015, AVEO placed out 3.19% of its issued shares to third parties. Consequently, the Group's shareholding in AVEO was diluted from 26.26% to 25.46%. This resulted in a gain on dilution of interest in associate amounting to RM7,440,000 at the Group level.

(iii) View Link Global Limited, a wholly-owned subsidiary of Mulpha Strategic Limited which is wholly-owned by Mulpha Group Services Sdn. Bhd. and is in turn a wholly-owned subsidiary of the Company, had on 20 February 2014 subscribed for 33 shares of US$1.00 each, representing 33% of the share capital of New Pegasus Holdings Limited, a company incorporated in the British Virgin Islands for a total consideration of GBP21.34 million (equivalent to approximately RM115.88 million). The principal activity of New Pegasus Holdings Limited is investment holding which owns a property in London through its wholly-owned subsidiary.

(iv) The quoted shares of a foreign associate with a carrying value of RM937,180,000 (2014: RM806,016,000) are pledged as security for other borrowings as disclosed in Note 20.

8. Investments in joint ventures

	Note	Group 2015 RM'000	Group 2014 RM'000
Unquoted shares at cost		3,040	3,016
Add: Share of post-acquisition profit		9,145	-
Exchange differences		613	(482)
		12,798	2,534
The movements of investments in joint ventures are as follows:			
Carrying amount at 1 January		2,534	157,557
Addition		24	-
Disposal of interest in a joint venture	38(ii)	-	(169,145)
Share of net result from investment in joint ventures		9,291	5,191
Dividend received		(146)	-
Exchange differences		1,095	8,931
Carrying amount at 31 December		12,798	2,534

Details of the joint ventures are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest 2015 %	Effective ownership interest 2014 %
Held through Mulpha Sanctuary Cove (Management) Pty. Limited				
SC Realty Pty. Limited [1]	Australia	Real estate agency	50.00	50.00
Held through Mulpha Norwest Pty. Limited				
Spamb Pty. Limited [1] [2]	Australia	Property developer	60.00	-
Held through Mulpha Credit Sdn. Bhd.				
Mondrian Real Estate Services Sdn. Bhd. (formerly known as Mondrian Property Consultants Sdn. Bhd.) [1] [2]	Malaysia	Providing real estate project marketing and brokerage services	45.00	-

[1] Joint ventures not audited by other member firms of KPMG International.
[2] Joint ventures acquired during the financial year.

8. Investments in joint ventures (continued)

The following tables summarise the financial information of joint ventures and also reconcile the summarised financial information to the carrying amount of the Group's interests in joint ventures, which is accounted for using the equity method.

	Group	
	2015	**2014**
	RM'000	**RM'000**
Summarised financial information		
As at 31 December		
Non-current assets	17	43
Current assets	26,998	576
Current liabilities	(10,412)	(137)
	16,603	482
Year ended 31 December		
Total comprehensive income	15,764	5,191
Included in the total comprehensive income is:		
Revenue	28,099	54,074
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	12,798	2,534
Group's share of results for the year ended 31 December		
Group's share of total comprehensive income	9,291	5,191
Other information		
Cash dividends received by the Group	146	-

9. Investment securities

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Non-current				
Available-for-sale financial assets				
Foreign quoted shares	112	78,516	-	-
Unquoted shares				
- In Malaysia	1,000	1,000	1,000	1,000
- Foreign	44	8,931	43	43
	1,156	88,447	1,043	1,043
Current				
Financial assets at fair value through profit or loss				
Quoted shares				
- In Malaysia	431	491	-	-
- Foreign	2,085	1,945	-	-
Unquoted investment funds	-	4,246	-	-
	2,516	6,682	-	-
	3,672	95,129	1,043	1,043
Market value of quoted investments	2,628	80,952	-	-

The current investment securities with a carrying value of RM2,516,000 (2014: RM6,682,000) are pledged to financial institutions for credit facilities granted to subsidiaries as disclosed in Note 20.

10. Other investments

Group	Club memberships RM'000	Investments in works of art RM'000	Total RM'000
At 1 January 2014	959	4,102	5,061
Additions	-	19	19
At 31 December 2014/1 January 2015/ 31 December 2015	959	4,121	5,080

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10. Other investments (continued)

Company	Club memberships RM'000	Investments in works of art RM'000	Total RM'000
At 1 January 2014	930	4,102	5,032
Additions	-	19	19
At 31 December 2014/1 January 2015/ 31 December 2015	930	4,121	5,051

11. Goodwill

Group	Goodwill on consolidation RM'000	Purchased goodwill RM'000	Total RM'000
At 1 January 2014	8,921	198	9,119
Exchange differences	-	(6)	(6)
At 31 December 2014/ 1 January 2015	8,921	192	9,113
Disposal of a subsidiary (Note 30(a))	(6,409)	-	(6,409)
Exchange differences	-	18	18
At 31 December 2015	2,512	210	2,722

Impairment tests for goodwill

Allocation of goodwill

Goodwill has been allocated to the Group's CGUs identified according to country of operation and business segment as follows:

	Malaysia RM'000	Australia RM'000	Total RM'000
At 31 December 2015			
Boat show	-	210	210
Investment business	2,512	-	2,512
	2,512	210	2,722
At 31 December 2014			
Boat show	-	192	192
Investment business	2,512	-	2,512
Property development	6,409	-	6,409
	8,921	192	9,113

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11. Goodwill (continued)

Key assumptions used

Property development segment

In the previous year, the recoverable amount of the CGU was determined based on the value in use ("VIU") calculation. The VIU was calculated using the pre-tax cash flow projections based on financial budgets approved by management. VIU was determined by discounting the future cash flows generated from the development of properties of the CGU and was based on the following key assumptions:

i) Cash flows projected were based on the gross development value of projects planned and that there will be continual demand for quality residential properties; and

ii) The pre-tax discount rates of 6% was applied in discounting the cash flows and were based on the estimated cost of funds of the CGU.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and were based on both external sources and internal sources (historical data).

Based on the impairment test undertaken, no additional impairment loss was required to be recognised.

The above estimates were particularly sensitive in the following areas:

i) Fluctuations in future planned revenues and development costs arising from fluctuations in raw material costs and constructions costs; and

ii) Fluctuations in the discount rate used and general interest rates.

Investment business segment

The recoverable amount of quoted securities held is determined based on observable market prices, less costs to sell.

Where there is no observable market price for unquoted securities, recoverable amount is determined based on the VIU calculation, using pre-tax cash flow projections over a 3 to 5 year period. Pre-tax discount rate of 6% (2014: 6%) is applied in discounting the cash flows and was based on the estimated cost of funds of the CGU.

These estimates are sensitive towards fluctuations in the discount rate and general interest rates.

Based on the impairment test undertaken, no additional impairment loss is required to be recognised.

12. Inventories

	Group	
	2015	2014
	RM'000	RM'000
Non-current assets		
Properties held for development		
- Cost of acquisition for freehold land	460,939	401,561
- Capitalised development cost	184,621	412,281
Total non-current inventories	645,560	813,842
Current assets		
Properties under development		
- Cost of acquisition for freehold land	176,831	261,835
- Capitalised development cost	484,934	236,822
	661,765	498,657
Completed properties	42,964	74,730
Finished goods	3,118	3,345
Work-in-progress	7,818	7,543
Other consumables	9,722	8,914
	63,622	94,532
Total current inventories	725,387	593,189
Total inventories	1,370,947	1,407,031

Included in properties under development of the Group is interest capitalised during the financial year amounting to RM2,227,000 (2014: RM10,398,000).

Certain properties held for development and properties under development amounting to RM886,196,000 (2014: RM603,444,000) are pledged to financial institutions as security for banking facilities granted as disclosed in Note 20.

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13. Trade and other receivables

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Non-current					
Non-trade					
Amount due from a subsidiary	13.1	-	-	362,643	308,368
		-	-	362,643	308,368
Current					
Trade					
Trade receivables	13.2	80,820	87,053	-	-
Less: Allowance for impairment losses		(1,405)	(5,389)	-	-
		79,415	81,664	-	-
Accrued billings	13.3	5,174	-	-	-
		84,589	81,664	-	-
Non-trade					
Other receivables		142,900	173,658	103,306	103,315
Less: Allowance for impairment losses	13.4	-	(1,315)	-	-
		142,900	172,343	103,306	103,315
Deposits		5,837	6,703	48	125
Amounts due from associates		244	-	22	-
Amounts due from subsidiaries	13.1	-	-	785,637	571,629
		148,981	179,046	889,013	675,069
		233,570	260,710	889,013	675,069
Total trade and other receivables		233,570	260,710	1,251,656	983,437

13.1 Amounts due from subsidiaries

Company	2015 RM'000	2014 RM'000
Bearing interest	452,397	289,987
Non-interest bearing	695,883	590,010
	1,148,280	879,997

13. Trade and other receivables (continued)

13.1 Amounts due from subsidiaries (continued)

The non-interest bearing amounts due from subsidiaries are unsecured and receivable on demand.

The non-current amount due from a subsidiary consist of the following:

(i) Foreign unquoted cumulative redeemable preference shares ("CRPS") amounted to RM253,246,000 (2014: RM230,591,000) owing by Mulpha Australia Limited ("MAL"), a wholly owned subsidiary of the Company. The Company has no intention of holding them to maturity nor converting them to equity. The CRPS is subject to dividend of 9.50% (2014: 9.50%) per annum.

(ii) Unsecured loan owing by MAL amounted to RM40,821,000 (2014: RM33,630,000) is subject to interest of 7.00% (2014: 7.00%) per annum; and

(iii) Remaining amount owing by MAL was accrued dividend payables on CRPS and interest on the unsecured loan as mentioned in Note 13.1(i) and 13.1(ii) respectively.

The current amounts due from subsidiaries are unsecured, non-interest bearing and receivable on demand except for amounts due from subsidiaries amounting to RM14,564,000 (2014: RM25,766,000) and RM143,766,000 (2014: Nil) which are subject to interest of 4.05% (2014: 4.05%) per annum and 8.50% (2014: Nil) per annum respectively.

13.2 Trade receivables

Included in trade receivables of the Group in the current year is an amount of RM716,000 due from an associate company of the Group. The amount is subject to normal trade terms.

13.3 Accrued billings

The accrued billings represent the amount due from customers of which services have been rendered but billings have yet to be issued. Included in accrued billings of the Group in the current year are amounts of RM524,000 due from an associate company of the Group, RM1,380,000 due from a company related to a director of the Company and RM2,754,000 due from a company related to a person connected to a director of the Company.

13. Trade and other receivables (continued)

13.4 Allowance for impairment losses

The movements in the allowance for impairment losses of other receivables during the financial year were:

	Individually impaired	
	2015	2014
Group	**RM'000**	**RM'000**
At 1 January	1,315	7,243
Charge for the year	-	449
Bad debts written off	-	(308)
Reversal of impairment loss	-	(6,069)
Disposal of a subsidiary	(1,315)	-
At 31 December	-	1,315

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and/or have defaulted on payments.

14. Other non-current assets

	Group	
	2015	2014
	RM'000	RM'000
Prepayments and others	14,742	18,469

15. Deferred tax assets

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	**2015 RM'000**	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Inventories	12,963	10,645	-	-	12,963	10,645
Provision for liabilities and other payables	20,456	16,768	-	-	20,456	16,768
Unabsorbed capital allowances	36,451	31,835	-	-	36,451	31,835
Fair value adjustment	-	365	(268)	-	(268)	365
Tax losses	33,759	33,938	-	-	33,759	33,938
Accelerated capital allowances	-	-	(21,564)	(20,875)	(21,564)	(20,875)
Receivables and others	-	-	(22,041)	(18,926)	(22,041)	(18,926)
Tax assets/ (liabilities)	103,629	93,551	(43,873)	(39,801)	59,756	53,750
Set off of tax	(43,873)	(39,801)	43,873	39,801	-	-
Net tax assets/ (liabilities)	59,756	53,750	-	-	59,756	53,750

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Unutilised tax losses	103,090	109,988	335	335
Unabsorbed capital allowances	7,134	7,134	3,646	3,646
Other deductible temporary differences	11,491	49,920	-	-
	121,715	167,042	3,981	3,981

15. Deferred tax assets (continued)

Unrecognised deferred tax assets (continued)

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available in subsidiaries against which the Group can utilise the benefits there from.

Pursuant to guidelines issued by the Malaysian tax authorities in 2008, the Ministry of Finance ("MOF") has exempted all companies from the provision of Section 44(5A) and Paragraph 75A of Schedule 3 except dormant companies. Therefore, all active subsidiaries are allowed to carry forward their unabsorbed capital allowances and business losses.

The components and movements of deferred tax assets and liabilities during the financial year are as follows:

		Group	
	Note	2015 RM'000	2014 RM'000
At 1 January		53,750	23,915
Recognised in profit or loss		4,283	(9,364)
Realisation upon acquisition of remaining shares in a former joint venture	38(ii)	-	38,192
Acquisition of subsidiaries	38(ii)	-	3,763
Disposal of a subsidiary	30(a)	(2,502)	-
Exchange adjustments		4,225	(2,756)
At 31 December		59,756	53,750

16. Other current assets

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Prepayments	26,658	18,360	182	31

17. Cash and cash equivalents

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	247,521	193,187	16	57
Deposits with licensed banks	292,379	407,609	-	-
	539,900	600,796	16	57

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17. Cash and cash equivalents (continued)

Bank balances and deposits amounting to RM383,855,000 (2014: RM492,182,000) of the Group are pledged to licensed banks as security for banking facilities granted to certain subsidiaries and the Company as disclosed in Note 20.

Included in the cash and bank balances of the Group is an amount of RM13,000 (2014: RM5,363,000) maintained under the Housing Developers Accounts pursuant to the Housing Developers (HDA) Regulations 1991, which are restricted from use in other operations.

An amount of RM2,803,000 (2014: RM2,515,000) held in an interest reserve account by a subsidiary was pledged to the bank for borrowings by the Group as disclosed in Note 20.

The weighted average effective interest rates as at 31 December 2015 for the Group was 0.5% (2014: 0.5%) per annum.

The average maturities of fixed deposits for the Group as at reporting date was 71 days (2014: 28 days).

18. Share capital and treasury shares

Share capital

	Group and Company			
	Amount 2015 RM'000	**Number of shares 2015 '000**	**Amount 2014 RM'000**	**Number of shares 2014 '000**
Authorised:				
Ordinary shares of RM0.50 each	2,000,000	4,000,000	2,000,000	4,000,000

	Group and Company			
	Number of ordinary shares of RM0.50 each		**Amount**	
	Share capital '000	**Treasury shares '000**	**Share capital RM'000**	**Treasury shares RM'000**
Issued and fully paid:				
At 1 January 2014	2,355,913	(222,049)	1,177,957	(92,049)
Purchase of treasury shares	-	(150)	-	(66)
At 31 December 2014/ 1 January 2015	2,355,913	(222,199)	1,177,957	(92,115)
Purchase of treasury shares	-	(60)	-	(22)
At 31 December 2015	2,355,913	(222,259)	1,177,957	(92,137)

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18. Share capital and treasury shares (continued)

(a) Share capital

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

(b) Treasury shares

Under the Company's current share buyback scheme approved by its shareholders, the Company proposed to purchase up to a maximum of 235,591,315 ordinary shares of RM0.50 each. The purpose of the scheme is to allow the Company to buy back its shares when the market does not fully reflect the value of its shares.

As at 31 December 2015, the details of the Company's share purchase are as follows:

		Number of shares purchased	**Total consideration RM'000**	**Average price* RM**
2010	Purchased	11,055,700	5,442	0.490
2011	Purchased	33,333,500	13,910	0.417
2012	Purchased	114,396,400	46,903	0.410
2013	Purchased	63,264,200	25,794	0.408
2014	Purchased	150,000	66	0.440
2015	Purchased	60,000	22	0.367
		222,259,800	92,137	

During the financial year, the Company purchased 60,000 shares from the open market, as follows:

Month	**Number of shares purchased**	**Total consideration RM'000**	**Highest price RM**	**Lowest price RM**	**Average price* RM**
March	50,000	19	0.383	0.383	0.383
September	10,000	3	0.290	0.290	0.290
	60,000	22			

* The average price includes transaction costs.

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18. Share capital and treasury shares (continued)

The purchases of shares were funded by internal funds. The shares purchased have been retained as treasury shares.

Of the total 2,355,913,158 (2014: 2,355,913,158) issued and fully paid ordinary shares as at 31 December 2015, 222,259,800 (2014: 222,199,800) are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

19. Reserves

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-distributable				
Exchange reserve	209,632	124,246	-	-
Capital reserve	101,763	117,727	108,228	108,228
Other reserve	(5,787)	18,824	107	107
	305,608	260,797	108,335	108,335

The movements in reserves are shown in the statements of changes in equity.

The nature and purpose of each category of reserve are as follows:

(a) Exchange reserve

The exchange reserve represents foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries as well as from the translation of foreign currency loans used to hedge the investments in foreign subsidiaries.

(b) Capital reserve

This reserve includes:

(i) reserve arising from the cancellation of treasury shares representing the nominal value of the shares repurchased and cancelled;

(ii) reserve arising from the capitalisation of bonus issue of a certain subsidiary; and

(iii) changes in ownership interests in subsidiaries.

(c) Other reserve

Other reserve comprises mainly share of post acquisition reserve of associates and available-for-sale reserve.

20. Loans and borrowings

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Non-current				
Finance lease liabilities				
- secured	8,777	8,004	-	-
Bonds - secured	101,939	620,189	-	-
Term loans				
- secured	821,625	166,455	-	-
	932,341	794,648	-	-
Current				
Finance lease liabilities				
- secured	148	132	-	-
Bank overdraft				
- secured	1,422	2,162	174	366
Bonds - secured	647,170	3,150	-	-
Revolving credit				
- secured	226,483	210,862	81,000	56,000
Term loans				
- secured	432,821	941,648	-	-
- unsecured	6,639	5,125	-	-
	1,314,683	1,163,079	81,174	56,366
Total borrowings	2,247,024	1,957,727	81,174	56,366

(a) Obligations under finance lease:

These obligations are secured by the leased assets as disclosed in Note 3. The finance lease and hire purchase payables were subjected to interest ranging from 5.5% to 8.6% (2014: 7.0% to 8.6%) per annum during the financial year.

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20. Loans and borrowings (continued)

(b) The bank overdrafts, revolving credit and term loans are secured by the following:

(i) Corporate guarantees by the Company and certain of its subsidiaries;

(ii) Pledge of land, buildings and plant and equipment of certain subsidiaries, as disclosed in Note 3(i);

(iii) Pledge of investment properties with a carrying amount of RM397,933,000 (2014: RM1,939,000) as disclosed in Note 5;

(iv) Pledge over quoted shares of a foreign associate as disclosed in Note 7(iv);

(v) Pledge over current investment securities as disclosed in Note 9;

(vi) Pledge of inventories of certain subsidiaries as disclosed in Note 12;

(vii) Deposits of the Company and certain subsidiaries and an interest reserve account of a subsidiary, as disclosed in Note 17;

(viii) Floating charge over assets of certain subsidiaries; and

(ix) In the previous financial year, term loans included a loan of RM81.27 million and a bank overdraft of RM2.15 million obtained by a subsidiary whereby the 49% joint venture partners had agreed to indemnify and reimburse the subsidiary for its share of any losses incurred by the subsidiary.

(c) Bonds

(i) In the previous financial year, a subsidiary in Labuan issued medium term notes amounting to USD90 million with interest rate of 8% per annum which is fully repayable in September 2016. This subsidiary also issued medium term notes amounting to USD60 million with interest rate of 8.5% per annum in 2013 which is repayable in full in November 2016. Both the bonds are secured by corporate guarantee by the Company.

(ii) A subsidiary in Australia issued bonds in 1999 for a term of 30 years. The bond has an effective interest rate of 7.90% (2014: 8.17%) per annum and is payable quarterly in arrears. These bonds are secured against the freehold land of a subsidiary as disclosed in Note 3(i).

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20. Loans and borrowings (continued)

(d) Finance lease liabilities

Finance lease liabilities are payables as follows:

Group	Future minimum lease payments 2015 RM'000	Interest 2015 RM'000	Present value of minimum lease payments 2015 RM'000	Future minimum lease payments 2014 RM'000	Interest 2014 RM'000	Present value of minimum lease payments 2014 RM'000
Less than one year	168	20	148	161	29	132
Between one and five years	110	3	107	259	150	109
More than five years	8,670	-	8,670	7,895	-	7,895
	8,948	23	8,925	8,315	179	8,136

21. Trade and other payables

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Non-current				
Non-trade				
Other payables	13,431	13,491	-	-
Current				
Trade				
Trade payables	47,822	62,327	-	-
Non-trade				
Other payables	147,852	138,773	847	885
Amounts due to related parties				
- Non-controlling interests of a subsidiary	-	2,142	-	-
- A company related to person connected to a director	-	8,375	-	-
- Subsidiaries	-	-	1,240	1,205
- Associate	-	18,967	-	-
- Deferred revenue	68,769	41,461	-	2,000
	264,443	272,045	2,087	4,090
Total trade and other payables	277,874	285,536	2,087	4,090

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21. Trade and other payables (continued)

(a) Trade payables

These are generally non-interest bearing. The normal credit terms granted to the Group range from 30 to 90 days.

(b) Amounts due to related parties

(i) In the previous financial year, the amounts due to non-controlling interests and a company related to a person connected to a director of a subsidiary borne interest at 6.5% per annum, was unsecured and repayable on demand. The amounts were fully repaid in the current financial year.

(ii) Amounts due to subsidiaries are non-interest bearing, unsecured and repayable on demand.

(iii) In the previous financial year, the amount due to an associated company borne interest at 8.0% per annum, was unsecured and repayable by 7 June 2015.

(c) Other payables

The amounts are non-interest bearing and are normally settled on commercial terms except for the non-current portion where the amount due is not expected to be repaid within twelve months.

(d) Deferred revenue

Included in deferred revenue of the Group is an amount of RM66,904,000 (2014: RM39,461,000) arising from the disposal of development properties to third parties (2014: 2 parcels of land to an associated company). The balance of RM2,000,000 in the previous year relates to the call option agreement entered into between the Company with Teladan Kuasa Sdn. Bhd. with expiry date on 16 May 2015. See Note 30(a).

22. Provision for liabilities

	Note	Group 2015 RM'000	Group 2014 RM'000
Provision for staff benefits	(a)	17,480	15,935
Others		8,171	6,609
		25,651	22,544
Analysed as:			
Current		23,426	20,365
Non-current		2,225	2,179
		25,651	22,544

(a) Provision for staff benefits

	2015 RM'000	2014 RM'000
At 1 January	15,935	14,210
Provision for the year	14,052	12,269
Acquisition of subsidiaries (Note 38(ii))	-	984
Payments during the year	(14,071)	(10,531)
Exchange adjustments	1,564	(997)
At 31 December	17,480	15,935

Provision for staff benefits accrues to employees in subsidiaries in Australia who are entitled to a two-month paid leave after having served ten years of continuous employment.

23. Other current liabilities

	Group 2015 RM'000	Group 2014 RM'000
Deferred revenue - advance billings on property sales	6,604	14,801

24. Derivative liabilities

	Group 2015 RM'000	Group 2014 RM'000
Derivatives held for market trading at fair value		
- Forward exchange contracts	-	4,628
- Currency options contracts	-	300
	-	4,928

24. Derivative liabilities (continued)

Forward exchange and currency option contracts are used to manage the foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than functional currencies of Group entities. All the forward exchange and currency options have maturities less than one year after the end of the reporting period. Where necessary, the forward exchange contracts and currency options contracts are rolled over at maturity.

25. Revenue

Group	Continuing operations 2015 RM'000	Continuing operations 2014 RM'000	Discontinued operation (see Note 30) 2015 RM'000	Discontinued operation (see Note 30) 2014 RM'000	Total 2015 RM'000	Total 2014 RM'000
Sale of goods	-	243	-	-	-	243
Performance of services	479,868	390,276	-	2,697	479,868	392,973
Sale of properties	388,586	565,602	-	-	388,586	565,602
Rental income	18,519	-	-	-	18,519	-
Interest income from money lending activities	1,666	2,561	-	-	1,666	2,561
	888,639	958,682	-	2,697	888,639	961,379
Company						
Dividends	26,581	40,663	-	-	26,581	40,663

26. Other income

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Bad debts recovered	14	18	14	8
Dividend income:				
- Foreign unquoted shares	18	2,693	-	-
- Foreign quoted shares	1	26	-	-
Fair value adjustment of investment properties	-	1,357	-	-
Fair value gain on financial assets at fair value through profit or loss	-	2,249	-	-
Gain on dilution of interests in associates	9,835	-	-	-
Gain on disposal of assets classified as held for sale	-	13,854	-	-

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26. Other income (continued)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Gain on disposal of an investment property	-	68	-	-
Gain on disposal of investment securities	4,152	945	-	-
Gain on disposal of property, plant and equipment	29	1,166	-	-
Gain on foreign exchange:				
- Realised	59,111	32,991	5,336	-
- Unrealised	1,816	-	136,470	16,401
Gain on disposal of a subsidiary	50,385	-	9,191	30,962
Gain on partial disposal of an associate	1,411	-	2,023	-
Gain on waiver of amount due from subsidiaries	-	-	-	350
Insurance recoveries	446	2,675	-	-
Interest income:				
- Deposits with licensed banks	2,840	3,467	73	301
- Subsidiaries	-	-	7,088	1,843
- Others	1,351	2,325	-	-
Liquidated ascertained damages from contractor	1,948	3,001	-	-
Management fees received	389	-	-	-
Negative goodwill arising from acquisition of subsidiaries (Note 38(ii))	-	36,463	-	-
Property maintenance and agency fee	3,965	-	-	-
Rental income from:				
- Investment property	2,908	-	-	-
- Land and buildings	34,738	25,645	-	-
Reversal of impairment loss on:				
- Trade and other receivables	193	6,069	-	-
- Inventories	571	32	-	-
- Property, plant and equipment	-	5,214	-	-
- Investment securities	771	-	-	-
- Investments in associates	-	3,000	-	-
Shared services income	4,445	3,993	-	-
Miscellaneous income	5,573	1,081	5	1
	186,910	148,332	160,200	49,866

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27. Profit before tax

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Profit before tax is arrived at after charging:				
Auditors' remuneration:				
- Audit fees				
KPMG in Malaysia	258	395	120	115
Overseas affiliates of KPMG in Malaysia	1,336	1,076	-	-
- Non-audit fees				
KPMG in Malaysia	13	61	13	10
Overseas affiliates of KPMG in Malaysia	186	68	-	-
Bad debts written off:				
- Trade and other receivables	398	3	8	3
Impairment loss on financial assets:				
- Investment securities	61	11,005	-	-
- Trade and other receivables	1,155	898	-	-
Impairment loss on investments in associates	-	-	-	2,605
Inventories written down	20	7,600	-	-
Loss on disposal of investment securities	373	-	-	-
Fair value loss on financial assets at fair value through profit or loss	1,993	-	-	-
Loss on disposal of property, plant and equipment	-	-	-	15
Loss on foreign exchange:				
- Realised	7	2,480	-	5
- Unrealised	13	150	-	-
Loss on derivatives	5,056	1,225	-	-
Management fee paid	-	-	1,581	1,615
Minimum operating lease payments:				
- Land and buildings	17,229	6,330	62	67
- Plant and equipment	18,624	4,019	-	-
Provision for foreseeable loss on inventories	1,242	-	-	-
Property, plant and equipment:				
- Depreciation	55,399	53,826	-	1
- Written off	1,634	9,920	-	2

27. Profit before tax (continued)

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Profit before tax is arrived at after charging: (continued)				
Employee benefits expenses (including key management personnel):				
- Pension costs - defined contribution plans	16,200	12,586	61	61
- Short-term accumulating compensated absences	12,935	11,007	-	-
- Social security costs	47	59	-	-
- Termination benefits	-	249	-	-
- Wages, salaries and others	242,922	195,592	515	515

28. Finance costs

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Interest expense on:				
- overdrafts	89	47	47	22
- revolving loans and term loans	60,610	56,369	2,813	1,848
- bonds	54,842	43,479	-	-
- others	29	2,739	-	-
	115,570	102,634	2,860	1,870
Less: Interest expense capitalised in properties under development (Note 12)	(2,227)	(10,398)	-	-
Total finance costs	113,343	92,236	2,860	1,870

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29. Tax (benefit)/expense

Recognised in profit or loss

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Income tax (benefit)/expense on continuing operations	(2,569)	16,842	331	75
Income tax expense on discontinued operation (excluding gain on sale) (Note 30)	-	62	-	-
Total income tax (benefit)/ expense	(2,569)	16,904	331	75
Current tax expense				
Malaysian - current year	1,669	7,077	332	65
- prior year	45	401	(1)	10
Overseas - current	-	62	-	-
	1,714	7,540	331	75
Deferred tax expense				
- Origination and reversal of temporary differences	(1,205)	10,685	-	-
- Over provision in prior year	(3,078)	(1,321)	-	-
	(4,283)	9,364	-	-
Total income tax (benefit)/ expense	(2,569)	16,904	331	75

29. Tax (benefit)/expense (continued)

Reconciliation of tax expense

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before tax from continuing operations	160,713	112,376	176,245	78,467
Profit before tax from discontinued operation	-	656	-	-
Profit before tax	160,713	113,032	176,245	78,467
Income tax calculated using Malaysian tax rate of 25%	40,178	28,258	44,061	19,617
Different tax rates in other countries	2,236	(95)	-	-
Effect of lower tax rate on gain on disposal of investment property	-	(3,012)	-	-
Non-deductible expenses	7,719	9,247	1,780	1,578
Group relief	-	-	(503)	-
Income not subject to taxation	(23,753)	(17,162)	(45,006)	(21,130)
Benefits from previously unrecognised tax losses and unabsorbed capital allowances	(11,931)	-	-	-
Deferred tax assets not recognised during the year	5,982	10,311	-	-
Over provision of deferred tax in prior years	(3,078)	(1,321)	-	-
Under/(Over) provision of income tax in prior years	45	401	(1)	10
Shares of results of associates and joint ventures	(19,967)	(9,723)	-	-
Income tax (benefit)/expense recognised in profit or loss	(2,569)	16,904	331	75

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The corporate tax rates applicable to subsidiaries located in Australia and Hong Kong are 30% (2014: 30%) and 16.5% (2014: 16.5%) respectively.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

During the current financial year, under the provision of S44A of the Malaysia Income Tax Act 1967, the Company has utilised RM2,010,000 of tax losses surrendered from a subsidiary.

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30. Disposal of a subsidiary/Discontinued operation

(a) Thriven Global Berhad (formerly known as Mulpha Land Berhad) ("Thriven")

The Company entered into a call option agreement ("Call Option Agreement") on 17 May 2012 with Teladan Kuasa Sdn. Bhd. ("Option Holder") to grant the Option Holder the right to require the Company to sell to the Option Holder up to 75 million ordinary shares in Thriven (adjusted after the bonus issue exercise of Thriven) at an adjusted option price of RM0.47 per share ("Call Option"). The Option Holder has paid the Company a non-refundable cash consideration of RM2 million upon execution of the Call Option Agreement as disclosed in Note 21(d). As at 31 December 2014, Thriven is a 61.93% owned subsidiary of the Company.

The Option Holder is entitled to exercise the Call Option at any time during the period commencing from the date falling three (3) months after the date of the Call Option Agreement and ending on the day immediately preceding the third anniversary of the Call Option Agreement.

On 6 March 2015, the Option Holder exercised the entire Call Option. The sale and transfer of the 75 million ordinary shares by the Company to the Option Holder was completed on 9 March 2015. Upon completion, the Company owns 29.08% of Thriven and Thriven became an associated company of the Company. This resulted in a gain on disposal of a subsidiary of RM50,385,000 and RM9,191,000 recognised at the Group and the Company level respectively.

Effect of disposal on the financial position of the Group are as follows:

	2015 RM'000
Property, plant and equipment	1,173
Investment properties	2,984
Deferred tax assets	2,502
Inventories	222,883
Cash and bank balances	46,502
Trade and other receivables	4,383
Current tax assets	1,127
Trade and other payables	(57,267)
Bank borrowings	(151,973)
Total identifiable net assets	72,314
Attributable goodwill	6,409
Realisation of reserves	(16,099)
Non-controlling interests	(42,505)
Transfer to investments in associates	(33,308)
Gain on disposal of a subsidiary	50,385
Consideration received, satisfied in cash	37,196
Cash and cash equivalents disposed of	(46,502)
Net cash outflow	(9,306)

30. Disposal of a subsidiary/Discontinued operation (continued)

(b) AF Investments Limited

The Company had on 16 May 2014 entered into a Share Purchase Agreement with Lemongrass Master Fund I ("Purchaser") to dispose of its entire 100% equity interest in AF Investments Limited ("AFIL") to the Purchaser for a total net consideration of USD9.47 million (equivalent to approximately RM30.96 million). AFIL is a company incorporated in Hong Kong with a paid-up share capital of HKD2. The principal activity of AFIL is investment holding which holds 70% equity interest in Indochine Park Tower Joint Venture Company ("IPT"). IPT is the owner and operator of Indochine Park Tower, an 18-storey serviced residences building located at Ho Chi Minh City, Vietnam, which comprises 55 fully serviced 3-bedroom apartments and penthouses ranging from 128 to 249 square metres each. The disposal was completed in the second quarter of 2014. Certain comparative figures relating to consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

Profit attributable to the discontinued operation was as follows:

Results of discontinued operation

	Note	Group 1.1.2014 to disposal date RM'000
Revenue	25	2,697
Other income		21
Finished goods and services rendered		(127)
Employee benefits expense		(597)
Depreciation and amortisation		(507)
Other expenses		(794)
Results from operating activities		693
Finance costs		(37)
Profit before tax		656
Tax expense	29	(62)
Gain on disposal of discontinued operation		28,431
Profit for the year		29,025

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30. Disposal of a subsidiary/Discontinued operation (continued)

(b) AF Investments Limited (continued)

The following items have been included in arriving at profit before tax from discontinued operation:

	Group 1.1.2014 to disposal date RM'000
Interest income	(3)
Interest expense	37
Depreciation of property, plant and equipment	507
Realised loss on foreign exchange	4

	Group 2014 RM'000
Cash flows from/(used in) discontinued operation	
Net cash from operating activities	195
Net cash from investing activities	29,795
Net cash used in financing activities	(3,328)
Effect on cash flows	26,662

Effect of disposal on the financial position of the Group are as follows:

	2014 RM'000
Property, plant and equipment	13,572
Prepaid land lease payments	733
Inventories	73
Trade and other receivables	314
Cash and bank balances	1,167
Trade and other payables	(989)
Total identifiable net assets	14,870
Non-controlling interests	(1,787)
Realisation of reserves	(10,552)
Gain on disposal of discontinued operation	28,431
Consideration received, satisfied in cash	30,962
Cash and cash equivalents disposed of	(1,167)
Net cash inflow	29,795

31. Earnings per ordinary share

Basic earnings per ordinary share

Basic earnings per ordinary share amounts are calculated by dividing profit from continuing operations, net of tax, attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2015	**2014**
Profit attributable to ordinary shareholders (RM'000)		
Profit net of tax from continuing operations attributable to owners of the Company	165,123	95,394
Profit net of tax from discontinued operation attributable to owners of the Company	-	28,754
	165,123	124,148
Weighted average number of ordinary shares ('000)		
Issued ordinary shares at 1 January	2,355,913	2,355,913
Effect of share buy back	(222,239)	(222,137)
Weighted average number of ordinary shares at 31 December	2,133,674	2,133,776
Basic earnings per ordinary share (sen)		
From continuing operations	7.74	4.47
From discontinued operation	-	1.35
	7.74	5.82

Diluted earnings per ordinary share

Diluted earnings per share amounts are calculated by dividing profit from continuing operations, net of tax, attributable to ordinary shareholders (after adjusting for interest expense on convertible redeemable preference shares) by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

There were no potential dilution effects on ordinary shares of the Company for the current financial year. Accordingly, the diluted earnings per ordinary share for the current and previous years are equal to the basic earnings per ordinary share.

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32. Operating segments

Business segments

For management purposes, the Group is organised into three main business segments in the Asia Pacific region as follows:

Property	property development and investments
Hospitality	hotels and service apartments ownership and operation
Investment and others	investment holding, investments in securities, licensed money lending and others

None of the other operations are of sufficient size to be reported separately.

Performance is measured based on segment revenue and profit before tax as included in the internal management reports that are reviewed by the Exco Committee (the Group's chief operating decision maker).

The operating results of its business units were monitored separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate expenses and finance costs.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

32. Operating segments (continued)

Business segments (continued)

The following tables provide analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Property		Hospitality (includes disposal group)		Investment and others		Adjustments and eliminations		Note	Per consolidated financial statements	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000		2015 RM'000	2014 RM'000
Revenue											
External customers	407,105	569,144	459,469	389,661	22,065	2,574	-	(2,697)	(i)	888,639	958,682
Inter-segment	21,815	44,887	-	-	1,207	2,697	(23,022)	(47,584)	(ii)	-	-
Total revenue	428,920	614,031	459,469	389,661	23,272	5,271	(23,022)	(50,281)		888,639	958,682
Results											
Inventories written down/off	(20)	(7,600)	-	-	-	-	-	-		(20)	(7,600)
Reversal of impairment loss on inventories	571	32	-	-	-	-	-	-		571	32
Share of profit from associates and joint ventures	-	-	-	-	14,640	9,552	65,230	29,341	(iii)	79,870	38,893
Depreciation and amortisation	(10,149)	(10,648)	(43,887)	(40,669)	(1,363)	(3,016)	-	507	(i)	(55,399)	(53,826)
Segment profit/(loss)	152,315	256,901	(14,047)	(81,683)	84,137	42,739	(61,692)	(105,581)	(iii)	160,713	112,376
Assets and liabilities											
Investments in associates and joint ventures	-	-	-	-	1,367,145	1,184,024	-	-		1,367,145	1,184,024
Additions to non-current assets*	375,172	21,088	25,094	96,295	5,442	2,146	-	-		405,708	119,529
Segment assets	1,180,535	1,821,294	1,170,311	1,583,129	4,680,111	3,719,354	(1,898,454)	(2,427,703)	(iv)	5,132,503	4,696,074
Segment liabilities	731,792	942,425	250,791	1,673,893	3,922,604	2,103,900	(2,341,674)	(2,427,703)	(iv)	2,563,513	2,292,515

* Addition to non-current assets consist of additions to property, plant and equipment and investment properties.

32. Operating segments (continued)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

(i) Results from discontinued operation are eliminated on consolidation and presented under a separate line in the profit or loss.

(ii) Inter-segment revenues and dividend incomes are eliminated on consolidation.

(iii) The following items are added to/(deducted from) segment profit/(loss) to arrive at "Profit before tax" presented in the consolidated statement of profit or loss and other comprehensive income:

	2015 RM'000	2014 RM'000
Share of results of associates and joint ventures	65,230	34,533
Unallocated corporate expenses and finance costs	(126,922)	(111,027)
Segment results of discontinued operation	-	(29,087)
	(61,692)	(105,581)

(iv) Inter-segment balances are eliminated on consolidation.

32. Operating segments (continued)

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of the business segments. The Group operates in two main geographical areas in the Asia Pacific region.

Continuing operations:

Australia - mainly property development and investments and hotels.
Malaysia - property development and investments, licensed money lending and investments in securities.

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Australia	868,747	769,014	1,887,176	1,576,865
Malaysia	19,892	189,668	265,868	279,069
	888,639	958,682	2,153,044	1,855,934

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

	2015 RM'000	2014 RM'000
Property, plant and equipment	1,087,824	1,011,017
Investment properties	416,938	21,962
Goodwill	2,722	9,113
Inventories	645,560	813,842
	2,153,044	1,855,934

33. Financial instruments

33.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");

(b) Fair value through profit or loss ("FVTPL") - Designated upon initial recognition ("DUIR");

(c) Available-for-sale financial assets ("AFS"); and

(d) Financial liabilities measured at amortised cost ("FL").

2015	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL -DUIR RM'000	AFS RM'000
Financial assets				
Group				
Investment securities	3,672	-	2,516	1,156
Trade and other receivables	233,570	233,570	-	-
Cash and cash equivalents	539,900	539,900	-	-
	777,142	773,470	2,516	1,156
Company				
Investment securities	1,043	-	-	1,043
Trade and other receivables	1,251,656	1,251,656	-	-
Cash and cash equivalents	16	16	-	-
	1,252,715	1,251,672	-	1,043
Financial liabilities				
Group				
Loans and borrowings	(2,247,024)	(2,247,024)	-	-
Trade and other payables	(277,874)	(277,874)	-	-
	(2,524,898)	(2,524,898)	-	-
Company				
Loans and borrowings	(81,174)	(81,174)	-	-
Trade and other payables	(2,087)	(2,087)	-	-
	(83,261)	(83,261)	-	-

33. Financial instruments (continued)

33.1 Categories of financial instruments (continued)

2014	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL -DUIR RM'000	AFS RM'000
Financial assets				
Group				
Investment securities	95,129	-	6,682	88,447
Trade and other receivables	260,710	260,710	-	-
Cash and cash equivalents	600,796	600,796	-	-
	956,635	861,506	6,682	88,447
Company				
Investment securities	1,043	-	-	1,043
Trade and other receivables	983,437	983,437	-	-
Cash and cash equivalents	57	57	-	-
	984,537	983,494	-	1,043
Financial liabilities				
Group				
Loans and borrowings	(1,957,727)	(1,957,727)	-	-
Trade and other payables	(285,536)	(285,536)	-	-
Derivative financial liabilities	(4,928)	-	(4,928)	-
	(2,248,191)	(2,243,263)	(4,928)	-
Company				
Loans and borrowings	(56,366)	(56,366)	-	-
Trade and other payables	(4,090)	(4,090)	-	-
	(60,456)	(60,456)	-	-

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33. Financial instruments (continued)

33.2 Net gains and losses arising from financial instruments

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Net gains/(losses) on:				
Fair value through profit or loss				
- Designated upon initial recognition	1,610	2,249	-	-
- Derivatives	(5,056)	(1,225)	-	-
Available-for-sale financial assets				
- Recognised in other comprehensive income	(8,080)	8,301	-	-
- Recognised in profit or loss, net	4,489	(11,005)	-	-
Loans and receivables				
- Receivables, net	4,204	5,171	148,900	1,843
- Cash and cash equivalents	97,801	3,467	73	301
Financial liabilities measured at amortised cost	(159,051)	(92,236)	(2,860)	(1,870)
	(64,083)	(85,278)	146,113	274

33.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

33. Financial instruments (continued)

33.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and investment in debt securities. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

The Group's normal credit terms range from 14 to 60 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The Group has credit risk concentration of 66% (2014: 56%) arising from the exposure to two debtors in the outstanding amount of trade and other receivables. Management constantly monitors the recovery of these outstanding balances and is confident of its recoverability as the said amounts are fully secured.

33. Financial instruments (continued)

33.4 Credit risk (continued)

Receivables (continued)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2015			
Not past due	23,912	-	23,912
Past due 1 - 30 days	29,842	-	29,842
Past due 31 - 60 days	2,001	-	2,001
Past due more than 60 days	30,239	(1,405)	28,834
	85,994	(1,405)	84,589
2014			
Not past due	57,913	-	57,913
Past due 1 - 30 days	3,515	-	3,515
Past due 31 - 60 days	4,285	-	4,285
Past due more than 60 days	21,340	(5,389)	15,951
	87,053	(5,389)	81,664

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group 2015 RM'000	Group 2014 RM'000
At 1 January	5,389	5,374
Impairment loss recognised	1,155	449
Impairment loss reversed	(193)	-
Impairment loss written off	(343)	(374)
Disposal of a subsidiary	(4,742)	-
Exchange adjustment	139	(60)
At 31 December	1,405	5,389

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

33. Financial instruments (continued)

33.4 Credit risk (continued)

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with reputable financial institutions. Transactions involving derivative financial instruments are with approved financial institutions.

Exposure to credit risk, credit quality and collateral

The Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties for investments and other financial assets.

The investments and other financial assets are unsecured.

Impairment losses

As at the end of the reporting period, there was no indication that the investments are not recoverable.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

The Company has undertaken to provide financial support to certain subsidiaries to enable them to continue to operate as going concerns.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM799,902,000 (2014: RM536,798,000) representing the outstanding banking facilities of the subsidiaries and guarantee given to a third party as at end of the reporting period.

33. Financial instruments (continued)

33.4 Credit risk (continued)

Exposure to credit risk, credit quality and collateral (continued)

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

As at reporting date, no values are ascribed on corporate guarantees provided by the Company to secure bank loans and other banking facilities granted to its subsidiaries where such loans and bank facilities are fully collateralised by charges over the property, plant and equipment of the subsidiaries and where the Directors regard the value of the credit enhancement provided by the corporate guarantees as minimal.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in Note 13. The Company has undertaken to provide financial support to certain subsidiaries to enable them to continue to operate as going concerns.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries. Non-current loans to subsidiaries are not overdue.

33. Financial instruments (continued)

33.5 Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As explained in Note 1(b), the Group is dependent on certain banks continuing to provide the required financing facilities to the Group and the ability of the Group to generate sufficient cash from its operations as well as on the Group successfully raising funds via the proposed rights issue, to enable the Group to meet its obligations as and when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

33. Financial instruments (continued)

33.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
2015						
Non-derivative financial liabilities						
Bank overdraft - secured	1,422	8.60 - 8.85	1,422	1,422	-	-
Bonds - secured	749,109	8.00 - 8.50	877,151	707,220	62,214	107,717
Revolving credit	226,483	3.00 - 5.42	227,186	227,186	-	-
Term loans	1,261,085	1.91 - 4.98	1,301,836	452,707	849,129	-
Finance lease liabilities	8,925	5.49 - 8.60	8,948	168	110	8,670
Trade and other payables	277,874	-	277,874	264,443	-	13,431
	2,524,898		2,694,417	1,653,146	911,453	129,818
Company						
2015						
Bank overdraft - secured	174	8.85	174	174	-	-
Revolving credit	81,000	4.65 - 5.42	81,000	81,000	-	-
Other payables	2,087	-	2,087	2,087	-	-
Financial guarantees	-	-	799,902	799,902	-	-
	83,261		883,163	883,163	-	-

33. Financial instruments (continued)

33.5 Liquidity risk (continued)

Maturity analysis (continued)

Group	Carrying amount RM'000	Contractual interest %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
2014						
Non-derivative financial liabilities						
Bank overdraft - secured	2,162	7.85 - 8.85	2,162	2,162	-	-
Bonds - secured	623,339	8.00 - 8.50	785,775	53,023	624,698	108,054
Revolving credit	210,862	3.45 - 5.60	211,610	211,610	-	-
Term loans	1,113,228	0.74 - 8.70	1,165,391	988,313	177,078	-
Finance lease liabilities	8,136	7.00 - 8.60	8,315	161	259	7,895
Trade and other payables	283,536	-	283,536	270,045	-	13,491
	2,241,263		2,456,789	1,525,314	802,035	129,440
Company						
2014						
Bank overdraft - secured	366	8.85	366	366	-	-
Revolving credit	56,000	4.65 - 5.50	56,000	56,000	-	-
Other payables	4,090	-	4,090	4,090	-	-
Financial guarantees	-	-	536,798	536,798	-	-
	60,456		597,254	597,254	-	-

33. Financial instruments (continued)

33.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

33.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases, cash and cash equivalents and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Australian Dollar (AUD), Hong Kong Dollar (HKD), Great Britain Pound (GBP), Japanese Yen (JPY) and U.S. Dollar (USD).

Risk management objectives, policies and processes for managing the risk

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

			Denominated in		
	HKD	**JPY**	**AUD**	**USD**	**GBP**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2015					
Bank loans	-	(108,124)	(222,613)	-	-
Other payables	(1,061)	-	-	(757)	-
Short term deposits	66,087	-	-	200,924	18,191
Trade receivables	-	-	-	5,889	-
Bank balances	162	-	6	137,744	-
	65,188	(108,124)	(222,607)	343,800	18,191
2014					
Bank loans	-	(88,420)	(327,145)	-	-
Short term deposits	-	-	-	367,202	-
Bank balances	-	-	-	121,778	306
	-	(88,420)	(327,145)	488,980	306

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33. Financial instruments (continued)

33.6 Market risk (continued)

33.6.1 Currency risk (continued)

	Denominated in			
Company	**HKD RM'000**	**AUD RM'000**	**USD RM'000**	**GBP RM'000**
2015				
Amounts due from subsidiaries	382,633	367,208	126,820	69,297
2014				
Amounts due from subsidiaries	315,446	312,540	123,024	59,258

Currency risk sensitivity analysis

A 5% (2014: 5%) strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant.

	Profit or Loss	
	2015	**2014**
Group	**RM'000**	**RM'000**
HKD	(2,445)	-
JPY	4,055	3,316
AUD	8,348	12,268
USD	(12,893)	(18,337)
GBP	(682)	(11)
Company		
HKD	(14,349)	(11,829)
AUD	(13,770)	(11,720)
USD	(4,756)	(4,613)
GBP	(2,599)	(2,222)

A 5% (2014: 5%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

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33. Financial instruments (continued)

33.6 Market risk (continued)

33.6.2 Interest rate risk

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk and borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group's interest-bearing financial assets are mainly short-term in nature and have been mostly placed in fixed deposits.

Risk management objectives, policies and processes for managing the risk

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial liabilities	(758,034)	(631,475)	-	-
Floating rate instruments				
Financial liabilities	(1,488,990)	(1,326,252)	(81,174)	(56,366)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

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33. Financial instruments (continued)

33.6 Market risk (continued)

33.6.2 Interest rate risk (continued)

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant.

	Group		**Company**	
	Profit or Loss			
	50bp increase RM'000	**50bp decrease RM'000**	**50bp increase RM'000**	**50bp decrease RM'000**
Group				
2015				
Floating rate instruments	(5,584)	5,584	(304)	304
2014				
Floating rate instruments	(4,973)	4,973	(211)	211

33.6.3 Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors of the Group.

Equity price risk sensitivity analysis

A 10% (2014: 10%) increase in equity and debt securities market prices at the end of the reporting period would have increased equity by RM11,200 (2014: RM7,852,000) for investment classified as available-for-sale and post-tax profit or loss by RM188,700 (2014: RM183,000) for investments classified as fair value through profit or loss. A 10% (2014: 10%) weakening in equity and debt securities market prices would have had equal but opposite effect on equity and profit or loss respectively.

33. Financial instruments (continued)

33.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices in an active market and the fair value cannot be reliably measured.

33. Financial instruments (continued)

33.7 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
Group	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**		
2015	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial assets										
Quoted shares	2,628	-	-	2,628	-	-	-	-	2,628	2,628
Financial liabilities										
Loans and borrowings	-	-	-	-	-	-	(1,928,422)	(1,928,422)	(1,928,422)	(2,247,024)
Company										
2015										
Financial liabilities										
Loans and borrowings	-	-	-	-	-	-	(77,248)	(77,248)	(77,248)	(81,174)

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33. Financial instruments (continued)

33.7 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
Group	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**		
2014	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial assets										
Quoted shares	80,952	-	-	80,952	-	-	-	-	80,952	80,952
Financial liabilities										
Currency option contracts	-	(4,928)	-	(4,928)	-	-	-	-	(4,928)	(4,928)
Loans and borrowings	-	-	-	-	-	-	(1,780,747)	(1,780,747)	(1,780,747)	(1,957,727)
	-	(4,928)	-	(4,928)	-	-	(1,780,747)	(1,780,747)	(1,785,675)	(1,962,655)
Company										
2014										
Financial liabilities										
Loans and borrowings	-	-	-	-	-	-	(53,373)	(53,373)	(53,373)	(56,366)

33. Financial instruments (continued)

33.7 Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Derivatives

The fair value of forward exchange contracts was estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2014: no transfer in either directions).

33. Financial instruments (continued)

33.7 Fair value information (continued)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

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

Financial instruments not carried at fair value

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Loans and borrowings	Discounted cash flows	Interest rate (2015: 1.91% to 8.85%)	The estimated fair value would increase (decrease) if the interest rate were higher (lower).

Valuation processes applied by the Group for Level 3 fair value

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. The market rate of interest of loans and borrowings is determined by reference to similar borrowing arrangements.

34. Capital management

The Group's financial risk management objective seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Group. The Group may adjust the capital structure by issuing new shares or returning capital to shareholders.

As explained in Note 1(b), the Group is dependent on certain banks continuing to provide the required financing facilities to the Group and the ability of the Group to generate sufficient cash from its operations as well as on the Group successfully raising funds via the proposed rights issue, to enable the Group to meet its obligations as and when they fall due.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio up to 50%. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent less capital reserve.

Group	**2015 RM'000**	**2014 RM'000**
Loans and borrowings (Note 20)	2,247,024	1,957,727
Trade and other payables (Note 21)	277,874	285,536
Less: Cash and cash equivalents (Note 17)	(539,900)	(600,796)
Net debt	1,984,998	1,642,467
Equity attributable to the owners of the Company	2,568,990	2,359,213
Less: Capital reserves	(101,763)	(117,727)
Total capital	2,467,227	2,241,486
Capital and net debt	4,452,225	3,883,953
Gearing ratio	45%	42%

There was no change in the Group's approach to capital management during the financial year.

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35. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Not later than 1 year	29,410	27,426
Later than 1 year but not later than 5 years	119,191	99,494
Later than 5 years	9,378	53,515
	157,979	180,435

The Group leases various assets under operating leases. The leases will run for a period between 1 and 12.5 years, with an option to renew certain leases after that date.

Included in the total payable amount is an amount of RM122.42 million (2014: RM116.52 million) which is severally and jointly guaranteed by the Company and one of its subsidiaries.

Leases as lessor

The Group lease out their property, plant and equipment (see Note 3) and investment properties (see Note 5) under operating leases. The future minimum lease receivables under non-cancellable leases are as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Not later than 1 year	45,751	24,147
Later than 1 year but not later than 5 years	134,998	66,848
Later than 5 years	68,717	19,262
	249,466	110,257

36. Capital commitments

	Group	
	2015	2014
	RM'000	RM'000
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	11,855	1,958
Approved but not contracted for	9,658	710
Investment properties		
Contracted but not provided for	64,912	-
	86,425	2,668

37. Related parties

Identity of related parties

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

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

The Group has related party relationship with its subsidiaries, associates, joint ventures, other related parties and key management personnel.

Significant related party transactions

The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 13 and Note 21.

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
A. Subsidiaries				
Interest income	-	-	7,088	1,843
Dividend income	-	-	26,581	40,663
Rental expense	-	-	79	67
Rendering of services	-	-	338	-
Management fee expense	-	-	1,581	1,615

37. Related parties (continued)

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
B. Associates				
Agency fee	1,327	1,258	-	-
Dividend income	38,340	26,304	-	-
Director fees	254	257	-	-
Interest expense	240	1,239	-	-
Management fees	266	-	-	-
Project management fee	20	1,965	-	-
Rental income	1,545	1,610	-	-
Rental expense	729	720	-	-
Rendering of services	1,097	-	-	-
Share service income	620	2,236	-	-
Sale proceeds from disposal of inventories	-	78,117	-	-
C. Joint ventures				
Dividend income	146	-	-	-
D. Other related parties				
Non-controlling interests of a subsidiary:				
- Interest expense	29	100	-	-
Companies related to a director:				
- Director fees income	112	-	-	-
- Rental income	129	-	-	-
- Share service income	1,250	-	-	-
- Rendering of services	4,650	-	-	-
- Insurance expense	210	-	-	-
Companies related to a person connected to a director:				
- Interest expense	50	390	-	-
- Rental income	687	-	-	-
- Rendering of services	3,290	-	-	-
- Sale proceeds from disposal of investment securities	54,674	-	-	-
A firm related to a director:				
- Legal fees	-	174	-	-

37. Related parties (continued)

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
E. Key management personnel				
Directors				
- Remuneration	1,492	1,395	536	515
- Fees	390	390	390	390
- Defined contribution plans	109	86	61	61
- Estimated money value of benefits-in-kind	26	62	1	27
	2,017	1,933	988	993
Other key management personnel				
- Remuneration	29,196	25,253	-	-
- Defined contribution plans	2,315	2,238	-	-
	31,511	27,491	-	-

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

38. Acquisition of subsidiaries

(i) MAL Hayman Pty Limited

Mulpha Australia Limited ("MAL"), a wholly-owned subsidiary of the Company has on 5 May 2015, acquired 800,101 ordinary shares , representing 100% of the total issued and paid-up share capital of MAL Hayman Pty Limited ("MALH") from Aveo Group Limited for a total purchase consideration of AUD1.00. As a result of the acquisition, MALH has become an indirect wholly-owned subsidiary of the Company. The consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date is immaterial to the Group.

38. Acquisition of subsidiaries (continued)

(ii) Mulpha Norwest Pty Limited

Mulpha Investments Pty Limited ("MIPL"), an indirect wholly-owned subsidiary of the Company had on 12 February 2014 entered into a conditional share sale agreement with Aveo Group Limited, Mulpha Australia Limited, Mulpha FKP Pty Limited ("MFKP") and Norwest Real Estate Pty Ltd to acquire the remaining 49.99% of the total issued and paid-up share capital of MFKP, from Aveo Group Limited for a total purchase consideration of AUD55.95 million (equivalent to approximately RM167.88 million) ("Proposed Acquisition"). Prior to the acquisition, MIPL held 50.01% of the total issued and paid-up share capital of MFKP, which was a joint venture of MIPL. The Proposed Acquisition was completed in May 2014 and MFKP (currently known as Mulpha Norwest Pty Limited), has become a wholly-owned subsidiary of MIPL. The effective date of control was 1 April 2014 when all conditions precedent had been satisfied or waived. The revenue contribution of the investment from effective date of control to 31 December 2014 was AUD101.8 million (equivalent to approximately RM300.3 million) and profit after tax of AUD31.5 million (equivalent to approximately RM92.9 million).

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

Fair value of consideration transferred

	Group 2014 RM'000
Cash and cash equivalents	7,121
Settlement of pre-existing relationship	162,415
Transaction costs	6,902
Total cash flows	176,438

38. Acquisition of subsidiaries (continued)

(ii) Mulpha Norwest Pty Limited (continued)

Identifiable assets acquired and liabilities assumed

	Group 2014 RM'000
Property, plant and equipment	145
Inventories	467,738
Trade and other receivables	14,742
Cash and cash equivalents	13,675
Deferred tax assets	3,763
Loans and borrowings	(142,410)
Deferred tax liabilities	(1,900)
Provisions for liabilities	(984)
Provision for income tax	(255)
Trade and other payables	(9,670)
Total identifiable net assets	344,844

Net cash outflow arising from acquisition of subsidiaries

	Group 2014 RM'000
Purchase consideration settled in cash and cash equivalents	(7,121)
Cash and cash equivalents acquired	13,675
Transaction costs	(6,902)
Total cash flows	(348)

Goodwill

	Group 2014 RM'000
Total consideration transferred	176,438
Fair value of identifiable assets	(344,844)
Existing investment cost in joint venture	169,145
Realisation of deferred tax liabilities	(38,192)
Exchange differences	990
Negative goodwill	(36,463)

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39. Interest in joint operations

In the current year, the Group has 57% and 51% ownership interest in joint operations, The Hotel School Sydney and The Hotel School Melbourne respectively. Both entities are principally engaged in providing education.

40. Significant events

Proposed renounceable two-call rights issue

On 9 November 2015, the Company ("Mulpha") proposed to undertake the following:-

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

(b) an exemption to Yong Pit Chin, Mount Glory Investments Limited and the persons acting in concert with them from the obligation to undertake a mandatory take-over offer for all the remaining Mulpha Shares not already held by them upon completion of the Proposed Rights Issue under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-Overs and Mergers, 2010 ("Proposed Exemption").

Based on the indicative First Call of RM0.25 per Rights Share, the total gross proceeds that is expected to be raised from the Proposed Rights Issue and the intended manner of utilisation are set out as follows:-

	Timeframe for utilisation	**RM'000**
Repayment of borrowings	Within 6 months	200,000
Development expenditure and general working capital	Within 24 months	65,626
Estimated expenses in relation to the Proposals	Upon completion	1,080
		266,706

40. Significant events (continued)

Proposed renounceable two-call rights issue (continued)

The Proposed Rights Issue are conditional on the following:-

(a) the approval of the Securities Commission ("SC") for the Proposed Exemption which was obtained on 28 March 2016;

(b) the approval of the shareholders of Mulpha at an extraordinary general meeting which was obtained on 12 February 2016;

(c) the approval from Bursa Securities Malaysia Berhad ("Bursa Securities") for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities. The approval from the Bursa Securities was obtained on 28 December 2015; and

(d) any other relevant authority or party, if required.

The Proposals are inter-conditional upon each other. However, the Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

41. Subsequent events

(i) Investment in a joint venture and disposal of development lands

Leisure Farm Corporation Sdn. Bhd. ("LFC"), a wholly-owned subsidiary of the Company has on 16 February 2016, entered into a Joint Venture cum Shareholders' Agreement ("JVA") with UEM Land Berhad ("UEML"), a wholly-owned subsidiary of UEM Sunrise Berhad ("UEMS") and JV Axis Sdn Bhd ("JVASB"), the intended joint venture company for the proposed collaboration between LFC and UEML.

Both LFC and UEML wish to work together as strategic joint development partners to jointly develop and optimise the value of 38 parcels of freehold lands located in Gerbang Nusajaya and near the Leisure Farm Resort within Mukim Pulai, District of Johor Bahru, Johor ("JV Lands").

On even date, LFC also entered into a Master Agreement with Nusajaya Seaview Sdn Bhd ("NSSB") and Nusajaya Rise Sdn. Bhd. ("NRSB"), both being indirect wholly-owned subsidiaries of UEMS, and JVASB to record the agreed framework and parameters for the disposal of the JV Lands by LFC, NSSB and NRSB to JVASB and subject to terms and conditions in the JVA and Master Agreement.

41. Subsequent events

(ii) Purchase of investment property

On 14 December 2015, Norwest Flexi Pty. Limited, an indirect wholly-owned subsidiary of the Company entered into a contract to purchase a property located at 2-8 Lexington Drive, Bella Vista, NSW 2153 for AUD20.7 million (equivalent to RM64.6 million) excluding GST. The property is improved with a modern freestanding bulky goods retail building, formerly a Bunnings Warehouse facility with on-grade car parking for 277 vehicles. As at 31 December 2015, a deposit of AUD1.0 million (equivalent to RM3.2 million) was paid and the remaining sum was settled on 22 January 2016. This acquisition was funded by a combination of existing debt facilities and new debt facilities entered into in January 2016.

(iii) Renewal of bank borrowings

On 3 March 2016, a term loan facility with an outstanding amount of AUD16.0 million (equivalent to RM50.1 million) as at 31 December 2015 of Rosetec Investments Limited, a wholly-owned subsidiary of the Company was renewed and extended for another 2 years.

42. Material Litigation

In September 2012, the Company disposed of the entire equity interest in its wholly-owned subsidiary, Bestari Sepang Sdn Bhd ("Bestari") for a cash consideration of RM1.0 million to Mula Holdings Sdn Bhd ("Mula"). As part of this transaction, the Company also entered into a Settlement Agreement with Mula whereby Mula shall pay a settlement sum ("Settlement Sum") of RM104.0 million on or before 15 December 2012, as full and final settlement of the advances that the Company had previously made to Bestari and its subsidiaries, Spanstead Sdn Bhd ("Spanstead") and Seri Ehsan (Sepang) Sdn Bhd ("Seri Ehsan"), failing which, additional payments will apply until the final settlement date of 15 December 2013 ("final settlement date").

Mula failed to pay the Settlement Sum on the final settlement date. Accordingly, the Settlement Agreement automatically terminated and the Company's right to receive payment of the full amount of RM301,506,429 as at 30 June 2012 ("Full Outstanding Amount") that the Company had previously advanced to Bestari, Spanstead and Seri Ehsan (collectively "Bestari Group") was reinstated, the Full Outstanding Amount is secured by land titles belonging to Seri Ehsan ("the Land") and an irrevocable Power of Attorney to deal with the Land.

As Bestari Group failed to settle the Full Outstanding Amount, the Company filed a Writ of Summons and Statement of Claim against Mula and Bestari Group on 30 January 2015 claiming for, amongst others, a declaration that the Full Outstanding Amount of RM301,506,429 as at 30 June 2012 together with interest thereon is due and owing by Bestari Group.

42. Material Litigation (continued)

Mula and Bestari Group then filed their Defence and Counterclaim on 9 February 2015. Thereafter, the Company filed its Reply and Defence to Counterclaim on 18 February 2015. The Trial commenced on 15 February 2016 until 17 February 2016 with the Company's witnesses giving evidence in Court. The Judge then vacated the Trial date on 18 February 2016 and the Trial will continue on new dates to be fixed by the Court.

The outcome of this litigation is not expected to have any material financial and operational impact on the Group as the net receivables in the Group's accounts of RM103 million is below 5% of the net assets of the Group. Furthermore, the net receivables are secured by the Land. The Company is pursuing the Full Outstanding Amount of RM301,506,429 as at 30 June 2012 and if successful, the Company expects to be able to recover substantially more than the net receivables of RM103 million. The net receivables recognised in the Company's accounts have been reduced to RM103 million, mainly due to past impairments and the loss incurred upon disposal of Bestari Sepang Sdn Bhd.

The Company's solicitors have advised that the Group has a strong case based on contemporaneous documentary evidence and the express terms of the documents with Mula and Bestari Group. Accordingly, it will be forcefully argued that the counterclaim filed by Mula and Bestari Group is without merit.

43. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained earnings/ (accumulated losses)				
- realised	993,111	905,511	(111,879)	(167,724)
- unrealised	64,192	52,883	136,470	16,401
Total share of retained earnings/(accumulated losses) from associates				
- realised	180,468	181,982	-	-
- unrealised	2,623	485	-	-
- breakdown unavailable*	(554,247)	(571,139)	-	-
Total share of retained earnings from joint ventures				
- breakdown unavailable*	9,145	-	-	-
	695,292	569,722	24,591	(151,323)
Less: Consolidation adjustments	(97,593)	(137,011)	-	-
Total retained earnings/ (accumulated losses)	597,699	432,711	24,591	(151,323)

* There is no separate disclosure shown between the realised and unrealised profits or losses components for the Group's associates, AVEO Group, New Pegasus Holdings Limited and Rotol Singapore Ltd., and joint ventures as such classification is not governed by the reporting requirements in their respective local jurisdictions.

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants on 20 December 2010.

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Mulpha International Bhd.
(Company No. 19764-T)
(Incorporated in Malaysia)
and its subsidiaries

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 6 to 141 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 43 on page 142 to the financial statements has been compiled in accordance with Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

....
Lee Seng Huang

....
Law Chin Wat

Date: 31 March 2016

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PETALING JAYA

Mulpha International Bhd.
(Company No. 19764-T)
(Incorporated in Malaysia)
and its subsidiaries

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Lee Eng Leong**, the officer primarily responsible for the financial management of Mulpha International Bhd., do solemnly and sincerely declare that the financial statements set out on pages 6 to 142 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named at Petaling Jaya in the State of Selangor on 31 March 2016.

....
Lee Eng Leong

Before me:

PESURUHJAYA SUMPAH
NO: B484
NAMA: LAWRENCE LOW
MALAYSIA

71A, JALAN SS 21/1A,
DAMANSARA UTAMA,
47400 PETALING JAYA,
SELANGOR DARUL EHSAN.
TEL: 03-77268760

KPMG
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PETALING JAYA

KPMG

KPMG (Firm No. AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388
Fax +60 (3) 7721 3399
Internet www.kpmg.com/my

Independent auditors' report to the members of Mulpha International Bhd.

(Company No. 19764-T)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Mulpha International Bhd., which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 141.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

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

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 43 on page 142 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

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

KPMG
Firm Number: AF 0758
Chartered Accountants

Chew Beng Hong
Approval Number: 2920/02/18(J)
Chartered Accountant

Petaling Jaya, Selangor

Date: 31 March 2016

KPMG Stamped For Identification Purposes only PETALING JAYA

DIRECTORS' REPORT

MULPHA INTERNATIONAL BHD (19764-T)

PH1, Menara Mudajaya, No. 12A,
Jalan PJU 7/3 Mutiara Damansara,
47810 Petaling Jaya, Selangor Darul Ehsan
Tel: (603) 7718 6288 **Fax:** (603) 7718 6363
www.mulpha.com.my

Registered Office:

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

Date: 6 MAY 2016

To: The Shareholders of Mulpha International Bhd ("Mulpha" or the "Company")

On behalf of the Board of Directors of Mulpha ("Board"), I wish to report that after making due enquiries in relation to Mulpha and its subsidiary companies ("Group") during the period between 31 December 2015, being the date to which the latest audited consolidated financial statements have been made up, and the date of this letter, being a date not earlier than 14 days before the date of this Abridged Prospectus:-

(a) In the opinion of the Board, the business of our Group has been satisfactorily maintained;

(b) In the opinion of the Board, no circumstances have arisen since the latest audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;

(c) The current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) Save as disclosed in this Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;

(e) There has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/ or principal sums in relation to any borrowings in our Group since the latest audited consolidated financial statements of our Group; and

(f) Save as disclosed in this Abridged Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of our Group since the latest audited consolidated financial statements.

Yours faithfully,
For and on behalf of the Board of
MULPHA INTERNATIONAL BHD

LAW CHIN WAT
Non-Independent Executive Director

ADDITIONAL INFORMATION

1. SHARE CAPITAL

i. Save for the Rights Shares, no other securities in our Company will be allotted or issued on the basis of this Abridged Prospectus later than 12 months after the date of this Abridged Prospectus.

ii. As at the LPD, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely the ordinary shares of RM0.50 each, all of which rank *pari passu* with one another.

iii. As at the LPD, save for the Provisional Allotment pursuant to the Rights Issue, no person has been or is entitled to be given an option to subscribe for any shares or stocks of our Company.

iv. All the Rights Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Mulpha Shares, save and except that such Shares will not be entitled to any dividends, rights, allotments and/ or other forms of distribution that may be declared for which the entitlement date of the said distribution precedes the date of allotment and issuance of such Shares.

2. DIRECTORS' REMUNERATION

The provisions in our Articles of Association in relation to the remuneration of our Directors are set out below:-

Article 94(3) – Alternate Directors

The remuneration of such an alternate Director shall be payable out of the remuneration payable to the Director appointing him, and the proportion thereof shall be agreed between them.

Article 95 – Directors' fees

The fees of the Directors shall from time to time be determined by the Company in General Meeting. Fees payable to non-executive directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover. The Directors shall also be paid such travelling hotel and other expenses as may reasonably be incurred by them in the execution of their duties including any such expenses incurred in connection with their attendance at Meeting of Directors. Fees payable to directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

Article 96 – Remuneration for extra service

If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as member of a Committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or (only if an executive Director) by a percentage of profits or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the Directors provided that no executive Director shall be remunerated by a commission on or percentage of turnover.

Article 99 – Directors may appoint Managing Director

The Directors may from time to time appoint any one or more of their body to be Managing Director or Managing Directors, for such period (not exceeding three years) and upon such terms as they think fit, and may vest in such Managing Director or Managing Directors such of the powers hereby vested in the Directors generally as they may think fit, and such powers may be made exercisable for such period or periods and upon such conditions and subject to such restrictions, and generally upon such terms as to remuneration and otherwise as they may determine. The Managing Director shall be subject to the control of the Board of Directors. The remuneration of a Managing Director (excluding fees) may be by way of salary or commission or participation of profits, or by any or all of these modes or otherwise as may be thought expedient provided that no remuneration shall be by way of commission on or percentage of turnover.

Article 108 – Directors' Pensions

Subject to the provisions of the Act, the Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director or former Director who has held any other salaried office or place of profit with the Company or to his widow or dependents or relations or connections and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

Article 114 – Power to maintain Pension Fund

The Directors may procure the establishment and maintenance of or participate in or contribute to any non-contributory or contributory pension or superannuation fund or life assurance scheme for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits of emoluments to any persons (including Directors and other officers) who are or shall have been at any time in the employment or service of the Company or of any company which is a subsidiary of the Company or of the predecessors in business of the Company or of any such subsidiary company, or the wives, widows, families or dependents of any such persons. The Directors may also procure the establishment and subsidy of or subscription and support to any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or otherwise to advance the interests and well-being of the Company or of any such other company as aforesaid or of its members and payment for or towards the insurance of any such persons as aforesaid, and subscriptions or guarantee of money for charitable or benevolent objects or for any exhibition or for any public, general or useful objects.

Article 147 – Remuneration of Liquidator or Director

No commission or fee shall be paid to a Liquidator or Director on the Liquidation of the Company unless it shall have been approved by shareholders. The amount of such payment shall be notified to all shareholders at least seven days prior to the meeting at which it is to be considered.

3. MATERIAL CONTRACTS

Save as disclosed below, as at the LPD, our Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two (2) years preceding the date of this Abridged Prospectus:-

i. three (3) separate contracts of sale of land all dated 20 May 2014 entered into between the following parties:-

(a) Mulpha FKP Pty Limited (now known as Mulpha Norwest), a wholly-owned subsidiary company of Mulpha Australia Limited and in turn a wholly-owned subsidiary company of Mulpha (as vendor) and Aveo Southern Gateway Pty Limited (as trustee of Aveo Southern Gateway Trust) ("ASG") (as purchaser), for the disposal of that parcel of land held under Lot 701 comprising Part Lot 6061 located at Norwest Business Park, Baulkham Hills, New South Wales, Australia to ASG (for a cash consideration of AUD5.20 million);

(b) Mulpha FKP Pty Limited (now known as Mulpha Norwest), a wholly-owned subsidiary company of Mulpha Australia Limited and in turn a wholly-owned subsidiary company of Mulpha (as vendor) and ASG (as trustee of Aveo Southern Gateway Trust) (as purchaser), for the disposal of that parcel of land held under Lots 1 and 2 comprising Part Lot 6050, both located at Norwest Business Park, Baulkham Hills, New South Wales, Australia to ASG (for a cash consideration of AUD33.40 million); and

(c) Mulpha Sanctuary Cove (Developments) Pty Limited, a wholly-owned subsidiary company of Mulpha Australia Limited and in turn a wholly-owned subsidiary company of Mulpha (as vendor) and Aveo Sanctuary Cove Pty Limited (as trustee of Aveo Sanctuary Cove Trust) ("ASC") (as purchaser) for the disposal of that parcel of land held under Lots 2, 4, 5 and 8 on SP 186788, located at Sanctuary Cove, Queensland, Australia to ASC (for a cash consideration of AUD15.00 million),

for a total cash consideration of AUD53.60 million (equivalent to approximately RM162.03 million). The said disposals were completed in the second and fourth quarter of 2014 respectively;

ii. a contract for the sale of land dated 18 December 2014 entered into between Norwest City Pty Limited, an indirect wholly-owned subsidiary company of Mulpha and Norwest Marketown Pty Limited as trustee for Norwest Lakeside Unit Trust ("Vendor") for the acquisition of "Norwest Marketown" and certain surrounding lands held under Lot 5072 in Deposited Plan 878258 located at Norwest Boulevard, Baulkham Hills, New South Wales, Australia from the Vendor for a total purchase consideration of AUD120.00 million (equivalent to approximately RM362.75 million) which was satisfied entirely via cash. The said acquisition was completed in the first quarter of 2015;

iii. a contract for the sale of land dated 1 December 2015 entered into between Mulpha Norwest Pty Limited, an indirect wholly-owned subsidiary company of Mulpha and Healthscope Operations Pty Limited for the disposal of a parcel of land forming part of Lot 3 in DP270592 located in Norwest Business Park, Baulkham Hills, New South Wales, Australia for a consideration of AUD28.50 million (equivalent to approximately RM86.15 million) to be satisfied entirely via cash. As at the LPD, the said disposal is pending fulfilment of the conditions precedent by the parties; and

iv. a joint venture agreement cum shareholders' agreement dated 16 February 2016 entered into between LFC (a wholly-owned subsidiary of our Company), UEML (a wholly-owned subsidiary of UEM Sunrise Berhad) and JV Axis Sdn Bhd ("JVASB") (the joint venture company) and a master agreement dated 16 February 2016 between JVASB, LFC, Nusajaya Seaview Sdn Bhd and Nusajaya Rise Sdn Bhd (both are the wholly-owned subsidiary companies of Bandar Nusajaya Development Sdn Bhd, which in turn is the wholly-owned subsidiary company of UEML) for the proposed joint venture between LFC and UEML to jointly develop 38 parcels of freehold lands located in Gerbang Nusajaya or in the vicinity of Leisure Farm Resort, District of Johor Bahru, Johor. As at the LPD, the conditions precedent pursuant to the implementation of the said joint venture are pending to be fulfilled by the parties.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, as at the LPD, our Group has not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and there is no proceedings pending or threatened against our Group, or any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of our Group:-

Mulpha International Bhd ("Mulpha" or "Plaintiff") vs.

(1) Mula Holdings Sdn Bhd ("Mula Holdings")
(2) Bestari Sepang Sdn Bhd ("Bestari Sepang")
(3) Spanstead Sdn Bhd ("Spanstead")
(4) Seri Ehsan (Sepang) Sdn Bhd ("Seri Ehsan")

(Collectively, "Bestari Group" or "Defendants")

<u>Kuala Lumpur High Court Suit No: 22NCVC-57-01/2015</u>

Mula Holdings failed to pay the outstanding settlement sum and all other amounts due to Mulpha under the terms of the Settlement Agreement dated 7 September 2012 ("Settlement Agreement"). Accordingly, the Settlement Agreement automatically terminated and Mulpha's right to receive payment of the full amount of RM301,506,429 as at 30 June 2012 ("Full Outstanding Amount") that Mulpha had previously advanced to the Bestari Group was reinstated, and Mulpha holds the titles to the land belonging to Seri Ehsan ("Land") as security for the Full Outstanding Amount and an irrevocable Power of Attorney to deal with the Land.

On 30 January 2015, Mulpha had filed a Writ of Summons and Statement of Claim against Mula Holdings and the Bestari Group claiming for, amongst others, the following declarations:-

(a) the Settlement Agreement dated 7 September 2012 is automatically terminated on 15 December 2013;

(b) the Full Outstanding Amount of RM301,506,429 as at 30 June 2012 together with interest thereon is due and owing by the Bestari Group;

(c) the Power of Attorney dated 18 October 2012 is valid, binding and subsisting; and

(d) Mula Holdings and/ or Seri Ehsan and their agents have no right to deal with the Land.

On 9 February 2015, Mula Holdings and Bestari Group then filed their Defence and Counterclaim, contending, amongst others, that the terms in the Settlement Agreement were varied by reason of an oral collateral agreement between the parties which resulted in the Settlement Agreement continuing to be valid and binding until the sale of the Land is completed. Their counterclaim is as follows:-

(a) that the Settlement Agreement continued to be valid and binding until the sale of the Land is completed;

(b) for an injunction to compel Mulpha to withdraw all encumbrances from the Land; and

(c) for damages to be assessed.

Mula Holdings and Bestari Group also included Mulpha Ventures Sdn Bhd (a wholly-owned subsidiary company of Mulpha and a licensed moneylending company) ("MVSB") as a party to the counterclaim, whereby they counterclaimed for a declaration that a loan of RM42.2 million plus interest granted by MVSB to Bestari is also to be repaid out of the proceeds of the sale of the Land.

Mulpha filed its Reply and Defence to Counterclaim on 18 February 2015.

The court has fixed the trial dates on 15 February 2016 to 18 February 2016.

The trial commenced on 15 February 2016 until 17 February 2016 with Mulpha's witnesses giving evidence in court. The trial date on 18 February 2016 was vacated by the court and the trial will continue on further trial dates to be fixed by the court.

Mulpha's solicitors have advised that based on contemporaneous documentary evidence and the express terms of the documents with Mula Holdings and Bestari Group, they are of the view that it is probable that Mulpha will succeed in its claim and that the counterclaim of Mula Holdings and Bestari Group may be dismissed.

We are of the view that this litigation is not material to our Company as the total outstanding receivable of RM301.50 million as at 30 June 2012 in Mulpha's Statement of Claim has previously been reduced to RM103.00 million, mainly due to past provisions and the loss incurred upon disposal. The said amount of RM103.00 million continues to be recognised as a receivable in our Group's accounts as the Defendants have not disputed this amount is owing to our Group in the documents they have filed in court and has focused the dispute on the above amount of RM103.00 million. In addition, this amount is fully secured by the Land. Based on the above, the above litigation is not expected to have any impact to our Group's financial position. Notwithstanding the provisions made in our Group's accounts, we are of the view that our legal rights to recover the entire claim of RM301.50 million remain intact.

With respect to the Counterclaim, save for the claim for damages to be assessed, we do not expect any potential liability to our Group from the Counterclaim as the other relief sought against our Group will only have the effect of reducing and/ or delaying the payment of the amounts due and owing to our Group. We are unable to quantify the damages to be assessed as at this juncture as it is subject to Mula and the Bestari Group submitting evidence of the damages suffered and the court accepting that Mula and the Bestari Group suffered such damages.

5. GENERAL

i. As at the LPD, there is no other existing or proposed service contract (contract for services) entered into or to be entered into between our Group and our Directors, other than those which are expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.

ii. Save as disclosed in Sections 6, 7 and 9 of this Abridged Prospectus, and to the best knowledge of our Board, as at the LPD, the financial conditions and operations of our Group are not affected by any of the following:-

a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group;

b) material commitments for capital expenditure of our Group;

c) unusual, infrequent events or transactions or significant economic changes which materially affect the amount of reported income from operations;

d) known trends or uncertainties which have had, or will have, a material favourable or unfavourable impact on our Group's revenue or operating income;

e) substantial increase in revenues; and

f) other material information, including special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

6. CONSENTS

Our Adviser, Company Secretaries, Share Registrar, Principal Bankers, Due Diligence Solicitors for the Rights Issue, Bloomberg Finance L.P. and Australian Industry Group have given and have not subsequently withdrawn their written consents to the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Our Auditors and Reporting Accountants have given and have not subsequently withdrawn their written consent to the inclusion in this Abridged Prospectus of its name, the pro forma consolidated statements of financial position of our Group as at 31 December 2015 together with the reporting accountants' report thereon, the audited consolidated financial statements of our Group for the FYE 31 December 2015 together with the auditors' report thereon and all references thereto in the form and context in which they appear in this Abridged Prospectus.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at PH2, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia during normal business hours (except public holidays) for a period of 12 months from the date of this Abridged Prospectus:-

i. Memorandum and Articles of Association of our Company;

ii. Audited consolidated financial statements of our Group for the past two (2) financial years up to the FYE 31 December 2015;

iii. The pro forma consolidated statements of financial position of our Group as at 31 December 2015 together with reporting accountants' report thereon, as set out in Appendix III of this Abridged Prospectus;

iv. The irrevocable undertaking letters by the Undertaking Shareholders, YPC and KESB referred to in Section 5 of this Abridged Prospectus;

v. The Directors' Report, as set out in Appendix V of this Abridged Prospectus;

vi. The material contracts referred to in Section 3 of this Appendix VI;

vii. The relevant cause papers in respect of the material litigation referred to in Section 4 of this Appendix VI; and

viii. The letters of consent referred to in Section 6 of this Appendix VI.

8. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with the NPA and the RSF have been seen and approved by our Board. They collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make any statement herein false or misleading.

RHBIB, being the Adviser for the Corporate Exercises, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.

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NOTICE OF PROVISIONAL ALLOTMENT

Terms defined in the Abridged Prospectus dated 17 May 2016 ("**Abridged Prospectus**") shall have the same meanings when used in this Notice of Provisional Allotment ("**NPA**") unless stated otherwise. The provisionally allotted Rights Shares as contained in this NPA are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 as amended from time to time ("**SICDA**"). Therefore, the SICDA and the Rules of Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") shall apply in respect of all dealings in the Provisional Rights Shares (as defined herein).

MULPHA

MULPHA INTERNATIONAL BHD

(Company No. 19764-T)
(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE TWO (2)-CALL RIGHTS ISSUE OF 1,066,826,679 NEW ORDINARY SHARES OF RM0.50 EACH IN MULPHA INTERNATIONAL BHD ("MULPHA") ("MULPHA SHARE(S)") ("RIGHTS SHARE(S)") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING MULPHA SHARES HELD AS AT 5.00 P.M. ON TUESDAY, 17 MAY 2016, AT AN ISSUE PRICE OF RM0.50 PER RIGHTS SHARE, OF WHICH THE FIRST CALL OF RM0.25 PER RIGHTS SHARE IS PAYABLE IN CASH ON APPLICATION AND THE SECOND CALL OF RM0.25 PER RIGHTS SHARE IS TO BE CAPITALISED FROM THE SHARE PREMIUM RESERVES OF THE COMPANY ("RIGHTS ISSUE")

Adviser

RHB InvestmentBank

RHB Investment Bank Berhad
(Company No. 19663-P)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

To: The Shareholders of Mulpha International Bhd

Dear Sir/Madam,

Our Board of Directors ("**Board**") has provisionally allotted to you the number of Rights Shares as indicated below ("**Provisional Rights Shares**"), in accordance with the approval of Bursa Malaysia Securities Berhad (635998-W) ("**Bursa Securities**") vide its letter dated 28 December 2015 and the resolutions passed by our shareholders at the extraordinary general meeting convened on 12 February 2016.

We wish to advise that the following number of Provisional Rights Shares allotted to you in respect of the Rights Issue have been confirmed by Bursa Depository and will be credited into your Central Depository System ("**CDS**") Account(s), subject to the terms and conditions as stated in the Abridged Prospectus and the attached Rights Subscription Form ("**RSF**") issued by our Company.

Bursa Securities has already prescribed the securities of our Company listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Provisional Rights Shares are prescribed securities and as such, all dealings in the Provisional Rights Shares will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository.

ALL THE RIGHTS SHARES PURSUANT TO THE RIGHTS ISSUE WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS SHARES INTO THE CDS ACCOUNTS OF OUR SHAREHOLDER(S) WHOSE NAMES APPEAR IN OUR RECORD OF DEPOSITORS ("ENTITLED SHAREHOLDERS") AS AT 5.00 P.M. ON TUESDAY, 17 MAY 2016 ("ENTITLEMENT DATE") AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE). NO PHYSICAL SHARE CERTIFICATE WILL BE ISSUED BUT NOTICES OF ALLOTMENT SHALL BE DESPATCHED.

Our Board reserves the right to allot the Excess Rights Shares applied for under Part I(b) of the RSF on a fair and equitable basis and in such manner as our Board deem fit or expedient and in the best interest of our Company. As such, it is the intention of our Board to allot the Excess Rights Shares in the following priority:-

(i) Firstly, to minimise the incidence of odd lots;
(ii) Secondly, for allocation to Entitled Shareholders who have applied for the Excess Rights Shares, on a pro-rata basis and in board lot, calculated based on their respective shareholdings in our Company as at the Entitlement Date;
(iii) Thirdly, for allocation to Entitled Shareholders who have applied for the Excess Rights Shares, on a pro-rata basis and in board lot, calculated based on the quantum of Excess Rights Shares applied for; and
(iv) Finally, for allocation to renouncee(s) and/or transferee(s) who have applied for the Excess Rights Shares, on a pro-rata basis and in board lot, calculated based on the quantum of Excess Rights Shares applied for.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares applied for under Part I(b) of the RSF in such manner as our Board deem fit and expedient in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis and that the intention of our Board as set out in (i), (ii), (iii) and (iv) above is achieved.

NAME, ADDRESS AND CDS ACCOUNT NUMBER OF ENTITLED SHAREHOLDER

NUMBER OF MULPHA SHARES HELD AT 5.00 P.M. ON TUESDAY, 17 MAY 2016	NUMBER OF RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE (AT FIRST CALL OF RM0.25 PER RIGHTS SHARE)

IMPORTANT RELEVANT DATES AND TIME:-

Entitlement Date	: Tuesday, 17 May 2016 at 5.00 p.m.
Last date and time for sale of provisional allotment of rights	: Tuesday, 24 May 2016 at 5.00 p.m.
Last date and time for transfer of provisional allotment of rights	: Friday, 27 May 2016 at 4.00 p.m.
Last date and time for acceptance and payment	: Wednesday, 1 June 2016 at 5.00 p.m.*
Last date and time for excess application and payment	: Wednesday, 1 June 2016 at 5.00 p.m.*

* *or such later date and time as our Board may determine and announce not less than two (2) Market Days before the stipulated date and time.*

By order of the Board
LEE ENG LEONG (MIA 7313)
LEE SUAN CHOO (MAICSA 7017562)
Company Secretaries

Share Registrar
SYMPHONY SHARE REGISTRARS SDN BHD (Company No. 378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 603-7849 0777
Fax: 603-7841 8151/52

THIS NOTICE OF PROVISIONAL ALLOTMENT IS DATED 17 MAY 2016

WARNING: DO NOT DETACH ANY PART OF THIS DOCUMENT AND PLEASE SEND THIS DOCUMENT IN ITS ENTIRETY TO THE SHARE REGISTRAR

RIGHTS SUBSCRIPTION FORM

TERMS DEFINED IN THE ABRIDGED PROSPECTUS DATED 17 MAY 2016 ("ABRIDGED PROSPECTUS") SHALL HAVE THE SAME MEANINGS WHEN USED IN THIS RIGHTS SUBSCRIPTION FORM ("RSF") AND THE NOTES AND INSTRUCTIONS FOR COMPLETING THIS RSF UNLESS STATED OTHERWISE. THIS RSF RELATES TO THE ABRIDGED PROSPECTUS AND IS ISSUED FOR THE PURPOSE OF ACCEPTING THE RIGHTS SHARES PROVISIONALLY ALLOTTED AND APPLYING FOR EXCESS RIGHTS SHARES PURSUANT TO THE RIGHTS ISSUE (AS DEFINED HEREIN) OF MULPHA INTERNATIONAL BHD ("MULPHA" OR THE "COMPANY"). THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT IS AT 5.00 P.M. ON 1 JUNE 2016 OR SUCH LATER DATE AND TIME AS OUR BOARD MAY DETERMINE AND ANNOUNCE NOT LESS THAN TWO (2) MARKET DAYS BEFORE THE STIPULATED DATE AND TIME. THIS RSF IS ONLY APPLICABLE TO PERSONS WHO HAVE PROVISIONAL RIGHTS SHARES STANDING TO THE CREDIT OF HIS/HER CENTRAL DEPOSITORY SYSTEM ("CDS") ACCOUNT.

MULPHA

MULPHA INTERNATIONAL BHD

(Company No. 19764-T)
(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE TWO (2)-CALL RIGHTS ISSUE OF 1,066,826,679 NEW ORDINARY SHARES OF RM0.50 EACH IN MULPHA INTERNATIONAL BHD ("MULPHA") ("MULPHA SHARE(S)") ("RIGHTS SHARE(S)") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING MULPHA SHARES HELD AS AT 5.00 P.M. ON TUESDAY, 17 MAY 2016, AT AN ISSUE PRICE OF RM0.50 PER RIGHTS SHARE, OF WHICH THE FIRST CALL OF RM0.25 PER RIGHTS SHARE IS PAYABLE IN CASH ON APPLICATION AND THE SECOND CALL OF RM0.25 PER RIGHTS SHARE IS TO BE CAPITALISED FROM THE SHARE PREMIUM RESERVES OF THE COMPANY ("RIGHTS ISSUE")

NAME AND ADDRESS OF APPLICANT
(in block letters as per Bursa Depository's Record)

NRIC NO./ PASSPORT NO./ COMPANY NO.

CDS ACCOUNT NO. ___ ___ ___ - ___ ___ ___ - ___ ___ ___ ___ ___ ___ ___ ___ ___

NUMBER OF MULPHA SHARES HELD AT 5.00 P.M. ON TUESDAY, 17 MAY 2016	NUMBER OF RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE (AT FIRST CALL OF RM0.25 PER RIGHTS SHARE)

***Note:** If you have subsequently purchased additional Provisional Rights Shares from the open market, you should indicate your acceptance of the total Provisional Rights Shares that you have standing to the credit of your CDS Account under Part I(a).*

To: The Board of Directors of Mulpha

PART I – ACCEPTANCE OF RIGHTS SHARES AND APPLICATION FOR EXCESS RIGHTS SHARES

In accordance with the terms of this RSF and the Abridged Prospectus, #I/we hereby irrevocably:-

(i) #accept the number of Rights Shares as stated below which were provisionally #allotted/renounced to #me/us;

(ii) #apply for the number of Excess Rights Shares as stated below in addition to the above;

in accordance with and subject to the Memorandum and Articles of Association of the Company.

#I/We enclose herewith appropriate remittance(s) as stated below, being the full amount payable for the Rights Shares accepted/applied for, and hereby request for the said Rights Shares to be credited into #my/our valid and subsisting CDS Account(s) as stated above:-

NUMBER OF RIGHTS SHARES ACCEPTED/EXCESS RIGHTS SHARES APPLIED		AMOUNT PAYABLE (AT FIRST CALL OF RM0.25 PER RIGHTS SHARE)	BANKER'S DRAFT/CASHIER'S ORDER/ MONEY ORDER/POSTAL ORDER NO.	PAYABLE TO
(a) ACCEPTANCE				**MULPHA RIGHTS ISSUE ACCOUNT**
(b) EXCESS				**MULPHA EXCESS RIGHTS ACCOUNT**

PART II – DECLARATION

#I/We hereby confirm and declare that:-

(i) all information provided by #me/us is true and correct;

(ii) all information is identical with the information in the records of Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") and further agree and confirm that in the event the said information differs from Bursa Depository's record as mentioned earlier, the exercise of #my/our rights may be rejected; and

- # I am 18 years of age or over.
- # I am/We are resident(s) of Malaysia.
- # I am/We are resident(s) of ………………….. (country) and having …………………… citizenship.
- # I am/We are nominee(s) of a person who is a #Bumiputera/Non-Bumiputera/Non-citizen resident in ……………….. (country) and having ……………….. citizenship.

#I/We consent to the Company and the Share Registrar collecting the information and personal data (collectively "**Data**") required herein, to process and disclose such Data to any person for the purpose of implementing the Rights Shares and storing such Data in any servers located in Malaysia or outside Malaysia in accordance with the relevant laws and regulations.

#I/We hereby accept all the terms and conditions set out in this RSF and the Abridged Prospectus and further confirm compliance with all the requirements for acceptance and payment as set out therein.

AFFIX MALAYSIAN REVENUE STAMP RM10.00 HERE

____
Date

____
Signature/Authorised Signatory(ies)
(Corporate Body must affix their Common Seal)

____
Contact telephone number during office hours

LAST DATE AND TIME FOR:-

Acceptance and payment ……………………………………… : Wednesday, 1 June 2016 at 5.00 p.m.*
Excess application and payment ……………………………… : Wednesday, 1 June 2016 at 5.00 p.m.*

* *or such later date and time as our Board may determine and announce not less than two (2) Market Days before the stipulated date and time.*

\# *Please delete whichever is not applicable.*

NOTES AND INSTRUCTIONS FOR COMPLETION OF THIS RSF

THIS RSF IS NOT A TRANSFERABLE OR NEGOTIABLE INSTRUMENT. IN ACCORDANCE WITH THE CAPITAL MARKETS AND SERVICES ACT, 2007, THIS RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE ABRIDGED PROSPECTUS DATED 17 MAY 2016.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. All enquiries concerning the procedures for acceptance, sale/transfer, excess application and payment for the Rights Issue should be addressed to the Share Registrar of the Company, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia (Tel: 603-7849 0777). **INVESTORS SHOULD READ AND UNDERSTAND THE CONTENTS OF THE ABRIDGED PROSPECTUS TO WHICH THIS RSF RELATES BEFORE COMPLETING AND SIGNING THIS RSF.**

This RSF, the Abridged Prospectus and the Notice of Provisional Allotment ("**NPA**") (collectively the "**Documents**") have not been (and will not be) made to comply with the laws of any foreign jurisdiction, and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any jurisdiction other than Malaysia. The Documents are not intended to be (and will not be) issued, circulated or distributed, and the Rights Issue will not be made or offered or deemed to be made or offered, in any countries or jurisdictions other than Malaysia or to persons who are or may be subject to the laws of countries or jurisdictions other than the laws of Malaysia. No action has been or will be taken to ensure that the Rights Issue and the Documents comply with the laws of any countries or jurisdictions other than the laws of Malaysia. The Rights Issue to which the Documents relates, is only available to persons receiving these Documents within Malaysia. Accordingly, these documents will not be despatched to entitled shareholders who do not have a registered address in Malaysia as stated in the Record of Depositors of the Company on the entitlement date. Any entitled shareholders and/or renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and/or other professional advisers as to whether the acceptance and/or renunciation of all or any part of their entitlements to the Rights Shares would result in the contravention of any laws of such countries or jurisdictions. Such entitled shareholders and/or their renouncee(s) (if applicable) should note the additional terms and restrictions as set out in Section 10.10 of the Abridged Prospectus.

Neither the Company, RHB Investment Bank Berhad ("**RHBIB**") nor any other professional advisers shall accept any responsibility or liability whatsoever to any party in the event that any acceptance and/or renunciation of the entitlement to the Rights Shares made by the entitled shareholders and/or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such countries or jurisdictions in which the entitled shareholders and/or their renouncee(s) are residents.

A copy of the Documents has been registered with the Securities Commission Malaysia ("**SC**"). A copy of the Documents has also been lodged with the Companies Commission of Malaysia who takes no responsibility for the contents of the Documents.

Approval for the Rights Issue has been obtained from our shareholders at the Extraordinary General Meeting held on 12 February 2016. The approval has been obtained from Bursa Malaysia Securities Berhad ("**Bursa Securities**") vide its letter dated 28 December 2015 for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities. The listing of and quotation for the Rights Shares shall commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the Entitled Shareholders and/or their renouncee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

Neither the SC nor Bursa Securities takes any responsibility for the correctness and accuracy of any statements made or opinions expressed herein. The listing of and quotation for the Rights Shares on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue.

Our Board has seen and approved the Documents and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in the Documents false or misleading.

The Provisional Rights Shares are prescribed securities under Section 14(5) of the Security Industry (Central Depositories) Act, 1991 and therefore, all dealings in the Provisional Rights Shares will be governed by the Securities Industry (Central Depository) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of the Bursa Depository.

Unless otherwise stated, the unit of currency used in this RSF is Ringgit Malaysia ("**RM**") and sen.

INSTRUCTIONS:-

(I) LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT

This RSF is valid for acceptance and/or application until **5.00 p.m.** on **Wednesday, 1 June 2016** or such later date and time as our Board may determine and announce not less than two (2) Market Days before the stipulated date and time.

If acceptance and payment for the Provisional Rights Shares (either in full or in part, as the case may be) are not received by our Share Registrar for the Rights Issue by **5.00 p.m.** on **Wednesday, 1 June 2016** (or such later date and time as our Board may determine and announce not less than two (2) Market Days before the stipulated date and time) the provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Our Board will then have the right to allot such Rights Shares not taken up to applicants applying for Excess Rights Shares in the manner as set out in item (III) below.

(II) FULL OR PART ACCEPTANCE AND PAYMENT

The Rights Shares is renounceable in full or in part. If you and/or your renouncee(s) wish to accept all or any part of the Provisional Rights Shares, please complete Parts I(a) and II of this RSF, together with the appropriate remittance in RM for the full amount in the form of Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and made payable to "**MULPHA RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**", and endorsed on the reverse side with your name, contact number and address in block letters and CDS account number to be received by our Share Registrar not later than **5.00 p.m.** on **Wednesday, 1 June 2016** (or such later date and time as our Board may determine and announce not less than two (2) Market Days before the stipulated date and time).

FOR DELIVERY BY HAND AND/OR COURIER:-	**FOR ORDINARY POST:-**
Symphony Share Registrars Sdn Bhd Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan	**Symphony Share Registrars Sdn Bhd** Peti Surat 9150 Pejabat Pos Kelana Jaya 46785 Petaling Jaya Selangor Darul Ehsan

Helpdesk Telephone No: 603-7849 0777
Facsimile No: 603-7841 8151/8152

The payment must be made in the exact amount. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. Cheques or other mode(s) of payment are not acceptable. No acknowledgement will be issued for the receipt of this RSF or application monies in respect of the Rights Shares. However, if your application is successful, a notice of allotment will be despatched to you by ordinary post at the address shown in the Record of Depositors of Bursa Depository at your own risk within eight (8) Market Days from the last date for acceptance and payment for the Rights Shares or such other period as may be prescribed by Bursa Securities.

(III) APPLICATION FOR EXCESS RIGHTS SHARES

Entitled Shareholders and their renouncee(s) are eligible to apply for Excess Rights Shares.

If you and/or your renouncee(s) (if applicable) wish to apply for the Rights Shares in addition to those provisionally allotted to you, please complete Part I(b) of this RSF (in addition to Part I(a) and Part II) and forward this completed and signed RSF with a **separate remittance made in RM** in the form of Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and made payable to "**MULPHA EXCESS RIGHTS ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**", and endorsed on the reverse side with your name, contact number and address in block letters and CDS account number to be received by our Share Registrar not later than **5.00 p.m.** on **Wednesday, 1 June 2016** (or such later date and time as our Board may determine and announce not less than two (2) Market Days before the stipulated date and time).

No acknowledgement will be issued for the receipt of this RSF or application monies in respect of the Excess Rights Shares. However, if your application is successful, a notice of allotment will be despatched to you by ordinary post at the address shown in the Record of Depositors of Bursa Depository at your own risk within eight (8) Market Days from the last date for application and payment for the Excess Rights Shares or such other period as may be prescribed by Bursa Securities.

In respect of unsuccessful or partially accepted applications, the full amount or the surplus application monies, as the case may be, will be refunded without interest by ordinary post to the address shown in the Record of Depositors of Bursa Depository, at your own risk, within fifteen (15) Market Days from the last date for application and payment for the Excess Rights Shares.

Our Board reserves the right to allot the Excess Rights Shares applied for under Part I(b) of this RSF on a fair and equitable basis and in such manner as our Board deem fit or expedient and in the best interest of our Company. As such, it is the intention of our Board to allot the Excess Rights Shares in the following priority:-

(i) Firstly, to minimise the incidence of odd lots;
(ii) Secondly, for allocation to Entitled Shareholders who have applied for the Excess Rights Shares, on a pro-rata basis and in board lot, calculated based on their respective shareholdings in our Company as at the Entitlement Date;
(iii) Thirdly, for allocation to Entitled Shareholders who have applied for the Excess Rights Shares, on a pro-rata basis and in board lot, calculated based on the quantum of Excess Rights Shares applied for; and
(iv) Finally, for allocation to renouncee(s) and/or transferee(s) who have applied for the Excess Rights Shares, on a pro-rata basis and in board lot, calculated based on the quantum of Excess Rights Shares applied for.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares applied for under Part I(b) of the RSF in such manner as our Board deem fit and expedient in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis and that the intention of our Board as set out in (i), (ii), (iii) and (iv) above is achieved.

(IV) SALE OR TRANSFER OF PROVISIONAL ALLOTMENT

If you wish to sell or transfer all or part of your entitlement to the Provisional Rights Shares to one (1) or more person(s), you may do so through your stockbroker(s) for the period up to the last date and time for sale or transfer of the Provisional Rights Shares (in accordance with the Rules of Bursa Depository) without first having to request our Company for a split of the Provisional Rights Shares standing to the credit of your CDS Account. To sell or transfer all or part of your entitlement to the Provisional Rights Shares, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository for the period up to the last date and time for sale or transfer of the Provisional Rights Shares (in accordance with the Rules of Bursa Depository).

In selling or transferring all or part of your Provisional Rights Shares, you need not deliver any document to your stockbroker. You are however advised to ensure that you have sufficient number of Provisional Rights Shares standing to the credit of your CDS Account before selling or transferring.

If you have sold or transferred only part of your Provisional Rights Shares, you may still accept the balance of the Provisional Rights Shares by completing Parts I(a) and II of this RSF.

Renouncee(s) or transferee(s) may obtain a copy of this RSF from Bursa Securities' website (http://www.bursamalaysia.com), or from our Share Registrar for the Rights Issue.

(V) GENERAL INSTRUCTIONS

(a) All applicants must sign on the front page of this RSF. All corporate bodies must affix their Common Seal.
(b) Malaysian Revenue Stamp (NOT POSTAGE STAMP) of RM10.00 must be affixed on this RSF.
(c) The Rights Shares accepted by you and/or your renouncees(s)/transferee(s) (if applicable) will be credited to your and/or your renouncees(s)'/transferee(s)' respective CDS Accounts as stated in this RSF or the exact account(s) appearing on Bursa Depository's Record of Depositors.
(d) Any interest or other benefit accruing on or arising from or in connection with any application monies shall be for the benefit of our Company and our Company shall not be under any obligation to account for such interest or other benefit to you.
(e) The contract arising from the acceptance of the Provisional Rights Shares and the Excess Rights Shares by you shall be governed by and construed in accordance with the laws of Malaysia, and you shall be deemed to have irrevocably and unconditionally submitted to the exclusive jurisdiction of the courts of Malaysia in respect of any matter in connection with this RSF and the contract arising from this RSF.
(f) Our Board reserves the right to accept or reject any acceptance and/or application if the instructions stated above are not strictly adhered to or which are illegible.
(g) The Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) should note that all RSF and remittances lodged with our Share Registrar shall be irrevocable and cannot be subsequently withdrawn.