

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2015

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER (Q4)		CUMULATIVE QUARTER (12 Mths)	
		CURRENT YEAR QUARTER 30/06/2015 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2014 RM'000	CUMULATIVE CURRENT YEAR 30/06/2015 RM'000	CUMULATIVE PRECEDING YEAR 30/06/2014 RM'000
Revenue	9	145,505	88,825	474,365	488,747
Cost of sales		(61,395)	(42,270)	(253,766)	(302,817)
Gross profit		84,110	46,555	220,599	185,930
Other operating income	10	2,201	28,311	8,751	33,197
Administrative expenses		(15,442)	(19,485)	(66,624)	(71,214)
Selling and marketing expenses		(7,171)	(13,602)	(19,502)	(26,014)
Other operating expenses		(38,502)	(18,558)	(53,510)	(35,711)
Profit from operations	9	25,196	23,221	89,714	86,188
Finance costs		(2,441)	(4,255)	(9,988)	(14,740)
Profit before taxation	11	22,755	18,966	79,726	71,448
Taxation	21	(6,137)	11,790	(26,601)	(5,750)
Profit for the period		16,618	30,756	53,125	65,698
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		16,618	30,756	53,125	65,698
<b>Profit for the period</b>					
Attributable to:					
Equity holders of the parent		16,618	30,756	53,125	65,698
<b>Total comprehensive income for the period</b>					
Attributable to:					
Equity holders of the parent		16,618	30,756	53,125	65,698
<b>Basic earnings per share (sen)</b>	26	1.38	2.55	4.41	5.45

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 June 2014.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

(The figures have not been audited)

	Note	UNAUDITED AS AT END OF CURRENT QUARTER 30/06/2015 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 30/06/2014 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		192,831	192,564
Land held for property development		591,477	611,986
Investment properties	12	146,077	147,297
Deferred tax assets		3,360	4,090
		933,745	955,937
<b>Current Assets</b>			
Property development costs		330,470	368,907
Inventories		117,452	113,860
Trade receivables		359,989	302,971
Other receivables		24,431	21,446
Tax recoverable		9,411	10,502
Cash and bank balances		146,444	207,290
		988,197	1,024,976
<b>Total Assets</b>		1,921,942	1,980,913
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		1,207,262	1,207,262
Reserves		(43,518)	(60,505)
		1,163,744	1,146,757
<b>Non-Current Liabilities</b>			
Long term borrowings	23	30,910	76,019
Other payables		65,263	60,973
Deferred tax liabilities		21,736	29,720
		117,909	166,712
<b>Current Liabilities</b>			
Short term borrowings	23	45,902	17,048
Trade payables		294,362	317,287
Other payables		165,712	229,772
Provisions for liabilities		124,491	98,084
Tax payable		9,822	5,253
		640,289	667,444
<b>Total Liabilities</b>		758,198	834,156
<b>Total Equity and Liabilities</b>		1,921,942	1,980,913
<b>Net assets per share attributable to equity holders of the parent (sen)</b>		96	95

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 June 2014.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2015

(The figures have not been audited)

	<----- Attributable to the equity holders of the parent ----->					
	<-----Non-distributable----->				Distributable	Total RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Merger Deficit RM'000	Retained Profits RM'000	
			(Note 24)	(Note 24)		
<b>At 1 July 2014</b>	1,207,262	(1,904)	9,034	(91,727)	24,092	1,146,757
Total comprehensive income for the period	-	-	-	-	53,125	53,125
Dividend on ordinary shares	-	-	-	-	(36,138)	(36,138)
<b>At 30 June 2015</b>	<u>1,207,262</u>	<u>(1,904)</u>	<u>9,034</u>	<u>(91,727)</u>	<u>41,079</u>	<u>1,163,744</u>
<b>At 1 July 2013</b>	1,207,262	(1,904)	9,034	(112,253)	-	1,102,139
Total comprehensive income for the period	-	-	-	-	65,698	65,698
Dividend on ordinary shares	-	-	-	-	(21,080)	(21,080)
Transfer to merger deficit	-	-	-	20,526	(20,526)	-
<b>At 30 June 2014</b>	<u>1,207,262</u>	<u>(1,904)</u>	<u>9,034</u>	<u>(91,727)</u>	<u>24,092</u>	<u>1,146,757</u>

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2014.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2015

(The figures have not been audited)

	12 Months Ended 30/06/2015 RM'000	12 Months Ended 30/06/2014 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	79,726	71,448
Adjustments for non-cash and non-operating items	21,984	15,675
Operating profit before working capital changes	101,710	87,123
Decrease in land held for property development & property development cost	58,946	32,834
(Increase)/decrease in inventories	(3,592)	3,829
Increase in receivables	(60,003)	(24,225)
(Decrease)/increase in payables	(60,578)	36,566
Cash generated from operations	36,483	136,127
Taxes paid	(22,058)	(20,619)
<b>Net cash generated from operating activities</b>	<b>14,425</b>	<b>115,508</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipment	(6,894)	(15,909)
Proceed from disposal of investment property	1,760	83,548
<b>Net cash used in investing activities</b>	<b>(5,134)</b>	<b>67,639</b>
<b>Cash flows from financing activities</b>		
Net repayment of borrowings	(16,255)	(55,791)
Dividend paid	(48,184)	(18,068)
Interest paid	(5,698)	(10,164)
<b>Net cash used in financing activities</b>	<b>(70,137)</b>	<b>(84,023)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(60,846)</b>	<b>99,124</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>207,290</b>	<b>108,166</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>146,444</b>	<b>207,290</b>
<b>Cash and cash equivalents at end of financial period comprise the following:</b>		
Deposits with licensed banks	4,583	19,081
Cash and bank balances	141,861	188,209
	<b>146,444</b>	<b>207,290</b>

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 30 June 2014.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2015

(The figures have not been audited)

### PART A - EXPLANATORY NOTES

#### 1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard ("FRS") 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2014. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2014.

#### 2 Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2014, except for the adoption of the following Financial Reporting Standards (FRS) and Amendments to FRSs which are mandatory for these financial statements.

Amendments to FRSs:

Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, 12 and 127	Investment Entities
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to FRS 2	Share-Based Payment (Annual Improvements to FRSs 2010-2012 Cycle)
Amendments to FRS 3	Business Combinations (Annual Improvements to FRSs 2010-2012 Cycle)
Amendments to FRS 8	Operating Segments (Annual Improvements to FRSs 2010-2012 Cycle)
Amendments to FRS 13	Fair Value Measurements (Annual Improvements to FRSs 2010-2012 Cycle)
Amendments to FRS 116	Property, Plant and Equipment (Annual Improvements to FRSs 2010-2012 Cycle)
Amendments to FRS 119	Defined Benefit Plans: Employee Contributions
Amendments to FRS 124	Related Party Disclosures (Annual Improvements to FRSs 2010-2012 Cycle)
Amendments to FRS 138	Intangible Assets (Annual Improvements to FRSs 2010-2012 Cycle)
Amendments to FRS 140	Investment Property (Annual Improvements to FRSs 2010-2012 Cycle)

The adoption of the above Amendments to FRSs does not have any material impact on the financial position and results of the Group.

#### 3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 30 June 2014 was not qualified.

#### 4 Comments About Seasonal or Cyclical Factors

The business operations of the Group is generally affected by the nation's state of economy.

#### 5 Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group that are unusual due to their nature, size or incidence during the current quarter.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2015

(The figures have not been audited)

### PART A - EXPLANATORY NOTES

#### 6 Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter results.

#### 7 Debt and Equity Securities

There were no issuance of debt and equity securities, share buy backs, share cancellations, shares held as treasury share and resale of treasury shares during the financial period ended 30 June 2015.

#### 8 Dividends

The Company paid a first interim dividend (single tier) of 1 sen for the financial year ended 30 June 2015 on 23 April 2015.

#### 9 Segmental Information

	12 Months Ended 30/06/2015 RM'000	12 Months Ended 30/06/2014 RM'000
<b>Segment Revenue</b>		
Property development	437,292	444,497
Leisure	35,496	42,849
Investment	37,746	36,854
Education	1,577	1,401
	<hr/> 512,111	<hr/> 525,601
Eliminations on consolidation	(37,746)	(36,854)
Total revenue	<hr/> 474,365	<hr/> 488,747
<b>Segment Results</b>		
Property development	93,188	89,326
Leisure	(6,228)	(2,417)
Investment	21,276	18,624
Education	(1,941)	(2,596)
	<hr/> 106,295	<hr/> 102,937
Eliminations on consolidation	(16,581)	(16,749)
Profit from operations	<hr/> 89,714	<hr/> 86,188

Segment reporting by geographical segments has not been prepared as all activities of the Group are carried out in Malaysia only.

#### 10 Other Operating Income

	3 Months Ended		12 Months Ended	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Included in the other operating income are:				
Gain on disposal of investment property	-	-	85	-
Fair value adjustment on investment properties	455	5,685	455	5,685
Interest income	458	1,806	3,380	2,951
Rental income	658	1,208	3,276	2,984
	<hr/>	<hr/>	<hr/>	<hr/>

# M K LAND HOLDINGS BERHAD

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## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2015

(The figures have not been audited)

### PART A - EXPLANATORY NOTES

#### 11 Profit Before Taxation

	3 Months Ended		12 Months Ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
The following have been included in arriving at profit before taxation:				
Interest expense	2,441	4,255	9,988	14,740
Depreciation	1,517	1,992	6,627	7,418

The other items required by Para 9.22 of the Bursa Malaysia Listing Requirements are not applicable to the Group.

#### 12 Carrying Amount of Revalued Assets

The investment properties have been revalued at the end of the financial year ended 30 June 2015.

#### 13 Changes in the Composition of the Group

There were no material changes in the composition of the Group during the current financial period.

#### 14 Subsequent events

There were no material events subsequent to the end of the current financial period.

#### 15 Commitments

There were no commitments at the end of the current financial period.

#### 16 Changes in Contingent Liabilities and Contingent Assets

##### a) Corporate guarantees

Contingent liabilities in respect of corporate guarantees issued by the holding company to licensed banks for credit facilities granted to subsidiaries amounted to RM65,084,000 as at 30 June 2015.

##### b) Gain on sale of investment properties

Between financial years 2002 and 2004, a wholly owned subsidiary, Medan Prestasi Sdn Bhd ("MPSB") disposed off certain investment properties and filed the necessary forms as required by the Real Property Gains Tax Act, 1976 ("RPGT"). The Inland Revenue Board ("IRB") contended that the gain from the sale should be subject to income tax instead of the Real Property Gains Tax and has raised an assessment of about RM12.6 million (inclusive of a penalty of RM3.9 million). MPSB after due consideration and in consultation with its tax agent disagreed with the IRB position and had appealed against the assessment. The IRB rejected MPSB's appeal and demanded MPSB to pay the outstanding tax and additional penalties amounting to RM14.6 million. MPSB has since submitted a Notice of Appeal to the Special Commissioners of Income Tax.

Subsequent to the initial appeal to the IRB, the IRB has initiated a civil suit against MPSB and has served a writ of summon and statement of claim for RM13.5 million to MPSB. In response, MPSB has filed an application for stay of proceedings. On 11 February 2010, the Shah Alam High Court has granted a stay of proceedings until the final disposal of the appeal before the SCIT. Subsequently, the IRB has on 5 March 2010 filed a notice of appeal to the High Court on the decision to grant the stay of proceedings. The Court had, on 16 March 2011, allowed IRB's appeal. On 15 April 2011, MPSB has filed a defense at the High Court against the civil suit. No hearing date has been fixed.

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## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2015

(The figures have not been audited)

### PART A - EXPLANATORY NOTES

#### 16 Changes in Contingent Liabilities and Contingent Assets (contd)

##### b) Gain on sale of investment properties (contd)

On 2 June 2009, the IRB has forwarded MPSB's appeal to the Special Commissioners of Income Tax ("SCIT") and on 6 May 2011, SCIT dismissed the appeal and MPSB has filed an appeal to the High Court on 24 May 2011. Case management was held on 21 November 2011 and the hearing was held on 6 April 2012 and 23 May 2012. The High Court, on 14 September 2012, ordered for a new hearing to be fixed and determined before a new panel of SCIT. The hearing which was set on 20 until 22 October 2014, was adjourned to 12 January 2015.

On 12 January 2015, SCIT instructed the Appellant and the Respondent to file the Written Submission by 11 February 2015 and 12 March 2015 respectively and for the Appellant to file the reply by 26 March 2015. The Respondent has filed its Written Submission on 18 June 2015 and the Appellant had filed the reply on 6 July 2015. SCIT has yet to fix the matter for decision.

The directors have decided that a provision will not be made for this amount as MPSB is disputing the basis of the assessment that the gain on disposal of these investment properties should be subject to RPGT.

### PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

#### 17 Performance Analysis

	3 Months Ended		12 Months Ended	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
<b>Revenue</b>				
Property development	139,375	80,075	437,292	444,497
Leisure	5,582	8,476	35,496	42,849
Investment	12,023	11,157	37,746	36,854
Education	548	274	1,577	1,401
	<u>157,528</u>	<u>99,982</u>	<u>512,111</u>	<u>525,601</u>
Eliminations on consolidation	(12,023)	(11,157)	(37,746)	(36,854)
Total revenue	<u>145,505</u>	<u>88,825</u>	<u>474,365</u>	<u>488,747</u>
<b>Profit before taxation</b>				
Property development	36,122	32,294	85,544	75,405
Leisure	(2,770)	(1,491)	(6,186)	(2,418)
Investment	7,832	5,199	20,576	17,764
Education	(362)	(528)	(1,941)	(2,595)
	<u>40,822</u>	<u>35,474</u>	<u>97,993</u>	<u>88,156</u>
Elimination on consolidation	(18,067)	(16,508)	(18,267)	(16,708)
	<u>22,755</u>	<u>18,966</u>	<u>79,726</u>	<u>71,448</u>

The Group recorded revenue and profit before taxation of RM145.5 million and RM22.7 million respectively for the current quarter ended 30 June 2015.

Property development segment generated RM139.4 million, representing 95.8% of the total revenue for the three months period ended 30 June 2015. The revenue is mainly from the development and construction progress of projects in Damansara Perdana and Meru Perdana, Perak. The lower revenue of the leisure segment was mainly due to lower occupancy rate during the period.



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## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2015

(The figures have not been audited)

### PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

#### 18 Variations of Results Against The Preceding Quarter

	3 Months Ended	
	30/06/2015	31/03/2015
	RM'000	RM'000
<b>Profit before taxation</b>		
Property development	36,122	22,095
Leisure	(2,770)	(1,311)
Investment	7,832	4,299
Education	(362)	(404)
	<u>40,822</u>	<u>24,679</u>
Eliminations on consolidation	(18,067)	(66)
	<u>22,755</u>	<u>24,613</u>

The Group recorded profit before taxation of RM22.7 million for the current quarter as compared to a profit before taxation of RM24.6 million in the preceding quarter.

The material changes are mainly from the property development and investment segments. The property segment recorded a higher profit before tax from RM22.0 million to RM36.1 million mainly due to development and construction progress achieved during the current quarter from projects in Damansara Perdana and Meru Perdana, Perak. The improved results of the investment segment was due to dividend from a subsidiary.

The leisure segment's higher loss for the current quarter compared to the preceeding quarter was mainly due to lower occupancy achieved during this quarter.

#### 19 Commentary on Prospects

The Group's strategically located projects in the Klang Valley and Ipoh will continue to be the key drivers for the Group. We will maintain focus on our strategies in property development segment despite the challenging economic environment.

Barring unforeseen circumstances, the Board of Directors remains positive to achieve satisfactory financial performance for the financial year ending 30 June 2016.

#### 20 Profit Forecast and Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and forecast profit after tax and for the shortfall in profit guarantee are not applicable.

#### 21 Taxation

	12 Months Ended	12 Months Ended
	30/06/2015	30/06/2014
	RM'000	RM'000
Income tax expense :		
Charge for the period	33,855	19,798
Deferred tax	(7,254)	(14,048)
	<u>26,601</u>	<u>5,750</u>

The effective tax rate for the Group is higher than the statutory tax rate at 25% principally due to losses of certain subsidiaries which cannot be fully set off against taxable profits made by other subsidiaries.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2015

(The figures have not been audited)

### PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

#### 22 Status of Corporate Proposals

##### a) Employee Shares Option Scheme

The Employee Share Option Scheme ("ESOS") was terminated on 29 November 2002 at an Extraordinary General Meeting. At the same time, the Company also announced its intention to establish a new ESOS for eligible employees and directors of the Group. The proposed new ESOS will give them the right to subscribe for 120,440,878 new ordinary shares in the Company of RM1.00 each for a price that would be determined at a later date. The approval from the Securities Commission on the proposed new ESOS was obtained on 9 January 2003 but has not been implemented to date.

##### b) Share Buy-Back Scheme

A renewal of the Share Buy-Back Scheme mandate was tabled and approved by the shareholders at the AGM on 27 November 2014. The actual number of shares which may be purchased and the timing of the purchase(s) will depend on, inter-alia, market conditions, the availability of retained earnings/share premium and financial resources of the Company as well as Bursa Securities Malaysia Berhad ("Bursa Securities") requirements to maintain the necessary shareholding spread and minimum issued and paid-up share capital. The Share Buy-Back will be financed through internally generated funds and/or borrowings. There were no shares repurchased during the current quarter.

#### 23 Borrowings and Debt Securities

	At 30/06/2015 RM'000	At 30/06/2014 RM'000
<b>Secured</b>		
<b>Short Term Borrowings :</b>		
Revolving credits	-	15,906
Hire purchase payables	14	49
Short term portion of term loans	45,888	1,093
	<u>45,902</u>	<u>17,048</u>
<b>Long Term Borrowings :</b>		
Hire purchase payables	116	133
Term loans (long term portion)	30,794	75,886
	<u>30,910</u>	<u>76,019</u>
<b>Total Borrowings</b>	<u>76,812</u>	<u>93,067</u>

#### 24 Realised and Unrealised Profits/Losses

	At 31/06/2015 RM'000	At 30/06/2014 RM'000
Unrealised	67,359	74,613
Realised	(118,007)	(142,248)
Total	<u>(50,648)</u>	<u>(67,635)</u>

#### 25 Changes in Material Litigation

As at 25 August 2015, there were no changes in material litigation since the last audited statement of financial position of 30 June 2014.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2015

(The figures have not been audited)

### PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

#### 26 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period:

	<b>12 Months Ended 30/06/2015</b>	<b>12 Months Ended 30/06/2014</b>
Net profit for the period (RM'000)	53,125	65,698
Weighted average no. of ordinary shares in issue ('000)	1,204,590	1,204,590
Basic earnings per share (sen)	<u>4.41</u>	<u>5.45</u>

#### 27 Authorised for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 August 2015.