



MUI Properties Berhad

Company No: 6113-W



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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Forty-Ninth Annual General Meeting of the Company will be held at Rembau Room, Corus Paradise resort Port Dickson, 3.5km, Jalan Pantai, 71000 Port Dickson, Negeri Sembilan Darul Khusus on Thursday, 25 June 2015 at 3.00 p.m. for the following purposes:-

As Ordinary Business

1. To receive the audited financial statements together with the reports of the Directors and Auditors thereon for the financial year ended 31 December 2014.
2. To approve Directors' fees of RM144,000. **Resolution 1**
3. To consider and, if thought fit, pass a resolution that pursuant to Section 129(6) of the Companies Act, 1965, Tan Sri Dato' Khoo Kay Peng be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company. **Resolution 2**
4. To re-elect Tan Sri Dato' Dr Yeoh Oon Kheng who is retiring in accordance with Article 109 of the Company's Articles of Association. **Resolution 3**
5. To re-elect Datin Ngiam Pick Ngoh who is retiring in accordance with Article 109 of the Company's Articles of Association. **Resolution 4**
6. To re-appoint Messrs Crowe Horwath as auditors and to authorize the Directors to fix their remuneration. **Resolution 5**

As Special Business

To consider and, if thought fit, pass the following resolutions:

7. Ordinary Resolution
- Continuing in Office as Independent Non-Executive Director

"THAT authority be and is hereby given to Mr Christopher Martin Boyd who would have served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years as at 19 November 2015, to continue to act as an Independent Non-Executive Director of the Company thereafter until the conclusion of the next Annual General Meeting of the Company." **Resolution 6**
8. Ordinary Resolution
- Proposed Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities, the Directors be and are hereby authorized to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting or until the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided always that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being." **Resolution 7**



9. Ordinary Resolution

- Proposed Renewal of Authority for the Purchase of Own Shares by MUI Properties Berhad

“THAT, subject to the Companies Act, 1965 and all other applicable laws, guidelines, rules and regulations, approval be and is hereby given to the Company to purchase and/or hold such amount of ordinary shares of RM0.20 each in the Company (“Proposed Share Buy-Back”) as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad (“Bursa Securities”) provided that the aggregate number of ordinary shares which may be purchased and/or held by the Company pursuant to this resolution shall not exceed ten per centum (10%) of the issued and paid-up share capital of the Company at the time of purchase;

AND THAT the maximum funds to be allocated by the Company for the purpose of the Proposed Share Buy-Back shall not exceed the balances of the Company’s retained earnings and share premium account. Based on the audited financial statements for the financial year ended 31 December 2014, the Company’s accumulated losses and share premium account stood at RM25,984,153 and RM9,656,367 respectively;

AND THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution, and will, subject to renewal thereat, expire at the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution or the expiry of the period within which the next Annual General Meeting is required by law to be held (unless earlier revoked or varied by ordinary resolution in a general meeting of shareholders of the Company), whichever occurs first and in any event, in accordance with the provisions of Bursa Securities Main Market Listing Requirements and/or any other relevant authorities;

AND THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to:-

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

AND THAT the Directors be and are hereby authorized to do all such acts and things (including executing any relevant documents) as they may consider expedient or necessary to complete and give effect to the aforesaid authorization with full powers to assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things thereafter in accordance with the Companies Act, 1965, the provisions of the Company’s Memorandum and Articles of Association and the requirements of Bursa Securities and all other governmental/regulatory authorities.”

Resolution 8

10. To transact any other business of which due notice shall have been received.

By order of the Board

Soo-Hoo Siew Hoon
Lee Chik Siong
Joint Company Secretaries

Kuala Lumpur
29 May 2015



NOTICE OF MEETING (Cont'd)

Notes:-

1. Only a member whose name appears on the Record of Depositors as at 15 June 2015 shall be entitled to attend and vote at the meeting or appoint proxies to attend and/or vote on his or her behalf. A member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy.
2. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint one (1) proxy only in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorized nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.
3. Where a member and/or an exempt authorized nominee appoint two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy in the instrument appointing the proxies.
4. The Form of Proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing or if such appointor is a corporation, under its common seal or under the hand of the attorney.
5. The Form of Proxy must be deposited at the registered office of the Company at Unit 3, 191, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. The Ordinary Resolution proposed under item 7, if passed, will authorise Mr Christopher Martin Boyd to continue to act as an Independent Non-Executive Director of the Company from 20 November 2015 until the conclusion of the next Annual General Meeting of the Company.

The Nomination Committee, with Mr Christopher Martin Boyd abstaining from the deliberation of his own assessment, had assessed the independence of Mr Christopher Martin Boyd who would have served on the Board as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years as at 19 November 2015. Mr Christopher Martin Boyd has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The length of his service does not interfere with Mr Christopher Martin Boyd's ability and exercise of independent judgment as Independent Director.

2. The Ordinary Resolution proposed under item 8 is a renewal of the general authority for the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965 ("general authority to issue shares"). If passed, it will empower the Directors of the Company, from the date of the above Annual General Meeting until the next Annual General Meeting to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued and paid-up share capital of the Company for the time being for such purposes as they consider would be in the interests of the Company. This authority will expire at the next Annual General Meeting of the Company, unless revoked or varied at a general meeting.

The Company has not issued any new shares under the general authority to issue shares which was approved at the Forty-Eighth Annual General Meeting held on 26 June 2014 and which will lapse at the conclusion of the Forty- Ninth Annual General Meeting to be held on 25 June 2015.

The general authority to issue shares will allow the Company to take advantage of any strategic opportunities, including but not limited to, issuance of new shares for purpose of funding investment project(s), working capital and/or acquisitions which require new shares to be allotted and issued speedily and would also save the cost involved in convening a general meeting to approve such issuance of shares.

3. The Ordinary Resolution proposed under item 9, if passed, will empower the Directors of the Company to purchase MUI Properties Berhad shares through Bursa Malaysia Securities Berhad up to ten per centum (10%) of the issued and paid-up share capital of the Company.



MUI Properties Berhad
6113-W
Incorporated in Malaysia

CORPORATE INFORMATION

Board of Directors

Tan Sri Dato' Khoo Kay Peng, *P.S.M., D.P.M.J., K.M.N., J.P., HonD Litt, Hon LLD, Hon Ph.D, Chairman & Chief Executive*
Christopher Martin Boyd
Abdul Rashid bin Ismail
Tan Sri Dato' Dr Yeoh Oon Kheng
Datin Ngiam Pick Ngoh

Joint Company Secretaries

Soo-Hoo Siew Hoon
Lee Chik Siong

Auditors

Crowe Horwath *Chartered Accountants*

Principal Bankers

Malayan Banking Berhad
CIMB Bank Berhad

Registrar

Tricor Investor Services Sdn. Bhd.
Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur
Tel. No.: 03-22643883 Fax. No.: 03-22821886

Registered Office

Unit 3, 191, Jalan Ampang, 50450 Kuala Lumpur
Tel. No.: 03-21487696 Fax. No.: 03-21445209
Website: www.muiproperties.com.my



MUI Properties Berhad
6113-W
Incorporated in Malaysia

PROFILE OF DIRECTORS

Tan Sri Dato' Khoo Kay Peng

Age 76. He is the Chairman and Chief Executive of Malayan United Industries Berhad and MUI Properties Berhad. He was appointed as Director on 25 November 1977 and has been Chairman since 1979. He is also the Chairman of Pan Malaysian Industries Berhad, Laura Ashley Holdings plc and Corus Hotels Limited (formerly known as Corus Hotels plc), United Kingdom. He also sits on the Boards of Metrojaya Berhad, SCMP Group Limited (South China Morning Post) and The Bank of East Asia Limited, Hong Kong. He is presently a trustee of Regent University, Virginia, USA, a board member of Northwest University, a Council Member of the Malaysian-British Business Council, the Malaysia-China Business Council and the Asia Business Council. He was the Chairman of the then Tourist Development Corporation (now known as the Malaysia Tourism Promotion Board), Vice Chairman of Malayan Banking Berhad (Maybank) and a trustee of the National Welfare Foundation. He was conferred an Honorary Doctor of Letters by the Curtin University of Technology, Perth, Australia in 1993, Honorary Doctor of Law by Northwest University, Kirkland, Seattle, USA in 2000 and Doctor of Philosophy in Business Management (Honoris Causa) by UCSI University, Malaysia in 2011. In 1985, he was awarded the Manager of the Year by the Harvard Business School Alumni Club of Malaysia and he was also honoured with the Entrepreneur of the Year Award by the Asian Institute of Management Graduates' Association of Malaysia and the Association of Banks, Malaysia. In 2012, he was awarded the Lifetime Achievement Award for 'Leadership in Global Business' by the Asian Strategy & Leadership Institute at the World Chinese Economic Forum. In 2013, he was awarded the Lifetime Achievement Award for entrepreneurship by Enterprise Asia and the BrandLaureate Premier Brand ICON Leadership Award. Also in 2013, he was conferred a medal by the United States Commission on International Religious Freedom, a Commission established by the United States Congress. More recently in February 2015, he was awarded Chairman of the Year by the BrandLaureate Brand Leadership Awards 2014-2015. He is a deemed substantial shareholder of MUI Properties Berhad. He attended all the four (4) Board Meetings held during the financial year.

Christopher Martin Boyd

Age 68. He is the Independent Non-Executive Director of MUI Properties Berhad. He was appointed as Director on 27 July 1994 and subsequently on 1 April 1995, he was appointed as Managing Director. He relinquished his post as Managing Director on 1 February 2001, but remained as Non-Executive Director. Thereafter, he was re-designated from a Non-Independent Non-Executive Director to an Independent Non-Executive Director on 20 November 2006. He is the Chairman of the Audit Committee and Nomination Committee. He is also a member of the Remuneration Committee. He is a Fellow of the Royal Institution of Chartered Surveyors and the Royal Institution of Surveyors (Malaysia). He is also a member of the Singapore Institute of Surveyors and Valuers and an Associate of the Australian Property Institute. Formerly, he was a partner of Jones Lang Wootton Malaysia from 1974 to 1981; a Director of Jones Lang Wootton Singapore from 1981 to 1985 and a partner of Knight Frank Baillieu Malaysia from 1986 to 1995; all of which are firms principally engaged in property valuation, agency, management and consultancy. Currently, he is the Executive Chairman of Savills (Malaysia) Sdn Bhd (f.k.a. CB Richard Ellis (Malaysia) Sdn Bhd), a firm engaged in property valuation, estate agency, property management and research. He also sits on the Board of Eastern & Oriental Berhad. He attended three (3) Board Meetings held during the financial year.

Abdul Rashid bin Ismail

Age 44. He is an Independent Non-Executive Director of MUI Properties Berhad. He was appointed as Director on 3 January 2007. He is the Chairman of Remuneration Committee. He is also a member of the Audit Committee and Nomination Committee. He is an Advocate and Solicitor of the High Court of Malaya. He holds an LLB (Hons) Degree from University of Exeter, England. He was admitted as a Barrister at Law of the Honourable Society of Lincoln's Inn, England in 1994. He was also admitted as an Advocate and Solicitor of the High Court of Malaya in 1995. Currently, he is a partner of the law firm, Messrs Rashid Zulkifli. He attended all the four (4) Board Meetings held during the financial year.



MUI Properties Berhad
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Incorporated in Malaysia

Tan Sri Dato' Dr Yeoh Oon Kheng

Age 62. He is an Independent Non-Executive Director of MUI Properties Berhad. He was appointed to the Board on 18 October 2011. He is a member of the Audit Committee. He also sits on the Board of Pan Malaysia Corporation Berhad. He is the Co-Founder and Chief Executive Officer of the Asian Strategy & Leadership Institute (ASLI), Founder Vice-Chairman of ASLI's Centre for Public Policy Studies (CPPS), Chairman of the World Chinese Economic Forum and the ASEAN Leadership Forum, a board member of Malaysia-China Business Council, a member of the Board of Governors of Wawasan Open University, the Research Advisory Committee of University of Malaya, the Institute of Strategic and International Studies London, the UK Institute of Directors and Fellow of the Malaysian Institute of Management. He was appointed by the Prime Minister of Malaysia to be a Member of the National Unity Consultative Council, the Advisory Board of the Malaysian Anti-Corruption Commission and a Commissioner in Malaysia's Competition Commission. He was appointed by the Malaysian Government to be Malaysia's Representative with Ambassador status on the ASEAN High Level Task Force on Connectivity. He has served two terms as a Commissioner in Malaysia's Human Rights Commission. He graduated in Economics and Accountancy from Australia's Monash University and has undertaken senior executive programmes at Harvard Business School and Aresty Institute of Wharton School. He was conferred a Doctorate in Laws (Honoris Causa) by University of Nottingham. He has authored several books on leadership, management and politics. He attended all the four (4) Board Meetings held during the financial year.

Datin Ngiam Pick Ngoh

Age 60. She is an Independent Non-Executive Director of MUI Properties Berhad. She was appointed as Director on 16 November 2011. She holds a Bachelor of Arts (Hons) in Sociology & Anthropology, University of Malaya and a Diploma in Advertising and Marketing, Institute of Communication, Advertising and Marketing (CAM), United Kingdom. She currently sits on the Board of Star Publications (Malaysia) Berhad ("The Star"), Hong Leong Assurance Berhad, Guinness Anchor Berhad and Yayasan Sin Chew. She was appointed as Group Managing Director/Chief Executive Officer of The Star on 1 July 2008 and retired on 30 June 2011. She served as Deputy Group General Manager from 2004 until her appointment as Group Chief Operating Officer in The Star in 2005. Prior to this, she was General Manager, Advertising and Business Development (1985-2003). She is also a member of The Star Finance Committee.

She was a Board Member of the Audit Bureau of Circulations (ABC) Malaysia and Chairman of the Audit Bureau of Circulations (ABC) Content & Communications Committee and was the honorary secretary of the Malaysian Newspaper Publishers Association (MNPA) and Board Member of the Advertising Standards Authority Malaysia (ASA).

She also served as Chairman on the subsidiaries of The Star Group namely, Cityneon Holdings Ltd, Singapore, StarRfm Sdn Bhd, Rimakmur Sdn Bhd and Leaderonomics Sdn Bhd. She attended all the four (4) Board Meetings held during the financial year.

Note:-

None of the Directors has any family relationship with any Director and/or major shareholders of the Company. None of the Directors has any conflict of interest with the Company nor have they been convicted of any offences within the past ten (10) years.

All the Directors are Malaysians except for Mr Christopher Martin Boyd who is British with Malaysian Permanent Resident status.



STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (the “Board”) is committed to the principles of corporate governance set out in the Malaysian Code on Corporate Governance 2012 (the “Code”).

The Board will continuously evaluate the status of the Group’s corporate governance practices and procedures with a view to adopt and implement the recommendations of the Code wherever applicable in the best interests of the shareholders of the Company. The Board considers that it has generally applied the principles and recommendations of the Code.

Set out below is the description on the manner in which the Company has applied the principles and recommendations of the Code.

1. Board of Directors

1.1 Composition of Board

The Board is responsible for the overall performance of the Company and focuses mainly on strategies, performance, standards of conduct and critical business issues.

The Board currently consists of five (5) Directors:-

- One (1) Chairman and Chief Executive
- Four (4) Independent Non-Executive Directors

The Chairman functions both as Chairman of the Board and Chief Executive. The Board is mindful of the combined roles but is comfortable that there is no concern as all related party transactions are dealt with in accordance with the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Listing Requirements”).

Recommendation 3.5 of the Code states that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director. Currently, the Board has a majority of Independent Directors.

The Board also complies with the Bursa Securities Listing Requirements that requires at least two (2) or one-third (1/3) of the Board, whichever is higher, to be Independent Directors.

The Board has reserved certain material matters for the collective review and decision by the Board. The roles and contributions of Independent Directors also provide an element of objectivity, independent judgement and check and balance on the Board.

Together, the Directors bring a wide range of business and financial experience for effective direction and management of the Group’s businesses. A brief description of the background of each Director is presented in pages 6 and 7 of the Annual Report.

Mr Christopher Martin Boyd has been identified as the Senior Independent Non-Executive Director to whom concerns regarding the Company may be conveyed.

The Board recognizes the importance of gender, age and ethnic diversity in the composition of the Board. The Board currently does not have any gender, age and ethnic policies and targets. The Board believes that candidature to the Board should be based on a candidate’s skills, experience, knowledge, expertise and commitment to fulfill the role and responsibilities of the position.



1. Board of Directors (Cont'd)

1.1 Composition of Board (Cont'd)

The Board has established Board committees, which operate within defined terms of reference. These committees are:-

- Audit Committee
- Nomination Committee
- Remuneration Committee

The Report of the Audit Committee for the financial year ended 31 December 2014 is set out in pages 21 to 22 of the Annual Report.

Details of the Nomination Committee and Remuneration Committee are set out in Section 2.2 and Section 2.3 respectively of this Statement.

1.2 Independence of Directors

Recommendation 3.2 of the Code recommends that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board.

The Board will continually evaluate from time to time the independence of each of its Independent Directors. In this regard, the Board will be guided by the criteria set out in the Bursa Securities Listing Requirements.

1.3 Board Charter

The Board has established a Board Charter which prescribes, among other things, the roles of the Board, schedule of matters reserved for the Board's collective decision and a Code of Ethics and Conduct.

The Board Charter is subject to review by the Board from time to time to ensure that the Board Charter remains consistent with the Board's objectives, current laws and practices.

The Board Charter is available in the Company's corporate website.

1.4 Board Meetings

The Board meets at least four (4) times a year, with additional meetings convened as necessary. The Chairman is responsible for setting the agenda for Board meetings. Any Board member may, however, recommend the inclusion of items on the agenda. Such recommendations will be accommodated to the extent practicable. The agenda typically reaches the Board at least two (2) weeks prior to Board meetings. Board meetings are typically scheduled a year in advance.

Four (4) Board Meetings were held during the financial year ended 31 December 2014. Details of the attendance of the Directors are set out in the Profile of Directors appearing in pages 6 and 7 of the Annual Report.



STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

1.5 Appointments to the Board

The Nomination Committee has the responsibility to identify and evaluate potential candidates based on their skills, experience, knowledge, expertise and commitment to fulfill the role and responsibilities of the position before making any recommendation to the Board for approval of the appointment. The proposed appointment of each new Director will be deliberated by the Board based on the recommendation by the Nomination Committee.

The Board has taken note of the recommendation in the Code pertaining to the establishment of board gender diversity policy. The Board recognizes the importance of boardroom diversity and aims to ensure diversity in its composition. The Board currently has one (1) female director, namely Datin Ngiam Pick Ngoh.

The Directors have direct access to the services of the Joint Company Secretaries who are responsible for ensuring that all appointments are properly made and all necessary information is obtained from Directors, both for the Company's own records and for the purposes of meeting the requirements of the Companies Act, 1965, Bursa Securities Listing Requirements and other regulatory requirements.

1.6 Re-election and Re-appointment of Directors

In accordance with the Company's Articles of Association, Directors who are appointed by the Board are subject to election by shareholders at the next Annual General Meeting following their appointment.

The Company's Articles of Association provide that at every Annual General Meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office and shall be eligible for re-election. The Company's Articles of Association further provide that subject to the provisions of any contract between a Managing Director and the Company, all Directors shall retire from office at least once in every three years and shall be eligible for re-election.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129 of the Companies Act, 1965.

1.7 Directors' Remuneration

The Remuneration Committee will review the remuneration of the Directors and submit its recommendations to the Board for approval. The individual director concerned will abstain from discussion of their own remuneration. Directors' fees are approved at the Annual General Meeting by the shareholders.

For the financial year ended 31 December 2014, the aggregate of remuneration of the Directors received from the Company and its subsidiaries categorized into appropriate components were as follows:-

| | <i>Salaries</i> <i>RM'000</i> | <i>Fees</i> <i>RM'000</i> | <i>Benefits- in-kind</i> <i>RM'000</i> | <i>Others</i> <i>RM'000</i> | <i>Total</i> <i>RM'000</i> |
|--------------------------------|----------------------------------|------------------------------|---|--------------------------------|-------------------------------|
| Executive Directors | | | | | |
| Received from the | | | | | |
| - Company | 360 | 48 | 38 | 126 | 572 |
| - Subsidiary companies | - | - | - | - | - |
| | 360 | 48 | 38 | 126 | 572 |
| Non-Executive Directors | | | | | |
| Received from the | | | | | |
| - Company | - | 96 | - | 14 | 110 |
| - Subsidiary companies | - | 10 | - | - | 10 |
| | - | 106 | - | 14 | 120 |
| | 360 | 154 | 38 | 140 | 692 |



1. Board of Directors (Cont'd)

1.7 Directors' Remuneration (Cont'd)

The number of Directors of the Company whose remuneration during the year falls within the respective bands are as follows:-

| Range of Remuneration | <i>Number of Directors</i> | |
|------------------------|----------------------------|----------------------|
| | <i>Executive</i> | <i>Non-Executive</i> |
| Below RM50,000 | - | 4 |
| RM550,001 to RM600,000 | 1 | - |

1.8 Supply of Information

The Board has unrestricted access to information necessary for the furtherance of their duties.

The Board is also updated by the Joint Company Secretaries on new statutory and regulatory requirements concerning their duties and responsibilities from time to time.

Board papers are distributed to Board members prior to the meeting. Important matters that are reasonably expected to have a material effect on the price, value or market activity of the Company's shares may be discussed at the meeting without materials being distributed prior to the meeting.

All Directors have access to the advice and services of the Joint Company Secretaries and where necessary, in the furtherance of their duties, obtain independent professional advice at the Group's expense.

1.9 Directorships in Other Companies

In accordance with the Bursa Securities Listing Requirements, each member of the Board holds not more than five (5) directorships in public listed companies. Prior to acceptance of any other appointment for directorships in other public listed companies, the Directors are required to consult with the Chairman to ensure that the acceptance of the new directorships would not affect their commitments and responsibilities to the Group. Any acceptance of new directorship must be notified to the Company immediately and the Board is informed on changes to the directorships held by the Directors at the following Board meeting.

1.10 Directors' Training

All the Directors have attended and successfully completed the Mandatory Accreditation Programme prescribed by Bursa Securities. During the year, all the Directors have attended annual training which aims to assist them in the discharge of their duties as Directors.

For the year under review, Tan Sri Dato' Khoo Kay Peng and Mr Christopher Martin Boyd had attended training for Directors on the subject of "Independent Directors As The Game Changer For An Effective Board". The training was organized by the Company and held in-house. Apart from the in-house training, Mr Christopher Martin Boyd also attended various training programmes on the subject of "Inaugural Iskandar Malaysia Property Market Dialogue 2014", "Invest & Succeed in Mixed Use Development", "24th National Real Estate Convention" and "Post 2014 Budget: Property Outlook & Strategies".



STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

1. Board of Directors (Cont'd)

1.10 Directors' Training (Cont'd)

For the year under review, Tan Sri Dato' Dr Yeoh Oon Kheng had attended various trainings programmes including training programmes on the subject of "Forging Resilient Growth, Entering a New Era", "Moving Forward in a New Financial Landscape", "Changing Landscape, Coping with a Challenging Year" and "The Changing Market Landscape: Sustaining the Growth" whilst Datin Ngiam Pick Ngoh attended training programmes on the subject of "Goods and Services Tax Briefing", "Directors Breakfast Series: Great Companies Deserve Great Board" organized by Bursa Malaysia Berhad and "Leveraging Diversity for Performance". As for Encik Abdul Rashid bin Ismail, he has taken note of the training programmes that were made available to the Directors.

The Directors are encouraged to attend training programmes and seminars which they feel may be conducive to ensure that they are kept abreast on the various aspects related to business of the Group and its regulations, compliance, risk management and sustainability.

2. Board Committees

2.1 Audit Committee

The Audit Committee comprises exclusively of Non-Executive Directors, and all are Independent Directors. The members of Audit Committee are as follows:-

| | | |
|----------|---------------------------------|--------------------------------------|
| Chairman | Christopher Martin Boyd | - Independent Non-Executive Director |
| Members | Abdul Rashid bin Ismail | - Independent Non-Executive Director |
| | Tan Sri Dato' Dr Yeoh Oon Kheng | - Independent Non-Executive Director |

The terms of reference, attendance of members at the Audit Committee Meeting and activities of Audit Committee for the financial year ended 31 December 2014 are set out in Report of the Audit Committee in page 21 and 22 of the Annual Report.

2.2 Nomination Committee

The Nomination Committee comprises exclusively of Non-Executive Directors, and all are Independent Directors. The members of Nomination Committee are as follows:-

| | | |
|----------|-------------------------|--------------------------------------|
| Chairman | Christopher Martin Boyd | - Independent Non-Executive Director |
| Member | Abdul Rashid bin Ismail | - Independent Non-Executive Director |

The functions of the Nomination Committee are:-

- identifying and recommending new nominees for the Board and Board Committees;
- annually assessing the effectiveness of the Board as a whole, the Board Committees and contribution of each Director on an on-going basis;
- annually reviewing the mix of skills, experience and other qualities, including core competencies of non-executive Directors; and
- annually reviewing the Board structure, size and composition.

The Nomination Committee met once during the financial year ended 31 December 2014 to carry out the annual assessment and is satisfied that the size of the Board is optimum and there is an appropriate mix of knowledge, skills, attributes, diversity and core competencies in the Board's composition.



2. Board Committees (Cont'd)

2.3 Remuneration Committee

The Remuneration Committee comprises exclusively of Non-Executive Directors, and all are Independent Directors. The members of the Remuneration Committee are as follows:-

| | | | |
|----------|-------------------------|---|------------------------------------|
| Chairman | Abdul Rashid bin Ismail | - | Independent Non-Executive Director |
|----------|-------------------------|---|------------------------------------|

| | | | |
|--------|-------------------------|---|------------------------------------|
| Member | Christopher Martin Boyd | - | Independent Non-Executive Director |
|--------|-------------------------|---|------------------------------------|

The primary duty and responsibility of the Remuneration Committee is to recommend to the Board the remuneration of Executive Directors in all forms, drawing from outside advice as necessary. Nevertheless, the determination of remuneration packages of Executive Directors is a matter for the Board as a whole and individual Executive Directors are required to abstain from discussion of their own remuneration.

The Remuneration Committee shall also recommend to the Board the remuneration of Non-Executive Directors. The determination of the remuneration of the Non-Executive Directors is a matter for the Board collectively.

3. Corporate Disclosure Policy

The Company aims to provide accurate and fair disclosure of corporate information to enable informed and orderly market decisions by investors in accordance with the requirements under the Bursa Securities Listing Requirements.

4. Whistleblower Policy

The Company has adopted and implemented a Whistleblower Policy which is committed to promoting and maintaining high standards of transparency, accountability and ethics in the workplace, in line with good corporate governance and prevailing legislation.

Pursuant to this Whistleblower Policy, employees in the Company are encouraged to report or disclose alleged, suspected and/or known improper conduct in the workplace without fear of retribution or detrimental action.



STATEMENT ON CORPORATE GOVERNANCE (C o n t ' d)

5. Relationship with Shareholders and Investors

In addition to various announcements made during the year, the timely release of quarterly interim financial reports provide shareholders with a regular overview of the Group's performance and operations.

Shareholders and members of the public can also obtain information on the annual and quarterly reports and the announcements made by the Company by accessing Bursa Securities' website and the Company's corporate website.

Notice of the Annual General Meeting and the Annual Report are sent to all shareholders. At Annual General Meetings, shareholders have direct access to the Directors and are given the opportunity to ask questions during the question and answer session.

Shareholders and other interested parties may contact the Joint Company Secretaries for investor relations matter by writing or via telephone/facsimile as follows:

Postal Address : Unit 3, 191, Jalan Ampang, 50450 Kuala Lumpur

Telephone number : 03-21487696

Facsimile number : 03-21445209

The Board encourages poll voting at general meetings.

6. Accountability and Audit

6.1 Financial Reporting

The Audit Committee is tasked to assist the Board in ensuring that the financial statements comply with the Companies Act, 1965 and the applicable financial reporting standards. The Board has the overall responsibility to ensure that the financial statements reviewed and recommended by the Audit Committee for the Board's approval are prepared in accordance with the Companies Act, 1965 and applicable financial reporting standards so as to present a true and fair view of the state of affairs of the Group.

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out in page 35 of the Annual Report, and the Statement explaining the Directors' responsibilities for preparing the annual audited financial statements pursuant to paragraph 15.26(a) of Bursa Securities Listing Requirements is set out in page 16 of the Annual Report.



6.2 Risk Management and Internal Control

The Directors acknowledge their responsibilities for the internal control system in the Group, covering not only financial controls but also controls relating to operational, compliance and risk management. The system of internal control involves each key business unit and its management, including the Board, and is designed to meet the business units' particular needs, and to manage the risks to which they are exposed. The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. The concept of reasonable assurance recognizes the costing aspect, whereby the cost of control procedures is not to exceed the expected benefits. The Board has established an internal audit function who reports directly to the Audit Committee. Details of the internal audit function are set out in Report of the Audit Committee in page 23 of the Annual Report.

The Board recognizes that risks cannot be fully eliminated. As such, the Group has an Enterprise Risk Management ("ERM") framework in place to minimize and manage them. The Board has established a Risk Management Committee and guided by documented terms of reference and meetings are held regularly to deliberate on risk and control issues. Ongoing reviews are continuously carried out to ensure the effectiveness, adequacy and integrity of the system of internal controls and ERM framework in safeguarding the Group's assets.

Details of the Company's internal control system and risk management are set out in Statement on Risk Management and Internal Control in page 17 to 19 of the Annual Report.

6.3 Relationship with the External Auditors

The Company's external auditors, Messrs Crowe Horwath has continued to report to members of the Audit Committee on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. In doing so, the Company has established a transparent arrangement with the auditors to meet their professional requirements.

The Audit Committee met the external auditors three times during the financial year ended 31 December 2014 without presence of management to discuss on key concerns and obtain feedback relating to the Company's affairs.

The Audit Committee is responsible for reviewing audit-related and non-audit services provided by the external auditors. The Audit Committee has reviewed the provision of non-audit services by the external auditors during the financial year ended 31 December 2014 and concluded that the provision of these non-audit services did not impair the independence of the external auditors as the amount of the fees paid were not significant compared to the total fees paid to the external auditors.

The role of the Audit Committee in relation to the external auditors is set out in the Report of the Audit Committee in pages 21 to 22 of the Annual Report.



MUI Properties Berhad
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DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year, which give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of the financial performance and cash flows of the Group and of the Company for the financial year.

The Directors ensure that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements.

The Directors also ensure that applicable approved Financial Reporting Standards in Malaysia have been followed.

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



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD'S RESPONSIBILITY

The Board of Directors ("Board") is responsible for the Group's system of internal control and risk management and for reviewing the adequacy and integrity of the system. The system includes financial, operational, regulatory and compliance controls. This system is designed to manage, rather than to eliminate, the risks in the pursuit of the Group's business objective as well as to safeguard shareholders' investments and Group's assets. The system serves to provide reasonable but not absolute assurance against the risk of material misstatement, loss or fraud.

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of risk management and internal controls to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements require directors of public listed companies to include a statement in their annual reports on the state of their risk management and internal controls framework. The Bursa Securities' Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines") provides guidance for compliance with these requirements. Set out below is the Board's Statement on Risk Management and Internal Control, which has been prepared in accordance with the Guidelines.

RISK MANAGEMENT

The Board confirms that an ongoing process for identifying, measuring and managing the Group's principal risks is in place. This process is carried out via the following risk management governance structure:-

- The Board – is fully responsible for the risk management of the Group and has carried out its duties by having regular Board meetings to review and approve business strategies, risk management policies and business performance of the Group.
- The Audit Committee – whose key function is to review the adequacy and effectiveness of internal control and governance systems of the Group. The Audit Committee's main role is to review, on behalf of the Board, the system of internal controls necessary to manage the key risk inherent in the business and to present its findings to the Board. The Audit Committee assumes its roles and responsibilities via the internal audit function.
- The Risk Management Committee ("RMC") – whose key function is to review the adequacy and effectiveness of risk management and internal control of the Group. The RMC's main role is to review, on behalf of the Board, the system of risk management necessary to manage the key risks inherent in the business and to present its findings to the Audit Committee. The RMC shall meet on a quarterly basis. Additional meetings may be called as and when required by the RMC. The membership of the RMC, which has been approved by the Board, comprised the Group's Chief Operating Officer, Head of Group Finance and the Head of Operations.

RISK MANAGEMENT PROCESS

Risks are reported and monitored at the operational level using a Risk Register which captures risks, mitigating measures and risk ratings. Where applicable, Key Risk Indicators ("KRIs") are established to monitor risks.

For risks that are material, the mitigating measures and KRIs are presented to the Management for review on a regular basis. Risks are reviewed and managed at each level of reporting and consolidated for review at the next higher level, before they are escalated for review at Group level.

High and new risk areas are immediately flagged and reported to the Audit Committee whose comments and advice are noted for the full Board's information.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (C o n t ' d)

TYPES OF RISKS

The principal business activities of the Group are investment holding, property development, sale of oil palm fruits and property investment. There have been no significant changes in the nature of these activities during the financial year.

The risk exposure faced by the Group during the financial year can be broadly categorized into financial, operational, legal and external risks as follows:

Financial Risk

The risk of loss arising from:

- I. Impairment in investment
- II. Foreign exchange fluctuations

Operational Risk

The risk of loss arising from:

- I. Property development costs over-run
- II. Safety and quality of building works
- III. Project planning and implementation
- IV. Sale ability of properties

Legal Risk

The risk of loss arising from:

- I. Non-compliance with Housing Development Act, building by-laws and other rules & regulations
- II. Legal suits and prosecutions.

External Risk

The risk of loss arising from:

- I. More stringent end-financing approval requirements
- II. Fluctuation in building materials cost and CPO prices
- III. Emergence of new developments within close proximity.

KEY ELEMENTS OF INTERNAL CONTROL

The key elements of the Group's internal control system, that are regularly reviewed by the Board and are in accordance with the Guidelines, are described below: -

- Establishment of a conducive control environment in respect of the overall attitude, awareness and actions of Directors and Management regarding the internal control system and its importance to the Group;
- Recruitment of experienced, skilled and professional staffs to with the necessary caliber to fulfill the respective responsibilities and ensuring that adequate control are in place;



- Clear Group structure, reporting lines of responsibilities and appropriate levels of delegation;
- Documented policies, procedures and limits of approving authorities for key aspects of the business. This provides a sound framework of authority and accountability within the organization and facilitates proper corporate decision making at the appropriate level in the organization's hierarchy;
- Establishment of segregation of duties via independent checks, review and reconciliation activities to prevent human errors, fraud and abuses;
- Regular and comprehensive management reports to the Board from various lines of operations and business units, on key business performance, operating statistics and regular matters. This allows for an effective monitoring of significant variances and deviation from standard operating procedures and budget;
- Group Internal Audit function independently reviews the risk identification procedures and control processes implemented by Management, and reports to the Audit Committee on a quarterly basis. The Group Internal Audit function assesses the operation and validity of the system of internal control in relation to the level of risk involved using Risk-Based-Auditing methodology; and
- The Audit Committee regularly convenes meetings to deliberate on the findings and recommendations for improvement by the Group Internal Audit function, external auditors as well as regulatory authorities. The Audit Committee reviews the actions taken to rectify the findings in a timely manner, and to evaluate the effectiveness and adequacy of the Group's internal control systems.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has received assurance from the Chief Operating Officer and the Financial Controller that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements, is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Company for the year ended 31 December 2014 and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system.



OTHER INFORMATION

1. Utilisation of Proceeds raised from Corporate Proposal

The Company does not have any corporate proposal during the financial year ended 31 December 2014.

2. Share Buy-Back

The Company has not made any purchase, resale or cancellation of its own shares in the financial year ended 31 December 2014. As at 31 December 2014, 23,145,300 ordinary shares were held as treasury shares in accordance with section 67A of the Companies Act, 1965 and are stated at cost.

3. Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities issued and exercised during the financial year ended 31 December 2014.

4. Sponsored Depository Receipt Programme

The Company did not sponsor any depository receipt programme.

5. Sanctions and/or Penalties Imposed

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

6. Non-Audit Fees

For the financial year ended 31 December 2014, non-audit fees paid to the external auditors amounted to RM38,650 (2013 : RM19,000).

7. Variation in Results

There was no material variances between the audited financial statements for the financial year ended 31 December 2014 and the unaudited results announced to Bursa Malaysia Securities Berhad on 18 February 2015.

8. Profit Guarantee

There was no profit guarantee for the financial year ended 31 December 2014.

9. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2014 or entered into since the end of the previous financial year except as disclosed in the financial statements.



REPORT OF THE AUDIT COMMITTEE

MEMBERS OF THE COMMITTEE

| <i>Name</i> | <i>Designation</i> |
|---|---|
| Christopher Martin Boyd - <i>Chairman</i> | <i>Independent Non-Executive Director</i> |
| Abdul Rashid bin Ismail | <i>Independent Non-Executive Director</i> |
| Tan Sri Dato' Dr Yeoh Oon Kheng | <i>Independent Non-Executive Director</i> |

TERMS OF REFERENCE

1. Constitution

The Audit Committee was established on 5 July 1994. The Board shall ensure that the composition of the Audit Committee comply with Bursa Securities Listing Requirements as well as other regulatory requirements.

2. Authority

- The Audit Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee.
- The Audit Committee shall have unlimited access to all information and documents relevant to its activities as well as to the internal and external auditors and senior management of the Group.
- The Audit Committee is authorized by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

3. Functions

The functions of the Audit Committee shall be:-

- to report to the Board after reviewing the following:-
 - (a) the audit plan with the external auditors;
 - (b) the evaluation of the system of internal controls with the external auditors;
 - (c) the audit report with the external auditors;
 - (d) the assistance and co-operation given by the employees of the Company to the external auditors;
 - (e) the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - (f) the internal audit programme, processes, the results of the internal audits, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (g) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:-
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events;
 - (iii) significant adjustments arising from the audit;
 - (iv) the going concern assumption; and
 - (v) compliance with accounting standards and other legal requirements;
 - (h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (i) any letter of resignation from the external auditors;
 - (j) whether there is any reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;



REPORT OF THE AUDIT COMMITTEE (Cont'd)

- to recommend the nomination of a person or persons as external auditors;
- to consider the external auditors' fee and any questions of dismissal;
- to discuss problems and reservations arising out of external or internal audits and any matters which the auditors may wish to bring up (in the absence of the Executive Directors and employees of the Group whenever deemed necessary);
- to review the external auditors' management letter and management's response; and
- to consider the major findings of internal investigations and management's response, together with such other functions as may be agreed to by the Audit Committee and the Board.

4. Meetings

During the financial year ended 31 December 2014, five (5) Audit Committee Meetings were held. Mr Christopher Martin Boyd and Tan Sri Dato' Dr Yeoh Oon Kheng attended all the five (5) meetings of the Audit Committee. Encik Abdul Rashid bin Ismail attended four (4) meetings of the Audit Committee.

In addition to the Committee members, the Head of Internal Audit and officer in charge of accounts are invited for attendance at each meeting. The respective head of companies/departments and their management team attend when audit reports on their companies/departments are tabled for discussion. The presence of the external auditors will be requested when required.

Upon the request of the external auditors, the Chairman shall convene a meeting of the Audit Committee to consider any matter the external auditors believe should be brought to the attention of the Board or shareholders.

5. Summary of Activities of the Audit Committee during the Financial Year Ended 31 December 2014

The Audit Committee reviewed and deliberated one (1) audit report on assignments conducted by the Internal Audit. The Committee also appraised the adequacy and effectiveness of Management's response in resolving the audit issues reported.

In addition, the audited quarterly interim financial reports and the audited financial statements of the Company and the Group were reviewed by the Audit Committee prior to recommending the same for approval by the Board, upon being satisfied that the financial reporting and disclosure requirements of the relevant authorities had been complied with.

The Audit Committee met with the external auditors and discussed the nature and scope of the audit, considered any significant changes in accounting and auditing issues, reviewed audit issues and concerns affecting the financial statements of the Group and discussed applicable accounting and auditing standards that may have significant implication on the Group's financial statements. The Audit Committee also reviewed related party transactions carried out by the Group.

The Audit Committee reviewed and approved the Internal Audit Plan for the calendar year 2015. In its review of the Internal Audit Plan, the Audit Committee reviewed the scope and coverage over the activities of the respective business units of the Group.



6. Internal Audit Function

The internal audit function is performed by the Internal Audit Department of Malayan United Management Sdn Bhd, a company under the MUI Group of companies; together with co-source services from external accounting firm. Both are independent of the activities audited. The function is performed with impartiality, proficiency and due professional care. The Internal Audit Department reports directly to the Audit Committee Chairman, and regularly reviews and appraises the Group's key operations to ensure that key risk and control concerns are being effectively managed. Its activities include:

- reviewing the effectiveness of risk management and internal control;
- appraising the adequacy and integrity of internal controls and management information systems;
- ascertaining the effectiveness of management in identifying principal risks and to manage such risks through appropriate systems of internal control;
- recommending improvements to existing systems of internal control;
- ascertaining the level of compliance with the Group's plans, policies, procedures and adherence to laws and regulations;
- appraising the effectiveness of administrative controls applied and the reliability and integrity of data that are produced within the Group;
- ascertaining the adequacy of controls for safeguarding the Group's assets from losses of all kinds;
- performing follow-up reviews of previous audit reports to ensure appropriate actions are implemented to address control issues highlighted; and
- conducting special reviews or investigations requested by senior management or by the Audit Committee.

The Internal Audit carries out audit assignments based on risk-based audit plan that is reviewed and approved by the Audit Committee. The reports of the audits undertaken were presented to the Audit Committee and forwarded to the management concerned for attention and necessary action.

The cost incurred for the internal audit function for the financial year ended 31 December 2014 is RM28,200 (2013: RM34,100).



MUI Properties Berhad
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CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I hereby present the Annual Report of our Company and the Group for the financial year ended 31 December 2014.

ECONOMIC REVIEW

According to the International Monetary Fund ("IMF") in its World Economic Outlook update published on 19 January 2015, global economy grew by 3.3% in 2014, in terms of real gross domestic product ("GDP") similar to that of last year.

Bank Negara Malaysia ("BNM") in its 2014 Annual Report announced that the Malaysian economy recorded a growth rate of 6.0% in real GDP in 2014 compared with 4.7% growth in 2013. The economic growth was driven by the continued strength of domestic demand and improving external trade.

The construction sector of Malaysia expanded 11.6% in 2014 after registering a strong growth of 10.9% last year due to stronger growth in both the residential and non-residential sub-sectors, supported by the infrastructure projects under the civil-engineering sub-sector.

FINANCIAL HIGHLIGHTS

For the 12 months ended 31 December 2014, the Group recorded revenue of RM31.1 million, 35.4% lower compared with revenue of RM48.2 million in the previous year. The lower revenue was attributable to the lower sales of the Group's property development project in Bandar Springhill.

In 2014, Loss Before Tax ("LBT") was RM10.3 million, compared with Profit Before Tax ("PBT") of RM9.5 million in 2013. The decrease was mainly attributable to exceptional impairment losses on investments, goodwill and legal claim settlement in the year under review, as well as exceptional gain from the sale of a development land at Teluk Kemang, Port Dickson in the previous year.

REVIEW OF OPERATIONS

MUI Properties Berhad is involved primarily in property development. The Group's flagship project is the Bandar Springhill township, a 1990-acre development

by West Synergy Sdn Bhd ("West Synergy"), a joint-venture with Chin Teck Plantations Berhad.

West Synergy also derives income from the sale of fresh fruit bunches ("FFB").



Bandar Springhill, an integrated township in Port Dickson, Negeri Sembilan



Interior of Sapphire 1A Bungalow, Bandar Springhill.

West Synergy achieved revenue of RM29.1 million in 2014 compared with RM35.5 million in the previous year. Its PBT decreased by 23% to RM7.5 million in the year under review mainly due to the drop in revenue from property development.

Cumulatively, as of the year end under review, West Synergy had sold 2,740 units of residential homes and



commercial properties in the Bandar Springhill township.

Revenue from the sale of FFB for the year under review remained stable at RM4.2 million. The stagnation in FFB revenue was due to the aging of the trees and lower acreage as more agricultural land has been utilised for residential and commercial developments.

According to the Malaysian Palm Oil Board report, Overview of The Malaysia Oil Palm Industry 2014, the average price of crude palm oil (“CPO”) increased to RM2,477 per tonne in 2014 compared with RM2,371 per tonne in 2013. As a result, PBT from the plantation segment could still remain stable at RM2.2 million.

CORPORATE DEVELOPMENTS

There was no material corporate development for 2014.

CORPORATE SOCIAL RESPONSIBILITY

In the year under review, the Group made donations to various charitable bodies including Tabung Prihatin, Koperasi Permodalan, Pusat Harian Kanak-Kanak and The Philharmonic Society of Selangor.

PROSPECTS FOR 2015

BNM projected the Malaysian economy to record a real GDP growth rate of between 4.5% and 5.5% in 2015, supported by strong domestic demand and resilient investment activity.

In response to the continuing demand for quality terrace houses, Bandar Springhill is planning to launch new properties in the fourth quarter of 2015. In line with the Group’s rebranding strategies, the western sector of Bandar Springhill is being planned for high end developments. With the proposed infrastructure developments by the State government, namely West Coast Highway and KLIA-Seremban Highway, the value of Bandar Springhill township will be further enhanced upon completion of these highways.

A modern integrated development project, right in the heart of the Seremban town, is in the planning stage. Upon completion, this development is poised to be a

landmark in Seremban.

DIRECTORATE

There was no change to the composition of the Board in the past year.

ACKNOWLEDGEMENTS

On behalf of the Board, I wish to take this opportunity to thank our valued customers, shareholders, business associates and bankers for their continued support. I would like to express my sincere appreciation to the management and staff of the Group for their efforts, dedication and commitment. Last but not least, I also wish to put on record my sincere gratitude to my fellow Directors for their invaluable counsel and confidence.

To God Be The Glory

Tan Sri Dato’ Khoo Kay Peng
Chairman

12 May 2015



FINANCIAL HIGHLIGHTS

| | 2014 RM'000 | 2013 RM'000 | 2012 RM'000 | 2011 RM'000 | 2010 RM'000 |
|---|-----------------|----------------|----------------|----------------|----------------|
| KEY RESULTS (RM'000) | | | | | |
| Revenue | 31,096 | 48,160 | 38,229 | 37,466 | 25,959 |
| Operating (loss)/profit (EBITDA) | (9,868) | 10,082 | 7,661 | 8,113 | 6,497 |
| (Loss)/Profit before tax | (10,325) | 9,532 | 6,610 | 6,525 | 4,685 |
| Net (loss)/profit attributable to equity holders of the Company | (14,411) | 4,679 | 502 | 441 | 193 |

OTHER KEY DATA (RM'000)

| | | | | | |
|---|----------------|---------|---------|---------|---------|
| Total assets | 315,604 | 328,418 | 323,912 | 334,211 | 339,179 |
| Total liabilities | 10,618 | 10,135 | 14,025 | 18,464 | 24,247 |
| Share capital (Ordinary shares of RM0.20 each) | 152,812 | 152,812 | 152,812 | 152,812 | 152,812 |
| Equity attributable to Owners of the Company | 233,562 | 249,233 | 243,858 | 249,386 | 251,582 |
| Total equity | 304,986 | 318,283 | 309,887 | 315,747 | 314,932 |
| Total borrowings | 811 | - | 2,690 | 8,385 | 15,578 |

FINANCIAL RATIOS

| | | | | | |
|------------------------------------|----------------|-------|-------|-------|-------|
| Operating (loss)/profit margin (%) | (31.73) | 20.93 | 20.04 | 21.65 | 25.03 |
| Current ratio (times) | 18.50 | 21.25 | 12.28 | 8.69 | 6.67 |
| Gearing ratio (times) | - | - | 0.01 | 0.03 | 0.06 |

SHARE INFORMATION

| | | | | | |
|---|---------------|------|------|------|------|
| Basic (loss)/earning per share (sen) | (1.95) | 0.63 | 0.07 | 0.06 | 0.03 |
| Net assets per share attributable to Owners of the Company (RM) | 0.32 | 0.34 | 0.33 | 0.34 | 0.34 |



DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

Principal Activities

The principal activity of the Company is investment holding whilst the principal activities of its subsidiaries are property development, sale of oil palm fruits, property investment and investment holding. There have been no significant changes in the nature of these activities during the financial year.

Results

| | The Group RM'000 | The Company RM'000 |
|--|---------------------|-----------------------|
| Loss after taxation for the financial year | (12,037) | (17,088) |
| Attributable to:- | | |
| Owners of the Company | (14,411) | (17,088) |
| Non-controlling interests | 2,374 | - |
| | (12,037) | (17,088) |

Dividends

No dividend was paid since the end of the previous financial year and the Directors do not recommend the payment of any dividends for the current financial year.

Reserves And Provisions

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.



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DIRECTORS' REPORT (Cont'd)

Issues Of Shares And Debentures

During the financial year,

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

Treasury Shares

As at the end of the financial year, the Company held as treasury shares a total of 23,145,300 of its ordinary shares and the number of outstanding ordinary shares issued and paid-up after deducting treasury shares held is 740,914,596 ordinary shares of RM0.20 each. The treasury shares are held by the Company at a total cost of RM6,301,000.

Options Granted Over Unissued Shares

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.



Bad And Doubtful Debts

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the Directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

Current Assets

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

Valuation Methods

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.



DIRECTORS' REPORT (Cont'd)

Contingent And Other Liabilities

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

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

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

Change Of Circumstances

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

Items Of An Unusual Nature

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.



Directors

The Directors who served since the date of the last report are as follows:-

Tan Sri Dato' Khoo Kay Peng (Chairman & Chief Executive)
Christopher Martin Boyd
Abdul Rashid bin Ismail
Tan Sri Dato' Dr Yeoh Oon Kheng
Datin Ngiam Pick Ngoh

Directors' Interests

According to the register of Directors' shareholdings, the interests of Directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

| | <u>Number Of Ordinary Shares Of RM0.20 Each</u> | | | |
|-----------------------------|---|--------|------|------------------|
| | At 1.1.2014 | Bought | Sold | At 31.12.2014 |
| The Company | | | | |
| <i>Deemed Interest</i> | | | | |
| Tan Sri Dato' Khoo Kay Peng | 550,612,661 | - | - | 550,612,661 |

| | <u>Number Of Ordinary Shares Of RM1.00 Each</u> | | | |
|---|---|--------|------|------------------|
| | At 1.1.2014 | Bought | Sold | At 31.12.2014 |
| Malayan United Industries Berhad ("MUI") | | | | |
| <i>Direct Interest</i> | | | | |
| Tan Sri Dato' Dr Yeoh Oon Kheng | 358,461 | - | - | 358,461 |
| <i>Deemed Interest</i> | | | | |
| Tan Sri Dato' Khoo Kay Peng | 1,397,855,289 | - | - | 1,397,855,289 |

| | <u>Number Of Ordinary Shares Of RM0.50 Each</u> | | | |
|--|---|--------|------|------------------|
| | At 1.1.2014 | Bought | Sold | At 31.12.2014 |
| Pan Malaysia Corporation Berhad | | | | |
| <i>Deemed Interest</i> | | | | |
| Tan Sri Dato' Khoo Kay Peng | 471,146,200 | - | - | 471,146,200 |



DIRECTORS' REPORT (Cont'd)

Directors' Interests (Cont'd)

| | <u>Number Of Ordinary Shares Of RM0.10 Each</u> | | |
|-------------------------------------|---|--------|------|
| | At 1.1.2014 | Bought | Sold |
| Pan Malaysia Holdings Berhad | | | |
| <i>Deemed Interest</i> | | | |
| Tan Sri Dato' Khoo Kay Peng | 643,330,487 | - | - |

| | <u>Number Of Ordinary Shares Of RM1.00 Each</u> | | |
|-----------------------------|---|-----------|------|
| | At 1.1.2014 | Bought | Sold |
| Metrojaya Berhad | | | |
| <i>Deemed Interest</i> | | | |
| Tan Sri Dato' Khoo Kay Peng | 118,073,133 | 4,617,000 | - |

| | <u>Number Of Ordinary Shares Of RM1.00 Each</u> | | |
|-------------------------------|---|--------|------|
| | At 1.1.2014 | Bought | Sold |
| MUI Continental Berhad | | | |
| <i>Deemed Interest</i> | | | |
| Tan Sri Dato' Khoo Kay Peng | 5,221 | - | - |

By virtue of his deemed interest in the shares of MUI, Tan Sri Dato' Khoo Kay Peng is deemed to have interest in the shares in all the other subsidiaries of MUI to the extent that MUI has an interest, in accordance with Section 6A of the Companies Act 1965.

The other Directors holding office at the end of the financial year did not have any interest in shares in the Company or its related corporations during the financial year.

Ultimate holding company

The ultimate holding company is Malayan United Industries Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.



Directors' Benefits

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amounts of emoluments received or due and receivable by Directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 30 to the financial statements.

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

Significant event during the financial year

The significant event during the financial year is disclosed in Note 33 to the financial statements.



MUI Properties Berhad
6113-W
Incorporated in Malaysia

DIRECTORS' REPORT (Cont'd)

Auditors

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 30 April 2015.

Christopher Martin Boyd

Abdul Rashid bin Ismail



STATEMENT BY DIRECTORS

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

We, Christopher Martin Boyd and Abdul Rashid bin Ismail, being two of the Directors of MUI Properties Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 39 to 122 are drawn up in accordance with 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 at 31 December 2014 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 34 on page 123 which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 30 April 2015.

Christopher Martin Boyd

Abdul Rashid bin Ismail

STATUTORY DECLARATION

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

I, Wong Shuk Fuen, being the officer primarily responsible for the financial management of MUI Properties Berhad, do solemnly and sincerely declare that the financial statements set out on pages 39 to 123 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
Wong Shuk Fuen
at Kuala Lumpur in the Federal Territory
on this 30 April 2015.

Wong Shuk Fuen

Before me

P. Valliamah
Commissioner of Oaths



MUI Properties Berhad
6113-W
Incorporated in Malaysia

INDEPENDENT AUDITORS' REPORT

To the members of MUI Properties Berhad

Report on the Financial Statements

We have audited the financial statements of MUI Properties Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 39 to 122.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Other Matters

The financial statements of the Group and of the Company for the preceding financial year were audited by another firm of auditors whose report dated 25 April 2014, expressed an unmodified opinion on those statements.

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 financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the 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 financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.



MUI Properties Berhad
6113-W
Incorporated in Malaysia

INDEPENDENT AUDITORS' REPORT (Cont'd)

Other Reporting Responsibilities

The supplementary information set out in Note 34 on page 123 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

James Chan Kuan Chee
Approval No: 2271/10/15 (J)
Chartered Accountant

30 April 2015

Kuala Lumpur



STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

| | | The Group | | The Company | |
|------------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2014 | 2013 | 2014 | 2013 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| ASSETS | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Property, plant and equipment | 5 | 6,687 | 6,922 | 18 | 14 |
| Investment properties | 6 | 30,780 | 29,919 | 165 | 165 |
| Land held for property development | 7 | 35,263 | 35,263 | - | - |
| Investment in subsidiaries | 8 | - | - | 250,075 | 250,075 |
| Other investments | 9 | 75,142 | 78,189 | - | - |
| Deferred tax assets | 10 | 1,204 | 1,316 | - | - |
| Goodwill on consolidation | 11 | - | 5,000 | - | - |
| | | | | | |
| | | <u>149,076</u> | <u>156,609</u> | <u>250,258</u> | <u>250,254</u> |
| CURRENT ASSETS | | | | | |
| Inventories | 12 | 22,537 | 26,690 | - | - |
| Property development costs | 13 | 82,071 | 82,077 | - | - |
| Receivables | 14 | 6,505 | 7,794 | 109,942 | 123,192 |
| Other current assets | 15 | 773 | 5,908 | - | 15 |
| Other investments | 9 | 343 | 5,299 | - | - |
| Tax recoverable | | 1,102 | 376 | 468 | 375 |
| Deposits, bank balances and cash | 16 | 53,197 | 43,665 | 4,619 | 7,692 |
| | | | | | |
| | | <u>166,528</u> | <u>171,809</u> | <u>115,029</u> | <u>131,274</u> |
| TOTAL ASSETS | | 315,604 | 328,418 | 365,287 | 381,528 |



STATEMENTS OF FINANCIAL POSITION (Cont'd)

| | | The Group | | The Company | |
|--|------|----------------|----------------|----------------|----------------|
| | Note | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| EQUITY AND LIABILITIES | | | | | |
| EQUITY | | | | | |
| Share capital | 17 | 152,812 | 152,812 | 152,812 | 152,812 |
| Treasury shares | 18 | (6,301) | (6,301) | (6,301) | (6,301) |
| Reserves | 19 | 87,051 | 102,722 | (16,327) | 761 |
| | | | | | |
| TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | 233,562 | 249,233 | 130,184 | 147,272 |
| | | | | | |
| NON-CONTROLLING INTERESTS | | 71,424 | 69,050 | - | - |
| | | | | | |
| TOTAL EQUITY | | 304,986 | 318,283 | 130,184 | 147,272 |
| | | | | | |
| NON-CURRENT LIABILITIES | | | | | |
| | | | | | |
| Payables | 20 | 1,473 | 1,865 | - | - |
| Employee benefits | 21 | 144 | 183 | 39 | 37 |
| | | 1,617 | 2,048 | 39 | 37 |
| | | | | | |
| CURRENT LIABILITIES | | | | | |
| | | | | | |
| Payables | 20 | 5,679 | 6,991 | 234,253 | 234,219 |
| Other current liability | 22 | 2,507 | 240 | - | - |
| Bank overdraft | 23 | 811 | - | 811 | - |
| Provision for taxation | | 4 | 856 | - | - |
| | | 9,001 | 8,087 | 235,064 | 234,219 |
| | | | | | |
| TOTAL LIABILITIES | | 10,618 | 10,135 | 235,103 | 234,256 |
| | | | | | |
| TOTAL EQUITY AND LIABILITIES | | 315,604 | 328,418 | 365,287 | 381,528 |

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



STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

| | | The Group | | The Company | |
|---|------|----------------|----------------|----------------|----------------|
| | NOTE | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| REVENUE | 24 | 31,096 | 48,160 | 116 | 11,726 |
| COST OF SALES | 25 | (18,709) | (28,503) | - | - |
| GROSS PROFIT | | 12,387 | 19,657 | 116 | 11,726 |
| OTHER INCOME | | 1,597 | 1,295 | 434 | 323 |
| ADMINISTRATIVE EXPENSES | | (7,610) | (8,158) | (2,760) | (2,833) |
| OTHER EXPENSES | | (16,534) | (3,032) | (14,724) | (19,538) |
| FINANCE COSTS | | (165) | (230) | (206) | (273) |
| (LOSS)/PROFIT BEFORE TAXATION | 26 | (10,325) | 9,532 | (17,140) | (10,595) |
| INCOME TAX EXPENSE | 27 | (1,712) | (1,832) | 52 | (2,496) |
| (LOSS)/PROFIT AFTER TAXATION | | (12,037) | 7,700 | (17,088) | (13,091) |
| OTHER COMPREHENSIVE INCOME | | | | | |
| <u>Item that may be reclassified subsequently to profit or loss</u> | | | | | |
| Foreign currency translation differences for foreign operations | | (2,202) | 793 | - | - |
| <u>Item that may not be reclassified subsequently to profit or loss</u> | | | | | |
| Fair value changes of available -for-sale financial assets | | 942 | (97) | - | - |
| TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE FINANCIAL YEAR | | (13,297) | 8,396 | (17,088) | (13,091) |



STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (C o n t ' d)

| | | The Group | | The Company | |
|--|------|-------------------|-----------------|-----------------|-----------------|
| | NOTE | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| (LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:- | | | | | |
| Owners of the Company | | (14,411) | 4,679 | (17,088) | (13,091) |
| Non-controlling interests | | 2,374 | 3,021 | - | - |
| | | <u>(12,037)</u> | <u>7,700</u> | <u>(17,088)</u> | <u>(13,091)</u> |
| TOTAL COMPREHENSIVE (EXPENSES)/INCOME ATTRIBUTABLE TO:- | | | | | |
| Owners of the Company | | (15,671) | 5,375 | (17,088) | (13,091) |
| Non-controlling interests | | 2,374 | 3,021 | - | - |
| | | <u>(13,297)</u> | <u>8,396</u> | <u>(17,088)</u> | <u>(13,091)</u> |
| (LOSS)/EARNINGS PER SHARE | | | | | |
| - basic | 28 | <u>(1.95) sen</u> | <u>0.63 sen</u> | | |

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



STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

| | Attributable to Owners of the Company | | Distributable | | Non-Controlling Interests | | Total Equity |
|---|---------------------------------------|-----------------|---------------|---------------------|---------------------------|------------------|---------------------------|
| | Non-Distributable | | Exchange | | Other Reserve | | Total |
| | Share Capital | Treasury Shares | Share Premium | Translation Reserve | General Reserve | Retained Profits | Non-Controlling Interests |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| The Group | | | | | | | |
| Balance at 1.1.2013 | 152,812 | (6,301) | 9,656 | 9,646 | 10,649 | 60,154 | 243,858 |
| Profit after taxation for the financial year | - | - | - | - | - | 4,679 | 3,021 |
| Other comprehensive income for the financial year: | | | | | | | |
| - Foreign currency translation differences for foreign operations | - | - | - | 793 | - | - | 793 |
| - Fair value changes of available-for-sale financial assets | - | - | - | - | - | (97) | (97) |
| Total comprehensive income for the financial year | - | - | - | 793 | - | 4,679 | 5,375 |
| Disposal of equity instruments | - | - | - | - | - | 6,452 | - |
| Balance at 31.12.2013 | 152,812 | (6,301) | 9,656 | 10,439 | 10,649 | 71,285 | 249,233 |
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STATEMENTS OF CHANGES IN EQUITY (Cont'd)

| | Attributable to Owners of the Company | | | | | Distributable | | Non-controlling Interests | Total Equity RM'000 |
|---|---------------------------------------|------------------------|----------------------|-------------------------------------|------------------------|----------------------|-------------------------|---------------------------|---------------------|
| | Share Capital RM'000 | Treasury Shares RM'000 | Share Premium RM'000 | Exchange Translation Reserve RM'000 | General Reserve RM'000 | Other Reserve RM'000 | Retained Profits RM'000 | | |
| The Group | | | | | | | | | |
| Balance at 1.1.2014 | 152,812 | (6,301) | 9,656 | 10,439 | 10,649 | 693 | 71,285 | 69,050 | 318,283 |
| (Loss)/Profit after taxation for the financial year | - | - | - | - | - | - | (14,411) | 2,374 | (12,037) |
| Other comprehensive income for the financial year: | | | | | | | | | |
| - Foreign currency translation differences for foreign operations | - | - | - | (2,202) | - | - | - | - | (2,202) |
| - Fair value changes of available-for-sale financial assets | - | - | - | - | - | 942 | - | - | 942 |
| Total comprehensive (expenses)/income for the financial year | - | - | - | (2,202) | - | 942 | (14,411) | 2,374 | (13,297) |
| Balance at 31.12.2014 | 152,812 | (6,301) | 9,656 | 8,237 | 10,649 | 1,635 | 56,874 | 71,424 | 304,986 |



STATEMENTS OF CHANGES IN EQUITY (Cont'd)

| | ← Non-Distributable → | | | Distributable (Accumulated Losses)/ Retained Profits | Total Equity |
|---|----------------------------|------------------------------|----------------------------|--|-----------------|
| | Share Capital RM'000 | Treasury Shares RM'000 | Share Premium RM'000 | RM'000 | RM'000 |
| The Company | | | | | |
| Balance at 1.1.2013 | 152,812 | (6,301) | 9,656 | 4,196 | 160,363 |
| Loss after taxation/Total comprehensive expenses for the financial year | - | - | - | (13,091) | (13,091) |
| Balance at 31.12.2013/1.1.2014 | 152,812 | (6,301) | 9,656 | (8,895) | 147,272 |
| Loss after taxation/Total comprehensive expenses for the financial year | - | - | - | (17,088) | (17,088) |
| Balance at 31.12.2014 | 152,812 | (6,301) | 9,656 | (25,983) | 130,184 |

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



STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2014

| | | The Group | | The Company | |
|--|------|------------------|----------------|--------------------|----------------|
| | NOTE | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES | | | | | |
| (Loss)/Profit before taxation | | (10,325) | 9,532 | (17,140) | (10,595) |
| Adjustments for:- | | | | | |
| Allowance for impairment losses on amount owing by subsidiaries | | - | - | 14,721 | 348 |
| Allowance for impairment losses on other receivables | | - | 170 | - | - |
| Depreciation of investment properties | | 26 | 26 | - | - |
| Depreciation of property, plant and equipment | | 266 | 294 | 4 | 28 |
| Dividend income from subsidiaries | | - | - | - | (11,500) |
| Impairment loss on investments in subsidiaries | | - | - | - | 19,162 |
| Impairment loss on other investments | | 1,309 | - | - | - |
| Impairment loss on financial assets through profit or loss | | 4,944 | - | - | - |
| Interest expense | | 165 | 230 | 206 | 273 |
| Interest income | | (2,466) | (981) | (116) | (226) |
| Impairment loss on goodwill | | 5,000 | - | - | - |
| Unrealised loss/(gain) on foreign exchange | | - | 1,965 | (400) | (323) |
| Waiver of debts | | (630) | - | - | - |
| Fair value gain on financial assets through profit or loss | | - | (817) | - | - |
| Writeback of provision for employee benefits | | (43) | (13) | (2) | (53) |
| Operating (loss)/profit before working capital changes | | (1,754) | 10,406 | (2,727) | (2,886) |
| Decrease in inventories | | 4,154 | 3,479 | - | - |
| Decrease in property development costs | | 128 | 2,685 | - | - |
| Decrease/(Increase) in receivables | | 6,425 | (5,182) | 93 | 48 |
| Increase/(Decrease) in payables | | 1,227 | (964) | 38 | (276) |
| CASH FROM/(FOR) OPERATIONS/ BALANCE CARRIED FORWARD | | 10,180 | 10,424 | (2,596) | (3,114) |



STATEMENTS OF CASH FLOWS (Cont'd)

| | | The Group | | The Company | |
|--|------|----------------|----------------|----------------|----------------|
| | NOTE | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| BALANCE BROUGHT FORWARD | | 10,180 | 10,424 | (2,596) | (3,114) |
| Interest paid | | (165) | (230) | (206) | (273) |
| Interest received | | 2,466 | 981 | 116 | 226 |
| Employee benefits paid | | - | (48) | - | (48) |
| Dividend received from subsidiaries | | - | - | - | 8,625 |
| Income tax refunded | 1 | - | - | - | 2,875 |
| Income tax paid | | (3,190) | (2,885) | (41) | (2,900) |
| NET CASH FROM/(FOR) OPERATING ACTIVITIES | | 9,292 | 8,242 | (2,727) | 5,391 |
| CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES | | | | | |
| Additional cost for investment property | | (887) | - | - | - |
| Proceeds from disposal of investments | | - | 13,949 | - | - |
| Purchase of property, plant and equipment | | (159) | (214) | (8) | (5) |
| Purchase of investment properties | | - | (40) | - | - |
| Advances to related companies | | - | (43) | - | (77) |
| Advances to subsidiaries | | - | - | (1,149) | - |
| Repayment from subsidiaries | | - | - | - | 4,973 |
| NET CASH (FOR)/FROM INVESTING ACTIVITIES | | (1,046) | 13,652 | (1,157) | 4,891 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 8,246 | 21,894 | (3,884) | 10,282 |
| FOREIGN EXCHANGE DIFFERENCES | | 475 | 1,361 | - | - |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR | | 43,665 | 20,410 | 7,692 | (2,590) |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR | 29 | 52,386 | 43,665 | 3,808 | 7,692 |

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



NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

1. CORPORATE INFORMATION

MUI Properties Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company are located at Unit 3, 191, Jalan Ampang, 50450 Kuala Lumpur.

The ultimate holding company is Malayan United Industries Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 30 April 2015.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards (“FRSs”) and the requirements of the Companies Act 1965 in Malaysia.

- 3.1 During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

FRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to FRS 10, FRS 12 and FRS 127 (2011): Investment Entities

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

Amendments to FRS 136: Recoverable Amount Disclosures for Non-financial Assets

Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21 Levies

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group’s financial statements.



3. BASIS OF PREPARATION (CONT'D)

- 3.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:

| FRSs and/or IC Interpretations (Including The Consequential Amendments) | Effective Date |
|--|-----------------------|
| FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) | 1 January 2018 |
| Amendments to FRS 10 and FRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | 1 January 2016 |
| Amendments to FRS 11 : Accounting for Acquisitions of Interests in Joint Operations | 1 January 2016 |
| Amendments to FRS 10, FRS 12 and FRS 128 (2011): Investment Entities – Applying the Consolidation Exception | 1 January 2016 |
| Amendments to FRS 101: Presentation of Financial Statements – Disclosure Initiative | 1 January 2016 |
| Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation | 1 January 2016 |
| Amendments to FRS 119: Defined Benefit Plans – Employee Contributions | 1 July 2014 |
| Amendments to FRS 127 (2011): Equity Method in Separate Financial Statements | 1 January 2016 |
| Annual Improvements to FRSs 2010 – 2012 Cycle | 1 July 2014 |
| Annual Improvements to FRSs 2011 – 2013 Cycle | 1 July 2014 |
| Annual Improvements to FRSs 2012 – 2014 Cycle | 1 January 2016 |



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. BASIS OF PREPARATION (CONT'D)

3.2 The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

(a) FRS 9 (IFRS 9 issued by IASB in July 2014)

FRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in FRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this FRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of FRS 9. The Group is currently assessing the financial impact of adopting FRS 9.

(b) Amendments to FRS 119: Employee Contributions

The amendments to FRS 119 simplify the accounting treatment of contributions from employees and third parties to defined benefit plans. Contributions that are independent of the number of years of service shall be recognised as a reduction in the service cost in the period in which the related service is rendered. For contributions that are dependent on the number of years of service, the Group is required to attribute those contributions to periods of service using either based on the plan's contribution formula or on a straight-line basis, as appropriate.

3.3 MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), that are to be applied by all entities other than private entities; with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called "transitioning entities").

As announced by MASB on 2 September 2014, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2017.

Accordingly, as a transitioning entity as defined above, the Group has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 31 December 2017. The Group is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.



4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(c) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(d) Property Development

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

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

It is impractical to ascertain the sensitivity analysis for the estimated total property development revenue or cost against the actual Group's revenue and cost of sales due to material price fluctuation.

(e) Classification Between Investment Properties and Owner-Occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.



4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(f) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(g) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(h) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(i) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(j) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(k) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(l) Revaluation of Properties

Certain properties of the Group are reported at valuation which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.



4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 FINANCIAL INSTRUMENTS

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

- *Financial Assets at Fair Value Through Profit or Loss (Cont'd)*

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

- *Held-to-maturity Investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

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

- *Loans and Receivables Financial Assets*

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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



4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

- *Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

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

(b) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments

(i) *Ordinary shares*

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) *Treasury Shares*

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and reward of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration is paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.



4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

(b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(c) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

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