

Building On Our Experience





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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty Sixth (26th) Annual General Meeting of the Company will be held at Amverton Cove Golf & Island Resort, PT 673, Pulau Carey, Mukim Jugra, 42960 Daerah Kuala Langat, Selangor Darul Ehsan on Thursday, 23 June 2016, at 11.00 a.m. for the purpose of transacting the following businesses:

AS ORDINARY BUSINESS:

- | | |
|--|---------------------|
| 1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2015. | RESOLUTION 1 |
| 2. To re-elect the following Directors who retire in accordance with Article 100 of the Company's Articles of Association: | |
| (a) Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock | RESOLUTION 2 |
| (b) Dato' Ambrose Leonard Ng Kwee Heng | RESOLUTION 3 |
| (c) Dato' Milton Norman Ng Kwee Leong | RESOLUTION 4 |
| (d) Puan Sri Datin Catherine Yeoh Eng Neo | RESOLUTION 5 |
| 3. To re-appoint the following Directors, who are over seventy years of age in accordance with Section 129(6) of the Companies Act, 1965, as Director of the Company to hold office until the next Annual General Meeting: | |
| (a) Dato' Setia Abdul Halim Bin Dato' Haji Abdul Rauf | RESOLUTION 6 |
| (b) Mat Ripen Bin Mat Elah | RESOLUTION 7 |
| (c) Tan Sri Dato' Dr. Sak Cheng Lum | RESOLUTION 8 |
| 4. To re-elect Messrs. HLB Ler Lum, as Auditors of the Company and to authorise the Directors to fix their remuneration. | RESOLUTION 9 |

AS SPECIAL BUSINESS:

To consider and, if thought fit, pass the following Ordinary Resolutions:

- | | |
|--|----------------------|
| 5. Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965: | |
| <p>"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965 to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting."</p> | |
| | RESOLUTION 10 |
| 6. Proposed Renewal of Authority to Purchase Its Own Shares: | |
| <p>"THAT subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of the Bursa Securities and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares of RM0.50 each in the Company as may be determined by the Directors of the Company from time to time through the Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:</p> | |
| (a) the maximum number of shares which may be purchased by the Company shall not exceed ten per cent (10%) of the total issued and paid-up share capital of the Company at any point of time; | |
| (b) the maximum fund to be allocated by the Company in relation to the Proposed Share Buy-Back shall not exceed the sum of the retained profits and the share premium account of the Company based on the latest audited financial statements available up to the date of a transaction under the Proposed Share Buy-Back; | |

Notice of Annual General Meeting (Cont'd)

AS SPECIAL BUSINESS (CONT'D):

6. Proposed Renewal of Authority to Purchase Its Own Shares (Cont'd):

- (c) the authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until:
- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
 - (iii) revoked or varied by ordinary resolution passed by shareholders in general meeting;
- whichever occurs first;
- (d) Upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner:
- (i) to cancel the shares so purchased;
 - (ii) to retain the shares so purchased as Treasury Shares;
 - (iii) to distribute the Treasury Shares as dividends to shareholders;
 - (iv) to resell the Treasury Shares on Bursa Securities in accordance with the relevant rules of Bursa Securities; and
 - (v) any combination of the above (i), (ii), (iii) and (iv).

AND THAT authority be and is hereby given unconditionally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the aforesaid purchase(s) with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to deal with all matters relating thereto and take all steps and do all acts and things in any manner as they may deem necessary in connection with the Proposed Share Buy-Back in the interest of the Company."

RESOLUTION 11

7. Continuing in office as Independent and Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012.:

- (a) Tan Sri Dato' Dr. Sak Cheng Lum
- (b) Mat Ripen Bin Mat Elah
- (c) Tan Jiu See

RESOLUTION 12**RESOLUTION 13****RESOLUTION 14**

8. To transact any other business of which due notice shall been given.

BY ORDER OF THE BOARD**BERNARD LIM BOON SIANG**

Secretary
(MACS 01153)

Klang
29 April 2016

Notice of Annual General Meeting (Cont'd)

NOTES:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of its attorney.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing the proxy must be deposited at the Registered Office of the Company at No 36A, Lorong Gelugor, Off Persiaran Sultan Ibrahim, 41300 Klang, Selangor Darul Ehsan, not less than 48 hours before the time for holding the meeting or adjournment thereof.
6. Only members whose names appear in the Record of Depositors as at 17 June 2016 will be entitled to attend and vote at the meeting.

EXPLANATORY NOTE ON SPECIAL BUSINESS:

7. Ordinary Resolution 10, is proposed pursuant to Section 132D of the Companies Act, 1965 and if passed, will empower the Directors of the Company, from the date of the above general meeting, authority to issue and allot shares from the unissued capital of the Company for such purposes as the directors may deem fit and in the interest of the Company. This authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The general mandate for issuance of shares is a renewal to a general meeting mandate sought in the preceding year. As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Twenty Fifth (25th) AGM held on 25 June 2015 and hence no proceeds were raised there from. The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment, projects, working capital and/or acquisitions.

8. Ordinary Resolution 11, if passed, will renew the authority for the Company to buy back its own shares. The authority shall continue to be in force until the next Annual General Meeting of the Company unless earlier revoked or varied by ordinary resolution of the Company in a general meeting and is subject to annual renewal. Further information on this resolution is set out in the Proposed Renewal of the Share Buy-Back Statement dated 29 April 2016, which is sent out together with the Company's 2015 Annual Report.
9. Ordinary Resolution 12, if passed, will allow the Independent and Non-Executive Director to be retained. The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Tan Sri Dato' Dr. Sak Cheng Lum who has served as an Independent Non-Executive Director since 1 March 2000 and has reached the nine years term limit on 1 March 2009. Tan Sri Dato' Dr. Sak Cheng Lum has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements and the Board considers him to be independent and believes that he should be re-appointed and retained as Independent and Non-Executive Director, in particular his experience and contributions to the Board.
10. Ordinary Resolution 13, if passed, will allow the Independent and Non-Executive Director to be retained. The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Mat Ripen Bin Mat Elah who has served as an Independent Non-Executive Director since 9 September 2000 and has reached the nine years term limit on 9 September 2009. Mat Ripen Bin Mat Elah has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements and the Board considers him to be independent and believes that he should be re-appointed and retained as Independent and Non-Executive Director, in particular his experience and contributions to the Board.
11. Ordinary Resolution 14, if passed, will allow the Independent and Non-Executive Director to be retained. The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Tan Jiu See who has served as an Independent Non-Executive Director since 20 July 2004 and has reached the nine years term limit on 20 July 2013. Tan Jiu See has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements and the Board considers her to be independent and believes that she should be re-appointed and retained as Independent and Non-Executive Director, in particular her experience and contributions to the Board.

Statement Accompanying Notice of Annual General Meeting

DIRECTORS WHO ARE STANDING FOR RE-ELECTION

The Directors who are offering themselves for re-election at the Twenty Sixth (26th) Annual General Meeting of the Company are as follows:

- Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock, a Director retiring under provision of Article 100 of the Articles of Association of the Company.
- Dato' Ambrose Leonard Ng Kwee Heng, a Director retiring under the provision of Article 100 of the Articles of Association of the Company.
- Dato' Milton Norman Ng Kwee Leong, a Director retiring under the provision of Article 100 of the Articles of Association of the Company.
- Puan Sri Datin Catherine Yeoh Eng Neo, a Director retiring under the provision of Article 100 of the Articles of Association of the Company.
- Dato' Setia Abdul Halim Bin Dato' Haji Abdul Rauf, a Director retiring under the provision of Section 129(6) of the Companies Act, 1965 of the Company.
- En. Mat Ripen Bin Mat Elah, a Director retiring under the provision of Section 129(6) of the Companies Act, 1965 of the Company.
- Tan Sri Dato' Dr. Sak Cheng Lum, a Director retiring under the provision of Section 129(6) of the Companies Act, 1965 of the Company.

DETAIL OF BOARD MEETING AND ATTENDANCE OF DIRECTORS

A total of five (5) Board Meetings were held at Conference Room, Lot 3, Jalan Lada Sulah 16/11, Section 16, 40000 Shah Alam during the financial year ended 31 December 2015.

All Directors have complied with the minimum attendance at Board Meetings as stipulated in the Bursa Malaysia Securities Berhad Listing Requirements during the financial year.

The attendance of each Director is as follows:

Name of Directors	No. of meeting attended/held	Percentage of Attendance (%)
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	4/5	80%
Dato' Setia Abdul Halim Bin Dato' Haji Abdul Rauf	4/5	80%
Dato' Ambrose Leonard Ng Kwee Heng	5/5	100%
Puan Sri Datin Catherine Yeoh Eng Neo	4/5	80%
Tan Sri Dato' Dr. Sak Cheng Lum	5/5	100%
Datuk Ng Thian Kwee	4/5	80%
Mat Ripen Bin Mat Elah	4/5	80%
Tan Jiu See	5/5	100%
Dato' Milton Norman Ng Kwee Leong	5/5	100%
Steven Junior Ng Kwee Leng	4/5	80%
Malcolm Jeremy Ng Kwee Seng	4/5	80%
Ooi Hock Guan	5/5	100%

Statement Accompanying Notice of Annual General Meeting (Cont'd)

DETAILS ON DIRECTORS WHO ARE STANDING FOR RE-ELECTION

Particulars of Directors:

Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock

Nationality: Malaysian

Directorship: Executive Chairman (Non-Independent and Executive Director)

Age: 68

Appointed Date: 22 November 1994

Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock graduated with an Honours Degree in Civil Engineering from the University of Malaya. Prior to founding the Company, he began his career in 1970 as an engineer in Perbadanan Urus Air Selangor Berhad before appointed as a Municipal Councillor of Majlis Perbandaran Klang to assist in the development and growth of the Klang district. He was also the State Executive Councillor for the Selangor Government, State Assemblyman for the Barisan Nasional Party for the Selat Klang and Pandamaran constituencies and a Senator for the Government. Tan Sri Dato' Ng was appointed to the Board of Hil Industries Berhad ("Hil") on 4 July 2002 as Executive Chairman. Tan Sri Dato' Ng is a substantial shareholder of the Company. He is the spouse of Puan Sri Datin Catherine Yeoh Eng Neo, father of Dato' Ambrose Leonard Ng Kwee Heng, Dato' Milton Norman Ng Kwee Leong, Mr. Steven Junior Ng Kwee Leng and Mr. Malcolm Jeremy Ng Kwee Seng. He is also the brother of Datuk Ng Thian Kwee.

Dato' Ambrose Leonard Ng Kwee Heng

Nationality: Malaysian

Directorship: Managing Director (Non-Independent and Executive Director)

Age: 48

Appointed Date: 22 November 1994

Dato' Ambrose Leonard Ng Kwee Heng graduated with a Bachelor of Commerce from the University of Western Australia. Being a Chartered Accountant, he is also a member of the Malaysian Institute of Accountants (MIA) and a Fellow Member of Certified Practising Accountants (FCPA). He has vast experience in the property and construction industry, having hands-on involvement in the management, financial and project management of the Group. In addition, he was formerly Deputy Chairman of Selangor Real Estate and Housing Developers' Association Malaysia and Chairman of Klang/Shah Alam Zone Committee. He was appointed to the Board of Dagang Nexchange Berhad (Formerly known as TIME Engineering Berhad) ("DNEX") as an Independent Non-Executive Director on 12 December 2013 and he was Alternate Chairman of the Board Procurement and Tender Committee. However, he resigned all his posts in DNEX on 12 April 2016. He is also a member of the Remuneration Committee and Nomination Committee of the Company. Dato' Ambrose Ng is a substantial shareholder of the Company by virtue of his parents' shareholdings. He is the son of Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock and Puan Sri Datin Catherine Yeoh Eng Neo, brother of Dato' Milton Norman Ng Kwee Leong, Mr. Steven Junior Ng Kwee Leng and Mr. Malcolm Jeremy Ng Kwee Seng and nephew of Datuk Ng Thian Kwee.

Dato' Milton Norman Ng Kwee Leong

Nationality: Malaysian

Directorship: Non-Independent and Executive Director

Age: 45

Appointed Date: 2 July 2012

Dato' Milton Norman Ng Kwee Leong was appointed to the Board of Director on 2 July 2012. Dato' Milton Ng graduated with an Honours Degree in Law from the University of Western Australia in 1994. After graduating, he spent 9 months doing his pupillage in the legal office of Shearn Delamore and was admitted to the Malaysian Bar as an Advocate and Solicitor in May 1995. He spent a further 6 months in Shearn Delamore before joining HIL in December 1995 as general manager where he was responsible for the day-to-day operations of the Company. Dato' Milton Ng is a substantial shareholder of the Company by virtue of his parents' shareholdings. He is the son of Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock and Puan Sri Datin Catherine Yeoh Eng Neo, brother of Dato' Ambrose Leonard Ng Kwee Heng, Mr. Steven Junior Ng Kwee Leng and Mr. Malcolm Jeremy Ng Kwee Seng and nephew of Datuk Ng Thian Kwee.

Statement Accompanying Notice of Annual General Meeting (Cont'd)

DETAILS ON DIRECTORS WHO ARE STANDING FOR RE-ELECTION (CONT'D)**Particulars of Directors (Cont'd):****Puan Sri Datin Catherine Yeoh Eng Neo**

Nationality: Malaysian

Directorship: Non-Independent and Executive Director

Age: 69

Appointed Date: 2 July 2009

Puan Sri Datin Catherine Yeoh Eng Neo holds a Bachelor of Arts majoring in Economics from University of Malaya. Puan Sri Datin Catherine Yeoh Eng Neo is a substantial shareholder of the Company by virtue of her spouse' and sons' shareholdings. She is the spouse of Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock and mother of Dato' Ambrose Leonard Ng Kwee Heng, Dato' Milton Norman Ng Kwee Leong, Mr. Steven Junior Ng Kwee Leng and Mr. Malcolm Jeremy Ng Kwee Seng.

Dato' Setia Abdul Halim Bin Dato' Haji Abdul Rauf

Nationality: Malaysian

Directorship: Executive Deputy Chairman (Non-Independent and Executive Director)

Age: 78

Appointed Date: 1 February 2002

Dato' Setia Abdul Halim Bin Dato' Haji Abdul Rauf, was appointed to the Board of Director on 1 February 2002 and was subsequently appointed as Executive Deputy Chairman on 24 April 2002. He holds a Bachelor of Arts Degree from the University of Malaya and Master Degree in Public and International Affairs from University of Pittsburgh USA. Before joining the private sector, he held key positions in government authorities and agencies. Amongst key positions held were Director-General of Implementation Coordination Unit in the Prime Minister's Department, State Secretary of State Government of Selangor, Director-General of Immigration Department Malaysia, Deputy Director, Bureau of Research and Consultancy, National Institute of Public Administration, Malaysia and Senior Deputy Director-General, Rubber Industry Smallholders Development Authority. He has vast experience in the management and strategic business planning. Dato' Setia Abdul Halim was appointed to the Board of Hil on 7 February 2003 as Executive Deputy Chairman. Presently, he is also the Chairman of Kontena Nasional Global Logistic Sdn. Bhd.. Dato' Setia Abdul Halim does not have any interest in the securities of the Company, neither does he have any family relationship with any Director and/or major shareholder of the Company.

Mat Ripen Bin Mat Elah

Nationality: Malaysian

Directorship: Independent and Non-Executive Director

Age: 76

Appointed Date: 9 September 2000

En. Mat Ripen Bin Mat Elah graduated from National Chengchi University Taiwan with a Bachelor of Laws L.L.B (Taiwan). He served in various capacities in UMNO, and was formerly a political secretary to Chief Minister of Selangor. En Mat Ripen was appointed to the Board of Hil on 20 February 2004 as an Independent Director. He is also the member of Audit, Remuneration and Nomination Committee of the Company. En Mat Ripen does not have any interest in securities of the Company, neither does he have any family relationship with any director and / or any major shareholder of the Company.

Tan Sri Dato' Dr. Sak Cheng Lum

Nationality: Malaysian

Directorship: Independent and Non-Executive Director

Age: 72

Appointed Date: 1 March 2000

Tan Sri Dato' Dr. Sak Cheng Lum graduated with a Degree in Medicine from the University of Singapore in 1968, and served as a medical officer in the government service before going into private practice. His commitments to the nation can be seen from his former appointments including his election as the State Assemblyman under the Barisan National party for the seat of Bagan Jermal in Penang, appointments as Penang State Executive Councillor, Senator and Parliamentary Secretary of Ministry of Domestic Trade and Consumer Affairs. He is also the Chairman of Audit, Remuneration and Nomination Committee of the Company. Tan Sri Dato' Dr. Sak was appointed to the Board of Hil on 16 February 2007 as an Independent Director. He is also a member of Audit Committee of Hil. Tan Sri Dato' Dr. Sak is also an Independent Director on the Board of Xinghe Holdings Berhad. Tan Sri Dato' Dr. Sak does not have any interest in the securities of the Company, neither does he have any family relationship with any Director and / or major shareholder of the Company.

Corporate Information

BOARD OF DIRECTORS	<p>Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock Dato' Setia Abdul Halim Bin Dato' Haji Abdul Rauf Dato' Ambrose Leonard Ng Kwee Heng Puan Sri Datin Catherine Yeoh Eng Neo Tan Sri Dato' Dr. Sak Cheng Lum Datuk Ng Thian Kwee Mat Ripen Bin Mat Elah Tan Jiu See Dato' Milton Norman Ng Kwee Leong Steven Junior Ng Kwee Leng Malcolm Jeremy Ng Kwee Seng Ooi Hock Guan</p>	<p><i>Chairman</i> <i>Deputy Chairman</i> <i>Managing Director</i></p>
AUDIT COMMITTEE	<p>Tan Sri Dato' Dr. Sak Cheng Lum Mat Ripen Bin Mat Elah Ooi Hock Guan</p>	<p><i>Chairman</i></p>
COMPANY SECRETARIES	<p>Bernard Lim Boon Siang (MACS 01153) Wong Siew Peng (MIA 21215)</p>	
REGISTERED OFFICE	<p>PHK Management Services Sdn Bhd No 36A, Lorong Gelugor, Off Persiaran Sultan Ibrahim, 41300 Klang, Selangor Darul Ehsan. Tel : +603-3343 8148 Fax : +603-3341 4426</p>	
BUSINESS OFFICE	<p>10th Floor, Menara A & M, Garden Business Centre, No 3, Jalan Istana, 41000 Klang, Selangor Darul Ehsan. Tel : +603-3373 2888 Fax : +603-3372 8858</p>	
REGISTRAR	<p>Tricor Investor & Issuing House Services Sdn Bhd Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. Tel : +603-2783 9299 Fax : +603-2783 9222</p>	
AUDITORS	<p>HLB Ler Lum, Chartered Accountant, A Member of HLB International</p>	
PRINCIPAL BANKERS	<p>OCBC Bank (Malaysia) Berhad United Overseas Bank (Malaysia) Berhad Malayan Banking Berhad</p>	

Corporate Structure

The diagram illustrates the corporate structure of A & M Realty Berhad, categorized into five main business segments:

- PLANTATION**:
 - Ladang YS (Selangor) Sdn Bhd (100%)
 - Tahap Kukuh Sdn Bhd (100%)
 - Tetap Sejahtera Sdn Bhd (100%)
 - Wasdiri Sdn Bhd (100%)
 - Saujana Springs Sdn Bhd (70%)
 - Tenaga Kilat Sdn Bhd (100%)
 - Tour Haven Sdn Bhd (100%)
 - A & M Auto Industries Sdn Bhd (100%)
 - (10% stakeholder)
 - T.G. Industrial Park Sdn Bhd (90%)
 - Tengku Mohd Kamil Dan Ng Sdn Bhd (100%)
 - A & M Resorts Sdn Bhd (100%)
 - Profail Padu Sdn Bhd (60%)
 - Ikatan Gembong Sdn Bhd (30%)
 - Bunga Laut Sdn Bhd (20%)
 - Unik Sejati Sdn Bhd (100%)
 - AMJ Properties Sdn Bhd (100%)
 - A & M Modern Homes Sdn Bhd (100%)
 - Pembinaan Kesentosaan Sdn Bhd (70%)
 - (30% stakeholder)
 - A & M Construction Sdn Bhd (100%)
 - Makhosetia Sdn Bhd (100%)
- PROPERTY**:
 - Sri Utas Sdn Bhd (100%)
 - Legenda Anggun Sdn Bhd (100%)
 - Bunut Enterprise Sdn Bhd (80%)
 - Tasik Saujana Sdn Bhd (100%)
 - Lanjut Perkasa Sdn Bhd (100%)
 - Pengantaran Bintang Jaya Sdn Bhd (100%)
 - A & M Development Sdn Bhd (100%)
 - Audimco Sdn Bhd (100%)
 - Freshland Sdn Bhd (100%)
 - Idaman Kalbu Sdn Bhd (94.5%)
 - Lipat Ganda Sdn Bhd (94.5%)
 - Pillar Industries Sdn Bhd (94.5%)
 - AMJ Holdings Sdn Bhd (15%)
 - Villa Sentosa Management Sdn Bhd (100%)
 - EUI Professional Academy (M) Sdn Bhd (100%)
 - Puri Saksama Sdn Bhd (100%)
 - A & M Vision Builders Sdn Bhd (100%)
- LEISURE & RESORT/ F&B**:
 - A & M Lifestyle Connections Sdn Bhd (100%)
 - Orange Mic Entertainment Sdn Bhd (100%)
 - Puteri Resort Ayer Keroh, Melaka (100%)
 - Vertipro Management Sdn Bhd (100%)
 - Viet Passion Sdn Bhd (62%)
 - EV Edaran Sdn Bhd (100%)
- AUTOMOTIVE PARTS & DISTRIBUTION**:
 - Mitsinbo Sdn Bhd (100%)
 - EV Auto Cables Sdn Bhd (80%)
 - EV Auto Industries Sdn Bhd (57.14%)
 - EV Spark Plugs Sdn Bhd (100%)
 - EV Brake Lining Sdn Bhd (91.47%)
 - Sebanqqa Auto Sdn Bhd (30%)
 - Epic Ventures Sdn Bhd (67.41%)
 - Welnexco Sdn Bhd (69%)

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of the Company and the Group of A & M Realty Berhad for the financial year ended 31 December 2015.

ECONOMIC OVERVIEW

It is with great pleasure that I address the shareholders and directors of A&M Realty Berhad (the "Group"). 2015 has been an active year for A&M, a year which saw a major change for the Malaysian economy with the implementation of the Goods & Services tax ("GST") in April 2015. The Malaysian economy as a whole experienced lower growth, in tandem with the global economic slowdown. Despite growing 4.5 percent in the last quarter of 2015, it is still below 2014's stronger performance of 6 percent growth.

With no notable increase in oil prices in the near future, analysts are more cautious as public confidence diminishes with consumer spending power through reduction of government subsidies and spending. However, on a more positive note, the Ringgit has recently strengthened against the US Dollar, indicating that the Malaysian economy could be rebounding towards an upward trend.

FINANCIAL REVIEW

Despite the challenging environment, our Group is able to sustain its profitable position albeit lower turnover for 2015. Our Group's turnover and profit after taxation and minority interests are RM122.18 million and RM23.54 million respectively for the financial year ended 31 December 2015 as compared to RM153.25 million and RM35.15 million in the previous financial year.

Even though the earnings per share attributable to the shareholders for financial year ended 31 December 2015 have reduced to 6.45 sen (2014: 9.63 sen), the Group has further strengthened its net assets per share to RM1.64 (2014: RM1.59).

DIVIDEND

The Directors do not recommend payment of dividends for the financial year ended 31 December 2015 in order to conserve the Group's financial resources for working capital for upcoming projects in 2016.

OPERATIONAL REVIEW

For the financial year ended 31 December 2015, I am pleased to report that the performance of the respective divisions are as follows:-

PROPERTY DEVELOPMENT & INVESTMENT, CONSTRUCTION AND OTHER RELATED SERVICES DIVISION

2015 was a challenging year for the property and construction services division as banks continued their stringent lending policies. Coupled with the uncertainty and "feeling-out" period of the GST, this has led to a softer property market demand. The division registered a 30.11% decrease in revenue to RM58.48 million for the current financial year as compared to RM83.67 million in the previous year. Profit decreased by 38.83% to RM25.35 million for the current financial year as compared to RM41.44 million in 2014. The Division continued to be the main source of revenue and earnings for the Group, contributing 47.86% (2014: 54.60%) and 82.32% (2014: 79.64%) to the Group's total revenue and PBT for 2015.

Our development project Amverton Park @ Bukit Kemuning Golf & Country Resort in Shah Alam contributed significantly to the Division's performance in 2015. I am pleased to announce that we have successfully handed over the vacant possession of all 144 double storey Australian-inspired bungalows in early 2016.

I am also pleased to announce that the Group will be looking forward to its new launches Amverton Hills @ Sungai Buloh and Amverton Links (Taman Sejati Kehijauan) @ Sungai Jati, Klang later this year. Moving further, the Group also has projects in Kemuning and Pulau Carey, ensuring that A&M will continue to have considerable launchings in the pipeline.



Chairman's Statement (Cont'd)

**On new project launches**

The group will be launching Amverton Hills towards the end of the second quarter of 2016, its latest gated and guarded sanctuary that comprises of medium to high-end range semi-Ds and bungalows in Sungai Buloh. Spanning across 120 acres of freehold land with natural contours and an ultra low-density planning of only 3 units per acre, Amverton Hills offers superlative resort living amidst lush greenery. A private clubhouse will be in place to complement the lifestyle of the affluent owners. Residents will be granted easy network access to Kuala Lumpur City and Petaling Jaya via the outer ring road and MRT.

Another project set to launch is Amverton Links, comprising of 155 units of 2 storey terrace houses with clubhouse facilities at Sungai Jati, Klang. This freehold development is also part of our Amverton series, which falls in line with the already successful and well established Amverton Park and Amverton Cove.



With its strategic locations and exclusivity, the group is positive that these future developments will receive a positive response from the market.

**AGRICULTURAL/PLANTATION DIVISION**

The plantation business has not risen to its previous high mainly due to lower overall commodity prices, including crude palm oil ("CPO"). The CPO averaged at RM2,167 per tonne throughout 2015 (2014: RM2,408 per tonne). Due to the decline in CPO prices and lower FFB production in 2015, the segment recorded a revenue and profit before tax of RM4.14 million and RM0.31 million respectively compared to RM4.95 million and RM2.29 million respectively in the preceding year.

However, the CPO price is expected to gradually increase in 2016 as the supply of CPO is expected to be reduced due to the "El Nino" dry spell in major palm oil producing countries such as Indonesia and Malaysia and reduction in soy bean oil production due to "La-Nina" wet spell causing floods in South America.

The management will continue to implement the industry's best practices to ensure maximum FFB output for 2016.

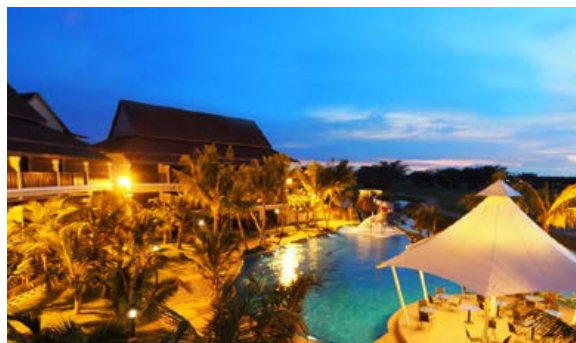
Chairman's Statement (Cont'd)

LEISURE AND RESORT DIVISION

The division recorded higher revenue of RM18.57 million but lower corresponding PBT of RM3.77 million for 2015, representing a growth of 2.51% in turnover and a reduction of 33.08% in PBT respectively compared to 2014. The lower sales and profit contribution from Puteri Resort Melaka was mitigated by the higher turnover and profit contribution from Amverton Cove Golf & Island Resort.

The Group is currently in the midst of refurbishing the 19 year old Puteri Resort Melaka, to further improve its competitiveness in providing the best hospitality for its hotel guests in the historical city of Melaka. The Hotel division will continue to provide a stable recurring income for the Group.

Following the success of Amverton Cove in Pulau Carey, the Group will also launch service apartments to create a synergistic combination with our existing golf course and hotel resort. As such, I am confident that Amverton Cove is on the right track to become a successful integrated township with mixed commercial and residential properties, as well as retail and leisure amenities.



AUTOMOTIVE PARTS AND DISTRIBUTION DIVISION

The Division recorded a decrease of 48.69% in profit to RM1.37 million (2014: RM2.67 million) for the current financial year on the back of slight decrease in revenue to RM41.21 million (2014: RM46.98 million).

The automotive parts and distribution division continues to be competitive, and the management will work towards identifying the correct product mixes, to gain higher margins and results.

OUTLOOK

Malaysia's gross domestic product (GDP) is expected to ease in 2016. Consumers are still adjusting to the economic slowdown that has impacted the property and other divisions alike. Uncertainty in oil prices and instability of the Ringgit has also left its mark on the Malaysian economy.

However, as always, the Group will continue to push forward and adapt. A&M will continue to offer the right products in the right locations at the right price. Despite the adverse market conditions of the past year, the management will continue to ensure that the running of our businesses is disciplined, with proper cost controlling measures and proactive decision-making.

I am personally very optimistic that our future launches will continue to ensure that A&M will be profitable for the years to come.

A WORD OF APPRECIATION

Finally, on behalf of the Board of Directors, I wish to express my sincerest appreciation to my fellow Board members for their stewardship and strategic guidance and to the management and staff for their sustained efforts and commitments to achieve company goals.

My sincere thanks to our valued customers, shareholders, business associates, regulatory authorities, bankers, consultants, subcontractors and suppliers for their continued support.

Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock
Chairman
April 2016

Profile of Board of Directors

Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock

Nationality: Malaysian

Directorship: Executive Chairman (Non-Independent and Executive Director)

Age: 68

Appointed Date: 22 November 1994

Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock graduated with an Honours Degree in Civil Engineering from the University of Malaya. Prior to founding the Company, he began his career in 1970 as an engineer in Perbadanan Urus Air Selangor Berhad before appointed as a Municipal Councillor of Majlis Perbandaran Klang to assist in the development and growth of the Klang district. He was also the State Executive Councillor for the Selangor Government, State Assemblyman for the Barisan Nasional Party for the Selat Klang and Pandamaran constituencies and a Senator for the Government. Tan Sri Dato' Ng was appointed to the Board of Hil Industries Berhad ("Hil") on 4 July 2002 as Executive Chairman. Tan Sri Dato' Ng is a substantial shareholder of the Company. He is the spouse of Puan Sri Datin Catherine Yeoh Eng Neo, father of Dato' Ambrose Leonard Ng Kwee Heng, Dato' Milton Norman Ng Kwee Leong, Mr. Steven Junior Ng Kwee Leng and Mr. Malcolm Jeremy Ng Kwee Seng. He is also the brother of Datuk Ng Thian Kwee.

Dato' Setia Abdul Halim Bin Dato' Haji Abdul Rauf

Nationality: Malaysian

Directorship: Executive Deputy Chairman (Non-Independent and Executive Director)

Age: 78

Appointed Date: 1 February 2002

Dato' Setia Abdul Halim Bin Dato' Haji Abdul Rauf, was appointed to the Board of Director on 1 February 2002 and was subsequently appointed as Executive Deputy Chairman on 24 April 2002. He holds a Bachelor of Arts Degree from the University of Malaya and Master Degree in Public and International Affairs from University of Pittsburgh USA. Before joining the private sector, he held key positions in government authorities and agencies. Amongst key positions held were Director-General of Implementation Coordination Unit in the Prime Minister's Department, State Secretary of State Government of Selangor, Director-General of Immigration Department Malaysia, Deputy Director, Bureau of Research and Consultancy, National Institute of Public Administration, Malaysia and Senior Deputy Director-General, Rubber Industry Smallholders Development Authority. He has vast experience in the management and strategic business planning. Dato' Setia Abdul Halim was appointed to the Board of Hil on 7 February 2003 as Executive Deputy Chairman. Presently, he is also the Chairman of Kontena Nasional Global Logistic Sdn. Bhd.. Dato' Setia Abdul Halim does not have any interest in the securities of the Company, neither does he have any family relationship with any Director and/or major shareholder of the Company.

Dato' Ambrose Leonard Ng Kwee Heng

Nationality: Malaysian

Directorship: Managing Director (Non-Independent and Executive Director)

Age: 48

Appointed Date: 22 November 1994

Dato' Ambrose Leonard Ng Kwee Heng graduated with a Bachelor of Commerce from the University of Western Australia. Being a Chartered Accountant, he is also a member of the Malaysian Institute of Accountants (MIA) and a Fellow Member of Certified Practising Accountants (FCPA). He has vast experience in the property and construction industry, having hands-on involvement in the management, financial and project management of the Group. In addition, he was formerly Deputy Chairman of Selangor Real Estate and Housing Developers' Association Malaysia and Chairman of Klang/Shah Alam Zone Committee. He was appointed to the Board of Dagang Nexchange Berhad (Formerly known as TIME Engineering Berhad) ("DNEX") as an Independent Non-Executive Director on 12 December 2013 and he was Alternate Chairman of the Board Procurement and Tender Committee. However, he resigned all his posts in DNEX on 12 April 2016. He is also a member of the Remuneration Committee and Nomination Committee of the Company. Dato' Ambrose Ng is a substantial shareholder of the Company by virtue of his parents' shareholdings. He is the son of Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock and Puan Sri Datin Catherine Yeoh Eng Neo, brother of Dato' Milton Norman Ng Kwee Leong, Mr. Steven Junior Ng Kwee Leng and Mr. Malcolm Jeremy Ng Kwee Seng and nephew of Datuk Ng Thian Kwee.

Puan Sri Datin Catherine Yeoh Eng Neo

Nationality : Malaysian

Directorship : Non-Independent and Executive Director

Age: 69

Appointed Date: 2 July 2009

Puan Sri Datin Catherine Yeoh Eng Neo holds a Bachelor of Arts majoring in Economics from University of Malaya. Puan Sri Datin Catherine Yeoh Eng Neo is a substantial shareholder of the Company by virtue of her spouse' and sons' shareholdings. She is the spouse of Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock and mother of Dato' Ambrose Leonard Ng Kwee Heng, Dato' Milton Norman Ng Kwee Leong, Mr. Steven Junior Ng Kwee Leng and Mr. Malcolm Jeremy Ng Kwee Seng.

Profile of Board of Directors (Cont'd)

Tan Sri Dato' Dr. Sak Cheng Lum

Nationality: Malaysian

Directorship: Independent and Non-Executive Director

Age: 72

Appointed Date: 1 March 2000

Tan Sri Dato' Dr. Sak Cheng Lum graduated with a Degree in Medicine from the University of Singapore in 1968, and served as a medical officer in the government service before going into private practice. His commitments to the nation can be seen from his former appointments including his election as the State Assemblyman under the Barisan National party for the seat of Bagan Jermal in Penang, appointments as Penang State Executive Councillor, Senator and Parliamentary Secretary of Ministry of Domestic Trade and Consumer Affairs. He is also the Chairman of Audit, Remuneration and Nomination Committee of the Company. Tan Sri Dato' Dr. Sak was appointed to the Board of Hil on 16 February 2007 as an Independent Director. He is also a member of Audit Committee of Hil. Tan Sri Dato' Dr. Sak is also an Independent Director on the Board of Xinghe Holdings Berhad. Tan Sri Dato' Dr. Sak does not have any interest in the securities of the Company, neither does he have any family relationship with any Director and / or major shareholder of the Company.

Datuk Ng Thian Kwee

Nationality: Malaysian

Directorship: Non-Independent and Executive Director

Age: 54

Appointed Date: 22 November 1994

Datuk Ng Thian Kwee holds an Honours Degree in Bachelor of Science (Engineering) and Master Degree in Construction, both from United Kingdom. He has vast experience in handling development and construction projects. At present, he oversees the development and construction operations of the Group. Datuk Ng does not have any interest in the securities of the Company. He is the brother of Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock and uncle of Dato' Ambrose Leonard Ng Kwee Heng, Dato' Milton Norman Ng Kwee Leong, Mr. Steven Junior Ng Kwee Leng and Mr. Malcolm Jeremy Ng Kwee Seng.

Mat Ripen Bin Mat Elah

Nationality: Malaysian

Directorship: Independent and Non-Executive Director

Age: 76

Appointed Date: 9 September 2000

En. Mat Ripen Bin Mat Elah graduated from National Chengchi University Taiwan with a Bachelor of Laws L.L.B (Taiwan). He served in various capacities in UMNO, and was formerly a political secretary to Chief Minister of Selangor. En Mat Ripen was appointed to the Board of Hil on 20 February 2004 as an Independent Director. He is also the member of Audit, Remuneration and Nomination Committee of the Company. En Mat Ripen does not have any interest in securities of the Company, neither does he have any family relationship with any director and / or any major shareholder of the Company.

Tan Jiu See

Nationality: Malaysian

Directorship: Independent and Non-Executive Director

Age: 56

Appointed Date: 20 July 2004

Ms. Tan Jiu See holds a Bachelor of Economics and Bachelor of Laws Degree from the Australian National University. She is presently a legal practitioner. Ms. Tan Jiu See does not have any interest in the securities of the Company, neither does she have any family relationship with any Director and/or major shareholder of the Company.

Profile of Board of Directors (Cont'd)

Dato' Milton Norman Ng Kwee Leong

Nationality: Malaysian

Directorship: Non-Independent and Executive Director

Age: 45

Appointed Date: 2 July 2012

Dato' Milton Norman Ng Kwee Leong was appointed to the Board of Director on 2 July 2012. Dato' Milton Ng graduated with an Honours Degree in Law from the University of Western Australia in 1994. After graduating, he spent 9 months doing his pupillage in the legal office of Shearn Delamore and was admitted to the Malaysian Bar as an Advocate and Solicitor in May 1995. He spent a further 6 months in Shearn Delamore before joining HIL in December 1995 as general manager where he was responsible for the day-to-day operations of the Company. Dato' Milton Ng is a substantial shareholder of the Company by virtue of his parents' shareholdings. He is the son of Tan Sri Dato' Ir. Ng Boon Thong @ Ng Tian Hock and Puan Sri Datin Catherine Yeoh Eng Neo, brother of Dato' Ambrose Leonard Ng Kwee Heng, Mr. Steven Junior Ng Kwee Leng and Mr. Malcolm Jeremy Ng Kwee Seng and nephew of Datuk Ng Tian Kwee.

Steven Junior Ng Kwee Leng

Nationality: Malaysian

Directorship: Non-Independent and Executive Director

Age: 35

Appointed Date: 20 July 2004

Mr. Steven Junior Ng Kwee Leng holds a Bachelor of Commerce Degree majoring in Finance and Marketing with a minor in Business Law, from University of Western Australia. Prior to his appointment as Executive Director, he was the General Manager of the Group. At present, he oversees the sales and marketing operations of the Group. Mr. Steven Ng is a substantial shareholder of the Company by virtue of his parents' shareholdings. He is also the son of Tan Sri Dato' Ir. Ng Boon Thong @ Ng Tian Hock and Puan Sri Datin Catherine Yeoh Eng Neo, brother of Dato' Ambrose Leonard Ng Kwee Heng, Dato' Milton Norman Ng Kwee Leong and Mr. Malcolm Jeremy Ng Kwee Seng and nephew of Datuk Ng Tian Kwee.

Malcolm Jeremy Ng Kwee Seng

Nationality: Malaysian

Directorship: Non-Independent and Executive Director

Age: 30

Appointed Date: 15 September 2008

Mr. Malcolm Jeremy Ng Kwee Seng graduated with double degrees majoring in Accounting and Law from Murdoch University, Western Australia in 2008. Mr. Malcolm Ng was appointed to the Board of Hil on 8 September 2008. After graduating, he had spent a brief period in MIMB Investment Bank Bhd before joining the Group. Currently, he oversees the finance and accounting operations of the Group. Mr. Malcolm Ng is a substantial shareholder of the Company by virtue of his parents' shareholdings. He is the son of Tan Sri Dato' Ir. Ng Boon Thong @ Ng Tian Hock and Puan Sri Datin Catherine Yeoh Eng Neo, brother of Dato' Ambrose Leonard Ng Kwee Heng, Dato' Milton Norman Ng Kwee Leong and Mr. Steven Junior Ng Kwee Leng and nephew of Datuk Ng Tian Kwee.

Ooi Hock Guan

Nationality: Malaysian

Directorship: Independent and Non-Executive Directors

Age: 50

Appointed Date: 26 February 2009

Mr. Ooi Hock Guan holds a degree in Economics from the University of Leicester, United Kingdom and is a Professional Member of the Institute of Internal Auditors Malaysia. After graduating, he has spend a total of 14 years with Royal Selangor Pewter and GCH Retail (Malaysia) Sdn. Bhd. (Giant Hypermarket) specializing in Internal Audit and Finance before joining the Group. He is a member of the Audit Committee of the Company. Mr. Ooi was appointed to the Board of Hil on 26 February 2009 as an Independent Director. He is also a member of Audit Committee of Hil. Mr. Ooi does not have any interest in the securities of the Company, neither does he have any family relationship with any Director and/or major shareholder of the Company.

Profile of Board of Directors (Cont'd)

OTHER INFORMATION

- (a) None of the Directors has any conflict of interest with the Company and none has convicted of any offences in the past ten years.
- (b) By virtue of their interests in the Company, Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock, Puan Sri Datin Catherine Yeoh Eng Neo, Dato' Ambrose Leonard Ng Kwee Heng, Dato' Milton Norman Ng Kwee Leong, Mr. Steven Junior Ng Kwee Leng and Mr. Malcolm Jeremy Ng Kwee Seng are also deemed to be interested in the shares of all the subsidiaries to the extent of the Company's interests in the respective subsidiaries. In addition, their direct and indirect interests in the share capital of the subsidiaries during the financial year were as follows:

	Number of ordinary shares of RM1.00each			
	Balance at 1.1.2015	Acquired	Disposed	Balance at 31.12.2015
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock, Puan Sri Datin Catherine Yeoh Eng Neo, Dato' Ambrose Leonard Ng Kwee Heng, Dato' Milton Norman Ng Kwee Leong, Steven Junior Ng Kwee Leng and Malcolm Jeremy Ng Kwee Seng				
- deemed interest				
Idaman Kalbu Sdn. Bhd.	74,250	-	-	74,250
Lipat Ganda Sdn. Bhd.	99,046	-	-	99,046
Pillar Industries Sdn. Bhd.	161,910	-	-	161,910
Profail Padu Sdn. Bhd.	1,600,000	-	-	1,600,000
Epic Ventures Sdn. Bhd.				
Dato' Ambrose Leonard Ng Kwee Heng - direct interest	-	842,744	-	842,744

MEMBERS OF THE AUDIT COMMITTEE

Tan Sri Dato' Dr. Sak Cheng Lum	(Independent and Non-Executive Director) Chairman
Mat Ripen Bin Mat Elah	(Independent and Non-Executive Director)
Ooi Hock Guan	(Independent and Non-Executive Director)

TERMS OF REFERENCE

On 29 April 2002, the Board revamped and adopted revised Terms of Reference to incorporate the recommendation of the Malaysian Code of Corporate Governance and the new Bursa Malaysia Securities Berhad's Listing Requirements.

The revised terms of reference of the Committee are as follows:

Membership

1. The Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members whereby at least one (1) member of the Committee:
 - (i) Must be a member of the Malaysian Institute of Accountants; or
 - (ii) If he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years working experience and:
 - (a) He/she must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
 - (b) He/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
 - (iii) Fulfills such other requirement as prescribed or approved by bursa securities;
 - (iv) A majority of the Committee member must be Independent Directors.
2. No alternate director is to be appointed as member of the Committee.
3. The members of the Committee shall elect a chairman from among their number who is an Independent Non-Executive Directors.
4. If a member of the Committee resigns, dies or for any reason cease to be a member with the result that the number of member is reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the maximum of three (3) members.
5. The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three years.

Meeting and Minutes

Meetings shall be held not less than four (4) times a year. The external auditors may request a meeting if their consider that one is necessary. The Managing Director, Finance Director and representatives of the external auditors shall normally be invited to attend meetings. Other Board members shall also have the right of attendance. However, whenever deemed necessary, the Committee shall be able to convene meetings with the external auditors without any Executive Directors present. A quorum shall be two (2) members present, a majority of whom must be Independent Directors. Minutes shall be kept and distributed to each members of the Committee and of the Board. The Chairman of the Committee shall report on each meeting to the Board. The Company Secretary shall be the Secretary of the Committee.

Audit Committee (Cont'd)

Authority

The Committee is authorised by the Board:

1. To investigate any activity within its Terms of Reference and shall have unrestricted access to information pertaining to the Company and the Group. 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 Committee.
2. To obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience at Company's expense if it considers this necessary. Notwithstanding anything to the contrary hereinbefore stated, the Committee does not have executive powers and shall report to the Board of Directors on matters considered and its recommendation thereon, pertaining to the Company and the Group.

Functions and Duties

The functions and duties of the Committee shall be:

1. To monitor any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity. They are also required to ensure that the Director report such transactions annually to shareholders via the annual report;
2. To review the quarterly report to the Bursa Malaysia Securities Berhad ("BMSB") and year end annual financial statements of the Group before submission to the Board, focusing on:
 - Going concern assumption
 - Compliance with accounting standards and regulatory requirements
 - Any changes in accounting policies and practices
 - Major judgemental areas
3. To consider the major findings of external auditors and the management response;
4. To review all prospective financial information provided by the regulators and/or public;
5. To discuss with external auditors, prior to the commencement of audit, the audit plan which states the nature and scope of audit and ensure co-ordination of audit where more than one audit firm are involved;
6. To discuss problems and reservations arising from the interim and final external audits, the audit report and any matters the auditors may wish to discuss;
7. To review with the external auditor, his evaluation of the system of internal controls, his management letter and management response;
8. To consider the nomination and the appointment of external auditors, as well as the audit fee;
9. To consider any letter of resignation from the external auditors of the Company and any reason for grounds to believe that the external auditors are not suitable for re-appointment;
10. To consider, the nomination and appointment of the professional firm engaged to carry out the internal audit functions and specifically perform the following reviews:
 - Review the adequacy of the scope, functions and resource of the professional firm engaged to carry out internal audit functions, and that it has the necessary authority to carry out its work;
 - Review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the professional firm engaged; and
 - Review any appraisal or assessment of the performance of the professional firm engaged to perform the internal audit functions;
11. To reconsider any other functions as may be agreed to by the Committee and the Board.

Audit Committee (Cont'd)

Membership and Meetings

The Audit Committee comprises three (3) Independent Non-Executive Directors of the Board with Tan Sri Dato' Dr. Sak Cheng Lum as Chairman. The Committee had five (5) meetings during the period, majority of the meetings were attended by all members. Other members of senior management and the Group's external auditors attended some of these meetings upon invitation by the Chairman of the Committee.

Details of Audit Committee Meetings and Attendance of its Members

Details of Audit Committee meetings held at Conference Room, Lot 3, Jalan Lada Sulah 16/11, Section 16, 40000 Shah Alam during the financial year ended 31 December 2015 are as follow:

Name of Directors	No. of meeting attended/held	Percentage of Attendance (%)
Tan Sri Dato' Dr. Sak Cheng Lum	5/5	100%
Mat Ripen Bin Mat Elah	4/5	80%
Ooi Hock Guan	5/5	100%

Activities

During the financial year under review, the Audit Committee carried out its duties as set out in the Terms of Reference. The Committee had appointed a professional firm to undertake audit functions with effect from the last quarter of 2003.

Internal Audit Function

The internal audit functions have been outsourced to a professional firm reporting directly to Audit Committee. Its responsibilities include systematic and timely review of business units' compliance with internal control procedures, highlights weaknesses and makes appropriate recommendations for improvements.

The total cost incurred for maintaining the internal audit function for the year under review was RM25,961 comprising mainly professional fees and disbursements.

Statement of Corporate Governance

The Board of Directors recognizes the importance of good corporate governance and is committed to ensure that a high standard of corporate governance is practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Company and the Group.

The Board is pleased to report on the manner the Group has applied the principles and the extent of the compliance with the recommendations of the Malaysian Code on Corporate Governance 2012 (MCCG 2012) for the year ended 31 December 2015.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear Functions of the Board and Management

The Group acknowledges the pivotal role played by the Board of Directors in the stewardships of its direction and operations. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for Management and monitoring the achievement of these goals.

The Board is responsible for oversight of the Company. Key matters reserved for the Board's approval include the following:-

- Approval of financial results
- Declaration of dividend
- Annual business plan
- Acquisition or disposal of material fixed assets

To ensure the effective discharge of its function and responsibilities, the Board has delegated specific responsibilities to three (3) sub-committees (Audit, Nomination and Remuneration Committees). The details of the Audit Committee are set out on page 17 to 19 while the details of the Nomination and Remuneration Committees are set out below. These Committees have the authority to examine particular issues and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board. To meet the recommendations of the Malaysian Code of Corporate Governance, the Board set up the Nomination Committee and Remuneration Committee on 29 March 2002.

The daily operations have been delegated to management. Management has been given the authority to decide on operation matters within certain set limits where quick decisions are important to the growth and success of the Company. Management is however accountable to the Board and must refer to the Board for decision where the matters are material and involves strategic decisions.

Directors' roles and responsibilities

The Board provides stewardship to the Group's strategic direction and operations, and ultimately the enhancement of shareholders' value. The Board is primarily responsible for:

- Reviewing and adopting the strategic plans for the Group;
- Overseeing the conduct and performance of the Group to ensure they are being properly and appropriately managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Developing and implementing investor relations programme or shareholders communication policy for the Group; and
- Reviewing the adequacy and integrity of the Group's management information and internal control systems.

Formalised Ethical Standards through Code of Ethics

The Directors continue to adhere to the Company Directors' Code of Ethics established which is based on principles in relation to integrity, compliance with legal and regulatory requirements and Company policies and accountability in order to enhance the high standards of corporate governance and behavior.

Strategies Promoting Sustainability

The Board has formulated a Sustainability Policy which sets out the business strategy that drives long-term corporate growth and profitability, by including environmental and social issues in the business model.

As part of our corporate social responsibility agenda, on 17 December 2013, Bukit Aman Crime Prevention Department Director Datuk Ayub Yaakob has awarded A & M Realty Berhad the certification for auxiliary police powers at the landmark ceremony in Amverton Cove, Carey Island, as part of the national effort including the Group's Corporate Social Responsibility to reduce crime.

Statement of Corporate Governance (Cont'd)

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)**Access to Information and Advice**

All Board meetings are structured with a pre-set agenda. Board papers providing updates on operation, financial and corporate developments as well as minutes of meetings of the Board Committees are circulated 7 days prior to the meetings to give Directors time to deliberate on the issues to be raised at the meetings.

All the Directors have been granted unrestricted access to all information pertaining to the Group's business and affairs as well as advice and services of the Company Secretaries in order to assist them in their decision making. Where necessary, the Directors may engage independent professionals, at the Group's expense, to advise them on specialized issues for the purpose of decision making.

Qualified and Competent Company Secretary

The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of its functions. The Company Secretary plays an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretary supports the Board in managing the Company's governance model, ensuring it is effective and relevant.

During the year 2015, the Company Secretary attended all Board meetings and ensure that the deliberations in terms of the issues discussed and decisions made thereof, were accurately and sufficiently recorded, and properly kept for the purposes of meeting statutory regulations, Bursa Malaysia Listing Requirements or other regulatory requirements.

Board Charter

The Board Charter is currently being drafted and will be posted on the Company's website after the Board's approval for adoption. In the course of establishing a board charter, the Board recognises the importance to set out the key values, principles and ethos of the Company, as policies and strategy development are based on these considerations. The Board Charter is expected to include the division of responsibilities and powers between the Board and management as well as the different committees established by the Board.

STRENGTHEN COMPOSITION**Nomination Committee**

Tan Sri Dato' Dr. Sak Cheng Lum (Independent and Non-Executive Director)-Chairman

Mat Ripen Bin Mat Elah (Independent and Non-Executive Director)

Dato' Ambrose Leonard Ng Kwee Heng (Non-Independent and Executive Director)

The terms of reference of the Nomination Committee include:

- Annually review the required mix of skills and experience and other qualities, including core competencies which Non-Executive and Executive Directors should have;
- Assess on annual basis, the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual Director, including Independent Non-Executive Directors, as well as the Managing Director;
- Assess on annual basis, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. To retain as Independent Director, the Board must justify and seek shareholder's approval for a person who has served in that capacity for more than nine (9) years;
- Recommends to the Board, candidates for all directorship to be filled by shareholders or the Board, including those proposed by the Managing Director or any senior executives of the Company;
- Recommends to the Board, Directors to fill the seats on Board Committees; and
- Carry out its responsibilities with the assistance and services of a Company Secretary who must ensure that all appointments are properly made, that all necessary information is obtained from Directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the Main Marketing Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") or other regulatory requirements.

In making its recommendations, the Nomination Committee should consider the candidates':

- Skills, knowledge, expertise and experience;
- Professionalism;
- Integrity; and
- In the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

Statement of Corporate Governance (Cont'd)

STRENGTHEN COMPOSITION (CONT'D)

Nomination Committee (Cont'd)

The Nomination Committee held one (1) meeting during the financial year ended 31 December 2015. During the year under review, the Nomination Committee carried out its duties in accordance with its Terms of Reference. These include:

- Review and assess the effectiveness of the Board as a whole and the Audit Committee;
- Review and assess the mix of skills, experience and competencies of each individual Director;
- Review and recommendation to the Board, the re-election of the Directors who will be retiring at the forthcoming AGM of the Company;
- Review and recommendation to the Board, the re-appointment of the Directors who will be retiring at the forthcoming AGM of the Company; and
- Review and recommendation to the Board, the retention of the Independent Non-Executive Directors in accordance with the MCCG 2012.

Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

The Malaysian Code on Corporate Governance endorses as good practice, a formal procedure for appointments to the Board, with a Nomination Committee making recommendation to the Board. The Code, however, states that this procedure may be performed by the Board as a whole, although, as a matter of best practice, it recommends that this responsibility be delegated to a committee.

In previous years, the appointment of any additional Director was made as and when deemed necessary by the existing Board with due consideration given to the mix of expertise and experience required for an effective Board. Pursuant to its set up on 29 March 2002, the Nomination Committee is responsible for making recommendations for any appointment to the Board. Any new nomination received is put to the full Board for assessment and endorsement.

In respect of the appointment of Directors, the Company practices a clear and transparent nomination process which involves the following five (5) stages:

Stage 1:	Identification of candidates
Stage 2:	Evaluation of suitability of candidates
Stage 3:	Meeting up with candidates
Stage 4:	Final deliberation by the Nomination and Remuneration Committee
Stage 5:	Recommendation to the Board

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

In accordance with the Articles of Association, one-third (1/3) of the remaining Directors, are required to submit themselves for re-election by rotation at each Annual General Meeting. In compliance with the Bursa Malaysia Securities Berhad's Listing Requirements, which came into force on 1 June 2001, all Directors are required to submit themselves for re-election at least once every three (3) years. Directors over seventy years are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Gender Diversity Policy

Corporate Governance Blueprint 2011 stated that the Board should ensure women participation on board to reach 30% by 2016. The Board does not have a policy on boardroom diversity, including gender diversity. The Company will provide equal opportunity to candidates with merit. Nonetheless, the Board will give consideration to the gender diversity objectives.

DIRECTORS' REMUNERATION

The Company has set up the Remuneration Committee on 29 March 2002 as recommended by the Malaysian Code on Corporate Governance to determine the remuneration for a Director so as to ensure that the Company attracts and retains the Directors needed to run the Company successfully. The component parts of remuneration are structured so as to link rewards to corporate and individual performance, in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.

The members of the Remuneration Committee, comprising a majority of Non-Executive Directors, are as follows:

Tan Sri Dato' Dr. Sak Cheng Lum	(Independent and Non-Executive Director)-Chairman
Mat Ripen Bin Mat Elah	(Independent and Non-Executive Director)
Dato' Ambrose Leonard Ng Kwee Heng	(Non-Independent and Executive Director)

Statement of Corporate Governance (Cont'd)

DIRECTORS' REMUNERATION (CONT'D)

The Remuneration Committee recommends to the Board the framework of the Executive Directors' remuneration and the remuneration package for each Executive Director in all its forms, drawing from outside advice if necessary. Executive Directors should play no part in decision on their own remuneration. It is, nevertheless, the ultimate responsibility of the entire Board to approve the remuneration of these Directors.

The determination of the remuneration of Non-Executive Directors is a matter for the Board as a whole. The individuals concerned should obtain from discussion of their own remuneration. The Company reimburses reasonable expenses incurred by these Directors in the course of their duties as Directors.

The remuneration of Directors for the financial year ended 31 December 2015 is as follows:

- Aggregate remuneration of Directors categorized into appropriate components:

	Executive Directors RM	Non-Executive Directors RM	Total RM
Fees	72,000	48,000	120,000
Salary & Allowances	2,085,600	-	2,085,600
Bonus	170,080	-	170,080
EPF	173,496	2,340	175,836
	<u>2,501,176</u>	<u>50,340</u>	<u>2,551,516</u>

- The number of Director as at 31 December 2015 whose total remuneration falls within the following bands:

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	1	2
RM50,001 - RM100,000	1	-
RM200,001 - RM250,000	1	-
RM250,001 - RM300,000	1	-
RM400,001 - RM450,000	1	-
RM700,001 - RM750,000	2	-

REINFORCE INDEPENDENCE**Annual Assessment of Independence**

The Board, through the Nomination Committee, assesses the independence of the Independent Non-Executive Directors annually, taking into account the individual Director's ability to exercise independent judgement at all times and to contribute to the effective functioning of the Board.

The Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Company.

The Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interest of the Company.

Tenure of Independent Directors

The Nomination Committee and the Board have determined at the annual assessment carried out that Tan Sri Dato' Dr. Sak Cheng Lum, Mat Ripen Bin Mat Elah and Tan Jiu See, who have served on the Board for a cumulative terms of more than nine (9) years, remains objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees. The length of their services on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interest of the Company. They have exercised due care during their tenure as Independent Non-Executive Directors of the Company and have carried out their professional duties in monitoring and recommendations for implementation to enhance value to the Company and Group.

Tan Sri Dato' Dr. Sak Cheng Lum, Mat Ripen Bin Mat Elah and Tan Jiu See have offered themselves for re-appointment as Directors of the Company at the forthcoming Twenty-Sixth Annual General Meeting. In view thereof, the Board has recommended that the approval of the shareholders be sought to retain them as Independent Non-Executive Directors of the Company.

Statement of Corporate Governance (Cont'd)

REINFORCE INDEPENDENCE (CONT'D)

Separation of Position of the Chairman and Managing Director

There is a clear division of responsibility between the Chairman, Tan Sri Dato' Ir. Ng Boon Thong @ Ng Tian Hock and the Managing Director, Dato' Ambrose Leonard Ng Kwee Heng, to ensure there is a balance of power and authority.

MCCG 2012 also recommends that the Chairman of the Board to be a non-executive member of the Board and in the event, the Chairman is not an Independent Director, the Board must comprise a majority of Independent Directors. The Company's Chairman, Tan Sri Dato' Ir. Ng Boon Thong @ Ng Tian Hock, is an executive member of the Board and is not an Independent Director by virtue of his substantial interest in the Group.

The Board believes that the Chairman is competent to act on behalf of the shareholders in their best interest and does not recommend the necessity of nominating an Independent Non-Executive Chairman at this juncture.

Board Composition and Balance

The Board currently has twelve (12) members, comprising four (4) Independent Non-Executive Directors and eight (8) Executive Directors (including the Chairman and Managing Director). The composition of the Board complies with paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. A brief description of the background of each Director is presented on pages 13 to 16.

The Group is led and controlled by an experience Board, many of whom have intimate knowledge of business. The management of the Group's business and implementation of policies and day-to-day running of the business is delegated to the Executive Directors. The Independent Non-Executive Directors provide unbiased and independent views to safeguard the interests of shareholders.

There is balance in the Board because of the presence of four (4) Independent Non-Executive Directors who are of the caliber necessary to carry sufficient weight in Board decisions thus enabling adequate Board representation of the interest of minority shareholders. Although all the Directors have an equal responsibility for the Group's operations, the role of these Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined, and take account of the long term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business.

Tan Sri Dato' Dr. Sak Cheng Lum acts as the senior Independent Non-Executive Director. Any concerns concerning the Group may be conveyed to him.

FOSTER COMMITMENT

Time Commitment

The Board meets at least four (4) times a year, with additional meetings convened when necessary. All Board members bring an independent judgement to bear on issues of strategy, performance and resources and standard of conducts. The Non-Executive Directors are all independent. During the year ended 31 December 2015, five (5) Board Meetings were held. Every directors attended a majority of the Board meetings held during his/her tenure in the period. Details of the Board Meetings and the attendance of the Directors are disclosed in the Statement Accompanying Notice of Annual General Meeting on page 5 to 7. The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

The Directors are required to submit an update on their other directorships and shareholdings to the Company Secretary. Such information is used to monitor the number of directorship held by the Directors. Each member of the Board must not hold more than five directorships in public listed companies. This is in compliance with the Bursa Malaysia Listing Requirements which states that Directors should not sit on the Boards for more than five listed companies to ensure that their commitment and have the time to focus and fulfill their roles and responsibility effectively.

Directors Training

As an integral element of the process of appointing new Directors, the Nomination Committee ensures that new Board members are given every opportunity to familiarise themselves with the structure, operations and types of businesses of the Group.

All the Directors have attended the Mandatory Accreditation Programme conducted by Research Institute of Investment Analysts Malaysia and completed the Continuing Education Programmes ("CEP") within the timeframe. The Board is regularly updated by the Company Secretary on the latest update/amendments on the Bursa Securities Listing Requirements and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities. The Directors will also attend training endorsed by Bursa Securities to keep abreast with developments in the capital markets.

Statement of Corporate Governance (Cont'd)

UPHOLD INTEGRITY IN FINANCIAL REPORTING**Compliance with Applicable Financial Reporting Standards**

In presenting the annual financial statements and quarterly announcement of results to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects and to ensure that the financial statements are drawn up in accordance with the provision of Companies Act, 1965 and applicable accounting standards in Malaysia. This also applies to other price-sensitive public reports and reports to regulators. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The Responsibility Statement by the Directors pursuant to Main Market Listing Requirements of Bursa Securities is set out in this Annual Report.

In addition to the above, the Board has overall responsibility for maintaining a sound system of internal controls, which encompasses financial, operational, and compliance controls and risk management necessary for the Group to achieve its corporate objectives within an acceptable risk profile.

These controls can only provide reasonable but not absolute assurance against material misstatement, loss or fraud. The Board recognises that risk cannot be fully eliminated. As such, the systems, processes and procedures being put in place are aimed at minimizing and managing them. Ongoing reviews are continuously carried out to ensure the effectiveness, adequacy and integrity of the system of internal controls in safeguarding the Company's assets.

The financial report will be presented to the Audit Committee on a quarterly basis during audit committee meetings. After discussion and queries (if any), Audit Committee will then recommend that it be submitted to the Board of Directors for approval. During audit committee meetings, Audit Committee also meet up with the internal auditors and external auditors who would present their respective plans and reports. Audit Committee also meets up with internal auditors and external auditors individually for them to highlight any areas of concerns.

For the year under review the internal auditors and external auditors have not highlighted any area of concern.

Internal auditors adopts a risk based audit approach in auditing objectively to provide the assurance that risks are mitigated to acceptable levels. In carrying out their reviews, internal auditors makes reference to the Group's policies and procedures, established practices, Listing Requirements and recommended industry practices.

Assessment of Suitability and Independence of External Auditors

The Audit Committee undertakes an annual assessment of the suitability and independence of the external auditors. It is the policy of the Audit Committee to meet with the external auditors at least twice a year to discuss their audit plan, audit findings and the Company's financial statements. At least one of these meetings is held without the presence of the Executive Directors and the Management. The Audit Committee also meets with external auditors additionally whenever it deems necessary.

In this regard, the Audit Committee has assessed the independence of Messrs. HLB Ler Lum as external auditors of the Company. Having satisfied with their performance, technical competency and fulfillment of criteria of independent, the Audit Committee has recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the forthcoming Annual General Meeting.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board acknowledges their responsibilities for the internal control system of the Group, covering not only financial controls but also controls relating to operations, compliance and risk management. The Board, in fulfilling their responsibilities, had set-up Audit Committee and outsourced the internal audit function of the Group to independent consulting firm to assist the Board on these matters. Information of the Group's internal control and risk management is presented in the Statement on Risk Management and Internal Control set out on pages 27 to 28 of the Annual Report. The Annual Audit Plan, Findings and Reports of the outsourced Internal Audit Function is presented directly to the Audit Committee during audit committee meetings. The audit committee would then evaluate and recommend that to the Board for approval.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board acknowledges the need to inform shareholders of all material business matters affecting the Company. The Company committed to provide shareholders with timely and equal dissemination of material information in order to enhance the transparency and accountability.

The Company has established a website – www.amrealty.com.my for shareholders and the public to access for information, including the announcements made by the Company. The Company's website incorporate an Investor Relations section which provides all relevant information on the Company and is accessible by the public. This Investor Relations section enhances the Investor Relations function by including all announcements made by the Company, annual reports as well as the financial information of the Company.

Statement of Corporate Governance (Cont'd)

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE (CONT'D)

The Company's website has a "Contact Us" section where shareholders and potential investors may direct their enquiries on the Company. The Company's customer services team will endeavour to reply to these queries in the shortest possible time.

The announcement of the quarterly financial result is also made via Bursa LINK immediately after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Company provides information to shareholders with regard to, amongst others, details of the Annual General Meeting, their entitlement to attend the Annual General Meeting, the right to appoint a proxy and also the qualification of a proxy.

A copy of the Annual Report and the notice of the AGM are sent to all shareholders at least 21 days before the AGM. The notice of AGM is also published in a nationally circulated daily newspaper. To further promote participation of members through proxy(ies), which is in line with the insertion of Paragraph 7.21 of the Main Market Listing Requirements of Bursa Securities, the Company had sought shareholders' approval to amend its Articles of Association to include explicitly the right of proxies to speak at general meetings, to allow a member who is an exempt authorized nominee to appoint multiple proxies for each omnibus account it holds and expressly disallow any restriction on proxy's qualification.

In maintaining the commitment to effective communication with shareholders, the Group adopts the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as to the general investing public. The practice of disclosure of information is not just established to comply with requirements of the Main Market Listing Requirements of Bursa Securities pertaining to continuing disclosures, it also adopts the best practices as recommended in the Malaysian Code of Corporate Governance 2012 with regard to strengthening engagement and communication with shareholders. Where possible and applicable, the Group also provides additional disclosure of information on a voluntary basis. The Group believes that consistently maintaining a high level of disclosure and extensive communication with its shareholders is vital to shareholders and investors to make informed investment decisions.

The Annual Report is the main channel of communication between the Company and its stakeholders. The Annual Report communicates comprehensive information of the financial results and activities undertaken by the Group. As a listed issuer, the contents and disclosure requirements of the annual report are also governed by the Main Market Listing Requirements of Bursa Securities.

Another key avenue of communication with its shareholders is the Company's Annual General Meeting, which provides a useful forum for shareholders to engage directly with the Company's Directors. During the general meeting, shareholders are at liberty to raise questions or seek clarification on the agenda items of the general meeting from the Company's Directors. Where appropriate, the Board will undertake to provide written answer to any questions that cannot be readily answered at the meeting.

Statement on Risk Management and Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance 2012 requires listed companies to establish a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets. Under paragraph 15.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") require Board of Directors of public listed companies to produce a statement on the state of the Companies' internal control as a group. In this regards, the Board of Directors ("Board") of A & M Realty Berhad ("A & M") is pleased to set out below the Statement of Risk Management and Internal Control.

BOARD RESPONSIBILITY

The Board recognizes the importance of a sound risk management framework and internal control systems for good corporate governance and acknowledges its primary responsibility to ensure that principal risks in the Group are identified, measured and managed with appropriate system of internal controls, and to ensure that the effectiveness, adequacy and integrity of the internal control system are reviewed on an ongoing basis.

The Board maintains full control over all internal control within the Group, covering aspects of operational, compliance as well as financial in nature. In view of inherent risks, the Group's internal control systems are designed to manage and mitigate the effect rather than eliminate possible risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

RISK MANAGEMENT FRAMEWORK

The Board has established an organizational structure with clearly defined lines of authorities and job responsibilities to enhance accountability.

An informal risk management is carried out throughout the year, for identifying, evaluating, managing and reporting the significant risks that may be faced by the Group. The Board has empowered the Managing Director, who formed various task forces/project committee comprising Executive Directors/General Manager and key senior management personnel to assist him, in reviewing and managing the significant risks faced by the various operating units to achieve their respective business objectives of the Group. The Managing Director will inform the Board of any pertinent matters, which require decision-making at Board level.

The Managing Director and his senior management team, through their day-to-day involvement in the operations of the Group, ensure the ongoing maintenance, monitoring, reviewing and reporting arrangements have been put in place to provide reasonable assurance that the structure of controls and operations is appropriate to the Group.

INTERNAL AUDIT FUNCTION

In accordance with Best Practices Provision BB VII in Part 2 of The Code, the Group's internal audit function had been outsourced to a professional firm in the last quarter of 2003 and it reports directly to the Audit Committee on a timely manner. The firm assists the Audit Committee, in obtaining sufficient assurance of regular review and appraisal of the effectiveness of the system of internal controls within the Group. The remit of the Group's internal audit function is set out to provide assurance to the Audit Committee that internal audit activities are performed with impartiality, proficiency and due professional care.

A high level assessment of the Group's business risk was carried out by the internal audit function to facilitate the preparation of internal audit plan. The audit plan was approved by the Audit Committee. With the adoption of risk-based approach, the internal audit function is able to focus its work on principal risk areas and processes of the business operation units. The internal audit function undertakes systematic and timely review of the system of internal controls in order to provide reasonable assurance that operation of such controls, including system of compliance with applicable laws, regulations and guidelines are adequate, efficient and effective.

In its focus on continuous improvement for the Group, the internal audit function review critical key areas for improvement and thereafter assesses the extent of which its recommendations have been implemented.

The key features of the internal control system are:

- Established policies and procedures in place which are well communicated throughout the Group;
- Established organisational structure;
- Clear lines of authorities and well defined responsibilities for all personnel of the Group. Strict authorisation and approval procedures have been established within top management;
- Regular and open communication between management, internal auditors and the Board on matters relating to risk and control;

Statement on Risk Management and Internal Control (Cont'd)

INTERNAL AUDIT FUNCTION (CONT'D)

- The Board takes into account significant aspects of internal control for the Group;
- Timely financial reporting in accordance with Approved Applicable Standards in Malaysia and other guidelines issued by the relevant authorities;
- Conduct of monthly senior management meetings encompassing Directors and head of departments, focusing on principal risk affecting the Group's business objectives and to make decisions on important matters for the Group;
- Set up of ad hoc task force and project committees that are chaired periodically by Managing Director/Executive Director and attended by head of departments and executives, to manage critical matters that require close monitoring; and
- Computerised financial system to compile and consolidate data to generate monthly management reports, which assist management in identifying key changes and monitor performance.

During the financial year under review, the internal auditors reviewed the Group's system of internal control covering financial, accounting, operational and compliance controls. Although a number of internal control weaknesses were identified during this process, none of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

During the audit committee meetings, internal auditors presents to the Audit Committee with the results of their audit review, findings, recommendations and management's response in the form of an internal audit report. The Audit Committee will then deliberate on the internal audit report and then recommend that it be presented to the Board for approval.

Internal auditors will carry out follow-up reviews on the areas previously audited on the implementation on the audit recommendations. The result of this follow-up review is then reported to Audit Committee in the form of a follow-up audit report presented during audit committee meeting. Audit Committee will then deliberate, make queries if necessary and recommend it to be presented to Board for approval.

CONCLUSION

The Board is satisfied that the Group's adequacy of the existing system of risk management and internal control which operates satisfactorily to prevent any significant breakdown or weakness that give rise to material losses incurred by the Group during the financial year under review.

The system of internal controls will continue to be reviewed, enhanced or updated in line with changes in the operating environment. The Board will seek regular assurance on the continuity and effectiveness of the internal control system through independent appraisals by the internal auditors. The Board is of the view that the current system of internal controls in place throughout the Group is sufficient to safeguard the shareholders' investment, interests of customers, employees and stakeholders, and the Group's assets.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirement, the external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in the annual report of the financial year ended 31 December 2015 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 process adopted by the Board in reviewing the adequacy and integrity of the internal control systems.

Additional Compliance Information

SHARE BUY-BACK

The Company has not purchased any of its own shares during the financial year ended 31 December 2015. As such, there is no treasury share maintained by the Company.

CONVERTIBLE SECURITIES EXERCISED

The Company does not issue any warrants nor has unexercised warrants for the financial year ended 31 December 2015.

AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR")

The Company has not sponsored any ADR or GDR programme in the financial year ended 31 December 2015.

NON - AUDIT FEES

There were no Non-audit fees paid/payable to external auditors for the financial year ended 31 December 2015.

SANCTIONS AND/OR PENALTIES

There were no penalties imposed on the Company and its subsidiaries from 1 January 2015 to 31 December 2015 by the relevant regulatory authorities.

VARIATION IN RESULTS

There were no material variations between audited results for the financial year ended 31 December 2015 and the unaudited results for the fourth (4th) quarter ended 31 December 2015 of the Group. There were no profits estimate, forecast or projection announced during the financial year under the review.

PROFIT GUARANTEE

The Company did not make any arrangement during the financial year which requires profit guarantee.

RECURRENT RELATED PARTY TRANSACTION OF A REVENUE NATURE

There were no recurrent related party transaction of a revenue nature, which requires Shareholders' Mandate during the financial year under the review.

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST STILL SUBSISTING AT THE END OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (PURSUANT TO PARAGRAPH 20, PART A, APPENDIX 9C OF THE LISTING REQUIREMENTS)

There were no material contracts (not being contracts entered into the ordinary course of business) entered into by A & M or its subsidiaries involving directors' and major shareholders' interest since the end of the previous financial year.

REVALUATION POLICY ON LANDED PROPERTIES

The carrying values of landed properties are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amounts of the landed properties are estimated by the Directors.

Statement of Directors' Responsibilities

Director are required by the Companies Act, 1965 to prepare financial statements for each financial year which true and fair view of the state of the affairs of the Group and of the Company for the financial year then ended.

In preparing those financial statements, the Directors have:

- Adopted applicable accounting policies and applied them consistently;
- Made judgements and estimates that are prudent and reasonable;
- Ensure applicable Financial Reporting Standards in Malaysia for Entities Other than Private Entities have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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. The Directors are also responsible for taking such steps as reasonably open to them to safeguards the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

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Directors' Report

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 13 to the Financial Statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit/(Loss) for the year	25,626,218	(57,227)
Attributable to :		
Equity holders of the Company	23,536,004	(57,227)
Non-controlling interests	2,090,214	-
	25,626,218	(57,227)

DIVIDENDS

The amount of dividend paid since the end of the last financial year was as follows:

	RM
In respect of the financial year ended 31 December 2014	
A first and final single tier dividend of 3% or 1.5 sen per ordinary share of RM 0.50 each paid on 14 August 2015	5,475,957

The Board of Directors does not recommend a final dividend for the financial year ended 31 December 2015.

RESERVES AND PROVISIONS

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

TREASURY SHARES

The shareholders of the Company granted a mandate to the Company to repurchase its own shares at the Annual General Meeting held on 25 June 2015. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

There are no repurchase of own shares during the financial year ended 31 December 2015.

DIRECTORS

The name of the Directors of the Company in office since the date of the last Report and at the date of this Report are :

- Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock
- Dato' Setia Abdul Halim Bin Dato' Haji Abdul Rauf
- Dato' Ambrose Leonard Ng Kwee Heng
- Puan Sri Datin Catherine Yeoh Eng Neo
- Tan Sri Dato' Dr. Sak Cheng Lum
- Datuk Ng Thian Kwee
- Dato' Milton Norman Ng Kwee Leong
- Mat Ripen Bin Mat Elah
- Tan Jiu See
- Steven Junior Ng Kwee Leng
- Malcolm Jeremy Ng Kwee Seng
- Ooi Hock Guan

Directors' Report (Cont'd)

DIRECTORS' INTERESTS

The following Directors of the Company who held office at the end of the financial year had, according to the Register of Directors' Shareholdings, interests in shares of the Company and related companies as follows :

	Number of ordinary shares of RM0.50 each			
	Balance at 1.1.2015	Acquired	Disposed	Balance at 31.12.2015
<i>The Company</i>				
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock				
- direct interest	21,612,412	18,209,700	-	39,822,112
- deemed interest	215,432,780	8,388,400	-	223,821,180
Puan Sri Datin Catherine Yeoh Eng Neo				
- direct interest	5,629,800	8,388,400	-	14,018,200
- deemed interest	231,415,392	18,209,700	-	249,625,092
Dato' Ambrose Leonard Ng Kwee Heng				
- direct interest	2,588,000	-	-	2,588,000
- deemed interest	228,549,292	26,598,100	-	255,147,392
Dato' Milton Norman Ng Kwee Leong				
- direct interest	1,400,000	-	-	1,400,000
- deemed interest	228,549,292	26,598,100	-	255,147,392
Steven Junior Ng Kwee Leng				
- direct interest	1,000,000	-	-	1,000,000
- deemed interest	228,549,292	26,598,100	-	255,147,392
Malcolm Jeremy Ng Kwee Seng				
- direct interest	3,507,900	-	-	3,507,900
- deemed interest	232,749,292	26,598,100	-	259,347,392

	Number of ordinary shares of RM1.00 each			
	Balance at 1.1.2015	Acquired	Disposed	Balance at 31.12.2015
<i>Holding company - Dalta Industries Sdn. Bhd.</i>				
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock				
- direct interest	7,000,000	-	-	7,000,000
- deemed interest	3,000,000	-	-	3,000,000
Puan Sri Datin Catherine Yeoh Eng Neo				
- direct interest	400,000	-	-	400,000
- deemed interest	9,600,000	-	-	9,600,000
Dato' Ambrose Leonard Ng Kwee Heng				
- deemed interest	10,000,000	-	-	10,000,000
Dato' Milton Norman Ng Kwee Leong				
- deemed interest	9,000,000	-	-	9,000,000
Steven Junior Ng Kwee Leng				
- deemed interest	9,000,000	-	-	9,000,000
Malcolm Jeremy Ng Kwee Seng				
- deemed interest	9,000,000	-	-	9,000,000

Directors' Report (Cont'd)

DIRECTORS' INTERESTS (CONT'D)

	Balance at 1.1.2015	Number of ordinary shares of RM0.50 each Acquired	Disposed	Balance at 31.12.2015
<i>Related company - Hil Industries Berhad</i>				
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock				
- direct interest	33,113,566	-	-	33,113,566
- deemed interest	173,708,974	-	-	173,708,974
Puan Sri Datin Catherine Yeoh Eng Neo				
- direct interest	7,184,400	-	-	7,184,400
- deemed interest	199,638,140	-	-	199,638,140
Dato' Ambrose Leonard Ng Kwee Heng				
- direct interest	3,553,400	-	-	3,553,400
- deemed interest	189,483,740	-	-	189,483,740
Dato' Milton Norman Ng Kwee Leong				
- direct interest	6,668,300	-	-	6,668,300
- deemed interest	189,483,740	-	-	189,483,740
Steven Junior Ng Kwee Leng				
- direct interest	3,541,500	-	-	3,541,500
- deemed interest	189,483,740	-	-	189,483,740
Malcolm Jeremy Ng Kwee Seng				
- direct interest	3,575,600	-	-	3,575,600
- deemed interest	189,483,740	-	-	189,483,740

	Balance at 1.1.2015	Number of ordinary shares of RM1.00 each Acquired	Disposed	Balance at 31.12.2015
<i>Related companies</i>				
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock, Puan Sri Datin Catherine Yeoh Eng Neo, Dato' Ambrose Leonard Ng Kwee Heng, Dato' Milton Norman Ng Kwee Leong, Steven Junior Ng Kwee Leng and Malcolm Jeremy Ng Kwee Seng				
- deemed interest				
Idaman Kalbu Sdn. Bhd.	74,250	-	-	74,250
Lipat Ganda Sdn. Bhd.	99,046	-	-	99,046
Pillar Industries Sdn. Bhd.	161,910	-	-	161,910
Profail Padu Sdn. Bhd.	1,600,000	-	-	1,600,000
Epic Ventures Sdn. Bhd.				
Dato' Ambrose Leonard Ng Kwee Heng				
- direct interest	-	842,744	-	842,744

By virtue of their interests in Dalta Industries Sdn. Bhd., Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock, Puan Sri Datin Catherine Yeoh Eng Neo, Dato' Ambrose Leonard Ng Kwee Heng, Dato' Milton Norman Ng Kwee Leong, Mr. Steven Junior Ng Kwee Leng and Mr. Malcolm Jeremy Ng Kwee Seng are also deemed to be interested in the shares of all the subsidiaries to the extent of the Company's interests in the respective subsidiaries as disclosed in Note 13 to the Financial Statements.

Other than as disclosed above, the Directors who held office at the end of the financial year did not have interests in the shares or debentures of the Company or related companies during the financial year.

Directors' Report (Cont'd)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Group) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the Notes to the Financial Statements and that certain Directors received remuneration from the Company's related companies.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps :

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

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

- (a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

At the date of this Report, there does not exist :

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

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

OTHER STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

The Directors state that :

At the date of this Report, they 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 respective financial statements misleading.

In their opinion,

- (a) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this Report is made.

HOLDING COMPANY

The Directors regard Delta Industries Sdn. Bhd., a company incorporated in Malaysia, as the Company's holding company.

Directors' Report (Cont'd)

AUDITORS

The auditors, Messrs. HLB Ler Lum, Chartered Accountants, have expressed their willingness to continue in office.

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

Dato' Ambrose Leonard Ng Kwee Heng

Dated : 14 April 2016

Klang

Malcolm Jeremy Ng Kwee Seng

Statement by Directors

We, DATO' AMBROSE LEONARD NG KWEE HENG and MALCOLM JEREMY NG KWEE SENG, being two of the Directors of A & M REALTY BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements 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 state of affairs of the Group and of the Company as at 31 December 2015 and of the results of the operations and cash flows of the Group and of the Company for the financial year ended on that date.

In the opinion of the Directors, the information set out in page 102 have been compiled in accordance with the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Dato' Ambrose Leonard Ng Kwee Heng

Dated : 14 April 2016

Klang

Malcolm Jeremy Ng Kwee Seng

STATUTORY DECLARATION

I, DATO' AMBROSE LEONARD NG KWEE HENG, being the Director primarily responsible for the financial management of A & M REALTY BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Dato' Ambrose Leonard Ng Kwee Heng

Subscribed and solemnly declared by the abovenamed
DATO' AMBROSE LEONARD NG KWEE HENG
at Klang on 14 April 2016

Before me :

Commissioner for Oaths

Independent Auditors' Report to the Members of A & M Realty Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of A & M REALTY BERHAD, which comprise the Statements of Financial Position as at 31 December 2015 of the Group and of the Company, and the Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 39 to 101.

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 are 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 whether the financial statements are free from material misstatement.

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

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

OPINION

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 102 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.

Independent Auditors' Report to the Members of A & M Realty Berhad (Cont'd)

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.

HLB LER LUM
AF 0276
Chartered Accountants

Dated : 14 April 2016
Kuala Lumpur

DATO' LER CHENG CHYE
871/3/17(J/PH)
Chartered Accountant

Statements of Profit or Loss and Other Comprehensive Income for the Financial Year Ended 31 December 2015

			Group		Company
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Revenue	3	122,181,764	153,255,219	92,265	318,999
Cost of sales	4	(70,061,249)	(81,638,222)	(10,113)	(10,113)
Gross profit		52,120,515	71,616,997	82,152	308,886
Other operating income	5	4,950,122	6,979,698	-	-
Selling & distribution costs		(272,711)	(302,074)	-	-
Administration expenses		(21,669,347)	(22,527,384)	(138,675)	(664,954)
Other operating expenses		(4,135,824)	(3,704,351)	-	-
Finance costs	6	(34,789)	(37,760)	-	-
Share of (loss)/profit of associated companies		(166,964)	983	-	-
Profit/(Loss) before tax	7	30,791,002	52,026,109	(56,523)	(356,068)
Income tax expense	9	(5,164,784)	(12,727,809)	(704)	(12,957)
Profit/(Loss) for the year		25,626,218	39,298,300	(57,227)	(369,025)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income/(loss) for the year		25,626,218	39,298,300	(57,227)	(369,025)
Attributable to :					
Equity holders of the Company		23,536,004	35,148,081	(57,227)	(369,025)
Non-controlling interests		2,090,214	4,150,219	-	-
		25,626,218	39,298,300	(57,227)	(369,025)
Earnings per share for profit for the year attributable to equity holders of the Company (sen)	10	6.45	9.63		

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

Statements of Financial Position as at 31 December 2015

			Group		Company
	Note	2015 RM	2014 RM	2015 RM	2014 RM
ASSETS					
Non-current assets					
Property, plant & equipment	11	150,664,365	151,362,216	689,710	701,400
Investment properties	12	59,797,951	61,519,604	-	-
Investment in subsidiaries	13	-	-	348,237,550	348,237,550
Investment in associated companies	14	1,482,413	1,349,377	-	-
Land held for property development	15	116,238,356	99,103,058	-	-
Other investments	16	100,885	100,885	150,982	150,982
Goodwill	17	19,085,213	19,085,213	-	-
Fixed deposits	18	1,887,347	1,857,896	-	-
Deferred tax assets	19	663,959	691,399	-	-
Biological assets	20	3,414,395	3,826,913	-	-
		353,334,884	338,896,561	349,078,242	349,089,932
Current assets					
Inventories	21	70,825,005	81,835,569	-	-
Property development costs	22	297,737,699	294,967,222	-	-
Trade & other receivables	23	33,407,917	41,385,778	8,453	8,453
Other current assets	24	6,343,785	4,746,757	-	-
Amount due from related parties	26	-	1,237	9,022,857	74,934
Income tax assets		1,871,911	461,149	280,666	284,941
Fixed deposits	18	34,281,784	56,172,372	799,637	787,054
Cash & bank balances	27	25,011,731	23,362,072	21,396	24,604
		469,479,832	502,932,156	10,133,009	1,179,986
Total assets		822,814,716	841,828,717	359,211,251	350,269,918

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

Statements of Financial Position as at 31 December 2015 (Cont'd)

			Group		Company
	Note	2015 RM	2014 RM	2015 RM	2014 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of parent					
Share capital	28	182,531,900	182,531,900	182,531,900	182,531,900
Share premium	29	35,073,512	35,073,512	35,073,512	35,073,512
Retained earnings		379,391,182	361,331,135	28,843,764	34,376,948
		596,996,594	578,936,547	246,449,176	251,982,360
Non-controlling interests		22,492,710	20,402,496	-	-
Total equity		619,489,304	599,339,043	246,449,176	251,982,360
Non-current liabilities					
Finance lease liabilities	30	540,483	464,660	-	-
Deferred tax liabilities	19	66,170,092	69,979,997	-	-
Total non-current liabilities		66,710,575	70,444,657	-	-
Current liabilities					
Trade & other payables	31	13,724,456	23,896,335	67,260	124,598
Other current liabilities	32	40,460,074	36,539,539	-	-
Finance lease liabilities	30	159,662	125,830	-	-
Amount due to related parties	26	81,487,213	109,385,407	112,694,815	98,162,960
Borrowings	33	-	396,788	-	-
Income tax liabilities		783,432	1,701,118	-	-
Total current liabilities		136,614,837	172,045,017	112,762,075	98,287,558
Total liabilities		203,325,412	242,489,674	112,762,075	98,287,558
Total equity and liabilities		822,814,716	841,828,717	359,211,251	350,269,918

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

Statements of Changes in Equity for the Financial Year Ended 31 December 2015

Group	Attributable to owners of the parent				Non-controlling interests RM	Total equity RM
	Share capital RM	Non distributable Share premium RM	Distributable Retained earnings RM	Total RM		
Balance at 1 January 2015	182,531,900	35,073,512	361,331,135	578,936,547	20,402,496	599,339,043
Total comprehensive income for the year	-	-	23,536,004	23,536,004	2,090,214	25,626,218
Dividend paid	-	-	(5,475,957)	(5,475,957)	-	(5,475,957)
Balance at 31 December 2015	182,531,900	35,073,512	379,391,182	596,996,594	22,492,710	619,489,304
Balance at 1 January 2014	182,531,900	35,073,512	331,694,164	549,299,576	16,365,673	565,665,249
Total comprehensive income for the year	-	-	35,148,081	35,148,081	4,150,219	39,298,300
Acquisition of new subsidiaries	-	-	-	-	6,764,847	6,764,847
Changes in composition of group	-	-	(35,153)	(35,153)	(6,764,847)	(6,800,000)
Dividend paid	-	-	(5,475,957)	(5,475,957)	(113,396)	(5,589,353)
Balance at 31 December 2014	182,531,900	35,073,512	361,331,135	578,936,547	20,402,496	599,339,043

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

Statements of Changes in Equity for the Financial Year Ended 31 December 2015 (Cont'd)

Company	Share capital RM	Non distributable Share premium RM	Distributable Retained earnings RM	Total RM
Balance at 1 January 2014	182,531,900	35,073,512	40,221,930	257,827,342
Total comprehensive loss for the year	-	-	(369,025)	(369,025)
Dividend paid	-	-	(5,475,957)	(5,475,957)
Balance at 31 December 2014	182,531,900	35,073,512	34,376,948	251,982,360
Total comprehensive loss for the year	-	-	(57,227)	(57,227)
Dividend paid	-	-	(5,475,957)	(5,475,957)
Balance at 31 December 2015	182,531,900	35,073,512	28,843,764	246,449,176

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

Statements of Cash Flows for the Financial Year Ended 31 December 2015

	2015 RM	Group 2014 RM	2015 RM	Company 2014 RM
Cash flows from operating activities				
Profit/(Loss) before tax	30,791,002	52,026,109	(56,523)	(356,068)
Adjustments for :				
Bad debt written off	85,877	-	-	-
Biological asset written off	412,518	-	-	-
Depreciation	5,209,553	4,280,641	11,690	11,690
Dividend income	(1,489)	(1,463)	(1,443)	(236,047)
Impairment loss on				
- trade receivables (net)	27,533	(10,352)	-	-
Interest expense	34,789	37,760	-	-
Interest income	(1,933,428)	(2,447,180)	(24,822)	(16,952)
Inventories write-down (net)	7,555	(40,535)	-	-
Gain on disposal of property, plant & equipment (net)	-	(130,064)	-	-
Property, plant & equipment written off	2,452	10,507	-	-
Share of loss/(profit) of associated companies	166,964	(983)	-	-
Unrealised loss/(gain) on foreign exchange	(3,158)	26,707	-	-
Operating profit/(loss) before working capital changes	34,800,168	53,751,147	(71,098)	(597,377)

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

Statements of Cash Flows for the Financial Year Ended 31 December 2015 (Cont'd)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Inventories	11,003,009	7,374,936	-	-
Property development costs	(2,770,477)	2,228,473	-	-
Receivables	7,864,451	(3,673,642)	-	25,000
Other current assets	(1,597,028)	746,947	-	-
Payables	(10,169,220)	(3,830,751)	(57,338)	556
Other current liabilities	3,920,535	1,965,146	-	-
Inter-company balances	(27,896,957)	(668,167)	5,583,932	42,976,572
Cash generated from operations	15,154,481	57,894,089	5,455,496	42,404,751
Dividends received	1,489	1,463	1,443	236,047
Interest received	1,933,428	2,447,180	24,822	16,952
Interest paid	(34,789)	(37,760)	-	-
Income tax paid	(11,392,886)	(16,918,694)	(15,100)	(12,082)
Income tax refunded	117,688	73,216	18,671	-
Net cash from operating activities	5,779,411	43,459,494	5,485,332	42,645,668

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

Statements of Cash Flows for the Financial Year Ended 31 December 2015 (Cont'd)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash flows from investing activities				
Acquisition of additional shares in existing subsidiaries	-	-	-	(249,973)
Acquisition of new associated company	(300,000)	-	-	-
Acquisition of new subsidiary - (net of cash acquired)	-	(36,689,339)	-	(36,720,000)
Development expenditure incurred	(17,135,298)	(135,949)	-	-
Proceeds from disposal of property, plant & equipment	-	130,330	-	-
Purchase of property, plant & equipment	(2,508,064)	(7,415,812)	-	-
Purchase of investment properties	(55,637)	(7,925,137)	-	-
Net cash used in investing activities	(19,998,999)	(52,035,907)	-	(36,969,973)
Cash flows from financing activities				
Dividend paid	(5,475,957)	(5,475,957)	(5,475,957)	(5,475,957)
Dividend paid to non-controlling interests in a subsidiary	-	(113,396)	-	-
Net repayment of finance lease payables	(119,145)	(51,057)	-	-
Placement of fixed deposits under lien	(29,451)	(48,530)	-	-
Proceeds from bills payables	-	526,453	-	-
Repayment of bills payables	(396,788)	(224,115)	-	-
Net cash used in investing activities	(6,021,341)	(5,386,602)	(5,475,957)	(5,475,957)
Net changes in cash and cash equivalents	(20,240,929)	(13,963,015)	9,375	199,738
Cash and cash equivalents brought forward	79,534,444	93,497,459	811,658	611,920
Cash and cash equivalents carried forward	59,293,515	79,534,444	821,033	811,658

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

Statements of Cash Flows for the Financial Year Ended 31 December 2015 (Cont'd)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM

NOTES TO CONSOLIDATED CASH FLOW STATEMENTS

(a) Cash and cash equivalents comprise :

Fixed deposits	36,169,131	58,030,268	799,637	787,054
Cash & bank balances	25,011,731	23,362,072	21,396	24,604
	61,180,862	81,392,340	821,033	811,658
Less : Fixed deposits under lien	(1,887,347)	(1,857,896)	-	
	59,293,515	79,534,444	821,033	811,658

(b) Analysis of acquisition of property, plant & equipment :

	Group	
	2015 RM	2014 RM
Cash	2,508,064	7,415,812
Finance lease	228,800	-
	2,736,864	7,415,812

(c) Analysis of acquisition of subsidiaries :

	Company	
	2015 RM	2014 RM
Cash	-	36,720,000
Related companies	-	55,080,000
	-	91,800,000

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

Notes to the Financial Statements

1. GENERAL INFORMATION

The principal activities of the Company are those of an investment holding and management company. The principal activities of the subsidiaries are set out in Note 13 to the Financial Statements.

The Company is a limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The address of the registered office of the Company is as follows :

36A, Lorong Gelugor
Off Persiaran Sultan Ibrahim
41300 Klang
Selangor Darul Ehsan

The address of the principal place of business of the Company is as follows :

10th Floor, Menara A & M
Garden Business Centre
3 Jalan Istana
41000 Klang
Selangor Darul Ehsan

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention (unless stated otherwise in the significant accounting policies below) and comply with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

The preparation of financial statements in conformity with the Financial Reporting Standards and the requirements of the Companies Act 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 38 to the Financial Statements.

The financial statements are presented in Ringgit Malaysia, which is the Group's and the Company's functional and presentation currency.

(b) Changes in accounting policies

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year except for the adoption of the following Financial Reporting Standards ("FRS") and Amendments to FRSs

Annual improvement to FRS 2010 – 2012 Cycle
Annual improvement to FRS 2011 – 2013 Cycle

Amendments to FRS 119	Employee benefits: Regarding employee or third party contributions to defined benefit plans
Amendments to FRS 8	Operating segments: Disclosure requirements

The adoption of these amended FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(b) Changes in accounting policies (Cont'd)****(i) Amendments to FRS 8 Operating segments: Disclosure requirements**

The Group has adopted the above amendment to FRS 8 on 1 January 2015. The amendment is applicable for annual periods beginning on or after 1 July 2014. It sets out the required disclosures on the judgements made by management in aggregating operating segments. This includes description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to entity's assets when segment assets are reported.

The Group has included the additional required disclosures in Note 34 of the financial statements.

(c) Standards issued but not yet effective

At the date of authorisation of these financial statements, the Group and the Company has not adopted the following standards and interpretations that have been issued but not yet effective:

	Effective for financial periods beginning on or after
Amendment to FRS 11 Joint arrangements regarding acquisition of an interest in a joint operation	1 January 2016
Amendment to FRS 101 Presentation of Financial Statements regarding disclosure initiative	1 January 2016
Amendment to FRS 116 Property, Plant and Equipment and FRS 138 Intangible Assets regarding depreciation and amortisation	1 January 2016
Amendments to FRS 116 Property, Plant and Equipment regarding bearer plants	1 January 2016
Amendments to FRS 10 and FRS 128 regarding the sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendment to FRS 127 Separate Financial Statements regarding the equity method	1 January 2016
FRS 14 Regulatory Deferral Accounts	1 January 2016
Annual improvement to FRS 2012 – 2014 Cycle	1 July 2016
FRS 9 Financial Instruments	1 January 2018

The initial application of the above are expected to have no significant impact on the financial statements of the Group and the Company in the period of initial application except for the following:

(i) FRS 9 Financial instruments

The complete version of FRS 9 replaces most of the guidance in FRS 139. FRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 139.

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) FRS 9 Financial instruments (Cont'd)

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. FRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentations is still required by is different to that currently prepared under FRS 139.

This amendment is not expected to have any significant impact on the financial statements of the Group.

(d) Malaysian Financial Reporting Standard ("MFRS")

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

The MFRS Framework is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities'). Transitioning Entities will be allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018. Early application of MFRS is permitted.

The Group and the Company fall within the scope definition of Transitioning Entities and have opted to defer adoption of MFRS Framework. Accordingly, the Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 31 December 2018.

The Group and the Company are in the process of assessing the financial effects of the differences between the accounting standards under Financial Reporting Standards and under the MFRS Framework. Based on preliminary assessment, the initial application of the above are expected to have no significant impact on the financial statements of the Group and the Company in the period of initial application except for the following:

(i) MFRS 15 Revenue from Contracts with Customers

MFRS 15 Revenue from Contracts with Customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The standard replaces MFRS 118 Revenue and MFRS 111 Construction contracts and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of MFRS 15.

(ii) Amendments to MFRS 116 Property, plant and equipment and MFRS 41 Agriculture regarding bearer plants

These amendments change the reporting for bearer plants, such as oil palms, rubber trees and grape vines. Bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. The amendments include them in the scope of MFRS 116 rather than MFRS 41.

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(e) Property, plant & equipment and depreciation**

Property, plant & equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Freehold land are not amortised whilst assets under construction are not depreciated. Depreciation for assets under construction will only be charged when the construction of the assets are completed for their intended use.

Depreciation on all other property, plant & equipment is calculated on the straight line basis at rates required to write off the cost of the property, plant & equipment over their estimated useful lives.

The principal annual rates of depreciation used are as follows :

	%
Leasehold land	1.02 - 1.20
Buildings	1.02 - 2.00
Vehicles	12.50 - 25.00
Plant & machinery	10.00 - 25.00
Furniture, fittings & equipment	10.00 - 33.33

Residual value, useful life and depreciation method of assets are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant & equipment.

Gains and losses on disposals are determined by comparing net disposal proceeds with net carrying amount and are recognised in profit or loss.

(f) Impairment of non-financial assets

The carrying amounts of assets, other than inventories, construction contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss is charged to profit or loss immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

(g) Investment properties

Investment properties, principally comprising land and buildings are held for rental income or for capital appreciation or both, and are not occupied by the Group.

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investment properties (Cont'd)

Investment properties are stated at cost less any accumulated depreciation and accumulated impairment losses.

No depreciation is provided for freehold land.

Depreciation on other investment properties is calculated on the straight line basis at rates required to write off the cost of the investment properties over their estimated useful lives.

The principal annual rate of depreciation used is as follows :

Buildings	1.08% - 4.00%
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Upon disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of retirement or disposal.

(h) Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over the (b) fair values of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed, is recorded as goodwill. Please refer to the paragraph "Goodwill" for the accounting policy on goodwill subsequent to initial recognition.

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(h) Basis of consolidation (Cont'd)**

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

(i) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(j) Investment in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(k) Investment in associated companies

In the Company's separate financial statements, investment in associated companies is stated at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in associated companies, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured noncurrent receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Investment in associated companies (Cont'd)

(iii) Disposals

Investments in associated companies are derecognised when the Group loses significant influence and any retained interest in the former associate is a financial asset. Such retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associated companies in which significant influence is retained are recognised in profit or loss.

(l) Land held for property development

Land held for property development is stated at cost of acquisition including the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other related costs incurred subsequent to the acquisition on activities necessary to prepare the land for its intended use.

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. Where the Group had previously recorded the land at revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 201. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(f).

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

(m) Goodwill

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

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

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

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

(n) Income tax and deferred tax

Income tax on profit or loss for the financial year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributable to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(n) Income tax and deferred tax (Cont'd)**

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

(o) Biological assetsPlantation development expenditure

New planting expenditure, which represents total costs incurred from land clearing to the point of harvesting, is capitalised as plantation development expenditure under biological assets and is not amortised. Replanting expenditure, which represents cost incurred in replanting old planted areas, is charged to profit or loss in the financial year it is incurred.

(p) Financial assets

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

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

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables and available for sale financial assets. The Group and the Company does not have any held-to-maturity financial assets and financial assets at fair value through profit or loss.

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. The Group's and the Company's loans and receivables comprise receivables, deposits, cash and bank balances.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(ii) Available for sale financial assets

Available for sale financial assets are financial assets that are designated as available for sale or are not classified in any other categories of financial assets. The Group's available for sale financial assets comprise investments.

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

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

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

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Financial assets (Cont'd)

(ii) Available for sale financial assets (Cont'd)

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

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

(q) Impairment of financial assets

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

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

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

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

(ii) Available for sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that non-current investments classified as available for sale financial assets are impaired.

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

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

(iii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial assets. Such impairment losses are not reversed in subsequent periods.

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(r) Inventories****(i) Completed property units & odd lot land**

Completed property units and odd lot land held for resale are stated at the lower of cost and net realisable value.

Cost of completed property units is determined using an appropriate basis of allocation and consists of land costs, construction costs and related expenses.

(ii) Raw materials, production supplies, work-in-progress & finished goods

Inventories are stated at the lower of cost and net realisable value. Inventories cost is determined on the weighted average or first-in-first-out method.

Cost includes the cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and an appropriate proportion of production overheads (based on normal operating capacity).

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

(s) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development revenue are recognised for all units sold using the percentage of completion method, by reference to the stage of completion of the property development projects at the reporting date as measured by the proportion that development costs incurred for work performed to-date bear to the estimated total property development costs on completion.

When the financial outcome of a property development activity cannot be estimated reliably, property development revenue is recognised to the extent of property development costs incurred that is probable of recovery.

Any anticipated loss on property development projects (including costs to be incurred over the defects liability period), is recognised as an expense immediately.

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

The excess of property development revenue recognised in profit or loss over billings to purchasers is classified as accrued billings and the excess of billings to purchasers over property development revenue recognised in profit or loss is classified as progress billings.

(t) Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Construction contracts (Cont'd)

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

(u) Share capital

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of shares are accounted for as a deduction from share premium. Otherwise they are charged to profit or loss.

Dividends to shareholders are recognised in equity in the period in which they are declared.

Purchase of own shares

Shares repurchased by the Company are held as treasury shares and are accounted for on the cost method. The amount of the consideration paid, including directly attributable costs, is recognised as cost and set off against equity. Should such shares be cancelled, reissued or disposed of, their nominal amounts will be eliminated, and the differences between their cost and nominal amounts will be taken to reserves, as appropriate. Where the treasury shares are subsequently distributed as dividends to shareholders, the cost of the treasury shares is applied as reduction of the share premium account or the distributable retained profits or both.

(v) Leases

(i) Finance leases - the Group as lessee

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the Statements of Financial Position as property, plant & equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating leases - the Group as lessee

Leases of assets where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on the straight-line basis over the period of the lease.

(iii) Operating leases - the Group as lessor

Leases of properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on the straight-line basis over the lease term.

(w) Financial liabilities

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

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

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(w) Financial liabilities (Cont'd)**Other financial liabilities

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

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

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

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

(x) Revenue recognition

Revenue is recognised to the extent that it is probable that the future economic benefits will flow to the Group and these benefits can be reliably measured. The specific recognition criteria for revenue are as follows :

(i) Property development projects

Revenue from property development projects is accounted for by the stage of completion method as described in Note 2(s) of the Financial Statements.

(ii) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2(t) of the Financial Statements.

(iii) Sale of goods, sale of completed units and sale of plantation produce and related products

Revenue is measured at the fair value of the consideration receivable and is recognised when the significant risks and rewards of ownership of the goods have passed to the buyers.

(iv) Rendering of services

Revenue from rendering of services is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to the proportion that costs incurred to date that reflect services performed bear to the total estimated costs of the transaction. Where the outcome of the transaction cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(v) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on the straight-line basis over the lease term.

(vi) Interest income

Interest income is recognised as the interest income accrues, taking into account the effective yield on the asset.

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Revenue recognition (Cont'd)

(vii) Dividend income

Dividend income is recognised when the right to receive the payment is established.

(y) Borrowing costs

Interest on borrowings incurred to finance the construction of property, plant & equipment is capitalised as part of the cost of assets during the period of time that is required to complete and prepare the assets for its intended use. Interest on borrowings incurred to finance property development activities and construction contracts are accounted for in a similar manner. All other interest on borrowings is expensed.

Interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in profit or loss.

(z) Employee benefits

(i) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as expenses when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) Post-employment benefits

Defined contribution plan

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Group's and the Company's contributions to a defined contribution plan are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(aa) Foreign currency

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(ab) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with financial institutions which have an insignificant risk of changes in value. For the purpose of the Statements of Cash Flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(ac) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

3. REVENUE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Property development projects	29,683,500	58,043,740	-	-
Sale of goods	48,047,781	54,212,622	-	-
Sale of completed units	15,580,000	14,865,823	-	-
Rendering of services	12,291,370	11,132,133	-	-
Rental income from				
- investment properties	7,812,968	6,306,045	-	-
- other properties	3,871,817	3,707,455	66,000	66,000
Sale of plantation produce and related products	4,138,111	4,939,725	-	-
Construction contracts	693,965	-	-	-
Interest income	60,809	46,233	24,822	16,952
Dividend income				
- Unquoted subsidiary, in Malaysia	-	-	-	234,604
- Quoted investment, in Malaysia	1,443	1,443	1,443	1,443
	122,181,764	153,255,219	92,265	318,999

4. COST OF SALES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Property development costs	10,932,861	20,986,757	-	-
Cost of inventories	44,704,189	49,856,115	-	-
Construction contracts costs	570,235	-	-	-
Cost of services rendered & other direct operating costs	13,853,964	10,795,350	10,113	10,113
	70,061,249	81,638,222	10,113	10,113

Notes to the Financial Statements (Cont'd)

5. OTHER OPERATING INCOME

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Included in other operating income are the following :				
Dividend income				
- Quoted investment, in Malaysia	46	20	-	-
Gain on disposal of property, plant & equipment	-	130,064	-	-
(Loss)/Gain on foreign exchange				
- realised	(80,352)	84,829	-	-
- unrealised	3,158	(26,707)	-	-
Interest income	1,872,619	2,400,947	-	-
Maintenance income	284,400	1,314,000	-	-
Rental income from other properties	565,962	518,546	-	-
Gain on government acquisition of land	-	816,941	-	-

6. FINANCE COSTS

	Group	
	2015 RM	2014 RM
Bank overdraft interest	1,000	1,002
Bills payables interest	8,665	8,558
Finance lease interest	25,124	28,200
	34,789	37,760

Notes to the Financial Statements (Cont'd)

7. PROFIT /(LOSS) BEFORE TAX

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit/(Loss) before tax is stated after charging except as disclosed in other notes :				
Auditors' remuneration				
- statutory				
- current financial year	295,373	284,220	22,000	20,000
- under provision in prior financial year	14,899	7,661	2,000	-
- others	21,000	6,000	3,000	3,000
Bad debts written off	85,877	-	-	-
Biological assets written off	412,518	-	-	-
Depreciation	5,209,553	4,280,641	11,690	11,690
Directors' remuneration				
- fees	120,000	120,000	-	-
- emoluments	2,431,516	2,431,516	-	-
Impairment loss on				
- trade and other receivables - net	27,533	(10,352)	-	-
Inventories write-down - net	7,555	(40,535)	-	-
Property, plant & equipment written off	2,452	10,507	-	-
Rental of equipment	32,109	54,035	-	-
Rental of premises	317,430	307,800	-	-

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to RM2,532,625 (2014: RM2,141,052).

Direct operating expenses from investment properties that did not generate rental income of the Group during the financial year amounted to RM3,622 (2014: RM3,622).

Notes to the Financial Statements (Cont'd)

8. EMPLOYEE COMPENSATION

	2015 RM	Group 2014 RM
Salaries, wages & bonus	13,553,602	12,400,259
Defined contribution plan benefits	1,265,547	1,232,649
Other benefits	1,470,292	1,562,494
	16,289,441	15,195,402

Included in employee compensation of the Group are executive directors' remuneration amounting to RM2,501,176 (2014: RM2,501,176).

9. INCOME TAX EXPENSE

	2015 RM	Group 2014 RM	2015 RM	Company 2014 RM
Malaysian current income tax	8,840,564	14,619,666	700	12,590
Under/(Over) provision in prior financial years	106,685	(54,743)	4	367
Deferred tax (Note 19)				
- origination and reversal of temporary differences	(233,192)	(1,837,114)	-	-
- impact of change in tax rate	(3,549,273)	-	-	-
	5,164,784	12,727,809	704	12,957

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows :

	2015 RM	Group 2014 RM	2015 RM	Company 2014 RM
Profit/(Loss) before tax	30,791,002	52,026,109	(56,523)	(356,068)
Income tax using Malaysian tax rate of 25% (2014 : 25%)	7,697,751	13,006,527	(14,131)	(89,017)
Non deductible expenses	249,018	322,456	15,191	160,619
Under/(Over) provision in prior financial years	106,685	(54,743)	4	367
Tax effect of unrecognised deferred tax	750,674	(57,140)	-	-
Income not subject to tax	(372)	(145,228)	(360)	(59,012)
Utilisation of investment tax allowance	(89,699)	(344,063)	-	-
Re-measurement of deferred tax - change in tax rate	(3,549,273)	-	-	-
	5,164,784	12,727,809	704	12,957

Notes to the Financial Statements (Cont'd)

9. INCOME TAX EXPENSE (CONT'D)

The Company may distribute dividends out of its entire retained earnings as at 31 December 2015 under single-tier system.

In addition, the Company has tax exempt income as at 31 December 2015 arising from the exempt dividend income and Income Tax (Amendment) Act 1999, relating to tax on income earned in 1999 being waived amounting to approximately RM11,392,000 (2014: RM11,392,000) available for distribution as tax exempt dividends to shareholders. This tax exempt income is subject to agreement by the Inland Revenue Board.

10. EARNINGS PER SHARE ("EPS")Basic EPS

Basic EPS of the Group is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	2015 RM	Group 2014 RM
Profit for the year attributable to owners (RM)	23,536,004	35,148,081
Weighted average number of ordinary shares in issue	365,063,800	365,063,800
Basic EPS (sen)	6.45	9.63

Notes to the Financial Statements (Cont'd)

11. PROPERTY, PLANT & EQUIPMENT

2015 Group	Freehold land RM	Leasehold land RM	Buildings RM	Vehicles RM	Plant & machinery RM	Furniture, fittings & equipment RM	Assets under construction RM	Total RM
Cost								
At 1.1.2015	46,401,983	4,256,765	80,811,436	7,624,062	14,087,926	14,761,256	23,801,190	191,744,618
Additions	6,710	-	458,857	424,037	453,651	862,241	531,368	2,736,864
Written off	-	-	-	-	(5,222)	(84,903)	-	(90,125)
At 31.12.2015	46,408,693	4,256,765	81,270,293	8,048,099	14,536,355	15,538,594	24,332,558	194,391,357
Accumulated Depreciation								
At 1.1.2015	-	461,805	12,721,044	6,361,474	11,265,585	9,572,494	-	40,382,402
Additions	-	43,630	1,387,425	547,284	719,292	734,632	-	3,432,263
Written off	-	-	-	-	(5,216)	(82,457)	-	(87,673)
At 31.12.2015	-	505,435	14,108,469	6,908,758	11,979,661	10,224,669	-	43,726,992
Net Book Value At 31.12.2015	46,408,693	3,751,330	67,161,824	1,139,341	2,556,694	5,313,925	24,332,558	150,664,365

Notes to the Financial Statements (Cont'd)

11. PROPERTY, PLANT & EQUIPMENT (CONT'D)

2014 Group	Freehold land RM	Leasehold land RM	Buildings RM	Vehicles RM	Plant & machinery RM	Furniture, fittings & equipment RM	Assets under construction RM	Total RM
Cost								
At 1.1.2014	46,401,983	4,256,765	80,242,195	7,639,286	14,613,362	13,171,808	19,979,020	186,304,419
Arising on acquisition	-	-	-	-	1,950	10,020	-	11,970
Additions	-	-	569,241	439,222	276,486	2,308,693	3,822,170	7,415,812
Disposals	-	-	-	(454,446)	-	(330)	-	(454,776)
Written off	-	-	-	-	(803,872)	(728,935)	-	(1,532,807)
At 31.12.2014	46,401,983	4,256,765	80,811,436	7,624,062	14,087,926	14,761,256	23,801,190	191,744,618
Accumulated Depreciation								
At 1.1.2014	-	418,177	11,472,926	5,973,344	11,364,261	9,568,575	-	38,797,283
Arising on acquisition	-	-	-	-	1,811	2,004	-	3,815
Additions	-	43,628	1,248,118	842,574	700,726	723,068	-	3,558,114
Disposals	-	-	-	(454,444)	-	(66)	-	(454,510)
Written off	-	-	-	-	(801,213)	(721,087)	-	(1,522,300)
At 31.12.2014	-	461,805	12,721,044	6,361,474	11,265,585	9,572,494	-	40,382,402
Net Book Value At 31.12.2014	46,401,983	3,794,960	68,090,392	1,262,588	2,822,341	5,188,762	23,801,190	151,362,216

Notes to the Financial Statements (Cont'd)

11. PROPERTY, PLANT & EQUIPMENT (CONT'D)

Company	Freehold building	
	2015 RM	2014 RM
At cost		
At beginning of the financial year	876,750	876,750
Addition	-	-
Disposal	-	-
At end of the financial year	876,750	876,750
Less : Accumulated depreciation		
At beginning of the financial year	175,350	163,660
Charge for the financial year	11,690	11,690
At end of the financial year	187,040	175,350
Net Book Value	689,710	701,400

The net book value of motor vehicles of the Group held under finance leases are RM601,998 (2014: RM583,156) at the reporting date.

Notes to the Financial Statements (Cont'd)

12. INVESTMENT PROPERTIES

	2015 RM	Group 2014 RM
At cost		
At beginning of the financial year	64,947,684	38,000,728
Addition	55,637	7,925,137
Transfer from inventories	-	19,021,819
At end of the financial year	65,003,321	64,947,684
Less : Accumulated depreciation		
At beginning of the financial year	3,428,080	2,705,553
Charge for the financial year	1,777,290	722,527
At end of the financial year	5,205,370	3,428,080
Carrying amounts	59,797,951	61,519,604

The investment property with carrying amounts of RM1,698,766 (2014: RM1,698,766) has been pledged to a financial institution for banking facilities granted to the Group.

As at 31 December 2015, the Directors have appraised the fair value of the land and buildings to be RM92,873,000 (2014: RM92,873,000).

The fair value of Group's investment properties are valued based on sale comparison approach and unobservable inputs and classified in Level 2 of the fair value hierarchy. The different levels of the fair value hierarchy are defined in Note 41(c) to the Financial Statements.

During the current financial year, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

Valuation techniques used to derive Level 2 fair values as follow :-

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

13. INVESTMENT IN SUBSIDIARIES

(a) Investment in subsidiaries

	2015 RM	Company 2014 RM
Unquoted shares		
- at cost	196,719,950	196,719,950
- equity capital contribution	151,517,600	151,517,600
	348,237,550	348,237,550

Notes to the Financial Statements (Cont'd)

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

The subsidiaries, all of which are incorporated in Malaysia, are as follows :

Name of Company	Principal Activities	Effective Equity Interest	
		2015 %	2014 %
<u>Held by the Company:</u>			
A & M Construction Sdn. Bhd.	Building construction, housing development, property management and investment holding	100	100
A & M Development Sdn. Bhd.	Housing development, property management and investment holding	100	100
A & M Modern Homes Sdn. Bhd.	Property development	100	100
AMJ Holdings Sdn. Bhd.	Housing development, property management and investment holding	100	100
AMJ Properties Sdn. Bhd.	Property development	100	100
Audimco Sdn. Bhd.	Property development and investment holding	100	100
Epic Ventures Sdn. Bhd.	Investment holding	67.41	67.41
Freshland Sdn. Berhad	Property development and related services	100	100
Idaman Kalbu Sdn. Bhd.	Housing development and property management	94.50	94.50
Lipat Ganda Sdn. Bhd.	Housing development and property management	94.50	94.50
Makhosetia Sdn. Bhd.	Investment holding	100	100
Pembinaan Kesentosaan Sdn. Bhd.	Housing and hotel development, property management, hotel and resort operator and related services	100	100
Pillar Industries Sdn. Bhd.	Housing development and property management	94.50	94.50
Profail Padu Sdn. Bhd.	Investment holding	60.00	60.00
Sri Utas Sdn. Bhd.	Hotel operator and related services	100	100
Unik Sejati Sdn. Bhd.	Property development	100	100
Welnexco Sdn. Bhd.	Inactive	69.00	69.00
<u>Held through Idaman Kalbu Sdn. Bhd.:</u>			
Villa Sentosa Management Sdn. Bhd.	Property management and investment holding	94.50	94.50

Notes to the Financial Statements (Cont'd)

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Company	Principal Activities	Effective Equity Interest	
		2015 %	2014 %
<u>Held through AMJ Holdings Sdn. Bhd:</u>			
A & M Lifestyle Connections Sdn. Bhd.	Investment holding and provision of management services	100	100
A & M Vision Builders Sdn. Bhd.	Property management and investment holding	100	100
EUI Professional Academy (M) Sdn. Bhd.	Cultivation and sale of oil palm fruits	100	100
Orange Mic Entertainment Sdn. Bhd.	Leisure and entertainment business	100	100
Puri Saksama Sdn. Bhd.	Property development	100	100
Vertipro Management Sdn. Bhd.	Managing and operating food and beverage	100	100
Viet Passion Sdn. Bhd.	Inactive	62.00	62.00
<u>Held through Epic Ventures Sdn. Bhd:</u>			
E.V. Auto Cables Sdn. Bhd.	Inactive	53.93	53.93
E.V. Auto Industries Sdn. Bhd.	Trading and assembling of automotive horns and other related products	38.52	38.52
E.V. Brake Lining Sdn. Bhd.	Manufacturing and distribution of automotive brake lining products	61.66	61.66
E.V. Edaran Sdn. Bhd.	Trading of automotive products	61.66	61.66
E.V. Spark Plugs Sdn. Bhd.	Trading of spark plugs	67.41	67.41
Mitsinbo Sdn. Bhd.	Trading of automotive products	67.41	67.41

Notes to the Financial Statements (Cont'd)

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Company	Principal Activities	Effective Equity Interest	
		2015 %	2014 %
<u>Held through Pembinaan Kesentosaan Sdn. Bhd:</u>			
A & M Auto Industries Sdn. Bhd.	Investment holding	100	100
A & M Resorts Sdn. Bhd.	Investment holding, management of hotel and recreational facilities	100	100
Bunut Enterprise Sdn. Bhd.	Housing development and building construction	100	100
Lanjut Perkasa Sdn. Bhd.	Housing development and property management	100	100
Lockwell Enterprise Sdn. Bhd.	Property development and investment holding	100	100
Penghantaran Bintang Jaya Sdn. Bhd.	Property development	100	100
Saujana Springs Sdn. Bhd.	Property development	70.00	70.00
Tasik Saujana Sdn. Bhd.	Investment holding and hotel operations	100	100
Tenaga Kilat Sdn. Bhd.	Property management and investment holding	100	100
Tengku Mohd. Kamil Dan Ng Sendirian Berhad	Housing development and investment holding	100	100
T.G. Industrial Park Sdn. Bhd.	Property management and investment holding	100	100
Tour Haven Sdn. Bhd.	Property management and investment holding	100	100
<u>Held through Saujana Springs Sdn. Bhd:</u>			
Tahap Kukuh Sdn. Bhd.	Property development	70.00	70.00
Tetap Sejahtera Sdn. Bhd.	Property development	70.00	70.00
Wasdiri Sdn. Bhd.	Property development	70.00	70.00
<u>Held through AMJ Properties Sdn. Bhd:</u>			
Lagenda Anggun Sdn. Bhd.	Property management and related services	100	100

Notes to the Financial Statements (Cont'd)

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Company	Principal Activities	Effective Equity Interest	
		2015 %	2014 %
<u>Held through Profail Padu Sdn. Bhd:</u>			
AA Industrial Capital Sdn. Bhd.	Plantation	60.00	60.00
Amverton Carey Golf & Island Resort Sdn. Bhd.	Dormant	60.00	60.00
Amverton Cove Golf & Island Resort Sdn. Bhd.	Hotel operator and tourism related activities	60.00	60.00
Carey Island Golf & Country Management Sdn. Bhd.	Dormant	60.00	60.00
Exemplary Resources Sdn. Bhd.	Tourism related activities and agriculture	60.00	60.00
Farming Hub Sdn. Bhd.	Real estate activities	60.00	60.00
Happy View Development Sdn. Bhd.	Property development	60.00	60.00
Jetpalms Sdn. Bhd.	Real estate activities and property development	60.00	60.00
Jewelacres Sdn. Bhd.	Real estate activities and property development	60.00	60.00
Ladang Seri Permai Sdn. Bhd.	Real estate activities and property development	60.00	60.00
Ladang YS (Selangor) Sdn. Bhd.	Cultivation and sale of oil palm fruits	60.00	60.00
Precious Orchard Sdn. Bhd.	Tourism related activities and agriculture	60.00	60.00
Total Wellbeing Sdn. Bhd.	Real estate activities and property development	60.00	60.00
T.G. Development Park Sdn. Bhd.	Property development	60.00	60.00

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly or indirectly by the parent company do not differ from the proportion of ordinary shares held.

The country of incorporation of subsidiary is also their place of principal place of business.

The accumulated non-controlling interest as at 31 December 2015 is RM22,492,710 (2014: RM20,402,496), of which RM10,297,860 (2014: RM10,103,112) is for Epic Ventures Sdn Bhd Group, RM11,830,017 (2014: RM9,927,388) is attributed to Profail Padu Sdn Bhd Group. The non-controlling interest in respect of Pillar Industries Sdn Bhd , Lipat Ganda Sdn Bhd, Idaman Kalbu Sdn Bhd Group, Saujana Springs Sdn Bhd Group, Viet Passion Sdn Bhd and Welnexco Sdn Bhd are not material.

Notes to the Financial Statements (Cont'd)

13. INVESTMENT IN SUBSIDIARIES (CONT'D)Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests ("NCI") that are material to the Group.

	2015			
	Profail Padu Group RM	Epic Ventures Group RM	Other individually immaterial subsidiaries RM	Total RM
<i>NCI effective equity interest</i>	40.00%	32.59%		
Carrying amount of NCI	11,830,017	10,297,860	364,833	22,492,710
Profit allocated to NCI	1,902,629	194,748	(7,163)	2,090,214

Summarised financial information before inter-company eliminationAs at 31 December

Non-current assets	65,918,972	4,167,607
Current assets	27,754,766	29,404,469
Non-current liabilities	(1,110,269)	(23,000)
Current liabilities	(60,624,465)	(3,609,406)
Net assets	31,939,004	29,939,670

Year ended 31 December

Revenue	23,633,134	41,214,132
Profit for the year	4,756,572	839,101
Total comprehensive income	4,756,572	839,101

Cash flows from operating activities	6,549,207	3,862,378
Cash flows used in investing activities	(12,133,291)	(614,454)
Cash flows used in financing activities	(10,336)	(384,776)
Net (decrease)/increase in cash and cash equivalents	(5,594,420)	2,863,148
Dividend paid to NCI	-	-

Notes to the Financial Statements (Cont'd)

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

	2014			
	Profail Padu Group RM	Epic Ventures Group RM	Other individually immaterial subsidiaries RM	Total RM
<i>NCI effective equity interest</i>	40.00%	32.59%		
Carrying amount of NCI	9,927,388	10,103,112	371,996	20,402,496
Profit allocated to NCI	3,531,951	478,003	140,265	4,150,219

Summarised financial information before inter-company elimination

As at 31 December

Non-current assets	55,484,799	3,889,528
Current assets	25,961,839	31,018,478
Non-current liabilities	(705,605)	(50,000)
Current liabilities	(53,414,377)	(5,678,721)
Net assets	27,326,656	29,179,285

Year ended 31 December

Revenue	25,383,812	46,979,014
Profit for the year	8,829,877	1,814,663
Total comprehensive income	8,829,877	1,814,663

Cash flows from operating activities	21,224,283	1,302,326
Cash flows used in investing activities	(13,287,907)	(46,235)
Cash flows used in financing activities	(10,336)	(92,361)
Net increase in cash and cash equivalents	7,926,040	1,163,730
Dividend paid to NCI	-	113,396

Changes in the Group's ownership interest in subsidiaries without losing control

There were no changes during the year (2014: Nil) in the Group's ownership interest in its significant subsidiaries.

(b) Amount due from/to subsidiaries

The amount due from/to subsidiaries pertains mainly to advances and payments on behalf. The outstanding amounts are unsecured, interest free and repayable on demand.

Notes to the Financial Statements (Cont'd)

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Significant subsidiary acquired

In the previous financial year, A & M Realty Berhad, entered into a conditional share purchase agreements with Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock, Puan Sri Datin Catherine Yeoh Eng Neo, Dato' Milton Norman Ng Kwee Leong, Steven Junior Ng Kwee Leng, Malcolm Jeremy Ng Kwee Seng and Konsep Kekal Sdn. Bhd. for the acquisition of 27 ordinary shares of RM1.00 each Unik Sejati Sdn. Bhd. representing a 100% equity interest in Unik Sejati Sdn. Bhd. for a total purchase consideration of RM91,800,000.

(d) Summary of effect of acquisition of new subsidiaries

There is no significant effect of the newly acquired subsidiaries on the financial results for the previous financial year.

If the acquisitions had occurred on 1 January 2014, there is no significant change for the Group's revenue and profit for the previous financial year.

(e) The assets and liabilities arising from the acquisition of subsidiaries during the previous financial year and the aggregate effects of such acquisitions on the cash flows of the Group were as follows :

	Fair values recognised on acquisition RM	Carrying amounts in acquiree's books RM
2014		
Identifiable assets and liabilities :		
Land held for property development	42,000,000	16,858,311
Property, plant & equipment	8,155	8,155
Property development costs	128,000,000	34,334,921
Trade & other receivables	397,686	362,533
Cash & bank balances	30,663	30,663
Total assets	170,436,504	51,594,583
Trade & other payables	12,387	12,387
Inter-company balances	49,369,432	49,369,432
Deferred tax liabilities	29,701,692	-
Total liabilities	79,083,511	49,381,819
Identifiable net assets acquired	91,352,993	2,212,764
Goodwill (Note 17)	447,009	
Total purchase consideration	91,800,002	
Balance of purchase consideration	(55,080,000)	
Cash consideration paid	36,720,002	
Less : Cash & cash equivalents in subsidiaries acquired	(30,663)	
Net cash outflow on acquisition	36,689,339	

Notes to the Financial Statements (Cont'd)

14. INVESTMENT IN ASSOCIATED COMPANIES

	2015 RM	Group 2014 RM
Unquoted shares, at cost	1,552,850	1,252,850
Share of post-acquisition (loss)/profits	(70,437)	96,527
	1,482,413	1,349,377

The associated companies, all of which are incorporated in Malaysia, are as follows :

Name of Company	Principal Activities	Effective Equity Interest 2015 %	2014 %
^*Bunga Laut Sdn. Bhd.	Property development and property management	20	20
^*Ikatan Gembong Sdn. Bhd.	Investment holding	30	30
<u>Held through Epic Ventures Sdn. Bhd.:</u>			
*Sebangga Auto Sdn. Bhd.	Trading of vehicles, automotive products and other related services	30	-

*Associated companies not audited by HLB Ler Lum

^Companies with financial year ended 30 June

The associated companies are listed above have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

There are no contingent liabilities related to the Group's interest in the associated companies.

As indicated above, the financial year end of certain associated companies are not co-terminous with that of the Group. For the purpose of applying the equity method of accounting, these companies' unaudited financial statements made up to 31 December were used in conjunction with their audited financial statements for the financial year ended 30 June as the case may be.

The summarised financial information of the associated companies are as follows :

	2015 RM	Group 2014 RM
Non-current assets	1,092,234	188,183
Current assets	6,044,168	1,707,420
Current liabilities	(4,810,078)	(14,747)
Net assets	2,326,324	1,880,856
Revenue	3,491,573	18,000
(Loss)/Profit for the year	(554,532)	7,196

Goodwill amounting to RM836,268 (2014: RM836,268) was included in the carrying amount of investment in associated companies.

Notes to the Financial Statements (Cont'd)

15. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold land RM	Development costs RM	Total RM
2015			
At beginning of the financial year	93,292,128	5,810,930	99,103,058
Additions	-	17,135,298	17,135,298
At end of the financial year	93,292,128	22,946,228	116,238,356
2014			
At beginning of the financial year	57,398,031	5,277,141	62,675,172
Arising from acquisition of subsidiary	41,514,090	485,910	42,000,000
Additions	-	135,949	135,949
Transfer to property development costs	(5,619,993)	(88,070)	(5,708,063)
At end of the financial year	93,292,128	5,810,930	99,103,058

16. OTHER INVESTMENTS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Available-for-sale financial assets				
Quoted shares in Malaysia	100,885	100,885	64,980	64,980
Unquoted shares, at cost	-	-	86,002	86,002
	100,885	100,885	150,982	150,982
Representing items :				
At fair value method	100,885	100,885	64,980	64,980
At cost method	-	-	86,002	86,002
	100,885	100,885	150,982	150,982

Notes to the Financial Statements (Cont'd)

17. GOODWILL

	2015 RM	Group 2014 RM
Cost		
At beginning of the financial year	21,001,269	20,554,260
Arising from acquisition of new subsidiaries	-	447,009
At end of the financial year	21,001,269	21,001,269
Accumulated impairment losses		
At beginning of the financial year	1,916,056	1,916,056
Impairment charge	-	-
At end of the financial year	1,916,056	1,916,056
Carrying amount at end of the financial year	19,085,213	19,085,213

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment.

No geographical segment of the goodwill allocation is prepared as the Group's activities are carried out predominantly in Malaysia.

A business segment-level summary of the goodwill allocation is analysed as follows :

	2015 RM	Group 2014 RM
Property development & investment, construction and other related services rendered ("CGU A")	18,168,411	18,168,411
Manufacturing and trading ("CGU B")	916,802	916,802
	19,085,213	19,085,213

(i) Recoverable amount based on fair value less costs to sell

The recoverable amount of CGU A is based on fair value less costs to sell. The fair value less costs to sell is based on observable market price for similar assets or observable market price for assets of different nature, condition or location which is adjusted to reflect the different nature, condition or location of assets.

(ii) Recoverable amount based on value in use

The recoverable amount of CGU B was determined based on value-in-use calculations. Cash flow projections used in these calculations were based on financial budgets approved by management. Cash flows beyond the projection period were extrapolated using the estimated growth rate stated below. The growth rate did not exceed the long-term average growth rate for the automotive products business in which the CGU operates.

Notes to the Financial Statements (Cont'd)

17. GOODWILL (CONT'D)

(ii) Recoverable amount based on value in use (Cont'd)

Key assumptions used for value-in-use calculations :

	CGU B	
	2015 %	2014 %
Gross margin ¹	16.5	17.6
Growth rate ²	5	5
Pre-tax discount rate ³	8.85	8.80

¹ Budgeted gross margin

² Weighted average growth rate used to extrapolate cash flows beyond the budget period

³ Pre-tax discount rate applied to the cash flow projections

These assumptions were used for the analysis of CGU within the business segment. Management determined budgeted gross margin based on past performance and its expectations of the market development. The weighted average growth rate used was consistent with the forecasts included in industry reports. The discount rate used were pre-tax and reflected specific risks relating to the business segment.

18. FIXED DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current	34,281,784	56,172,372	799,637	787,054
Non-current	1,887,347	1,857,896	-	-
	36,169,131	58,030,268	799,637	787,054

Fixed deposits of the Group amounting to RM1,887,347 (2014: RM1,857,896) have been pledged to financial institutions for bank facilities granted to the Group.

The fixed deposits of the Group and the Company at the reporting date are subject to floating interest rates ranging from 2.30% to 4.04% (2014: 2.00% to 3.90%) and 2.30% to 3.30% (2014: 2.00% to 3.20%) per annum respectively.

Fixed deposits of the Group and the Company have maturities ranging from 2 to 365 days (2014: 2 to 365 days) and 5 to 31 days (2014: 6 to 92 days) respectively.

19. DEFERRED TAX

	Group	
	2015 RM	2014 RM
Deferred tax assets	(663,959)	(691,399)
Deferred tax liabilities	66,170,092	69,979,997
	65,506,133	69,288,598

Notes to the Financial Statements (Cont'd)

19. DEFERRED TAX (CONT'D)

The movement in the deferred tax account is as follows :

	2015 RM	Group 2014 RM
At beginning of the financial year	69,288,598	41,424,020
Recognised in profit or loss (Note 9)	(3,782,465)	(1,837,114)
Acquisition of new subsidiary	-	29,701,692
At end of the financial year	65,506,133	69,288,598

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts determined after appropriate offsetting are shown in the Statements of Financial Position :

	At 1.1.2015 RM	Recognised in profit or loss RM	Acquisition of subsidiary RM	Transfer RM	At 31.12.2015 RM
2015					
Deferred tax assets					
- property development	(691,399)	27,440	-	-	(663,959)
- other payables	(63,000)	14,760	-	-	(48,240)
- others	(5,744)	(40,256)	-	-	(46,000)
	(760,143)	1,944	-	-	(758,199)
Deferred tax liabilities					
- investment properties	5,045,278	(929,585)	-	-	4,115,693
- property development	52,133,172	(1,719,281)	-	-	50,413,891
- property, plant & equipment	7,684,987	393,661	-	-	8,078,648
- inventories	5,185,304	(1,529,204)	-	-	3,656,100
	70,048,741	(3,784,409)	-	-	66,264,332
Net (after offsetting)	69,288,598	(3,782,465)	-	-	65,506,133

Notes to the Financial Statements (Cont'd)

19. DEFERRED TAX (CONT'D)

2014	At 1.1.2014 RM	Recognised in profit or loss RM	Acquisition of subsidiary RM	Transfer RM	At 31.12.2014 RM
Deferred tax assets					
- property development	(691,399)	-	-	-	(691,399)
- other payables	(45,000)	(18,000)	-	-	(63,000)
- unabsorbed capital allowance	(8,000)	8,000	-	-	-
- others	(1,262)	(4,482)	-	-	(5,744)
	(745,661)	(14,482)	-	-	(760,143)
Deferred tax liabilities					
- investment properties	508,009	(76,691)	-	4,613,960	5,045,278
- property development	29,328,575	(2,053,029)	29,701,692	(4,844,066)	52,133,172
- property, plant & equipment	6,950,505	734,482	-	-	7,684,987
- inventories	5,370,592	(415,394)	-	230,106	5,185,304
- others	12,000	(12,000)	-	-	-
	42,169,681	(1,822,632)	29,701,692	-	70,048,741
Net (after offsetting)	41,424,020	(1,837,114)	29,701,692	-	69,288,598

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

	2015 RM	Group 2014 RM
Unutilised tax losses	4,252,850	927,042
Unabsorbed capital allowances	606,622	571,844
	4,859,472	1,498,886
Potential tax benefits calculated at 24% (2014: 25%) tax rate	1,166,273	374,722

The unutilised tax losses and unabsorbed capital allowances are subject to agreement with the Inland Revenue Board.

20. BIOLOGICAL ASSETS

	2015 RM	Group 2014 RM
At beginning of the financial year	3,826,913	3,826,913
Recognised to profit or loss (Note 7)	(412,518)	-
At end of the financial year	3,414,395	3,826,913

Notes to the Financial Statements (Cont'd)

21. INVENTORIES

	2015 RM	Group 2014 RM
Completed property units	63,021,640	70,162,766
Finished goods	7,176,846	10,770,502
Raw materials	416,025	684,937
Odd lot land	115,860	115,860
Production supplies	94,634	101,504
	70,825,005	81,835,569

22. PROPERTY DEVELOPMENT COSTS**Group****2015**

	Freehold land RM	Leasehold land RM	Development costs RM	Total RM
Cumulative property development costs :				
At beginning of the financial year	230,103,169	44,513,431	67,230,532	341,847,132
Cost incurred during the financial year	-	-	13,703,338	13,703,338
At end of the financial year	230,103,169	44,513,431	80,933,870	355,550,470

Cumulative cost recognised in profit or loss :

At beginning of the financial year	(46,879,910)
Recognised during the financial year	(10,932,861)
At end of the financial year	(57,812,771)
Property development costs at end of the financial year	297,737,699

Notes to the Financial Statements (Cont'd)

22. PROPERTY DEVELOPMENT COSTS (CONT'D)**Group****2014**

	Freehold land RM	Leasehold land RM	Development costs RM	Total RM
Cumulative property development costs :				
At beginning of the financial year	105,469,310	62,025,113	56,393,896	223,888,319
Arising from acquisition of subsidiary	119,375,663	-	8,624,337	128,000,000
Cost incurred during the financial year	-	-	18,758,284	18,758,284
Transfer from land held for property development	5,619,993	-	88,070	5,708,063
Transfer to inventories	(59,132)	(17,511,682)	(4,809,093)	(22,379,907)
Reversal of completed projects	(302,665)	-	(11,824,962)	(12,127,627)
At end of the financial year	230,103,169	44,513,431	67,230,532	341,847,132
Cumulative cost recognised in profit or loss :				
At beginning of the financial year				(38,020,780)
Recognised during the financial year				(20,986,757)
Reversal of completed projects				12,127,627
At end of the financial year				(46,879,910)
Property development costs at end of the financial year				294,967,222

23. TRADE & OTHER RECEIVABLES

	2015 RM	Group 2014 RM	2015 RM	Company 2014 RM
Trade receivables	28,052,914	31,004,631	-	-
Other receivables	3,381,234	8,494,103	-	-
Deposits	2,763,665	2,649,407	8,453	8,453
	34,197,813	42,148,141	8,453	8,453
Less : Allowance for impairment				
- Trade receivables	(649,896)	(622,363)	-	-
- Other receivables	(140,000)	(140,000)	-	-
	33,407,917	41,385,778	8,453	8,453

Trade receivables are non-interest bearing and are generally on 30 to 150 days (2014: 30 to 150 days) terms. They are recognised at their original invoiced amounts which represent their values on initial recognition.

Notes to the Financial Statements (Cont'd)

23. TRADE & OTHER RECEIVABLES (CONT'D)

Included in trade receivables of the Group is the retention of progress billings for contract works amounting to RM745,508 (2014: RM848,008).

Other receivables are non-interest bearing and repayable on demand.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers, which cover a broad spectrum of end markets. The Group's historical experience in collection of debts falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

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

	2015 RM	2014 RM
Neither past due nor impaired	22,041,981	25,014,252
1 to 30 days past due but not impaired	1,116,666	711,643
31 to 60 days past due but not impaired	124,168	414,277
61 to 90 days past due but not impaired	60,909	67,395
More than 91 days past due but not impaired	4,059,294	4,174,701
Impaired	649,896	622,363
	28,052,914	31,004,631

The Group has trade receivables amounting to RM5,361,037 (2014: RM5,368,016) that are past due at the reporting date but not impaired. These include mainly trade receivables past due for technical or strategic reasons and there is no concern on the credit worthiness of the counter parties and the recoverability of these debts.

	2015 RM	2014 RM
Movement in allowance accounts :		
At 1 January	762,363	875,357
Charge for the financial year	50,437	31,562
Reversal of impairment losses	(22,904)	(41,914)
Written off	-	(102,642)
At 31 December	789,896	762,363

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

24. OTHER CURRENT ASSETS

	2015 RM	Group 2014 RM
Amount due from contract customers [Note (25)]	5,784,892	4,244,430
Accrued billings in respect of property development costs	232,310	232,310
Prepayments	326,583	270,017
	6,343,785	4,746,757

Notes to the Financial Statements (Cont'd)

25. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	2015 RM	Group 2014 RM
Aggregate costs incurred to date	15,285,598	14,674,861
Add : Recognised profits	1,316,519	1,192,789
	16,602,117	15,867,650
Less : Progress billings	(13,416,402)	(12,831,402)
	3,185,715	3,036,248
Representing by :		
Amount due from contract customers	5,784,892	4,244,430
Amount due to contract customers	(2,599,177)	(1,208,182)
	3,185,715	3,036,248

26. AMOUNT DUE FROM/(TO) RELATED PARTIES

	2015 RM	Group 2014 RM	2015 RM	Company 2014 RM
(a) Amount due from related parties				
Amount due from related companies	-	1,237	-	-
Amount due from holding company	-	-	54,980	54,980
Amount due from subsidiaries	-	-	8,967,877	19,954
	-	1,237	9,022,857	74,934

	2015 RM	Group 2014 RM	2015 RM	Company 2014 RM
(b) Amount due to related parties				
Amount due to holding company	5,279,762	5,279,762	-	-
Amount due to subsidiaries	-	-	85,154,815	43,082,960
Amount due to related companies	-	321,699	-	-
Amount due to related parties	50,707,451	52,783,946	2,040,000	4,080,000
Amount due to directors	25,500,000	51,000,000	25,500,000	51,000,000
	81,487,213	109,385,407	112,694,815	98,162,960

Notes to the Financial Statements (Cont'd)

26. AMOUNT DUE FROM/(TO) RELATED PARTIES (CONT'D)**(c) Amount due from/(to) subsidiaries**

The amount due from/(to) subsidiaries pertain mainly to advances and payments on behalf. The outstanding amounts are unsecured, interest free and payable on demand.

(d) Amount due from/(to) related parties

The amount due from/(to) related parties pertain mainly to acquisition of subsidiary, purchase of land, advances, receipts and payments on behalf. The outstanding amounts are unsecured, interest free and repayable on demand except the balance of acquisition of subsidiary which repayable by two instalments in May 2015 and November 2015. Subsequently, the second instalment has been extended to May 2016 with waiver of interest.

(e) Amount due to directors

The amount due to directors pertain mainly to acquisition of subsidiary. The outstanding amounts are unsecured, interest free and repayable on demand except the balance of acquisition of subsidiary which repayable by two instalments in May 2015 and November 2015. Subsequently, the second instalment has been extended to May 2016 with waiver of interest.

(f) Holding company

The amount due to holding company pertains mainly to advances and payments on behalf. The outstanding amounts are unsecured, interest free and payable on demand.

The Directors regard Delta Industries Sdn. Bhd., a company incorporated in Malaysia as its holding company.

27. CASH & BANK BALANCES

Included in the cash & bank balances of the Group are amounts of RM14,502,407 (2014: RM9,219,591) which are held pursuant to Section 7A of the Housing Development (Control & Licensing) Act 1966 and therefore restricted from use in other operations.

28. SHARE CAPITAL

	Group/Company	
	2015	2014
	RM	RM
Authorised :		
1,000,000,000 ordinary shares of RM0.50 each	500,000,000	500,000,000
At end of the financial year		
365,063,800 ordinary shares of RM0.50 each	182,531,900	182,531,900

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

(a) Treasury shares

The shareholders of the Company, by an ordinary resolution passed at an Annual General Meeting held on 25 June 2015, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

There are no repurchase of own shares during the financial year ended 31 December 2015.

Notes to the Financial Statements (Cont'd)

29. SHARE PREMIUM

	Group/Company	
	2015	2014
	RM	RM
At beginning & end of the financial year	35,073,512	35,073,512

30. FINANCE LEASE LIABILITIES

	Group	
	2015	2014
	RM	RM
Minimum finance lease payments :		
Payable not later than 1 year	188,412	148,632
Payable later than 1 year and not later than 5 years	501,750	456,062
Payable later than 5 years	100,422	54,392
	790,584	659,086
Less : Future finance charges	(90,439)	(68,596)
Present value of finance lease liabilities	700,145	590,490
Present value of finance lease liabilities :		
Payable not later than 1 year	159,662	125,830
Payable later than 1 year and not later than 5 years	450,098	417,455
Payable later than 5 years	90,385	47,205
	700,145	590,490

The finance lease liabilities of the Group carry weighted average interest at the reporting date of 3.31% (2014: 2.39%) per annum.

31. TRADE & OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Trade payables	5,720,848	14,003,951	-	-
Other payables	6,532,675	7,711,772	22,522	38,100
Accruals	1,470,933	2,180,612	44,738	86,498
	13,724,456	23,896,335	67,260	124,598

The currency exposure profile of trade payables is as follows :

Ringgit Malaysia	5,695,923	13,485,156	-	-
US Dollar	24,925	518,795	-	-
	5,720,848	14,003,951	-	-

Notes to the Financial Statements (Cont'd)

31. TRADE & OTHER PAYABLES (CONT'D)

Trade payables and other payables are non-interest bearing and normally settled on 30 to 90 days (2014: 30 to 90 days) terms and 30 to 90 days (2014: 30 to 90 days) terms respectively.

Included in the Group's accruals are post-employment defined contribution plan of RM20,897 (2014: RM68,875) in respect of Employees Provided Fund.

32. OTHER CURRENT LIABILITIES

	2015 RM	Group 2014 RM
Progress billings in respect of property development costs	37,860,897	35,331,357
Amount due to contract customers (Note 25)	2,599,177	1,208,182
	40,460,074	36,539,539

33. BORROWINGS

	2015 RM	Group 2014 RM
Trust receipts	-	396,788

The bills payables of the Group are secured by :

- (a) a debenture for RM3,400,000 creating a fixed and floating charge over a subsidiary's assets;
- (b) a first legal charge on the freehold land of a subsidiary;
- (c) a pledge of a subsidiary's fixed deposits amounting to RM500,000; and
- (d) a corporate guarantee for RM2,600,000 by subsidiaries.

Bills payables of the Group at the reporting date carry interest rates of Nil% (2014: 8.35%) per annum.

34. SEGMENT INFORMATION

The Group is organised into the following main business segments :

- (i) Property development & investment, construction and other related services rendered
Construction and development of residential, commercial and industrial properties. Property investment included provision of rental income and other services.
Other related services rendered include the provision of services related to the construction, property development & investment and administrative services.
- (ii) Manufacturing and trading
Manufacturing and trading of automotive parts and related products.
- (iii) Hotel and leisure related services
Provision of hospitality services, food and beverages.
- (iv) Plantation
Plantation of oil palm and tropical fruits.

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("CODM") that are used to make strategic decisions, allocate resources and assess performance.

The CODM receives separate reports for property development & investment, construction and other related services rendered businesses, they have been aggregated into one reportable segments as they have similar economic characteristics.

Although the plantation segment does not meet the quantitative thresholds required by FRS 8 for reportable segments, management has concluded that this segment should be reported, as it is closely monitored by CODM as a potential growth segment.

The geographical segment information is not presented as the Group's activities are carried out predominantly in Malaysia.

The segment information provided to the CODM for the reportable segments is as follows:

Notes to the Financial Statements (Cont'd)

34. SEGMENT INFORMATION (CONT'D)

	Property development, & investment, construction & other related services rendered		Manufacturing & trading		Hotel & leisure related services		Plantation		Group	
	2015 RM	2014 RM	2015 RM	2014 RM	2015 RM	2014 RM	2015 RM	2014 RM	2015 RM	2014 RM
REVENUE										
Total revenue	58,477,414	83,674,980	41,214,132	46,979,014	18,574,107	18,119,281	4,138,111	4,950,548	122,403,764	153,723,823
Inter-segment sales	(222,000)	(456,604)	-	-	-	(12,000)	-	-	(222,000)	(468,604)
External sales	58,255,414	83,218,376	41,214,132	46,979,014	18,574,107	18,107,281	4,138,111	4,950,548	122,181,764	153,255,219
RESULTS										
Interest income	1,160,122	1,665,776	210,906	155,366	478,901	534,513	22,690	45,292	1,872,619	2,400,947
Finance costs	(15,797)	(19,834)	(9,665)	(9,560)	(9,327)	(8,366)	-	-	(34,789)	(37,760)
Share of results of associated companies	837	983	(167,801)	-	-	-	-	-	(166,964)	983
Profit before tax	25,346,904	41,435,966	1,371,006	2,670,168	3,766,324	5,628,480	306,768	2,291,495	30,791,002	52,026,109

Notes to the Financial Statements (Cont'd)

34. SEGMENT INFORMATION (CONT'D)

	Property development, & investment, construction & other related services rendered		Manufacturing & trading		Hotel & leisure related services		Plantation		Group	
	2015 RM	2014 RM	2015 RM	2014 RM	2015 RM	2014 RM	2015 RM	2014 RM	2015 RM	2014 RM
ASSETS AND LIABILITIES										
Investment in associated companies	1,350,214	1,349,377	132,199	-	-	-	-	-	1,482,413	1,349,377
Other segment assets	642,746,059	653,810,312	34,358,840	35,827,871	108,208,530	112,445,601	36,018,874	38,395,556	821,332,303	840,479,340
Borrowings	532,350	422,173	-	366,918	167,795	198,187	-	-	700,145	987,278
Other segment liabilities	195,626,217	232,337,675	3,713,341	5,806,985	2,266,185	2,346,551	1,019,524	1,011,185	202,625,267	241,502,396
OTHER SEGMENT INFORMATION										
Addition to non current assets	17,913,553	8,689,143	314,454	46,235	1,081,084	6,741,520	618,708	-	19,927,799	15,476,898
Depreciation & amortisation	2,435,412	1,571,751	184,461	193,960	2,202,253	2,120,003	387,427	394,927	5,209,553	4,280,641
Other non-cash expenses	46,358	4,994	37,059	5,513	-	-	452,518	-	535,935	10,507

Notes to the Financial Statements (Cont'd)

34. SEGMENT INFORMATION (CONT'D)

- (a) Addition to non-current assets consists of :

	2015 RM	Group 2014 RM
Property, plant & equipment	2,736,864	7,415,812
Investment properties	55,637	7,925,137
Land held for property development	17,135,298	135,949
	19,927,799	15,476,898

- (b) Major customers

There are no major customers with revenue equal or more than 10 per cent of the Group's total revenue.

35. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

- (a) Related party transactions

- i) The following significant transactions which have been transacted with close family members of key management personnel and an entity controlled by key management personnel and close family members are as follows :

	2015 RM	Group 2014 RM
Acquisition of subsidiary [Note 13(c)]	-	91,800,000

The Directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions negotiated and agreed by the related parties.

- (b) Key management personnel compensation

The remuneration of key management personnel compensation during the financial year was as follows :

	2015 RM	Group 2014 RM
Salaries and other short-term employee benefits	2,375,680	2,375,680
Post-employment benefits - defined contribution plan	175,836	175,836
	2,551,516	2,551,516

The above is in respect of the total compensation to Directors of the Group.

Notes to the Financial Statements (Cont'd)

36. CONTINGENT LIABILITIES - unsecured

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

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

37. OPERATING LEASE ARRANGEMENT**(a) The Group as lessor**

The future minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are analysed as follows :

	2015 RM	Group 2014 RM
Not later than 1 year	6,374,509	9,250,586
Later than 1 year and not later than 5 years	2,093,980	8,123,345
	8,468,489	17,373,931

(b) The Group as lessee

The future minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are analysed as follows :

	2015 RM	Group 2014 RM
Not later than 1 year	304,800	264,000
Later than 1 year and not later than 5 years	264,400	484,000
	569,200	748,000

The Group has entered into leases on its property portfolio. The commercial property leases typically have lease terms between one and three years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions.

38. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below :

(i) Estimated impairment of goodwill

The Group determines annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates as set in Note 17(ii).

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's results. The Group's review includes the key assumptions related to sensitivity in the cash flow projections.

Notes to the Financial Statements (Cont'd)

38. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

(i) Estimated impairment of goodwill (Cont'd)

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the goodwill to exceed the recoverable amount of the CGU. Based on this review, there is no evidence of impairment on the Group's goodwill for the financial year 31 December 2015 except for CGU where impairment losses have been made.

(ii) Property development

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

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 by relying on past experience and the work of specialists.

(iii) Estimated net realisable value of inventories

When assessing inventories, estimates for their recoverability that arise from the expected consumption of the corresponding items are necessary. The adjustments for the inventories are calculated for each item using a stock coverage analysis. The parameters are checked annually and modified if necessary. Changes in sales or other circumstances can lead to the book value having to be adjusted accordingly.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's operations are subject to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk, market risk, liquidity and cash flow risk.

The Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders. The Board regularly reviews these risks and approves treasury policies, which covers the management of these risks. It is not the Group's policy to engage in speculative transactions.

(a) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the functional currency of the Group, primarily RM. The foreign currencies in which these transactions are denominated are mainly in US Dollar.

The currency exposure of trade payables at the reporting date is disclosed in the Notes 31 to the Financial Statements.

The Company does not enter into any financial instrument to hedge the movement in the foreign currency exchange rates unless the risk is deemed to be significant.

As the influence of foreign currency changes on the profit or loss is immaterial, no sensitivity analysis has been conducted.

(b) Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its cash and cash equivalents and interest-bearing loans and borrowings.

The Group's and the Company's policy is to obtain the most favourable interest rates available.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rate had been 10 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM33,000 (2014: RM58,000) higher/lower, arising mainly as a result of higher/lower interest income from fixed deposits.

Notes to the Financial Statements (Cont'd)

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**(c) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's and the Company's exposure to credit risk is primarily from receivables, refer to Note 23. These debts are continually monitored and therefore, the Group and the Company does not expect to incur material credit losses. For other financial assets (including cash & bank balances) the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

Exposure of credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of financial assets recognised in the Statements of Financial Position.

Credit risk concentration profile

The Group and the Company has no significant concentration of credit risk with a single customer.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are credit worthy debtors with good payment record with the Group and the Company. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 23 to the Financial Statements.

(d) Market risk

Market price risks mainly result from raw materials. No financial instruments are used for the hedging of the acquisition of raw materials.

(e) Liquidity and cash flow risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The table below summarises the maturity profile of the Group's liabilities at the reporting date based on contractual undiscounted repayment obligations.

Notes to the Financial Statements (Cont'd)

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(e) Liquidity and cash flow risk(Cont'd)

Group	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2015				
Financial liabilities:				
Payables	13,724,456	-	-	13,724,456
Related parties	81,487,213	-	-	81,487,213
Borrowings	188,412	501,750	100,422	790,584
Total	95,400,081	501,750	100,422	96,002,253
2014				
Financial liabilities:				
Payables	23,896,335	-	-	23,896,335
Related parties	109,385,407	-	-	109,385,407
Borrowings	545,420	456,062	54,392	1,055,874
Total	133,827,162	456,062	54,392	134,337,616

Company	On demand or within one year RM	One to five years RM	Total RM
2015			
Financial liabilities:			
Payables	67,260	-	67,260
Related parties	112,694,815	-	112,694,815
Total	112,762,075	-	112,762,075
2014			
Financial liabilities:			
Payables	124,598	-	124,598
Related parties	98,162,960	-	98,162,960
Total	98,287,558	-	98,287,558

Notes to the Financial Statements (Cont'd)

40. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise its shareholders value.

The Group and the Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group's and the Company's capital management is dependent on capital requirements of the business or investments. Management would evaluate various options taking into consideration market conditions, nature of investment and the Company's structure.

The Group and the Company monitor and manage capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group and the Company included within net debt, total financial liabilities less cash and cash equivalents. Capital includes equity attributable to the owners. The Group and the Company target to maintain a low gearing ratio.

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade and other payables	13,724,456	23,896,335	67,260	124,598
Other current liabilities	40,460,074	36,539,539	-	-
Amount due to related parties	81,487,213	109,385,407	112,694,815	98,162,960
Loans & borrowings	700,145	987,278	-	-
Less: Cash and cash equivalents	(61,180,862)	(81,392,340)	(821,033)	(811,658)
Net debt	75,191,026	89,416,219	111,941,042	97,475,900
Equity attributable to owners	596,996,594	578,936,547	246,449,176	251,982,360
Capital and net debt	672,187,620	668,352,766	358,390,218	349,458,260
Gearing ratio	11.19%	13.38%	31.23%	27.89%

Under the requirement of Bursa Malaysia, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less RM40 million. The Company has complied with this requirement.

Notes to the Financial Statements (Cont'd)

41. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

		Loans and receivables		Available-for-sale		Total	
	Note	2015 RM	2014 RM	2015 RM	2014 RM	2015 RM	2014 RM
Group							
Financial Assets							
Non-current							
Investments	16	-	-	100,885	100,885	100,885	100,885
Fixed deposits	18	1,887,347	1,857,896	-	-	1,887,347	1,857,896
Current							
Trade & other receivables	23	33,407,917	41,385,778	-	-	33,407,917	41,385,778
Amount due from related parties	26	-	1,237	-	-	-	1,237
Fixed deposits	18	34,281,784	56,172,372	-	-	34,281,784	56,172,372
Cash and bank balances	27	25,011,731	23,362,072	-	-	25,011,731	23,362,072
Total		94,588,779	122,779,355	100,885	100,885	94,689,664	122,880,240

		Other financial liabilities at amortised cost	
	Note	2015 RM	2014 RM
Financial Liabilities			
Non-current			
Borrowings	30	540,483	464,660
Current			
Borrowings	30 & 33	159,662	522,618
Amount due to related parties	26	81,487,213	109,385,407
Trade and other payables	31	13,724,456	23,896,335
Total		95,911,814	134,269,020

Notes to the Financial Statements (Cont'd)

41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

		Loans and receivables		Available-for-sale		Total	
	Note	2015 RM	2014 RM	2015 RM	2014 RM	2015 RM	2014 RM
Company							
Financial Assets							
Non-current							
Investments	16	-	-	150,982	150,982	150,982	150,982
Current							
Trade & other receivables	23	8,453	8,453	-	-	8,453	8,453
Amount due from related parties	26	9,022,857	74,934	-	-	9,022,857	74,934
Fixed deposits	18	799,637	787,054	-	-	799,637	787,054
Cash and bank balances	27	21,396	24,604	-	-	21,396	24,604
Total		9,852,343	895,045	150,982	150,982	10,003,325	1,046,027

		Other financial liabilities at amortised cost	
	Note	2015 RM	2014 RM
Financial Liabilities			
Current			
Amount due to related parties	26	112,694,815	98,162,960
Trade and other payables	31	67,260	124,598
Total		112,762,075	98,287,558

Notes to the Financial Statements (Cont'd)

41. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair value of financial instruments

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

It was not practicable to estimate the fair value of the Group's and the Company's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the Statements of Financial Position, are as follows:

	2015		2014	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Quoted shares	100,885	84,070	100,885	68,612
Company				
Quoted shares	64,980	80,825	64,980	63,986
Unquoted shares	86,002	*	86,002	*

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table:

Investments in equity securities

The fair values of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

*Unquoted shares carried at cost (Note 16)

Fair value information has not been disclosed for these unquoted equity instruments as fair value cannot be measured reliably as these instruments are not quoted on any market and does not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant.

(c) Fair value hierarchy

The fair value measurement hierarchies used to measure financial assets carried at fair value in the Statements of Financial Position as at 31 December 2015 are as follows:

- i) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- iii) Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

Notes to the Financial Statements (Cont'd)

42. DIVIDENDS

	Group/Company			
	2015		2014	
	Gross dividend per share (sen)	Amount of dividend RM	Gross dividend per share (sen)	Amount of dividend RM
Financial year ended 31 December 2013 - first and final, single tier dividend	-	-	1.5	5,475,957
Financial year ended 31 December 2014 - first and final, single tier dividend	1.5	5,475,957	-	-
Dividend recognised as distribution to ordinary equity holders of the Company	1.5	5,475,957	1.5	5,475,957
Proposed final dividend, first & final single tier dividend	-	-	1.5	5,475,957

The Board of Directors does not recommend a final dividend for the financial year ended 31 December 2015.

43. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 14 April 2016.

Lodged by : PHK Management Services Sdn. Bhd. (Company No: 311416-X)
 Address : 36A, Lorong Gelugor
 Off Persiaran Sultan Ibrahim
 41300 Klang
 Selangor Darul Ehsan
 Tel. No. : 03-33438148

Supplementary Information – Breakdown of Retained Earnings into Realised and Unrealised

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The breakdown of retained earnings of the Group at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total retained earnings of the Company and its subsidiaries:				
- Realised	498,420,445	481,744,619	28,843,764	34,376,948
- Unrealised	4,502,000	4,025,200	-	-
	502,922,445	485,769,819	28,843,764	34,376,948
Total share of retained earnings from associated companies:				
- Realised	(70,437)	96,527	-	-
	502,852,008	485,866,346	28,843,764	34,376,948
Less: Consolidation adjustments	(123,460,826)	(124,535,211)	-	-
Total group retained earnings as per consolidated accounts	379,391,182	361,331,135	28,843,764	34,376,948

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

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

Analysis of Shareholdings

AS AT 31 MARCH 2016

Authorised Capital	:	RM500,000,000
Issued Capital	:	RM182,531,900
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	One vote per share
No. of Holders	:	3,598

ANALYSIS OF EQUITY STRUCTURE

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	25	0.69	566	0.00
100 - 1,000	160	4.45	109,628	0.03
1,001 - 10,000	2,431	67.56	12,158,266	3.33
10,001 - 100,000	837	23.26	27,356,312	7.49
100,001 - 18,253,189 (*)	142	3.95	97,588,936	26.74
18,253,190 and above (**)	3	0.09	227,850,092	62.41
Total	3,598	100.00	365,063,800	100.00

Remarks : * Less than 5% of issued Shares
 ** 5% and above of issued Shares

LIST OF DIRECTOR'S SHAREHOLDINGS

Name	Direct Holdings		Indirect Holdings	
	No	%	No	%
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	39,822,112	10.91	223,821,180	61.31
Dato' Setia Abdul Halim Bin Dato' Haji Abdul Rauf	-	-	-	-
Dato' Ambrose Leonard Ng Kwee Heng	2,588,000	0.71	255,147,392	69.89
Puan Sri Datin Catherine Yeoh Eng Neo	14,018,200	3.84	249,625,092	68.38
Tan Sri Dato' Dr. Sak Cheng Lum	-	-	-	-
Datuk Ng Thian Kwee	-	-	-	-
Mat Ripen Bin Mat Elah	-	-	-	-
Tan Jiu See	-	-	-	-
Dato' Milton Norman Ng Kwee Leong	1,400,000	0.38	255,147,392	69.89
Steven Junior Ng Kwee Leng	1,000,000	0.27	255,147,392	69.89
Malcolm Jeremy Ng Kwee Seng	3,507,900	0.96	259,347,392	71.04
Ooi Hock Guan	-	-	-	-

LIST OF SUBSTANTIAL SHAREHOLDINGS

No	Name	Direct Holdings		Indirect Holdings	
		No	%	No	%
1.	Dalta Industries Sdn. Bhd.	201,307,080	55.14	-	-
2.	Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	39,822,112	10.91	223,821,180	61.31

Analysis of Shareholdings (Cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	Dalta Industries Sdn. Bhd.	132,536,312	36.30
2.	Dalta Industries Sdn. Bhd.	66,911,568	18.33
3.	Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	28,402,212	7.78
4.	Puan Sri Datin Catherine Yeoh Eng Neo	13,941,200	3.82
5.	Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	11,419,900	3.13
6.	Golden Approval Sdn. Bhd.	6,223,100	1.70
7.	Golden Approval Sdn. Bhd.	5,348,900	1.47
8.	Lim Hui Y'ng	4,200,000	1.15
9.	Malcolm Jeremy Ng Kwee Seng	3,507,900	0.96
10.	TA Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Liew Yam Fee)	2,400,000	0.66
11.	Lim Theng Sian	2,314,900	0.63
12.	Pandang Usaha Sdn. Bhd.	2,217,436	0.61
13.	Dato' Ambrose Leonard Ng Kwee Heng	2,188,000	0.60
14.	Dalta Industries Sdn. Bhd.	1,859,200	0.51
15.	Mujur Cemerlang Sdn. Bhd.	1,851,200	0.51
16.	CIMSEC Nominees (Tempatan) Sdn. Bhd. (Cimb Bank for Ng Swee Sing @ Eng Swee Sing [MY0425])	1,773,500	0.49
17.	AMSEC Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Beh Hang Kong)	1,418,000	0.39
18.	Dato' Milton Norman Ng Kwee Leong	1,344,000	0.37
19.	Permodalan Negeri Selangor Berhad	1,150,000	0.32
20.	JF APEX Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Teo Kwee Hock [STA1])	1,091,200	0.30
21.	Steven Junior Ng Kwee Leng	1,000,000	0.27
22.	Public Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for EURP (Sarawak) Sdn. Bhd. [E-PDG])	869,000	0.24
23.	Maybank Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Liau Thai Min)	853,600	0.23
24.	Wong Sau Chun	850,000	0.23
25.	Maybank Nominees (Tempatan) Sdn. Bhd. (Wong Thim Fatt)	801,000	0.22
26.	Koh Bee Lan	792,900	0.21
27.	TA Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Lim Chye)	750,000	0.21
28.	Lim Thin Fat @ Lim Thien Fatt	720,000	0.20
29.	Public Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Tee Kim Hew [E-KLG/BTG])	695,900	0.19
30.	HLIB Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Lim Kiam Lam)	597,200	0.16
TOTAL		300,028,128	82.19

List of Properties

The details on the A & M Group's landed properties are set out below :

Location	Description	Tenure Year of expiry	Approximate age of building	Land Area (Built-up Area) in acres	Net Book value (RM'000)	Year of acquisition/ revaluation
HS(D) 749, Lot 9146 Mukim Rasah District of Seremban Negeri Sembilan Darul Khusus	Agricultural	Freehold	-	6.048	185	1989
E.M.R. 6202, Lot 5022 Jalan Meru Mukim Kapar District of Klang Selangor Darul Ehsan	Industrial	Freehold	-	3	180	1988
HS(D) 13802-13804, PT 254-256 HS(D) 13814-13817, PT 266-269 (Lot 19, C.T. 11661) Mukim Klang District of Klang Selangor Darul Ehsan	Residential & Commercial	Freehold	-	0.348	373	1991
HS(M) 11649, PT 9867 HS(M) 11650, PT 9868 HS(M) 11651, PT 9869 Persiaran Raja Muda Musa District of Klang Selangor Darul Ehsan	Commercial (3 units of 3-storey shophouse)	Freehold	36 years	0.127	1,682	1990
PT 10888-10912 Batu 4 1/2 Jalan Kebun Kampung Jawa	Commercial (23 units of double storey industrial lot)	Freehold	29 years	0.95	7,486	1994
HS(D) 3710-3715 PT 1157-1161 Mukim Durian Tunggal District of Alor Gajah Melaka	Motels, Hotels & Condominium	Freehold	-	22	1,274	1991
PT1156 Mukim Durian Tunggal District of Alor Gajah Melaka	Hotel	Freehold	19 years	11.62	37,958	1991
HS(D) 18005, PT 17480 HS(D) 20199, PT 18462 Mukim Klang District of Klang Selangor Darul Ehsan	Commercial	Freehold	-	0.76	60	1985

List of Properties (Cont'd)

The details on the A & M Group's landed properties are set out below (Cont'd) :

Location	Description	Tenure Year of expiry	Approximate age of building	Land Area (Built-up Area) in acres	Net Book value (RM'000)	Year of acquisition/revaluation
Grant 19950, Lot 10340 Grant 19972, Lot 10362 Grant 19988, Lot 10378 Mukim Klang District of Klang Selangor Darul Ehsan	Residential & Commercial	Freehold	-	14.99	4,430	1994
Grant 20032, Lot 10422 Mukim Klang District of Klang Selangor Darul Ehsan	Residential	Freehold	-	14.956	2,019	1994
B03-08, 8th Floor, Block B Pusat Dagangan Phileo Damansara II Jalan Damansara Petaling Jaya Selangor Darul Ehsan	Commercial	Freehold	15 years	0.06	690	1996
E.M.R. 7252, 7525, 7540, 7568, 6450, 6457, 6905, 6909, Lot 4414, 4427-4429, 4565, 4567, 4568, 4570, 4582 & 4586 Meru, Mukim Kapar District of Klang Selangor Darul Ehsan	Agricultural	Freehold	-	30	230	1994
Grant 20109, Lot 10499 Taman Sentosa District of Klang Selangor Darul Ehsan	Residential	Freehold	-	8.4	56	1991
Grant 25821, Lot 89 Grant 35149, Lot 37727 District of Klang Selangor Darul Ehsan	Industrial	Freehold	-	4.686	324	1983
E.M.R. 2856, Lot 704 E.M.R. 2570, Lot 705 Mukim Morib District of Kuala Langat Selangor Darul Ehsan	Residential & Agricultural	Freehold	-	8.9	260	1984
Grant 20030, Lot 10420 Mukim Klang District of Klang Selangor Darul Ehsan	Residential	Freehold	-	9.7	190	1988

List of Properties (Cont'd)

The details on the A & M Group's landed properties are set out below (Cont'd) :

Location	Description	Tenure Year of expiry	Approximate age of building	Land Area (Built-up Area) in acres	Net Book value (RM'000)	Year of acquisition/ revaluation
Grant 20031, Lot 10421 Mukim Klang District of Klang Selangor Darul Ehsan	Residential & Commercial	Freehold	-	6.506	4,950	1999
Grant 26565, Lot 9886 Jalan Kebun Mukim Klang District of Klang Selangor Darul Ehsan	Industrial	Freehold	-	6.094	255	1992
PT 3532,3539,3540, 3556, 675 HS(D) 80452,80459,80460,80357, 28046 Mukim Jugra District of Kuala Langat Selangor Darul Ehsan	Agricultural	Leasehold (Expire in 2105)	-	1,378.99	3,058	1990
PT 673-674, 676-677, 730-736, 3533, 3535, 3537 HS(D) 28044, 80457, 28047-26048, 34187-34193, 80454-80455, 28045 Mukim Jugra District of Kuala Langat Selangor Darul Ehsan	Residential & Commercial	Leasehold (Expire in 2105)	-	528.19	1,225	1990
Grant 39305, Lot 110 Grant 39306, Lot 112 Mukim Klang District of Klang Selangor Darul Ehsan	Commercial (8-storey and 12 storey office buildings)	Freehold	15 years	2.021	17,206	1983
Lot 10344-10346 Mukim & District of Klang Selangor Darul Ehsan	Residential & Agricultural	Freehold	-	23.081	6,924	1996
PT 35664 Taman Sentosa Mukim Klang Selangor Darul Ehsan	Commercial	Freehold	-	1.41	102	1989
Lot 407 Mukim Batang Berjuntai Kuala Selangor Selangor Darul Ehsan	Residential	Freehold	-	17.21	1,177	1991
PT 1029, HS(D) 34192 Mukim Klang Selangor Darul Ehsan	Hotel	Leasehold (Expire in 2092)	-	0.4585	276	1989

List of Properties (Cont'd)

The details on the A & M Group's landed properties are set out below (Cont'd) :

Location	Description	Tenure Year of expiry	Approximate age of building	Land Area (Built-up Area) in acres	Net Book value (RM'000)	Year of acquisition/ revaluation
Lot No 57687 Daerah Klang Mukim Klang Selangor Darul Ehsan	Residential	Freehold	-	8.17	13,800	2005
PT 64300 & 64301 HS(D) 96096 & 96097 Daerah Klang Mukim Klang Selangor Darul Ehsan	Residential	Freehold	-	12.13	18,145	2005
Lot 10361 Daerah Klang Mukim Klang Selangor Darul Ehsan	Commercial	Freehold	-	9.73	2,141	1994
HS(D) 424, PT 467 HS(D) 434, PT 477 Mukim Taboh Naning Alor Gajah, Melaka	Agricultural	Freehold	-	20.0	2,400	1997
HS(D) 239, PT 282 HS(D) 240, PT 283 HS(D) 241, PT 284 HS(D) 242, PT 285 Mukim Tabong Naning Alor Gajah, Melaka	Agricultural	Freehold	-	42.0	4,148	1997
HS(D) 426, PT 469 HS(D) 427, PT 470 HS(D) 428, PT 471 HS(D) 429, PT 472 Mukim Tabong Naning Alor Gajah, Melaka	Agricultural	Freehold	-	40.0	4,800	1997
HS(D) 243, PT 286 HS(D) 244, PT 287 HS(D) 245, PT 288 HS(D) 246, PT 289 Mukim Tabong Naning Alor Gajah, Melaka	Agricultural	Freehold	-	40.0	4,800	1997
PT 87132,144389, HS(D) 22518,150997 Daerah Klang Mukim Klang Selangor Darul Ehsan	Industrial	Leasehold (Expires in 2093)	-	13.947	1,033	1995

List of Properties (Cont'd)

The details on the A & M Group's landed properties are set out below (Cont'd) :

Location	Description	Tenure Year of expiry	Approximate age of building	Land Area (Built-up Area) in acres	Net Book value (RM'000)	Year of acquisition/ revaluation
PT 2996, HS(D) 1105 Mukim Batang Berjuntai Kuala Selangor Selangor Darul Ehsan	Light Industrial	Freehold	-	3.998	2,696	1997
PT 49270-49325 PT 94803-94918 Daerah Klang Mukim Klang Selangor Darul Ehsan	Residential	Freehold	-	8.69	5,620	1999
HS(D) 24301, PT 3753 Daerah Kuala Langat Mukim Batu	Agricultural	Freehold	-	184.813	28,335	1996
Grant 1745, Lot 2369 Mukim Batu Kuala Lumpur	Residential	Freehold	-	3.032	16,800	2007
HS(D) 117471-117475 PT 119978-119982 HS(D) 117492-117494 PT 119975-119977 Mukim Klang District of Klang Selangor Darul Ehsan	Industrial	Leasehold (Expire in 2105)	-	16.417	4,185	2007
LOT 6032 Mukim Klang District of Klang Selangor Darul Ehsan	Residential & Commercial	Freehold	-	14.35	1,919	2009
PT 47417-47502 HS(D) 262212-262297 (Lot 14645 Geran 23670) Mukim Sungai Buloh Selangor Darul Ehsan	Residential	Freehold	-	76.76	25,711	2014
LOT 403, Geran 23669 Mukim Sungai Buloh District of Petaling Selangor Darul Ehsan	Residential	Freehold	-	46.84	16,372	2014

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Proxy Form

Number of Share Held

CDS Account No.



I/We (Name of shareholder as per NRIC/ID, in Capital Letters) _____

NRIC No./ID No./Company No. _____ of (Full Address in Capital Letters) _____

Tel. No. _____ being a member

of **A & M REALTY BERHAD** ("A & M" or "the Company"), hereby appoint (Name of proxy as per NRIC/ID, in Capital Letters) _____

NRIC No./ID No. _____ of (Address) _____

or failing whom (Name of proxy as

per NRIC/ID, in Capital Letters) _____ NRIC No./ID No. _____

of (Address) _____

or failing whom, the Chairman of the meeting as my/our proxy to vote for me/our behalf at the Twenty Sixth (26th) Annual General Meeting of the Company to be held at Amverton Cove Golf & Island Resort, PT 673, Pulau Carey, Mukim Jugra, 42960 Daerah Kuala Langat, Selangor Darul Ehsan on Thursday, 23 June 2016 at 11.00 a.m. or at any adjournment thereof.

ORDINARY RESOLUTION	FOR	AGAINST
1. Adoption of the Audited Financial Statements for the financial year ended 31 December 2015		
2. Re-election of Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock who retires in accordance with Article 100 of the Company's Articles of Association		
3. Re-election of Dato' Ambrose Leonard Ng Kwee Heng who retires in accordance with Article 100 of the Company's Articles of Association		
4. Re-election of Dato' Milton Norman Ng Kwee Leong who retires in accordance with Article 100 of the Company's Articles of Association		
5. Re-appointment of Puan Sri Datin Catherine Yeoh Eng Neo who retires in accordance with Article 100 of the Company's Articles of Association		
6. Re-appointment of Dato' Setia Abdul Halim Bin Dato' Haji Abdul Rauf who retires in accordance with Section 129(6) of the Companies Act, 1965		
7. Re-appointment of Mat Ripen Bin Mat Elah who retires in accordance with Section 129(6) of the Companies Act, 1965		
8. Re-appointment of Tan Sri Dato' Dr. Sak Cheng Lum who retires in accordance with Section 129(6) of the Companies Act, 1965		
9. To re-elect Messrs. HLB Ler Lum as Auditors of the Company and to authorise the Directors to fix their remuneration		
10. Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965		
11. Proposed Renewal of Authority to Purchase Its Own Shares		
12. To continue in office for Tan Sri Dato' Dr. Sak Cheng Lum as Independent Director		
13. To continue in office for Mat Ripen Bin Mat Elah as Independent Director		
14. To continue in office for Tan Jiu See as Independent Director		

Please indicate with an "X" in the appropriate spaces provided how you wish your vote to be cast. If you do not do so, your proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

Signature of member(s)/Seal of Shareholders

Dated this _____ day of _____ 2016

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of its attorney.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing the proxy must be deposited at the Registered Office of the Company at No 36A, Lorong Gelugor, Off Persiaran Sultan Ibrahim, 41300 Klang, Selangor Darul Ehsan, not less than 48 hours before the time for holding the meeting or adjournment thereof.
6. Only members whose names appear in the Record of Depositors as at 17 June 2016 will be entitled to attend and vote at the meeting.

STAMP

A & M REALTY BERHAD (177214-H)
PHK Management Services Sdn. Bhd. (311416-X)
36A, Lorong Gelugor
Off Persiaran Sultan Ibrahim
41300 Klang
Selangor Darul Ehsan

A & M REALTY BERHAD (177214-H)

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