PERAK CORPORATION BERHAD

INCORPORATED IN MALAYSIA (210915-U)

ANNUAL REPORT 2016

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page

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-sixth Annual General Meeting of the Company will be held at Amanjaya Convention Centre, Casuarina @ Meru Hotel, No. 1-C, Jalan Meru Casuarina, Bandar Meru Raya, 30020 Ipoh, Perak Darul Ridzuan on **Friday, 30 June 2017** at **4.00 p.m.** to transact the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Report of the Directors and Auditors thereon. **[Please refer to Note 8]**

2. To approve the increase in Directors' fees in respect of the financial year ended 31 December 2016 and the total payment of Directors' fees of RM401,500 thereon. **Resolution 1**

3. To re-elect the following Directors who retire by rotation in accordance with Article 80 of the Company's Articles of Association:
   a) Dato' Nasarudin bin Hashim **Resolution 2**
   b) Dato' Wan Hashimi Albakri bin W.A.A. Jaffri **Resolution 3**

4. To re-appoint Tuan Haji Ab Rahman bin Mohammed as Director of the Company. **Resolution 4**

5. To take note that Messrs KPMG PLT have indicated their intention not to seek for re-appointment as Auditors of the Company. **[Please refer to Note 9]**

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

6. **Ordinary Resolution – Gratuity Policy** **Resolution 5**

   "**THAT** approval be and is hereby given for the payment of gratuity to the Directors in recognition of their years of services in the event of their retirement or cessation of office as director of the Company to be computed at the rate of 20% of the last annual Director's fee paid to that Director for each completed year of service as a director of the Company."

7. **Ordinary Resolution - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** **Resolution 6**

"**THAT** approval be and is hereby given pursuant to Paragraph 10.09 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements for the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature which are necessary for day-to-day operations with the Related Parties, as detailed in Section 2.2 of the Circular to Shareholders of the Company dated 6 June 2017, subject to the following:

(a) the transactions are carried out in the ordinary course of business on terms not more favourable to the Related Parties than those generally available to the public and not detrimental to minority shareholders of the Company; and

(b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year based on the following information:
   (i) the type of the Recurrent Related Party Transactions made; and
   (ii) the names of the Related Parties involved in each type of the Recurrent Related Party Transactions made and their relationship with the Company.

THAT the approval given in the paragraph above shall only continue to be in force until:

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

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to section 340(2) of the Companies Act 2016 ("**Act**"), but must not extend to such extension as may be allowed pursuant to section 340(4) of the Act; or

(c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

AND THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

8. To transact any other business of which due notice shall have been given in accordance with the Act and the Company's Articles of Association.

By order of the Board

Cheai Weng Hoong
Company Secretary

Ipoh
6 June 2017

NOTES:

1. A member of the Company entitled to attend and vote at the meeting may appoint any person to be his/her proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy shall have the same rights as the member to speak at the meeting.

2. Where a member 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.

3. When a member appoints more than one proxy the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.

4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at D-3-7, Greentown Square, Jalan Dato' Seri Ahmad Said, 30450 Ipoh, Perak Darul Ridzuan at least forty-eight (48) hours before the time appointed for holding the AGM or at any adjournment thereof.

6. Only members whose names appear in the Record of Depositors as at 22 June 2017 will be entitled to attend and vote at the above Meeting.

7. The registration for the above Meeting will commence on Friday, 30 June 2017 at 3.00 p.m.

8. **Audited Financial Statements for financial year ended 31 December 2016**

   The audited financial statements under Agenda 1 are meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence, Agenda 1 is not put forward for voting.

9. **Appointment of Auditors**

   Messrs KPMG PLT have indicated their intention not to seek for re-appointment as Auditors of the Company at this AGM. The Company is taking the necessary step to appoint new auditors as soon as practicable. Further announcement will be released in due course once the proposed appointment has been confirmed.

10. **Resolution 1**

    The proposed increase in Directors' fees is equivalent to 10%, or RM6,000 for each director, as compared to the previous financial year.

    The Directors' fees in respect of the financial year ended 31 December 2016 comprised the following:

    Non-Executive Directors of RM335,500
    Executive Director of RM66,000

    The Chairman of the Company does not receive any Director's fee. He is paid a remuneration pursuant to the terms and conditions of his appointment as an executive director of a subsidiary of the Company.

11. **Resolutions 2 and 3**

Pursuant to Article 80 of the Company's Articles of Association, an election of Directors takes place subsequent to their appointment each year where one-third (1/3) of the Directors or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire by rotation from office and shall be eligible for re-election at each AGM and that each Director shall retire from office at least once in every three (3) years and shall be eligible for re-election.

The profiles of the Directors who retire by rotation and are standing for re-election are disclosed on pages 9 and 11 of the Annual Report and the details of their interest in the securities of the Company are disclosed under Analysis of Shareholdings on page 44 of the Annual Report.

12. **Resolution 4**

With the implementation of the Companies Act 2016, the age limit of directors pursuant to Section 129 of the Companies Act, 1965 no longer in effect.

At the Twenty-fifth Annual General Meeting of the Company held on 25 May 2016, Tuan Haji Ab Rahman bin Mohammed who is above the age of 70, was re-appointed pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of the next Annual General Meeting.

The Resolution 4 if passed, will enable Tuan Haji Ab Rahman bin Mohammed to continue to act as Director of the Company and he shall subject to retirement by rotation at a later date.

13. **Resolution 5**

As part of the review of the Directors' remuneration policy conducted internally by the Nomination and Remuneration Committee, having regard to various factors including ensuring competitiveness of the Directors' remuneration, the Board endorsed the Committee's recommendation for the implementation of a gratuity policy to remunerate outgoing Directors in recognition of their years of services as director of the Company.

The resolution on the gratuity policy, if passed, will enable the Company, at the sole discretion of the Board, to make a lump sum payment as gratuity to a Director upon his or her retirement or cessation as a director of the Company to be computed at the rate of 20% of the last annual Director's fee paid to the outgoing Director for each completed year of service as a director of the Company.

Based on a maximum scenario, assuming all Directors cease office at the same time, the total estimated potential gratuity payment to the Directors amounts to RM737,000.

14. **Resolution 6**

Please refer to the Circular to Shareholders dated 6 June 2017 which is enclosed together with the Annual Report of the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

YB Dato' Nasarudin bin Hashim DIMP, AMP, BPC, BCM
Chairman, Non-Independent Non-Executive

Dato' Wan Hashimi Albakri bin Wan Ahmad Amin Jaffri DIMP
Non-Independent Non-Executive

Tuan Haji Ab Rahman bin Mohammed
Senior Independent Non-Executive

Dato' Abd Karim bin Ahmad Tarmizi DPMP
Independent Non-Executive

Dato' Dr Vasan a/l Sinnadurai DPMP
Independent Non-Executive

Datuk Dr Wan Norashikin binti Wan Noordin DPSM, PMP
Independent Non-Executive

Dato' Aminuddin bin Md Desa DSDK
Group Chief Executive Officer, Non-Independent

NOMINATION AND REMUNERATION COMMITTEE

Dato' Abd Karim bin Ahmad Tarmizi DPMP (Chairman)
Dato' Wan Hashimi Albakri bin Wan Ahmad Amin Jaffri DIMP
Dato' Dr Vasan a/l Sinnadurai DPMP
Datuk Dr Wan Norashikin binti Wan Noordin DPSM, PMP

AUDIT COMMITTEE

Tuan Haji Ab Rahman bin Mohammed (Chairman)
Dato' Dr Vasan a/l Sinnadurai DPMP
Datuk Dr Wan Norashikin binti Wan Noordin DPSM, PMP

MANAGEMENT TEAM

Dato' Aminuddin bin Md Desa DSDK
Group Chief Executive Officer
Perak Corporation Berhad

Rozahan bin Osman
Group Chief Financial Officer
Perak Corporation Berhad

PRINCIPAL PLACE OF BUSINESS
No. 1-A, Blok A, Menara PKNP
Jalan Meru Casuarina
Bandar Meru Raya
30020 Ipoh
Perak Darul Ridzuan
Tel : +6 (05) 501 9888
Fax : +6 (05) 501 9999
Website : www.perakcorp.com.my

COMPANY SECRETARY
Mr Cheai Weng Hoong (LS 05624)

AUDITORS
KPMG PLT (AF: 0758)
Chartered Accountants

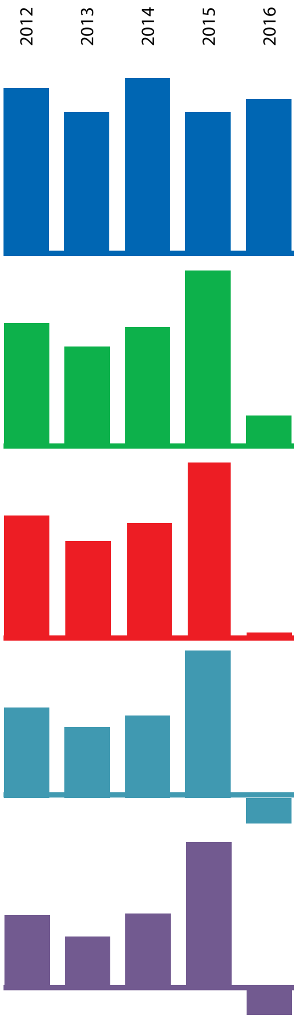
PRINCIPAL BANKERS
CIMB Bank Berhad
Malayan Banking Berhad

REGISTERED OFFICE
D-3-7, Greentown Square
Jalan Dato' Seri Ahmad Said
30450 Ipoh, Perak Darul Ridzuan
Tel : +6 (05) 241 7762, 253 0760
Fax : +6 (05) 241 6761

REGISTRAR
Shared Services & Resources Sdn Bhd
D-3-7, Greentown Square
Jalan Dato' Seri Ahmad Said
30450 Ipoh, Perak Darul Ridzuan
Tel : +6 (05) 241 7762, 253 0760
Fax : +6 (05) 241 6761

STOCK EXCHANGE LISTING
Main Market,
Bursa Malaysia Securities Berhad
Name : PRKCORP
Stock Code : 8346

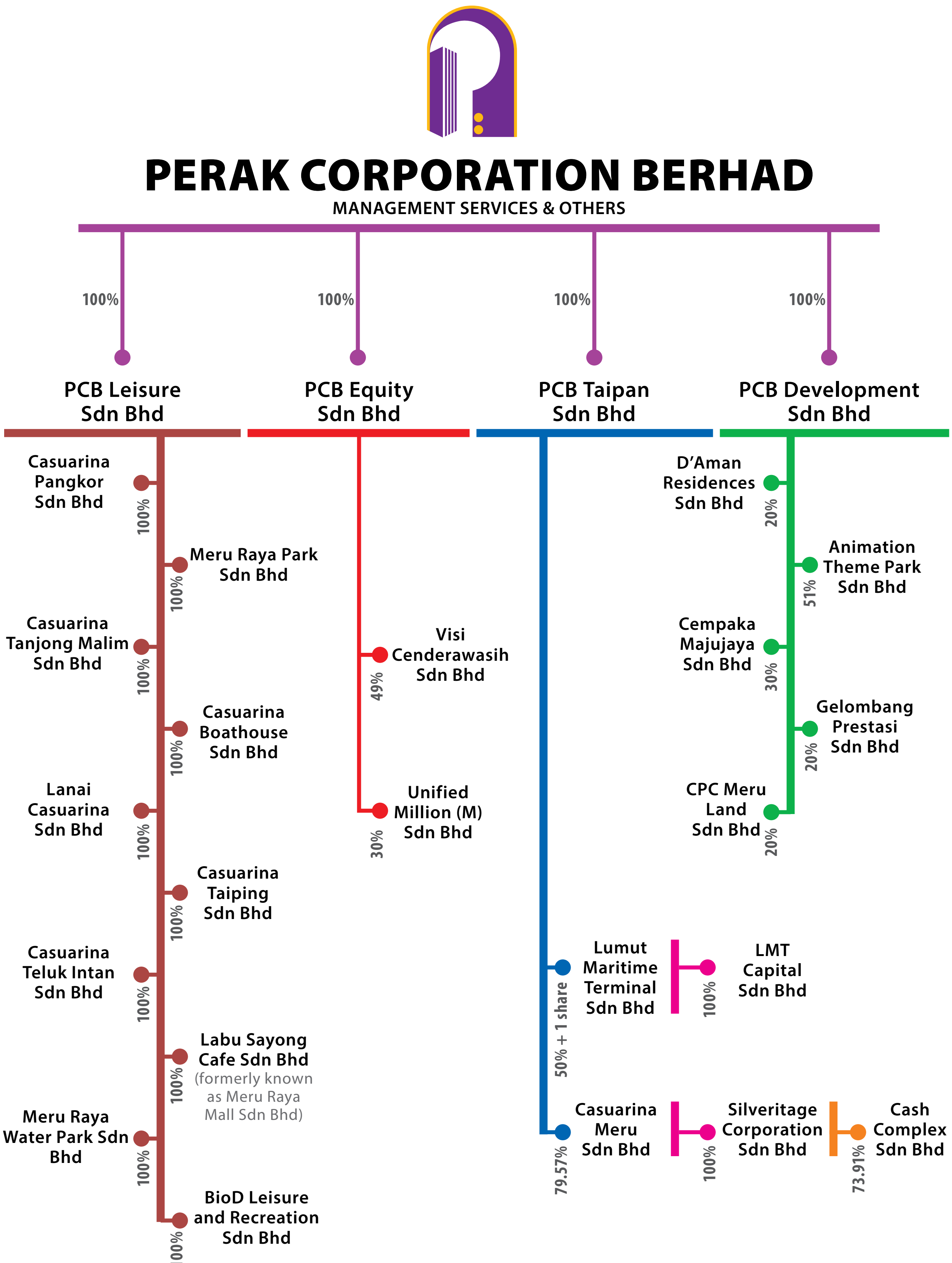
FINANCIAL HIGHLIGHTS 31 DECEMBER



	2012 RM '000	2013 RM '000	2014 RM '000	2015 RM '000	2016 RM '000
Revenue	157,383	133,987	167,043	134,174	146,704
Earnings before interest, taxes, depreciation and amortisation	83,356	67,386	80,946	120,163	19,186
Profit before tax	75,896	59,624	71,089	109,493	1,731
Profit after tax	56,593	44,314	51,769	92,524	-16,015
Net profit attributable to equity holders	38,056	26,473	38,796	77,449	-15,580

		2012	2013	2014	2015	2016
Total assets	RM '000	736,902	769,889	827,975	747,462	1,185,132
Shareholders' equity	RM '000	561,034	599,713	651,423	661,842	643,063
Owners' equity	RM '000	468,443	514,281	563,018	575,862	561,212
Total borrowings	RM '000	107,643	102,416	104,925	29,172	446,136
Paid-up capital	RM '000	100,000	100,000	100,000	100,000	100,000
Net assets per share	RM	4.66	5.14	5.63	5.76	5.61
Share price as at fiscal year-end	RM	1.26	2.92	2.28	2.26	2.26
Return on total assets	%	10.30	7.74	8.59	14.65	0.15
Return on equity	%	8.12	5.15	6.89	13.45	-2.78
Gross dividend per share	%	3.00	8.50	–	0.00	0.00
Gross dividend yield per share	%	2.40	2.91	–	0.00	0%
Earnings per share	sen	38.06	26.47	38.80	77.45	-15.58
Price-earnings ratio	times	3.3	11.0	5.90	0.0	-0.11
Gearing ratio	%	0.0	1.0	14.0	-5	73

CORPORATE STRUCTURE AS AT 31 DECEMBER 2016



PROFILE OF DIRECTORS

DATO' NASARUDIN BIN HASHIM
DIMP, AMP, BPC, BCM
Non-Independent Non-Executive Director
Malaysian, Male, aged 66 years

Chairman

YB Dato' Nasarudin bin Hashim was first appointed to the Board on 25 August 2009 and thereafter as the Chairman of the Board on 26 August 2009.

He graduated with a Bachelor of Arts with Honours from University of Malaya. He also holds a Certificate in Urban and Rural Planning, United Kingdom.

He has previously served as an Administrative and Diplomatic Services Officer for 23 years at state and federal level. He was a member of Parliament (Parit) from 2004 to 2008 and has been elected as a member of the State Legislative Assembly (Bota, Perak) since 2008. He was previously the Chairman of FELCRA Bhd (2006-2008) and Chairman of Technology Park Malaysia Corporation Sdn Bhd (2009 to 2015). He is the Executive Director of PCB Development Sdn Bhd, a wholly owned subsidiary of the Company, since 1 September 2009.

He attended all 5 out of 5 Board of Directors' meetings held during the financial year ended 31 December 2016. He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

TUAN HAJI AB RAHMAN BIN MOHAMMED

Senior Independent Non-Executive Director, Malaysian, Male, aged 71 years

Tuan Haji Ab Rahman bin Mohammed was first appointed to the Board on 7 August 2007. He was appointed as a member and thereafter the Chairman of the Audit Committee on 29 August 2007 and 26 August 2009 respectively.

He graduated with a Bachelor of Economics with Honours from University of Malaya in 1969. He obtained Masters in Business Management from Asian Institute of Management, Philippines in 1997. He is a Chartered Member of the Institute of Internal Auditors, Malaysia.

Previously, he sat on the Board on behalf of Permodalan Nasional Berhad, then a major shareholder of the Company. He has been redesignated as an Independent Non Executive Director on 26 August 2009. He has served in various Government Departments for 30 years. He has served as Deputy Auditor General of Jabatan Audit Negara (1996-2000) and Chief Internal Auditor for Tenaga Nasional Berhad (2001-2005).

He attended all 5 out of 5 Board of Directors' meetings held during the financial year ended 31 December 2016. He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He has an indirect interest via his spouse and son's shareholdings of 6,000 ordinary shares of the Company.

DATO' ABD KARIM BIN AHMAD TARMIZI DPMP

Independent Non-Executive Director, Malaysian, Male, aged 67 years

Dato' Abd Karim bin Ahmad Tarmizi was first appointed to the Board on 2 November 2009. He was appointed as the Chairman of the Nomination and Remuneration Committee on 24 November 2014.

He graduated with a Bachelor of Economics from North Queensland University, Australia. An Australian trained Chartered Accountant, he is also a member of the Malaysian Institute of Accountants.

In 1976-1980, he served the government in the Accountant General's Office in a senior position. He left for the private sector initially joining Paremba/Sime UEP Bhd. Thereafter, he held a few senior corporate positions in the Sime Darby Group. He ended his professional corporate career as the Group Managing Director of Land & General Berhad. In 2001, he initiated the management buyout of Industrial Resins (Malaysia) Sdn Bhd and spearheaded its operation and listing in 2005 as Chairman/CEO of IRM Group Berhad. He has previously served in the listed boards of Land and General Bhd, SPPK Bhd, RHB Bhd and as a Council member of the Malaysian Timber Council. He was active in the Petrochemical Industry as past President of the Plastic Resins Producers Group (PRPG) and Vice President of the Malaysian Petrochemical Association (MPA). He also laid the foundation as initial Chairman for the formation of the Malaysian Plastic Forum (MPF), a plastic advocacy group.

He attended 4 out of 5 Board of Directors' meetings held during the financial year ended 31 December 2016. He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

DATO' WAN HASHIMI ALBAKRI BIN WAN AHMAD AMIN JAFFRI DIMP

Non-Independent Non-Executive Director Malaysian, Male, aged 58 years

Dato' Wan Hashimi Albakri bin Wan Ahmad Amin Jaffri was first appointed to the Board on 18 June 2008. He was appointed as the Chairman of the Nomination and Remuneration Committee on 2 November 2009 and re-designated as a member of the Nomination and Remuneration Committee on 24 November 2014.

He graduated with a Bachelor of Science in Civil Engineering. He sits on the Board on behalf of Sime Darby Property Berhad, a major shareholder of the Company where he is the Chief Transformation Officer. Prior to that, he was the Chief Executive Officer of Negara Properties (M) Berhad, the main property arm and subsidiary of Golden Hope Plantations Berhad.

He was the Chief Operating Officer of Putrajaya Homes Sdn Bhd, a subsidiary of Putrajaya Holdings Sdn Bhd, the master developer for Putrajaya. He has been involved, hands-on in the company's activities including strategizing, planning, development, construction and marketing of 67,000 residential units in Putrajaya.

He was also the Executive Director with Irat Management Services Sdn Bhd, a Project Management service company. Prior to that, he was the General Manager for General Lumber Construction Sdn Bhd, the construction arm of General Lumber & Fabricators Berhad.

Throughout an extensive 36 years experience in the property development and construction industry, he has been with various organisations, including IKRAM, Pengurusan Lebuhraya Berhad and Island & Peninsular Berhad.

He is the Vice President of REHDA Malaysia and Deputy Chairman for REHDA (KL) Branch Malaysia. He is a member of Construction Industry Transformation Programme Working Groups. In addition to that, he is the Chairman for the Task Force on Property Development Handbook and the Chairman for Taskforce on First Home Buyer's Guide for REHDA Malaysia.

He attended 3 out of 5 Board of Directors' meetings held during the financial year ended 31 December 2016. He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

DATUK DR WAN NORASHIKIN BINTI WAN NOORDIN DPSM, PMP

Independent Non-Executive Director, Malaysian, Female, aged 44 years

Datuk Dr Wan Norashikin binti Wan Noordin was first appointed to the Board, a member of the Audit Committee and a member of the Nomination and Remuneration Committee on 2 November 2009.

She graduated with a Bachelor of Dental Surgery (BDS) from the University of Malaya in 1997. She had previously served in the Ministry of Health as a Government Dental Officer from 1997 before she became a private dental practitioner in 2005. She served as the Perak State Assemblywoman for Kampong Gajah from March 2008 to April 2013.

She attended all 5 out of 5 Board of Directors' meetings held during the financial year ended 31 December 2016. She does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. She has no conviction for any offence within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

DATO' DR VASAN A/L SINNADURAI DPMP

Independent Non-Executive Director, Malaysian, Male, aged 53 years

Dato' Dr Vasan a/l Sinnadurai was first appointed to the Board, a member of the Audit Committee and a member of the Nomination and Remuneration Committee on 2 November 2009.

He graduated with Bachelor of Medicine and Bachelor of Surgery from University of Madras, India in 1991. He received the M. MED Orthopaedic from University Science Malaysia (USM) in 2001. He also holds various fellowships, among others, Fellowship in Foot and Ankle Reconstruction (Australia), Fellowship in Sport and Shoulder (Korea), American Orthopaedic Travelling (USA) and is a Certified Medical Independent Assessor (CMIA).

He is currently the Consultant of Orthopaedic and Adult Reconstruction Surgeon at Pantai Hospital Ipoh. He has provided medical services for more than 25 years.

He attended 4 out of 5 Board of Directors' meetings held during the financial year ended 31 December 2016. He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

DATO' AMINUDDIN BIN MD DESA DSDK

Non-Independent Executive Director, Malaysian, Male, aged 55 years, Group Chief Executive Officer

Dato' Aminuddin bin Md Desa was appointed to the Board on 27 February 2013, following his appointment as the Group Chief Executive Officer of the Company on 1 February 2013.

He graduated with an Advance Diploma in Business Studies (Insurance) and a Diploma in Accountancy from Universiti Teknologi MARA. He is also an Associate Member of the Chartered Insurance Institute, United Kingdom and of the Malaysian Insurance Institute.

He is the Chief Executive of Perbadanan Kemajuan Negeri Perak where he was appointed on 1 February 2013. Previously, he has served as Deputy General Manager of Syarikat Takaful Malaysia Bhd, General Manager of Arab Malaysian Assurance Bhd, CEO of Takaful Nasional Sdn Bhd, Executive Director and CEO of Mayban Fortis Holdings Bhd, Executive Director and Chief Financial Officer of Malayan Banking Bhd.

He sits on the board of Majuperak Holdings Berhad and UiTM Holdings Sdn Bhd. He has also served on the boards of Malayan Banking Berhad, Maybank Investment Bank Bhd, Etiqa Takaful Bhd, Etiqa Insurance Bhd, Pak-Kuwait Takaful Co. Ltd, Mayban Investment Management Bhd and a few off shore companies.

He attended all 5 out of 5 Board of Directors' meetings held during the financial year ended 31 December 2016. He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He does not hold any shares of the Company.

KEY SENIOR MANAGEMENT

ROZAHAN BIN OSMAN
Malaysian, Male, aged 52 years

Group Chief Financial Officer
Date of Appointment: 1 Jul 2013

Academic/ Professional Qualification(s)
- The Association of Chartered Certified Accountants (ACCA)
- Certified Management Accountant (CMA)
- Chartered Financial Analyst (CFA)
- Certified SAP Consultant- Controlling

Present Appointment(s)
- Director Finance, Accounts & Administration of Perbadanan Kemajuan Negeri Perak
- Chief Financial Officer of Majuperak Holdings Berhad

Directorships in Public Companies and Listed Issuer
- Nil

Working Experiences
- Chief Financial Officer of Cement Industries of Malaysia Berhad
- General Manager, Finance/Corporate Planning of Malaysia Marine and Heavy Engineering Berhad
- Group Financial Controller of Magna Prima Berhad
- Financial Controller of Malakoff Berhad
- Research Analyst of Zalik Securities Sdn Bhd
- Audit Senior 1 of Ernst and Young

Family Relationship
He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company.

Securities holdings in the Company
- Nil

Conviction of offences
He has no conviction for any offence within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

MUBARAK ALI BIN GULAM RASUL
Malaysian, Male, aged 49 years

Chief Executive Officer
Lumut Maritime Terminal Sdn Bhd
Date of Appointment: 1 Mar 2015

Academic/ Professional Qualification(s)
- Master of Business Administration in General Management, University of Greenwich
- LCCI in Accounting – Inter and Higher

Directorships in Public Companies and Listed Issuer
- Nil

Working Experiences
- Director of Special Projects, National Air Cargo Middle East
- Director, Abel (M) Sdn Bhd
- Senior Vice President, Business Development, Konsortium Logistik Berhad
- General Manager Commercial, Spanco Sdn Bhd
- Senior Manager, Alam Flora Sdn Bhd
- Resources Management Manager, Malaysia Airlines
- Operations Manager, United Parcel Service

Family Relationship
He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company.

Securities holdings in the Company
- Nil

Conviction of offences
He has no conviction for any offence within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report of PERAK CORPORATION BERHAD for the financial year ended 31 December 2016.

EXECUTIVE SUMMARY

The Group operated in a very tough economic environment in 2016 when the Malaysian economy grew at the rate of 4.1%, lower compared to 5% in 2015. The economy was driven mainly by domestic demand, supported principally by the private sector. It must also be mentioned that the world economy did not do well in 2016 recording rate of growth at 3.1% only, the worst since the Global Financial Crisis 2007-2008 (source: Bank Negara Annual Report 2016).

Nevertheless, the Group remained steadfast in its three core businesses, namely property development, ports and logistics and hospitality and tourism.

While ports and logistics segment continue to perform well as compared to the previous financial year, the current results from the property development segment and hospitality and tourism segment, through hotel operations, have been modest as most of these segments' projects are still in development phase.

The Group's results are particularly affected with the inclusion of pre-operating losses at Animation Theme Park Sdn Bhd as the construction of its Movie Animation Park Studios ("MAPS") is currently on-going and is expected to be completed in the middle of 2017.

PENYATA PENGERUSI

Dengan nama Allah yang Maha Pemurah lagi Maha Mengasihani, bagi pihak Lembaga Pengarah, saya dengan sukacitanya mempersembahkan Laporan Tahunan PERAK CORPORATION BERHAD dan Penyata Kewangan bagi tahun kewangan berakhir 31 Disember 2016.

RINGKASAN EKSEKUTIF

Kumpulan ini telah beroperasi dalam persekitaran ekonomi yang sukar pada tahun 2016 apabila ekonomi Malaysia berkembang pada kadar 4.1%, lebih rendah berbanding dengan 5% pada tahun 2015. Keadaan ekonomi telah dipacu terutamanya oleh permintaan dalam negeri, dan disokong oleh sektor swasta. Perlu juga dinyatakan bahawa ekonomi dunia tidak menunjukkan prestasi yang begitu baik pada tahun 2016 dengan mencatatkan kadar pertumbuhan pada 3.1% sahaja, keadaan yang paling teruk sejak Krisis Kewangan Global pada tahun 2007-2008 (Sumber: Laporan Tahunan Bank Negara 2016).

Namun begitu, Kumpulan kekal dengan iltizam di dalam 3 perniagaan terasnya, iaitu pembangunan hartanah, pelabuhan dan logistik dan hospitaliti dan pelancongan.

Walaupun segmen pelabuhan dan logistik terus menunjukkan prestasi yang lebih baik berbanding tahun kewangan sebelumnya, segmen pembangunan hartanah dan hospitaliti dan pelancongan, khususnya operasi perhotelan menunjukkan prestasi yang sederhana kerana kebanyakan projek-projek dari segmen ini masih dalam fasa pembangunan.

Prestasi Kumpulan menerima impak kerugian pra-operasi Animation Theme Park Sdn Bhd di mana pembinaan Movie Animation Park Studios ("MAPS") masih berterusan dan dijangka siap sepenuhnya pada pertengahan tahun 2017 .

The Group is fully committed to diversify its revenue base to avoid being overly dependent on the ports and logistics segment alone as the major contributor, but this effort is expected to bear fruits once its major development project especially MAPS and Casuarina hotel chain network becomes operational.

FINANCIAL REVIEW

For the financial year ended 31 December 2016, the Group recorded revenue of RM146.7 million, an increase by 9.31%, as compared to the previous financial year revenue of RM134.2 million. Despite the higher revenue achieved, the Group recorded a pre-tax profit of RM1.7 million for the financial year as compared to the pre-tax profit of RM109.4 million recorded in the previous financial year. The results in the previous year had included the disposal of quoted investment in Integrax Berhad which gave rise to a gain of RM76.98 million. Accordingly, the net loss attributable to shareholders was RM15.58 million in comparison to the net profit of RM77.45 million earned in the previous financial year.

Earnings per share attributable to ordinary equity holders of the Company achieved for the financial year under review was a loss of 15.58 sen (compared to 77.45 sen earned per share in 2015) while the net assets per share as at 31 December 2016 was RM5.61 (2015: RM5.76) based on the ordinary shares in issue of 100 million (2015: 100 million) units.

Further analysis of the financial performance of the Group is contained in the Management Discussion and Analysis section of this Annual Report.

CORPORATE REVIEW

On 28 February 2012, the Company has entered into a conditional settlement agreement ("Settlement Agreement") with Perak Equity Sdn Bhd to partially settle the total debt of RM104.62 million ("PESB Debt") owing at 31 December 2011 by Perak Equity Sdn Bhd to the Company by way of set-off against the total purchase consideration of RM70.27 million for two (2) properties to be acquired by the Company from Perak Equity Sdn Bhd ("Proposed Settlement"). The resolutions with respect to the Proposed Settlement were duly approved by the shareholders of the Company on 26 July 2012.

Kumpulan terus komited untuk mempelbagaikan asas pendapatannya bagi mengurangkan kebergantungan pada segmen pelabuhan dan logistik sebagai penyumbang utama pendapatan, tetapi usaha ini dijangka akan membuahkan hasil hanya apabila projek pembangunan utama terutamanya MAPS dan rangkaian hotel Casuarina mula beroperasi.

ANALISA KEWANGAN

Bagi tahun kewangan berakhir 31 Disember 2016, Kumpulan telah mencatatkan pendapatan sebanyak RM146.7 juta, peningkatan sebanyak 9.31%, berbanding tahun sebelumnya sebanyak RM134.2 juta. Walaupun pendapatan yang dicapai telah meningkat, namun Kumpulan mencatatkan keuntungan sebelum cukai sebanyak RM1.7 juta bagi tahun kewangan ini berbanding dengan keuntungan sebelum cukai sebanyak RM109.4 juta yang dicatatkan pada tahun kewangan sebelumnya. Keuntungan yang tinggi pada tahun sebelumnya adalah hasil dari pelupusan pelaburan saham Integrax Berhad yang memberikan keuntungan sebanyak RM76.98 juta. Justeru itu, kerugian bersih milik pemegang saham adalah RM15.58 juta berbanding dengan keuntungan bersih sebanyak RM77.45 juta yang diperoleh pada tahun sebelumnya.

Perolehan sesaham pemegang ekuiti biasa Syarikat yang dicapai bagi tahun kewangan yang dilaporkan mencatatkan kerugian sebanyak 15.58 sen berbanding keuntungan sebanyak 77.45 sen sesaham di tahun 2015 manakala aset bersih sesaham pada 31 Disember 2016 adalah RM5.61 (2015: RM5.76) berdasarkan saham biasa dalam terbitan 100 juta (2015: 100 juta) unit.
Laporan Tahunan ini mengandungi analisa lanjut prestasi kewangan Kumpulan dalam bahagian Perbincangan dan Analisa Pengurusan.

ANALISA KORPORAT

Pada 28 Februari 2012, Syarikat telah memeterai perjanjian penyelesaian bersyarat ("Perjanjian Penyelesaian") dengan Perak Equity Sdn Bhd bagi menjelaskan sebahagian hutang berjumlah RM104.62 juta ("Hutang PESB ") pada 31 Disember 2011 daripada jumlah terhutang Perak Equity Sdn Bhd kepada Syarikat secara kontra daripada jumlah balasan pembelian sebanyak RM70.27 juta bagi dua (2) hartanah yang akan diperolehi oleh Syarikat dari Perak Equity Sdn Bhd ("Cadangan Penyelesaian"). Resolusi berkenaan dengan Cadangan Penyelesaian telah diluluskan oleh para pemegang saham Syarikat pada 26 Julai 2012.

On 12 February 2015, the Company has entered into a supplementary agreement to the Settlement Agreement with Perak Equity Sdn Bhd to vary certain pieces of land located at Perak Hi-Tech Park which resulted in a revised acreage and total purchase consideration of 959.87 acres and RM70.36 million.

The Settlement Agreement has yet to be completed as certain conditions precedent in connection therewith have not been fully met as at to-date. The PESB Debt as at 31 December 2016 amounted to RM75.24million. The latest request for extension of time to 30 June 2017 from Perak Equity Sdn Bhd was approved by the Board on 3 January 2017.

CORPORATE GOVERNANCE

The Board is committed to ensuring that good corporate governance compliance is practiced throughout the Group. The Group has adopted and complied with the principles and recommendations set out in the Malaysian Code on Corporate Governance 2012 throughout the financial year ended 31 December 2016.

PROSPECTS FOR THE YEAR 2017

The Group is expecting modest financial results for the financial year ending 31 December 2017 as the overall performance of the Group may be partly affected by the current economic conditions. The Bank Negara report forecasted that economy will improve at the rate between 4.3% - 4.8% in 2017 although inflation is expected to be on the rise at about 3% - 4% compared to an average of 2.1% in 2016.

Pada 12 Februari 2015, Syarikat telah memeterai perjanjian tambahan kepada Perjanjian Penyelesaian dengan Perak Equity Sdn Bhd bagi mengubah bahagian tertentu tanah yang terletak di Perak Hi-Tech Park mengakibatkan keluasan tanah tersebut disemak semula dan jumlah bayaran pembelian adalah sebanyak 959.87 ekar dan RM70.36 juta.

Sehingga ke tarikh hari ini Perjanjian Penyelesaian masih belum dimuktamadkan mengikut syarat-syarat yang ditetapkan. Hutang PESB pada 31 Disember 2016 berjumlah RM75.24 juta. Permintaan terkini untuk lanjutan masa sehingga 30 Jun 2017 daripada Perak Equity Sdn Bhd telah diluluskan oleh Lembaga Pengarah pada 3 Januari 2017.

TADBIR URUS KORPORAT

Pihak Lembaga Pengarah komited untuk memastikan pematuhan tadbir urus korporat yang baik diamalkan di seluruh Kumpulan. Kumpulan telah menerima pakai dan mematuhi prinsip-prinsip dan cadangan yang dinyatakan dalam Kod Tadbir Urus Korporat Malaysia 2012 sepanjang tahun kewangan berakhir 31 Disember 2016.

PROSPEK BAGI TAHUN 2017

Kumpulan menjangkakan keputusan kewangan yang sederhana bagi tahun kewangan berakhir pada 31 Disember 2017 dengan prestasi keseluruhan Kumpulan dijangka masih terkesan sebahagiannya oleh keadaan ekonomi semasa. Laporan Bank Negara meramalkan bahawa ekonomi akan bertambah baik pada kadar di antara 4.3% - 4.8% pada tahun 2017 walaupun inflasi dijangka meningkat pada kira-kira 3% - 4% berbanding dengan purata sebanyak 2.1% pada 2016.

The Group is expecting its ports and logistics segment to sustain its performance on a moderate growth of its port throughput at both terminals managed and operated by the Group although efforts to improve efficiency, productivity and capacity are already underway. However, the property development and hospitality and tourism segments could face challenges from slower demands for properties with pressures from the rising cost of living could cause potential buyers to postpone house buying, and the intricacies of commencing the operation of the MAPS under the Group. The Group is optimistic that with the launching of MAPS, the hospitality and tourism sector should show growth potential albeit it may not reach a profitable stage during this financial year. Nevertheless, the Group's long term strategies are expected to hold good for the Group's future prospects and growth.

DIVIDEND

The Board does not recommend the payment of a dividend in respect of the financial year ended 31 December 2016.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to express our gratitude to our clients, suppliers, bankers, business associates and the various government authorities for their support and confidence in the Group. The Board would also like to extend its appreciation to the management and staff for their dedication and commitment in their work throughout the financial year under review.

Lastly, to our shareholders, the Board would like to pledge its commitment in protecting and further enhancing the shareholders' value in the coming years.

YB DATO' NASARUDIN BIN HASHIM
Chairman
30 May 2017

Kumpulan menjangkakan segmen pelabuhan dan logistik mengekalkan prestasinya dengan kadar pertumbuhan sederhana di kedua-dua terminal yang diuruskan dan dikendalikan oleh Kumpulan di sebalik usaha untuk meningkatkan kecekapan, produktiviti dan kapasiti yang sedang berlangsung. Walau bagaimanapun, segmen pembangunan hartanah dan segmen hospitaliti dan pelancongan diramal akan menghadapi cabaran disebabkan oleh kelembapan di dalam permintaan bagi hartanah dan bakal pembeli menangguhkan pembelian rumah diasak tekanan kos sara hidup yang meningkat, dan ditambah dengan cabaran fasa permulaan operasi MAPS di bawah Kumpulan. Kumpulan yakin dengan pelancaran MAPS, sektor hospitaliti dan pelancongan akan menunjukkan potensi pertumbuhan walaupun ia mungkin tidak sampai ke peringkat yang menguntungkan sepanjang tahun kewangan ini. Namun demikian, strategi jangka panjang Kumpulan dijangka akan terus mejana pertumbuhan yang semakin baik untuk prospek masa depan Kumpulan.

DIVIDEN

Lembaga Pengarah tidak mencadangkan pembayaran dividen berhubung dengan tahun kewangan berakhir 31 Disember 2016.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengambil kesempatan ini untuk merakamkan ucapan terima kasih kepada para pelanggan, pembekal, pembiaya, rakan perniagaan dan pihak berkuasa kerajaan atas sokongan dan keyakinan mereka terhadap Kumpulan. Lembaga Pengarah juga ingin merakamkan penghargaan kepada pihak pengurusan dan kakitangan atas dedikasi dan komitmen mereka dalam kerja mereka sepanjang tahun kewangan yang ditinjau.

Akhir sekali, kepada para pemegang saham, Lembaga Pengarah akan meneruskan tekad dan komitmennya untuk melindungi dan meningkatkan lagi nilai pemegang saham pada tahun-tahun akan datang.

YB DATO' NASARUDIN BIN HASHIM
Pengerusi
30 Mei 2017

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

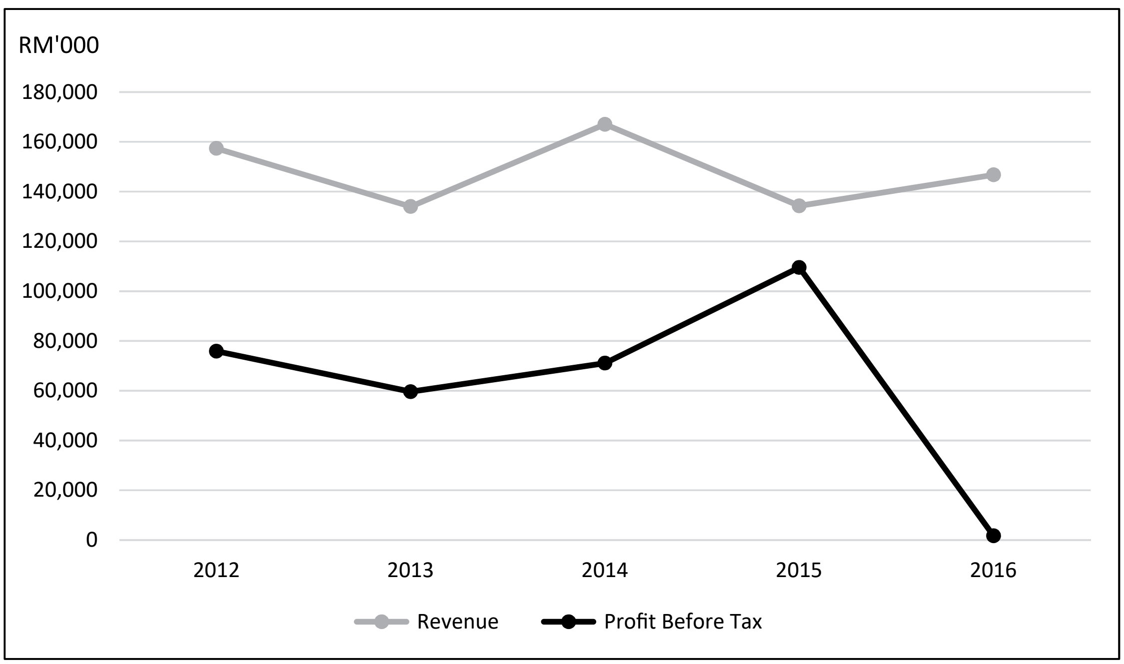
The Group has delivered reasonably good financial results for 2016 amidst a very tough economic environment. This sustained results is achieved through the Group's continued focus on its core businesses which are; (i) property development, (ii) ports and logistics and, (iii) hospitality and tourism.

The main contributor of revenue to the Group this year remains to be from ports & logistics segment contributing 67% of total revenue (2015: 72%) , followed by the property development contributing 22% (2015: 6%). The hospitality and tourism ("H&T") segment has also contributed revenue to the Group from its hotel operations. The drive to diversify the Group's revenue base has begun to show some results albeit with minor impact pending the completion of its major H&T projects like Movie Animation Parks Studios ("MAPS") and expansion of the Casuarina hotel chain network.

Nevertheless, this has enabled the Group to achieve satisfactory financial results for the current financial year despite a subdued performance by the property development segment.

The Group will continue to build on its strengths in all of its business segments and diversify its revenue base to remain competitive and improve on its financial performance in the future.

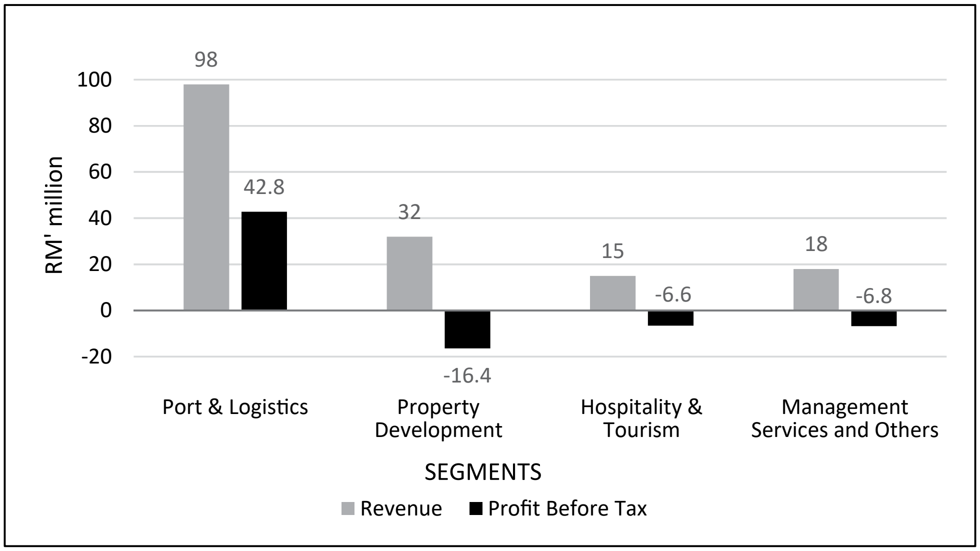
FINANCIAL REVIEW



For the financial year ended 31 December 2016, the Group recorded a revenue of RM146.7 million, increasing 9.31% from previous year's revenue of RM134.2 million, mainly due to revenue recognition of land sales from property development segment and an increase in the number of cargoes in Lumut Port.

However, the Group recorded a small pretax profit for the current financial year of RM1.7 million as compared to previous year's RM109.5 million. The current financial year is beset by the pre-operating losses in MAPS which is consolidated in the Group's result when Animation Theme Park Sdn Bhd ("ATP") became a subsidiary from 8 April 2016. Profit before tax in 2015 was also substantially higher due to the gain on disposal of shares in Integrax Berhad of RM76.98 million.

Contributions from the segments are as follows:



The Group's revenue was mainly contributed by the ports & logistics segment amounting to RM98.0 million as compared to RM96.3 million in 2015 due to increased amount of throughput cargoes reported for Lumut Port in 2016.

Historically, the Group relied on ports & logistics segment to contribute most of the revenue. The Group needs to diversify its revenue stream to mitigate the risk from depending too heavily on this segment due to factors that may affect the performance and profitability of Lumut Port.

The Group has undertaken efforts to diversify revenue and the H&T segment is targeted to provide alternative source of revenue for the Group from development of theme parks, hotels and resorts. The desired results shall only be achieved in a few years' time as most of the projects are still in early development phase.

The improvement of H&T segment is recorded where its revenue increased 18% from previous year to RM15.3 million, mainly derived from higher demand for convention halls as well as food and beverages business. This segment recorded a pre-tax loss of RM37.1 million after the inclusion of pre-operating losses at ATP of RM31.0 million.

Although faced with unfavourable market conditions in Malaysia, the property development segment contributed RM31.6 million to the Group's total revenue (2015: RM20.9 million) increased by 51% from the previous year and recorded a profit before tax of RM6.8 million due to higher finance cost in 2016.

The management services and others segment contributed RM17.9 million to the Group's revenue (2015: RM56.3 million) derived from dividend income, and office rental. This segment recorded a profit before tax of RM6.8 million. Profit before tax gained last year (2015: RM115.9 million) was due to gain on disposal of Integrax Berhad (quoted investment) by PCB Taipan Sdn Bhd ("PCBT").

The Group recorded loss per share attributable to owners of the Company of 15.58 sen per share as at 31 December 2016 as compared to previous year that earned net profit of 77.45 sen per share. The net assets per share of the Group as at 31 December 2016 is RM5.61 compared to RM5.76 in 2015.

OPERATIONAL REVIEW

Property Development

PCB Development Sdn Bhd ("PCBD"), the Groups' wholly owned subsidiary is the Group's main contributor of this segment.

The outlook on the housing and realty market shows that the segment is currently facing and would continue to face challenges as the demand for housing and properties is forecasted to remain slow partly due to the global economic conditions. Nevertheless, sales from land stocks and demand for affordable housing has enable us to register satisfactory result in 2016 although we expect the scenario to remain challenging in 2017.

Despite the challenges, Bandar Meru Raya ("BMR"), a PCBD township development project, is actively developed into an integrated township with a vibrant community, residential properties, commercial centres, hospitality and tourism attractions and government agencies offices. The Group has recently completed the development of Bulatan Amanjaya, a public recreational park opened to the public on 25 November 2016.

The Group is committed to be the key player in the Southern Perak Regional Development (Wilayah Perak Selatan "WPS") project. It plans to develop new townships, commercial areas and industrial parks in this region. In the pipeline is the new township of Bagan Datuk Water City which expected to spur economic growth in the State. Other development projects include NEXGEN Autocity in the vicinity of Tanjung Malim district which will be positioned as Asia's next generation Automotive City as well as EduCity to promote education and industrial initiatives in the vicinity of Tapah.

This segment has contributed RM31.6 million to the Group's total revenue in 2016 (2015: RM20.9 million). In addition, the profit before tax for property development segment has decreased to RM6.8 million (2015: PBT RM9.0 million) lower by 27% from previous year due to the higher finance costs recorded in 2016.

Ports & Logistics

Lumut Port celebrated its 20 years' anniversary (1995-2015) on 7 March 2016 and the port expansion ground breaking ceremony was officiated by YAB Menteri Besar Perak Darul Ridzuan.

The Group's main contributor in this segment is its subsidiary, Lumut Maritime Terminal Sdn Bhd, which is primarily a bulk cargo terminal owner, operator and port services provider.

Lumut Maritime Terminal ("LMT") provides an integrated port services, inclusive of tuggage, pilotage, berthing, stevedorage, cargo handling, storage and ancillary services. Since then, LMT has improved its facilities and able to berth two barges at any one time. LMT has been certified with ISO 9001 2015 on 24 August 2016.

LMT is also the operator and manager of Lekir Bulk Terminal ("LBT"), a dedicated terminal to handle coal for Janakuasa Sultan Azlan Shah in Sri Manjung.

		2016 RM'000	2015 RM'000	% Change
Revenue	RM 'mil	98.0	96.3	2
Pretax Profit	RM 'mil	42.6	45.6	-6
LMT Cargo Throughput	Mil MT	3.22	3.06	5
LBT Cargo Throughput	Mil MT	9.60	9.80	-2

In 2016, an increase of 5% was recorded in cargo throughput of LMT with 3.22 million tonnes compared to previous year's 3.06 million tonnes. The cargo throughput for LBT in 2016 showed lower cargo of 9.6 million metric tonnes compared to 9.8 million metric tonnes recorded in 2015.

In LMT Business & Strategic Plan 2016–2020, its vision is to be the most efficient bulk cargo terminal operator in South East Asia. Strategies to achieve its mission are by ensuring business growth, productivity improvement through efficiency and capacity optimization.

To ensure the business growth and productivity improvement, LMT is enhancing performance through automation and upgrading its conveyor system. The strategy will save operation days, potentially increase number of vessels and barges and a safer and cleaner wharf area that will lead to a more efficient operation.

To achieve efficiency and capacity optimization, LMT has constructed a new barge berth in order to handle more cargo and has identified potential lands to be developed for the port's expansion. New barge berth No 2 has been completed in November 2016 and officiated in December 2016. The new barge berth is expected to plug revenue leakages from existing barge berth due to bottle-necks and to capitalise on market opportunities for more coal imports.

LMT will also expand its stockyard through land acquisition to increase its capacity from current stockyard capacity of 0.3 mil MT to 0.6 mil MT. LMT is currently pursuing land acquisition for the stockyard expansion.

A new wharf extension has been proposed for productivity improvement and increase the efficiency and capacity optimization of the port. The new wharf extension will increase the wharf length and indirectly increase the capacity of cargo handling to about 5.7 mil MT per annum. Land will also be acquired to facilitate this strategy of wharf extension.

This segment has contributed RM98 million to the Groups total revenue in 2016 (2015: RM96.3 million). The pretax profit of RM42.8 million in 2016 is however lower compared to RM45.6 million in the previous year despite higher throughput achieved. This is mainly due to the increase in throughput came from the lower margin type of cargo while the administrative and operating expenses slightly increased.

Hospitality and Tourism

The revenue to the Group for this segment is derived from the operations of Hotel Casuarina @ Meru, Lanai Casuarina @ Kuala Kangsar, Lanai Casuarina @ Cempaka Sari, Parit and Casuarina Boathouse @ Temenggor 1.

In supporting Perak's goals in the tourism industry, the development of hotels and resorts as well as rebranding of 12 rest houses in the state takes centre stage under the Group's hospitality and tourism division.

Listed below are the near future development plans to expand its foothold:

No.	List of Future Development	Target Commencement Year
1	Boathouse @ Temenggor 2	2017
2	Restoran Rumah Tradisional Melayu	2017
3	Labu Sayong Café @ Silveritage Galleria	2017
4	Lanai Casuarina @ Kuala Kangsar	2019
5	Casuarina Hotel @ Teluk Intan	2019
6	Casuarina Hotel @ Taiping	2020

Bulatan Amanjaya, a public park managed privately by the Group, was opened to the public on 25 November 2016. Bulatan Amanjaya aspires to be a vibrant recreational park that offers visitors a cultural experience that is both enjoyable and educational. The park also features events and activities that caters to various age groups, which include mini water park & kids' playground, extreme sports area and skateboard ramp as well as areas for events and ceremonies.

The Group, through PCB Development Sdn Bhd's 51% shareholding in ATP, is overseeing the construction of a comprehensive entertainment park which will feature MAPS. The park is expected to begin operations by June 2017.

MAPS forecasts to generate revenue of approximately RM158.6 million in 2017 once the park begins its operation. The challenge involved would include achieving the number of visitors targeted per annum that would affect the revenue target. To mitigate the risk, the Group is setting aside a RM15.5 mil budget for advertising & promotions.

This segment has contributed revenue of RM15.3 million (2015: RM12.9 million) due to high demand for convention hall and food and beverages while loss before tax of RM37.1 million for the financial year was recorded resulting from inclusion of RM31.0 million of ATP pre-operating losses.

Management Services and Others

The Group's main contributors of this segment are the Company itself and PCBT. The Company derives its income from dividends from its subsidiaries and interest income. PCBT mainly obtains income from dividends from LMT and interest income.

In 2016, the segment contributed RM17.9 million to the Group's revenue (2015: RM 56.3 million). This segment recorded a loss before tax of RM6.8 million. Profit before tax earned in the same period last year was mainly due to gain on disposal of Integrax Berhad quoted investment by PCBT.

FUTURE PROSPECTS

The Group shall strive to achieve good results for the financial year ending 31 December 2017 through continuous commitment to its long-term strategies which will lead to the growth of the Group. The Group will continue to look at various ways in improving its revenue stream. The Group expects the ports & logistics segment to maintain its performance and consistently contribute to the Group's revenue.

While ports & logistics segment remains the staple contributor of the Group's earnings, the Group is still in its gestation period before ongoing development projects in the H&T segment like MAPS and hotel businesses starts to bear fruits. This is also evident in the increase in its Debt-to-Equity ratio at 73% compared to last year's 13.2% since the Group is tapping on more assistance from the financial sector to support its growth strategy.

Most of the loans are used to partly support funding of mainly township and tourist infrastructure development in BMR. Most of the projects are still in development phase, thus it will not show positive results even in the first few years of operation. The Group is confident that its cash position and the amount generated from its operations is capable to support its financial commitment as and when they become due.

The property market is anticipated to remain slow in the upcoming financial year with property sentiment affected by the current economic outlook. The Group will also take an initiative to increase participation in the Southern Perak Regional Development. These projects are expected to be among the main drivers for the Group's future. The Malaysian Government has taken proactive measures to increase home ownership among Malaysians, especially first-time home buyers from the lower and middle-income groups. Thus, the Group's Property Division will benefit from it and work on to meet the demand for affordable and mid-priced homes.

Despite the current global macro uncertainties, the Group remains focused on executing projects in hand while building on its future growth pipelines and diversify the revenue base to maintain favourable results in upcoming years. The Group's on-going development projects will aspire to be key revenue drivers, contributing positively to the Group's future profitability.

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors ("**Board**") of Perak Corporation Berhad ("**PCB**" or the "**Company**") fully support the Malaysian Code on Corporate Governance 2012 ("**MCCG 2012**") which sets out the broad principles and recommendations for good corporate governance that should apply towards achieving the optimal framework in the discharge of its responsibilities to protect and enhance shareholders value and the financial performance of the Company and its subsidiaries ("**Group**").

This Statement outlines the extent to which the Company has complied with the principles and recommendations of MCCG 2012, except where stated otherwise, throughout the financial year ended 31 December 2016 under the leadership of the Board.

SECTION 1: DIRECTORS

Board Charter

The Company has formalised a Board Charter ("**Charter**") which clearly set out the composition, roles and responsibilities of the Board and Board committees and the processes and procedures for convening their meetings. The Charter serves as a reference providing prospective and existing members of the Board and management insight into the fiduciary duties of directors.

The Board shall review the Charter on a regular basis to keep up to date with changes in Bursa Malaysia Securities Berhad's ("**Bursa Malaysia**") Main Market Listing Requirements ("**Listing Requirements**"), other regulation and best practices and ensure its effectiveness and relevance to Board's objectives. The details of the Charter are available for reference on the Company's website at www.perakcorp.com.my.

Composition of the Board

The Board has seven (7) members as at the date of this Statement, comprising one (1) executive director who is the Group Chief Executive Officer ("**GCEO**"), two (2) non-executive non-independent directors and four (4) independent directors. No individual or group of individuals dominates the Board's decision making and the number of directors fairly reflects the nominees of each of the Company's major shareholders. The Board composition complies with the Listing Requirements which require at least two (2) or at least one-third (1/3) of the Board, whichever is higher, are independent directors.

The Company considers that its complement of non-executive directors provide an effective Board with a mix of industry-specific knowledge and business and commercial experience. This balance enables the Board to provide clear and effective leadership to the Company and to bring informed and independent judgement to many aspects of the Company's strategy and performance so as to ensure that the Company maintains the highest standard of conduct and integrity.

The profile of the Board members is set out on pages 9 to 12 of this Annual Report.

Board Roles and Responsibilities

The Board retains full and effective control of the Company. This includes responsibility for determining the Company's overall strategic direction as well as development and control of the Group. In order to assist the Board in the discharge of its responsibilities, the Board has also delegated certain responsibilities to other Board committees, which operate within clearly defined terms of reference.

Functions reserved for the Board are clearly stated in the Charter besides the discharge of their fiduciary duties. The Board assumes, amongst others, the following duties and responsibilities:

(a) to review and approve the strategic business plans together with the budget for the Group;
(b) to review and manage principal risks affecting the Group;
(c) to review the adequacy and integrity of the Group's internal control systems;
(d) to oversee the conduct and the performance of the Group's businesses;
(e) to establish a succession plan;
(f) to approve the changes to the corporate organisation structure;
(g) to approve the appointment of directors and directors' emoluments and benefits in accordance with relevant statutes; and
(h) to approve the policies relating to corporate branding, public relations, investor relations and shareholder communication programmes.

The following are matters which are specifically reserved for the Board:

(a) approval of corporate plans and programmes;
(b) approval of new ventures;
(c) approval of annual and interim financial results of the Group;
(d) approval of the internal and external audit plans;
(e) acceptance of audit reports including management letters;
(f) approval of material acquisitions and disposals of undertakings and properties;
(g) approval of major borrowing or giving of security over assets;
(h) approval of material agreements; and
(i) approval of changes to the management and control structure within the Group, including key policies, delegated authority limits, etc.

Separation of Positions of the Chairman of the Board and GCEO

YB Dato' Nasarudin bin Hashim is the non-independent non-executive Chairman of the Board while Dato' Aminuddin bin Md Desa, the GCEO and a Board member, leads the management team. There is a clear division of responsibility between these two roles and between the non-executive Board members and the GCEO together with his executive management team to ensure a balance of power and authority.

The Chairman is responsible for the oversight, leadership, effectiveness, conduct and governance of the Board. The GCEO has the overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The GCEO is responsible to ensure due execution of strategic goals, effective operation within the Company, and to explain, clarify and inform the Board on matters pertaining to the Group. The GCEO is supported by the senior management team with their respective scope of responsibilities. The senior management team's performance is assessed by the GCEO based on the approved key performance indexes and then reported to the Board.

The responsibilities of the Chairman, amongst others, are as follows:

(a) to lead the Board in the oversight of the management and ensure its effectiveness of all aspects of its role;
(b) to ensure the efficient organisation and conduct of the Board's function and meetings;
(c) to facilitate the effective contribution of all directors at Board meetings;
(d) to promote constructive and respectful relations between directors, and between the Board and management; and
(e) to ensure effective communication with shareholders and relevant stakeholders.

The responsibilities of the GCEO, amongst others, are as follows:

(a) to develop and implement corporate strategies for the Group;
(b) to supervise heads of divisions and departments who are responsible for all functions contributing to the success of the Group;
(c) to ensure the efficiency and effectiveness of the operation for the Group;
(d) to assess business opportunities which are of potential benefit to the Group; and
(e) to bring material and other relevant matters to the attention of the Board in an accurate and timely manner.

Although the Chairman is not an independent director, all decisions of the Board are based on the decision of the majority of the Board members and matters are deliberated with active participation of the four (4) independent directors.

The majority of the Board members are independent directors since the Company recognises the contribution of independent directors as equal Board members in the development of the Company's strategy, the importance of representing the interest of public shareholders and providing a balanced and independent view to the Board. The independent directors are independent of management and free from any relationship that could interfere with their independent judgement.

Code of Conduct

The Board has formalised a Code of Conduct ("**Code**") which is based on the principles in relation to integrity sincerity, honesty, responsibility, social responsibility and accountability in order to enhance the standard of corporate governance and behaviour.

The Board is committed to create a corporate culture within the Group to operate the businesses of the Group in an ethical manner and to uphold the highest standards of professionalism and exemplary corporate conduct.

The Code is to assist the directors and all personnel of the Group in defining the ethical standards and conduct at work and extent beyond normal working hours which they should possess in discharging their duties and responsibilities.

The Code covers the following core areas of conduct:

- Compliance with laws and regulations
- No conflict of interests
- Maintenance of confidential information
- Safeguard insider information
- Protection of properties, assets, business records and control
- Health and safety
- Fair and courteous behaviour
- Misconduct

The Board shall review the Code when deemed necessary to ensure it remains relevant and appropriate and the Code can be viewed on the Company's website at www.perakcorp.com.my.

Whistle Blowing Policy

The Board has established a Whistle Blowing Policy to improve the overall organisational effectiveness and to uphold the integrity of the Group which acts as a formal internal communication channel, where the staff may communicate in cases where the Group's business conduct is deemed to the contrary to the common values of the Group.

The Group is committed to maintain the highest possible standards of integrity, openness and accountability in the conduct of its businesses and operations within the Group and aspires to conduct its affairs in an ethical, responsible and transparent manner. The policy is intended to provide and facilitate a mechanism for any persons to report concerns related to any suspected and/or known misconduct, wrongdoing, corruption, fraud, waste and/or abuse of which they become aware, and to ensure that the reporting person can report allegation of such malpractice or misconduct in an appropriate manner and without fear of retaliation.

Confidentiality and anonymity are offered to the reporting persons who report their concerns in good faith and in doing so, have to follow the appropriate channel of reporting accordingly. This will ensure that issues could be addressed to the appropriate person and proper course of actions could be taken.

The policy and procedures also include the contact details of the GCEO and Audit Committee Chairman, being the senior independent director, should the reporting persons be in doubt of management's independence and objectivity on the concerns raised.

All reports will be investigated promptly and dealt with fairly and equitably. Actions will be taken based on the nature of the allegation and may be resolved by agreed action.

The Board shall review the policy when deemed necessary to ensure it remains relevant and appropriate and the policy can be viewed on the Company's website at www.perakcorp.com.my.

Board Diversity Policy

The Board recognises the importance of diversity in determining the optimum composition of the Board and amongst its workforce, including but not limited to race, ethnicity, age, gender, skills, experience, exposure and competencies. The Board, through the Nomination and Remuneration Committee, will continuously review the composition of the Board and source for suitable directors considering the diversity in business background, area of expertise, skills, educational background, gender, and ethnicity as well as other factors that may provide the Board with a boarder range of viewpoints and perspectives. The ultimate decision will be based on the competency, ability, leadership quality and qualification, particularly candidates with specialised knowledge, that meet the Group's needs.

The Board considers that gender diversity contribute positively to the performance of the Board which is vital to the sustainability of the Group's businesses. Currently, the Board has one female director out of a total of seven directors, representing approximately 14% of women participation in the boardroom. The Board will actively work towards identifying suitably female directors to be appointed to the Board. The Board recognises that the evolution of the diversity is a long process and weighs the various factors relevant to board balance and diversity when vacancies arise.

Overall, the Board is satisfied with the existing number and composition of the members and is of the view that the Board comprises a good mix of members with diverse experiences background to provide for a collective range of skills, expertise and experience which are relevant to support the growth and cope with the complexities of the Group's businesses.

Sustainability Policy

The Board has established a Sustainability Policy to formalise the Company's strategies on promoting sustainability by balancing the environmental, social and governance aspects of business with the interests of various stakeholders towards enhancing investor perception and public trust.

The Board is mindful of the importance of business sustainability and the Group is committed to promote sustainability practices within the Group with an equitable good balance of environmental, social and governance aspects of business. The Group always advocated Corporate Social Responsibility ("**CSR**") as being key to sustainability and has established a CSR framework which places a firm commitment towards achieving a balance between profitability and contribution in CSR activities.

The Board shall review the policy when deemed necessary to ensure it remains relevant and appropriate and the policy can be viewed on the Company's website at www.perakcorp.com.my.

Time Commitment

All Board members are aware that they must not hold directorships of more than five (5) public listed companies. Currently, all the directors are in compliance with this requirement. Each director is required to notify the Chairman of the Board prior to accepting directorships in other public listed companies incorporated in Malaysia.

The Board is satisfied with the level of time commitment given by the directors towards fulfilling the roles and responsibilities which is evidenced by the satisfactory attendance record of the directors at Board meetings.

Board Meetings

The Board has a minimum of four (4) regularly scheduled meetings annually, with additional meetings convened when urgent and important decisions need to be taken between scheduled meetings. In 2016, the Board held five (5) meetings on the following dates: 29 February, 9 May, 25 May, 26 August and 23 November 2016. At each scheduled meeting, there is a full financial and business review and discussion, including operational and financial performance to date against annual budget and financial plan previously approved by the Board for that year.

The details of meeting attendance of each individual director are as follows:

	Meeting attendance in 2016
YB Dato' Nasarudin bin Hashim (Chairman)	5/5
Tuan Haji Ab Rahman bin Mohammed	5/5
Dato' Wan Hashimi Albakri bin Wan Ahmad Amin Jaffri	3/5
Dato' Abd Karim bin Ahmad Tarmizi	4/5
Dato' Dr Vasan a/l Sinnadurai	4/5
Datuk Dr Wan Norashikin binti Wan Noordin	5/5
Dato' Aminuddin bin Md Desa	5/5

Supply of Information

Each Board member receives quarterly interim financial reports, including comprehensive review and analysis. Prior to each Board meeting, directors are sent an agenda and a full set of Board papers for each agenda item prepared and presented in a concise and comprehensive manner so that the directors have a proper and relevant depiction of the issues to be discussed at the meeting. This is issued in sufficient time to enable the directors to obtain further explanations, where necessary.

Directors have access to all information within the Company whether as full board members or in their individual capacity, in furtherance to their duties. Directors have also direct access to the services of the Company Secretary who is responsible for ensuring the Board procedures are followed. Directors are entitled to obtain independent professional advice in the course of discharging their duties at the Company's expense.

Company Secretary

The Board is supported by an experienced and competent Company Secretary who is qualified to act as company secretary under Section 235(2) of the Companies Act 2016. The Company Secretary reports directly to the Board and plays an advisory role to the Board and Board Committees, particularly with regard to their policies and procedures and the Company's compliance with regulatory requirements, rules, guidelines and legislation, as well as the best practices of corporate governance.

All directors have access to the advice and services of the Company Secretary and are updated on the changes in the regulatory framework and corporate governance practices. The Company Secretary provides support to the Board in ensuring that the applicable rules and regulations are complied with as well as that the governance structure of the Group remains relevant and effective.

The Company Secretary attends all meetings of the Board and Board Committees and ensures that meeting procedures are followed and deliberations and proceedings at the meetings are accurately recorded and well-documented.

The Company Secretary constantly keeps himself abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through attendance at relevant conferences and training programmes. He has also attended the relevant continuous professional development programmes as required by the Companies Commission of Malaysia.

The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in discharging his duties. The appointment and removal of the Company Secretary are subject to the approval of the Board.

Directors' Training

All directors are encouraged to continuously undertake training and regularly update and refresh their skills and knowledge to enable them to effectively discharge their duties. In this connection, the Board has adopted the Guidelines for Directors' Training Needs as recommended by the Nomination and Remuneration Committee. The guidelines require each director to attend at least one (1) seminar/course/workshop during the financial year.

From time to time, directors also receive further training on developments which may have a bearing on their duties and contribution to the Board, from professional bodies, regulatory institutions and corporations. Basically, all directors have complied with the Guidelines for Directors' Training Needs for the year 2016 as they were briefed on technical updates in terms of the Listing Requirements, accounting and other technical matters internally on a quarterly basis during the year.

The directors who have attended the training programmes are as follows:

YB Dato' Nasarudin bin Hashim	• Corporate Compliance: Focusing on Directors' Duties, Liabilities and Expectations • Corporate Governance Breakfast Series with Directors: Anti-Corruption & Integrity – Foundation of Corporate Sustainability
Tuan Haji Ab Rahman bin Mohammed	• Audit Committee Seminar for Public and Private Sectors 2016 • Corporate Compliance: Focusing on Directors' Duties, Liabilities and Expectations • Challenges & Opportunities for Malaysian Companies
Dato' Abd Karim bin Ahmad Tarmizi	• Corporate Governance Breakfast Series: Future of Auditor Reporting - The Game Changer for Boardroom
Dato' Dr Vasan a/l Sinnadurai	• Corporate Compliance: Focusing on Directors' Duties, Liabilities and Expectations
Datuk Dr Wan Norashikin binti Wan Noordin	• Corporate Governance Breakfast Series: Future of Auditor Reporting – The Game Changer for Boardroom • Corporate Compliance: Focusing on Directors' Duties, Liabilities and Expectations
Dato' Aminuddin bin Md Desa	• Corporate Compliance: Focusing on Directors' Duties, Liabilities and Expectations

SECTION 2: BOARD COMMITTEES

The Board has delegated certain responsibilities to the Board Committees which operate within defined terms of reference which the Company has formalised. The Board Committees are the Audit Committee and the Nomination and Remuneration Committee. The respective Committees report to the Board on the matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

Audit Committee

The Audit Committee comprises three (3) independent directors. The Audit Committee is headed by Tuan Haji Ab Rahman bin Mohammed, who is the Senior Independent Director, and the other members are Dato' Dr Vasan a/l Sinnadurai and Datuk Dr Wan Norashikin binti Wan Noordin. The Committee provides assistance to the Board in fulfilling its oversight responsibilities of the financial reporting process, the system of internal controls, the audit process and the process of monitoring compliance with laws and regulations and the code of conduct.

The Audit Committee shall meet at least four (4) times a year, although additional meetings may be called at any time at the Chairman's discretion and if requested by any member or the Board. In 2016, the Committee held seven (7) meetings on the following dates: 29 February, 29 March, 24 May, 2 August, 25 August, 22 November and 30 November 2016.

The role of the Audit Committee is described in more detail in the Audit Committee Report set out on pages 39 to 42 of this Annual Report.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises four (4) non-executive directors, three (3) of whom are independent. The Committee is headed by Dato' Abd Karim bin Ahmad Tarmizi and the other members are Dato' Wan Hashimi Albakri bin Wan Ahmad Amin Jaffri, Dato' Dr Vasan a/l Sinnadurai and Datuk Dr Wan Norashikin binti Wan Noordin. The Committee is empowered to bring to the Board recommendations as to the appointment of any new executive or non-executive director upon evaluation of the candidate's ability to discharge the expected responsibilities. In addition, the Committee is responsible for establishing a formal and transparent procedure for developing policy on the remuneration packages of the executive and non-executive directors of the Company.

The Chairman of the Nomination and Remuneration Committee is not the Senior Independent Director, who is currently the Audit Committee's Chairman, for better segregation of duties among the directors.

The Nomination and Remuneration Committee shall meet at least once a year, although additional meetings may be called at any time at the Chairman's discretion and if requested by any member or the Board. In 2016, the Committee held two (2) meetings on the following dates: 29 February and 23 November 2016.

The attendance of the members is as follows:

	Meeting attendance in 2016
Dato' Abd Karim bin Ahmad Tarmizi (Chairman)	2/2
Dato' Wan Hashimi Albakri bin Wan Ahmad Amin Jaffri	2/2
Dato' Dr Vasan a/l Sinnadurai	2/2
Datuk Dr Wan Norashikin binti Wan Noordin	2/2

The activities of the Nomination and Remuneration Committee during the financial year ended 31 December 2016 include recommendation to the Board on the following matters:

(a) Renewal of contract of service of the Group Chief Executive Officer;
(b) Directors' remuneration packages for executive and non-executive directors;
(c) Evaluation and assessment of directors, the Board as a whole and the independence directors;
(d) Re-appointment and re-election of directors at the Annual General Meeting ("**AGM**") of the Company; and
(e) Assessment of the Directors' training needs to ensure all Directors receive appropriate continuous training.

Tenure of Independent Directors

The Board, through the Nomination and Remuneration Committee, will continuously review the composition of the Board and source for suitable independent directors to conform to the MCCG 2012. In determining the independence of individual directors, the Nomination and Remuneration Committee conducts assessment on the independent directors of the Company annually.

The Board has carefully assessed and reviewed the performance carried out by the existing independent directors and concluded that they are able to discharge their duties and responsibilities effectively to ensure that there is a balance of power and authority on the Board.

Based on the recent annual review, the Board is satisfied that the independent directors have fulfilled the criteria as defined in the Listing Requirements.

The Board noted that the MCCG 2012 recommends that the tenure of an independent director should not exceed a cumulative term of nine (9) years. The Board believes that the length of service of the independent director on the Board does not interfere with their exercise of independent judgment and act in the best interest of the Group notably in discharging their roles. The Board shall undertake an assessment on independence annually of its independent directors whose tenure shall exceed the cumulative term of nine (9) years.

Currently, all four (4) independent directors' tenure have yet to exceed the cumulative term of nine (9) years as at the end of the financial year 2016.

Appointment and Re-election to the Board

The Nomination and Remuneration Committee is responsible for proposing new nominees for appointment to the Board, and recommends to the Board for approval on the appointment, re-appointment, re-election and annual assessment of directors.

The Nomination and Remuneration Committee considers and recommends to the Board candidates of sufficient calibre, knowledge, integrity, reliability, professionalism and experience to fulfill the duties of a director. This Committee also considers the ability of the candidate to attend Board and Board committees meetings regularly and devote sufficient time and effort to carry out their duties and responsibilities effectively, and be committed to serve on the Board for an extended period of time.

The Chairman of the Board together with the GCEO shall give informal briefings to the new directors. The directors are also advised of their legal and other obligations as a director of a public listed company. All directors have attended the Mandatory Accreditation Programme as prescribed by Bursa Malaysia on their appointment as directors of the Company as part of the induction exercise on joining the Board.

The Company Secretary ensures that all appointments are properly made and all necessary information is obtained from directors, both for the Group's own records and for the purposes of complying with the requirements of the Companies Act 2016, the Listing Requirements and other regulatory requirements.

In determining whether to recommend a director for re-election at the AGM, the Nomination and Remuneration Committee considers the director's past attendance at meetings and participation in and contributions to the activities of the Board.

In accordance with the Articles of Association, which form an integral part of the Constitution of the Company under Section 34(c) of the Companies Act 2016, all directors who are appointed by the Board are subject to re-election at the next AGM after their appointment. The Constitution also provided that at least one-third of the Board is subject to re-election at regular intervals of at least once every three (3) years.

Board, Audit Committee and Individual Director Assessment

The Nomination and Remuneration Committee conducts annual assessment of each individual director under the evaluation process to ensure the effectiveness of the Board as a whole. The assessment of directors is an examination of each director's ability to contribute to the effective decision making of the Board.

The Nomination and Remuneration Committee also conducts annual review of the term of office performance of the Audit Committee's members annually and assess whether the Audit Committee as a whole carried out their duties in accordance with its terms of reference.

The overall results of the evaluation process and the improvements recommended thereon are to be presented by the Chairman of the Nomination and Remuneration Committee to the Board in respect of the performance of the Audit Committee and the Board as a whole.

Based on the recent annual review, the Nomination and Remuneration Committee is satisfied that the Board composed of directors with appropriate mix of skill and experience to meet the Company's requirements and the Audit Committee and its members discharged their functions, duties and responsibilities in accordance with its terms of reference.

Remuneration Policy and Procedure

For the remuneration policy, the Nomination and Remuneration Committee reviews the annual fees, attendance allowance and other benefits for the directors of the Company. The decision to determine the level of remuneration shall be the responsibility of the Board as a whole after considering recommendations from the Nomination and Remuneration Committee with ultimate approval of shareholders at the AGM.

Directors' Remuneration

The aggregate remuneration of the current directors, all except for Dato' Aminuddin bin Md Desa, whom are non-executives of the Company for the financial year ended 31 December 2016 is as follows:

Company

	Fees RM	Salaries RM	Other emoluments RM	Benefit-in-kind RM	Total RM
Executive director	66,000	395,300	3,900	-	465,200
Non-Executive directors	335,500	-	33,150	-	368,650

Group

	Fees RM	Salaries RM	Other emoluments RM	Benefit-in-kind RM	Total RM
Executive director	103,903	395,300	3,900	-	503,103
Non-Executive directors	335,500	150,000	33,150	-	518,650

Bands of remuneration for the financial year ended 31 December 2016 are as follows:

Band of remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	-
RM50,001 – RM100,000	-	5
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	-	1
RM200,001 – RM250,000	1	-

The Board is of the opinion that the non-disclosure of the individual remuneration of each director will not significantly affect the understanding and evaluation of the Group governance.

SECTION 3: ACCOUNTABILITY AND AUDIT

Financial Reporting

For financial reporting through quarterly interim financial reports to Bursa Malaysia and the audited annual financial statements to shareholders, the Board has a responsibility to present a balanced and fair assessment of the Group's financial position, performance and future prospects.

The Statement of Directors' Responsibility in relation to the preparation of the annual audited financial statements of the Company and the Group is set out on page 47 of the Annual Report.

The Audit Committee assists the Board in scrutinising the financial reporting processes and quality of the financial reporting of the Group. This Committee, on a quarterly basis, reviews the quarterly interim financial reports and yearly financial statements to ensure accuracy, adequacy and completeness as well as to comply with applicable financial reporting standards and other regulatory and legal requirements.

Relationship with External Auditors

Through the Audit Committee, the Company has always maintained a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with applicable financial reporting standards in Malaysia. This Committee is accorded the power to communicate directly with the external auditors.

Assessment of Suitability and Independence of External Auditors

The Audit Committee undertook an annual assessment of the suitability and independence of the external auditors, Messrs KPMG PLT , having regard to several factors including the engagement teams' qualifications, credentials and experience, particularly in the financial services sector, the firms' competitive advantage with global network resources, their audit work approach, and their ability to provide value added advice and services. Messrs KPMG PLT has confirmed that they were and had been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements, including the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. Based on the assessment, the Audit Committee is satisfied with the independence, objectivity, technical competency and professionalism demonstrated by Messrs KPMG PLT.

Having regard to the outcome of the annual assessment of external auditors by the Audit Committee, the Board has agreed with the Audit Committee's recommendation to seek shareholders' approval at the forthcoming AGM on the appointment of Messrs KPMG PLT as external auditors of the Company for the financial year ending 31 December 2017.

Risk Management and Internal Control

The Board takes responsibility for the Group's risk management and internal control system and for reviewing its adequacy and integrity. The Board is of the view that the current system of risk management and internal control in place throughout the Group is sufficient to safeguard the Group's assets and shareholders' investment.

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. The Group has in place an adequately resourced internal audit department of the Company's ultimate holding corporation who conduct regular reviews of the internal controls and report to the Audit Committee.

The Statement on Risk Management and Internal Control as set out on pages 36 to 38 in this Annual Report provides an overview of the state of risk management and internal controls within the Group.

SECTION 4: RELATIONSHIP WITH SHAREHOLDERS

The Board acknowledges the importance of effective and timely dissemination of material information and has in place internal corporate disclosure procedures which enable comprehensive, accurate and timely disclosures relating to the Company to regulators, shareholders and other stake stakeholders. These procedures also set out the authority and responsibility to approve such disclosure. In formulating these procedures, the Board is guided by Investor Relations Policy and Corporate Disclosure Guide 2011 introduced by Bursa Malaysia whilst adhering with the corporate disclosure requirements as set out in the Listing Requirements.

Announcements via Bursa LINK of Annual Reports, quarterly interim financial reports and business acquisitions and disposals provide the shareholders and the investing public with an overview of the Group's performance, operations and directions. Members of the public can obtain the Annual Reports, full financial results, quarterly interim financial reports and the Company's announcements on the Company's website at www.perakcorp.com.my. Notices of general meetings and minutes of general meetings are also available on the Company's website.

General Meetings

The AGM is the principal forum for dialogue with shareholders. Notice of the AGM and the Annual Report are sent out to shareholders at least twenty one (21) days before the date of meeting.

The Board encourages participation from shareholders by having a question and answer session during the AGM. Directors and the GCEO are available to provide responses to questions from shareholders during the meeting.

For re-election of directors, the Board ensure that full information is disclosed through the notice of the AGM regarding the directors who are retiring and who are willing to serve if re-elected. An explanatory statement to facilitate full understanding and evaluation of the issue involved shall accompany items of special business included in the notice of the AGM.

All resolutions set out in the notice of general meetings of the Company are to be conducted by poll. The Board shall evaluate the feasibility of carrying out electronic polling at its general meetings in future. An independent scrutineer will be appointed to monitor the conduct of polling for each general meeting.

Other than the AGM, an Extraordinary General Meeting was held on 25 August 2016 to consider the following resolution:

Resolution	***Result***
Ordinary Resolution Proposed Change of Auditors	Approved

Poll voting was conducted in respect of the resolution. The results of the poll was scrutinised by Symphony Corporatehouse Sdn Bhd, the appointed scrutineers, and the outcome of the poll against the resolution was announced at the same meeting and detailed results stating the votes cast are announced via Bursa LINK.

Engagements with Shareholders

The Board has designated Tuan Haji Ab Rahman bin Mohammed as the Senior Independent Director of the Company to whom shareholders may address their concerns relating to the Group. In addition, nominees of the Company's substantial shareholders sit on the Board. This provides a platform for interactions and direct communications between the Board, management and shareholders. At all times, any queries from other shareholders may be communicated through the Company Secretary.

SECTION 5: CORPORATE SOCIAL RESPONSIBILITY

With the CSR framework in place, the Group strives to integrate CSR initiatives in every aspect of its business focusing on its employees, its shareholders, its customers, the environment and society as a whole, in addition to complying with all applicable legal and regulatory requirements.

The Group has contributed and shall continuously endeavour to play a role in promoting CSR activities which include the following:

(a) CONTRIBUTION TO THE GOLF TOURNAMENT IN CONJUNCTION WITH THE BIRTHDAY OF HIS ROYAL HIGHNESS THE SULTAN OF PERAK SERIES 1

The Company has donated RM20,000 to the Organising Committee of the Championship Golf in conjunction with the Birthday of His Royal Highness the Sultan of Perak Series 1. The event was held on 9 to 10 April 2016 at the Royal Perak Golf Club Ipoh.

(b) GIVING SUPPORT OF RM50,000 TO PERAK RUGBY UNION

The role of upholding the development of sports such as rugby is one of the CSR programme under the Company. A total of RM50,000 was channeled to the Perak Rugby Union in implementing their three (3) year strategic planning for the development and empowerment of rugby in the state.

(c) RM1 MILLION TO PAFA (PERAK FOOTBALL ASSOCIATION)

A total of RM1 million has been channeled by the Company to PAFA for their 2016 super league season. Other sponsors for "Bos Gaurus" team, included Lembaga Air Perak and the Perak State Agriculture Development Corporation.

(d) HOME REPAIR PROGRAMME IN BOTA

The Company has distributed aid amounting to RM100,000 for 23 houses in Bota. Home repair project is part of the efforts to help the poor, single mothers and senior citizens get and improve the quality and standard of living.

The CSR programme is showing the Company's concern for this group.



(e) BREAKING FAST PROGRAMME AT KAMPUNG SEMAT MOSQUE, MANONG

The Company's programme under the CSR, is a continuation of the tradition of the Company assisting communities during the month of Ramadan.

The Company has contributed RM42,220 for the organisation of the breaking of the fast at Masjid Kampung Semat Mosque, Manong held on 17 June 2016. More than 500 people were present at this event.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is responsible for the adequacy and effectiveness of the risk management framework and to maintain a system of internal control in the Company and its subsidiaries ("**Group**") to safeguard shareholders' investments and the Group's assets. Paragraph 15.26(b) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("**Listing Requirements**") requires directors of listed companies to include a statement in annual reports on the state of the internal control of the listed issuer as a group. The recent guidelines on the Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) ("**Risk Management and Internal Control Guidance**") further emphasises the need for maintaining a risk management framework and internal control system.

Set out below is the Board's Statement on Risk Management and Internal Control, which has been prepared in accordance with the Risk Management and Internal Control Guidance.

BOARD RESPONSIBILITY

The Board recognises the importance of risk management practices and internal controls to good corporate governance. The Board affirms its overall responsibility for the Group's system of risk management and internal control, and for reviewing the adequacy and integrity of those systems. Due to the limitations that are inherent in any system of internal control, the system is designed to manage rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, the system can provide only reasonable and not absolute assurance against material misstatement or loss. The system of internal control covers, inter alia, risk management and financial, organisational, operational and compliance controls. The Board confirms that in two (2) of its meetings in 2016, Internal Audit matters were presented and discussed to ensure an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of the Group's business objectives. The Board shall regularly review this process and ensures compliance with the Risk Management and Internal Control Guidance.

RISK MANAGEMENT FRAMEWORK

In accordance with the Risk Management and Internal Control Guidance, the Board would also like to affirm its overall responsibility for identifying, evaluating and managing risks faced by the Group and the Group has instituted risk management framework and policy for two significant entities within the Group.

The key elements of the risk management framework of the two significant entities of the Group involve the following:

1. **Risk Management Committee**

   The Risk Management Committee shall identify risks, their changes and action plans to manage the risks.

2. **Risk Management Policies and Procedures Manual**

   Risk management policies and procedures have been drafted and reviewed to adapt to current business activities as well as risk exposures in the forthcoming year.

In order to sustain corporate resilience, the Group shall continue to strengthen continuous risk awareness and assessment to ensure proper actions to mitigate risks as well as to address the various risk exposures in the forthcoming year.

REVIEW OF INTERNAL CONTROL EFFECTIVENESS

The Group, via the ultimate holding corporation's internal audit department, provides support to the Audit Committee in discharging its duties with respect to the adequacy and integrity of the internal control's systems within the Group. During the financial year under review, the internal auditors of the ultimate holding corporation carried out procedures on the operating subsidiaries of the Group based on an internal audit plans approved by the Audit Committee. Their internal audit reports were tabled at the Audit Committee meetings, where Audit Committee members reviewed the findings with management. Internal auditors shall ensure that recommendations to improve controls are implemented by management.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The Group has in place the following key elements of internal control:

1. Strategic Blue Print and Objectives

In order to chart the Group's business direction, the ultimate holding corporation and the Company have produced the Group's Strategic Blue Print (2014 - 2018) where strategic thrusts to support the achievement of the Group's key business strategic objectives are identified and undertaken by the Group.

2. Organisational Structure

The Group has put in place an organisational structure with clearly defined lines of accountability and delegated authority for all aspects of the business as set out in the Board Charter and Limits of Authority to the Board committees, the Group Chief Executive Officer and the operating units.

3. Policies and Operating Procedures Manual

There is an Operating Procedures Manual that sets out the policies, procedures and practices covering activities including the following:

3.1 Limits of Authority

Limits of Authority outlines and empowers the individual or group of persons in making decisions within the Group.

3.2 Budgeting

Budgets are generated annually at each operating unit. The budgets will then be presented to the ultimate holding corporation and the Group's Board for review and approval.

3.3 Senior Executive Committee ("**SEC**") of the ultimate holding corporation

Requests for major purchases of goods and services and procurement of contract works are submitted to the SEC for reviews and approvals.

4. Management Financial Report

Quarterly interim financial reports are submitted to the Audit Committee and the Board which include the monitoring of results against budget, with major variances being explained and management actions taken for improvement of results. This involves the inclusion of Statements of Comprehensive Income, Statements of Financial Position, Group Statements of Changes in Equity and Statements of Cash Flows being presented to the Audit Committee and the Board. The Board confirms that financial discussions are held four (4) times in 2016 to monitor financial progress and performance within the Group.

5. Investment Appraisal

Investment proposals covering acquisition of property and long term investments are appraised by the Board. Post implementation reviews on these investments are conducted and reported to the Board on a quarterly basis. Likewise, similar actions are taken in respect of disposal of property/long term investments/subsidiaries.

CONCLUSION

For the financial year under review and up to the date of issuance of the audited financial statements, the Board considers the system of risk management and internal control of the Group to be satisfactory and the risks to be at an acceptable level within the context of the Group's business environment. The Board has received assurance from the Group Chief Executive Officer and the Group Chief Financial Officer of the Company who are satisfied with the adequacy, integrity and effectiveness of the Group's system of risk management and internal controls. No material losses, contingencies or uncertainties have arisen from any inadequacy or failure of the Group's system of risk management and internal control except for a number of structural weaknesses which were identified and addressed during the year that would require disclosure in the Annual Report.

AUDIT COMMITTEE REPORT

The Audit Committee provides assistance to the Board in fulfilling its oversight responsibilities of the financial reporting process, the system of internal controls, the audit process and the process of monitoring compliance with laws and regulations and the code of conduct.

COMPOSITION AND MEETING ATTENDANCE

The Audit Committee comprises three (3) independent non-executive directors.

The Audit Committee shall meet at least four (4) times a year, although additional meetings may be called at any time at the Chairman's discretion and if requested by any member or internal or external auditors. The Committee may meet with the external auditors, the internal auditors or both without the attendance of other directors and employees of the Company, whenever deemed necessary. The Committee may invite any person to be in attendance at each meeting.

The Audit Committee met seven (7) times during the financial year under review and the attendance of members in 2016 is as follows:

	Meeting attendance in 2016
Tuan Haji Ab Rahman bin Mohammed (Chairman) *Senior Independent Non-Executive*	*7/7*
Dato' Dr Vasan a/l Sinnadurai *Independent Non-Executive*	*5/7*
Datuk Dr Wan Norashikin binti Wan Noordin *Independent Non-Executive*	*4/7*

The Nomination and Remuneration Committee has conducted annual review of the term of office and performance of the Audit Committee and its members and is satisfied that the Audit Committee as a whole and its members have carried out their duties in accordance with its terms of reference.

SUMMARY OF ACTIVITIES

The summary of key activities undertaken by the Audit Committee during the financial year under review is provided below:

Financial Reporting

In its oversight of the financial reporting process, for the financial year under review, the Audit Committee obtained assurance from the Group Chief Financial Officer on the integrity of the quarterly interim financial reports and annual audited financial statements and that they comply with the applicable financial reporting standards and other legal requirements.

- The Audit Committee reviewed the quarterly interim financial reports with management during its quarterly scheduled meetings before submission with its recommendation to the Board for approval prior to the quarterly announcements made to Bursa Malaysia Securities Berhad and the Securities Commission; and
- The Audit Committee reviewed the annual audited financial statements and the audit report thereon as presented by the external auditors covering the following areas with management before submission with its recommendation to the Board for approval:

    - appropriate accounting policies that have been adopted and applied consistently;
    - audit approach;
    - key audit issues which arose during the audit and their subsequent resolution;
    - key significant audit findings; and
    - external auditors' management letter and management's response thereto.

External Audit

In respect of the financial year under review, on 25 July 2016, Messrs Ernst & Young resigned as the external auditors of the Group for the financial year ended 31 December 2016. In their place, on 25 August 2016, the Company appointed Messrs KPMG PLT as the external auditors of the Group for the financial year ended 31 December 2016.

- The Audit Committee reviewed the quality of services provided by Messrs Ernst & Young in respect of the audit for the financial year ended 31 December 2015, including non-audit services, and assessed their suitability and objectivity with reference to the policies and procedures as laid out by them. The Audit Committee was satisfied with the suitability and objectivity of Messrs Ernst & Young based on the quality of services and adequacy of resources they provided to the Group, in terms of the firm and the professional staff assigned to the audit. The Audit Committee was also satisfied that the provision of non-audit services has not create any conflict of interest nor impair the independence and objectivity of Messrs Ernst & Young;

- The Audit Committee deliberated on the resignation of Messrs Ernst & Young as the external auditors and was satisfied that there were no areas of concern that needed to be escalated to the Board;

- The Audit Committee considered the profile of Messrs KPMG PLT and assessed their suitability, objectivity and adequacy of their resources and experience with reference to the size and complexity of the Group's operation prior to their appointment as the external auditors of the Group. The Audit Committee recommended to the Board its support for the appointment of Messrs KPMG PLT as the external auditors of the Group for the financial year ended 31 December 2016;

- The Audit Committee discussed with Messrs KPMG PLT on their audit plan in respect of the audit for the financial year ended 31 December 2016, outlining the nature and scope of the audit work and the proposed fees for the statutory audit, as well as the audit procedures to be undertaken; and

- The Audit Committee obtained assurance from Messrs Ernst & Young and Messrs KPMG PLT that they are, and have been, independent throughout the conduct of their audit engagement in accordance with the terms of the relevant professional and regulatory requirements.

In its oversight of the external audit process, the Audit Committee met with the external auditors twice (2) during the year on 29 March 2016 and 22 November 2016 without the presence of executive personnels. The Audit Committee enquired with the external auditors on the co-operation of management and the proficiency and adequacy of resources in the accounting function of the Group and noted there were no major areas of concern raised by the external auditors.

The amount of audit fees and non-audit fees payable to Messrs KPMG PLT for the financial year ended 31 December 2016, are as follows:

	Audit fees (RM)	Non-Audit fees (RM)
Company	70,000	149,000
Group	356,000	149,000

The non-audit fees include assurance services rendered comprise annual review of the Statement on Risk Management and Internal Control and limited reviews of quarterly interim financial reports.

Internal audit

In its oversight of the internal audit process, the Audit Committee met with the internal auditors twice (2) during the year on 29 February 2016 and 2 August 2016.

- The Audit Committee reviewed and approved the annual internal audit plan based on risk-based approach as presented by the internal auditors and discussed with them on the scope of work, adequacy of resources and coordination with the external auditors; and

- The Audit Committee reviewed the two (2) internal audit reports presented by the internal auditors on their findings and recommendations thereon with respect to system and controls weaknesses and management's response to these recommendations and ensure the adequacy implementation of corrective actions to address such control deficiencies.

Risk Management and Others

- The Audit Committee reviewed and approved the Statement on Risk Management and Internal Control and the Audit Committee Report for inclusion in the Company's Annual Report;

- The Audit Committee reviewed related party transactions and recurrent related party transactions entered into by the Company and its subsidiaries and the Circular to Shareholders related to recurrent related party transactions. The Audit Committee was satisfied that these transactions are fair, reasonable and on normal commercial terms and is of the opinion that these transactions are in the best interest of the Company and not detrimental to the interest of the minority shareholders; and

- The Audit Committee reviewed and revised its terms of reference for compliance with the new amendments to Bursa Malaysia Securities Berhad's Main Market Listing Requirements affecting the Audit Committee, for recommendation to the Board for approval.

INTERNAL AUDIT FUNCTION

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. In this respect, the Audit Committee is supported adequately by the internal audit department from the Company's ultimate holding corporation. The internal auditors may outsource to any other consultant or professional firm if there is a requirement to do so. The main role of the internal auditors is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and due professional care. The internal auditors report directly to the Audit Committee on audit matters and to the Group Chief Executive Officer on administrative matters.

The internal audit activities have been carried out according to the internal audit plan based on risk-based approach, which has been approved by the Audit Committee. In 2016, the internal auditors have conducted a series of audits of the operating units including subsidiaries of the Company. The internal auditors ensured, on a follow up basis, that recommendations to improve controls are implemented by management. These initiatives, together with management's adoption of the external auditor's recommendations for improvement on internal controls noted during their annual audit, provide reasonable assurance that control procedures are in place.

The cost incurred on the internal audit function for the financial year ended 31 December 2016 amounted to RM100,000.

ADDITIONAL COMPLIANCE INFORMATION

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF REVENUE NATURE

The RRPT of revenue nature conducted during the financial year pursuant to the shareholders' mandate obtained is as follows:

Type of RRPT	Name of related party	Relations with the Company	Actual value 1/1/2016 – 31/12/2016 (RM)
Operation and maintenance contract provided by Lumut Maritime Terminal Sdn Bhd ("**LMTSB**")	Lekir Bulk Terminal Sdn Bhd ("**LBTSB**")	See Note 1 below	45,833,784

Note:

1. Integrax Berhad holds 100% equity interest in Pelabuhan Lumut Sdn Bhd which in turn holds 50% minus 1 share equity interest in LMTSB and 80% equity interest in LBTSB.

UTILISATION OF PROCEEDS

No proceeds were raised by the Company from any corporate exercise during the financial year ended 31 December 2016.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company or its subsidiary involving the interest of the directors and major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year, except as disclosed in note 11 of the financial statements of the Company for the financial year ended 31 December 2016.

ANALYSIS OF SHAREHOLDINGS AS 15 MAY 2017

Total number of issued shares	:	100,000,000
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote per ordinary share held

DISTRIBUTION OF SHAREHOLDERS
(Based on the Record of Depositors)

No. of holders	Holdings	Total shareholdings	%
256	Less than 100	11,728	0.01
247	100 to 1,000	165,845	0.17
1,440	1,001 to 10,000	5,107,300	5.11
340	10,001 to 100,000	10,565,474	10.56
52	100,001 to 4,999,999	26,518,403	26.52
2	5,000,000* and above	57,631,250	57.63
2,337		100,000,000	100.00

Note:
* Denotes 5% of the issued capital

SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)
(Based on the Company's Register of Substantial Shareholders)

		No. of shares held			
No.	**Name of holders**	**Direct**	**%**	**Deemed**	**%**
1	Perbadanan Kemajuan Negeri Perak	52,271,253 *1	52.27	627,150 *2	0.63
2	Sime Darby Property Berhad	6,125,000	6.12	-	-

Note :
*1 Including 51,506,250 shares held under CIMB Group Nominees (Tempatan) Sdn Bhd
*2 Deemed interest through its direct and indirect wholly owned subsidiaries, namely Fast Continent Sdn Bhd, Cherry Blossom Sdn Bhd and Perak Equity Sdn Bhd

DIRECTORS' SHAREHOLDINGS
(Based on the Company's Register of Directors Shareholdings)

		No. of shares held			
No.	**Name of holder**	**Direct**	**%**	**Deemed**	**%**
1	Tuan Haji Ab Rahman bin Mohammed	-	-	6,000*1	0.01

Note:
*1 Deemed interest through his spouse and child

THIRTY LARGEST SHAREHOLDERS
(Based on the Record of Depositors)

No.	Name	No. of shares held	%
1	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Bhd for Perbadanan Kemajuan Negeri Perak (CBD-NR-PERAKCB)	51,506,250	51.51
2	Sime Darby Property Berhad	6,125,000	6.12
3	Pui Cheng Wui	3,930,600	3.93
4	KAF Trustee Berhad KIFB for KAF Seagroatt & Campbell Berhad	3,912,000	3.91
5	Chua Sim Neo @ Diana Chua	3,785,500	3.79
6	Kenanga Nominees (Asing) Sdn Bhd Cantal Capital Inc.	1,000,000	1.00
7	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Hock Fatt (E-SS2)	964,000	0.96
8	Gan Kho @ Gan Hong Leong	831,600	0.83
9	Wong Shak On	820,000	0.82
10	Lim Gaik Bway @ Lim Chiew Ah	785,300	0.79
11	Perbadanan Kemajuan Negeri Perak	765,003	0.76
12	Gan Kho @ Gan Hong Leong	706,900	0.71
13	CIMB Group Nominees (Asing) Sdn Bhd Exempt an for DBS Bank Limited (SFS)	648,100	0.65
14	Jonathan Lim Shian Vern	559,800	0.56
15	Tharumanathan a/l S. Eliathamby	463,000	0.46
16	Chee Ah Ngoh	376,000	0.37
17	Cherry Blossom Sdn Bhd	367,150	0.37
18	KAF Trustee Berhad KIFB for Yayasan Istana Abdul Aziz	360,000	0.36
19	KAF Trustee Berhad KIFB for DYMM Tuanku Bainun Mohd Ali	351,000	0.35
20	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Kiam Hsung	309,700	0.31
21	Ng Poh Cheng	302,200	0.30
22	Cheong Yoke Choy	250,000	0.25
23	Renfield Investment Limited	250,000	0.25
24	Fast Continent Sdn Bhd	247,500	0.25
25	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Kiam Hsung	230,000	0.23
26	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt an for UOB Kay Hian Pte Ltd (A/C Clients)	221,450	0.22
27	Chin Kian Fong	206,600	0.21
28	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Han Fook Fong (E-PPG)	205,000	0.21
29	HSBC Nominees (Asing) Sdn Bhd Exempt an for Credit Suisse (SG BR-TST-Asing)	200,000	0.20
30	Tok Ler	193,800	0.19
		80,873,453	80.87

SUMMARY OF PROPERTIES AS AT 31 DECEMBER 2016

	Locations	Approximate Land Area (acres)	Tenure	Description	Date of Acquisition Approx. Age (Buildings) Net Book Value	Existing Use
PCB Development Sdn Bhd	Part of lot 140407, 15437, 25459, 33004, 52566, 21310, 18202 Mukmin Ulu Kinta, District Of Kinta, Perak Darul Ridzuan.	141.53	Freehold	Agricultural land with approvals for mixed development from Pejabat Pengarah & Galian.	31.12.1997 RM7,710,692	Agriculture (proposed for mixed development)
PCB Development Sdn Bhd	No. HDS 98757, PT 167585 Negeri Perak, Mukmin Ulu Kinta, District Of Kinta, Perak Darul Ridzuan.	5.00	Freehold	3-storey institutional building	1.1.2002 RM3,666,227 15 Years	Rented to a third party
PCB Development Sdn Bhd	(a) No. HSD 159908, PT 213246	0.0616	Freehold	Double storey building	30.9.2011 RM1,163,500 5 Years	Vacant
	(b) No. HDS 159909, PT 213247	0.0650				
	(c) No. HDS 159910, PT 213248	0.0650				
	Mukim Ulu Kinta, District Of Kinta, Perak Darul Ridzuan.					
	Lot PT 2273, Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan.	27.46	Leasehold (99 years) expiring year 2094	Waterbody	30.9.1995 RM688,498	Port operations
	Lot PT 6973, Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan.	72.54	Leasehold (99 years) expiring year 2094	Wharf, warehouse, & office complex building	10.4.1997 RM81,755,958 20 years	Port operations
	PT 6972/Lot 11063, Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan. (purchase vacant land in YR2013)	1.65	Leasehold (99 years) expiring year 2094	Waterbody	17.4.2013 RM2,465,799 3 years	Port operations
	PT 4859, Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan. (purchase vacant land in YR2014)	3.49	Leasehold (99 years) expiring year 2113	Waterbody	10.3.2015 RM1,858,039	Port Operation
	H.S(D) 204383 PT 245010, Mukim Ulu Kinta, District Of Kinta, Perak Darul Ridzuan.	7.34	Freehold	Hotel, convention centre & 2 office towers	31.2.2013 RM57,655,722 3 Years	Hotel operations and offices

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and their results and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- Complied with the applicable MASB approved accounting standards in Malaysia.
- Adopted and consistently applied appropriate accounting policies.
- Made judgements and estimates that are prudent and reasonable.

The Directors have responsibility for ensuring that the Company and the Group keep accounting records, which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have general responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

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PERAK CORPORATION BERHAD

INCORPORATED IN MALAYSIA (210915-U)

AND ITS SUBSIDIARIES

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of property and investment holding, real property development and provision of management services. The principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There have been no significant change in the nature of these activities during the financial year.

ULTIMATE HOLDING CORPORATION

The holding corporation of the Company is Perbadanan Kemajuan Negeri Perak, a body corporate established under Perak Enactment No. 3, of 1967.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

RESULTS

	Group RM	Company RM
Loss for the year attributable to:		
Owners of the Company	(15,579,986)	(21,470,129)
Non-controlling interests	(435,172)	-
	(16,015,158)	(21,470,129)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDEND

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Dato' Nasarudin Bin Hashim
Dato' Wan Hashimi Albakri Bin Wan Ahmad Amin Jaffri
Tuan Haji Ab Rahman Bin Mohammed
Dato' Abd Karim Bin Ahmad Tarmizi
Dato' Dr Vasan A/L Sinnadurai
Datuk Dr Wan Norashikin Bt Wan Noordin
Dato' Aminuddin Bin Md Desa

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	<---------- Number of ordinary shares ---------->			
Interest in the Company:	**At 1.1.2016**	**Bought**	**(Sold)**	**At 31.12.2016**
Tuan Haji Ab Rahman Bin Mohammed				
- Indirect *	6,000	-	-	6,000

* *deemed interest through his spouse*

None of the other Directors holding office at 31 December 2016 had any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object 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.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

QUALIFICATION OF SUBSIDIARIES' FINANCIAL STATEMENTS

The auditors' report on the audit of the financial statements of the Company's subsidiaries are not qualified.

OTHER STATUTORY INFORMATION

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

(i) all known bad debts have been written off and adequate provision made for doubtful debts, and

(ii) any current assets which were unlikely to be realised 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:

(i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

(ii) that would render the value attributed to current assets in the financial statements of the Group and of the Company misleading, or

(iii) 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, or

(iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

OTHER STATUTORY INFORMATION (continued)

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

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

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

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

In the opinion of the Directors, except for impairment losses on trade receivables, investment in an associate, amount due from an associate and the gain on revaluation of an associate upon obtaining control as disclosed in Note 22 and the effects of the prior year adjustments as disclosed in Note 38, the financial performance of the Group and of the Company for the financial year ended 31 December 2016 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS

(a) Acquisition of equity interest in Animation Theme Park Sdn. Bhd.

On 8 April 2016, PCB Development Sdn. Bhd. ("PCBD"), a wholly owned subsidiary of the Company, acquired an additional 2% equity interest in Animation Theme Park Sdn. Bhd. ("ATP") for RM600,000 in cash, increasing its equity interest from 49% to 51%. ATP was an associate of the Group in 2015. Following the acquisition, ATP became a subsidiary of the Group during the current financial year. The acquisition resulted in the recognition of goodwill of RM100,561.

(b) Acquisition of non-controlling interests - Casuarina Meru Sdn. Bhd. (formerly known as Casuarina Hotel Management Sdn. Bhd.)

On 30 December 2016, PCB Taipan Sdn. Bhd. ("PCBT"), a wholly owned subsidiary of the Company, acquired an additional 9.97% equity interest in Casuarina Meru Sdn. Bhd. ("CMSB") following the capitalisation of the intercompany advances into the share capital of CMSB, increasing its equity interest from 79.57% to 89.54%. This resulted in a decrease in the non-controlling interest and an increase in retained earnings by RM929,323.

SIGNIFICANT EVENTS (continued)

(c) Joint arrangements for property development

PCBD entered into agreements with 3 contractors to jointly develop 3 plots of land owned by PCBD. Under these joint arrangements, PCBD will contribute the land and apply and obtain necessary approvals from the relevant authorities to develop the land, whilst the contractors will contribute the necessary resources and coordinate the planned developments.

The details of these joint arrangements are summarised below:

Name of entity formed	Equity interest of PCBD (%)	Location of land	Description of development
Cempaka Majujaya Sdn. Bhd.	30	Zone 9 (Plot 2 & 3) Bandar Meru Raya, Perak	413 units of affordable housing
D Aman Residences Sdn. Bhd.	20	Zone 7 Bandar Meru Raya, Perak	Not less than 20 units of double/three-storey shop houses and 1,360 units of apartment units
Gelombang Prestasi Sdn. Bhd.	20	Zone 3 Plot C, Bandar Meru Raya, Perak	1 unit of hotel with 60 rooms, 392 apartment units and 30 units of double/three storey shop houses

(d) Internal reorganisation of subsidiaries

During the financial year, the following subsidiaries were transferred from PCBD to PCB Leisure Sdn. Bhd. ("PCBL") for a total consideration of RM1,373,000 via an internal reorganisation:

(i) Casuarina Teluk Intan Sdn. Bhd.

(ii) Labu Sayong Café Sdn. Bhd. (formerly known as Meru Raya Mall Sdn. Bhd.)

(iii) Meru Raya Water Park Sdn. Bhd.

(iv) BioD Leisure and Recreation Sdn. Bhd.

Both PCBD and PCBL are wholly owned subsidiaries of the Company. This transaction is considered as an internal reorganisation involving entities subjected to common control. Hence, there is no financial impact to the Group's financial position, financial performance and cash flows.

SUBSEQUENT EVENTS

Details of events subsequent to reporting date are disclosed in Note 37 to the financial statements.

AUDITORS

The auditors' remuneration is disclosed in Note 22 to the financial statements.

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

....
DATO' NASARUDIN BIN HASHIM
Director

....
TUAN HAJI AB RAHMAN BIN MOHAMMED
Director

Ipoh

Date: 30 May 2017

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	GROUP 31.12.2016 RM	GROUP 31.12.2015 (Restated) RM	GROUP 1.1.2015 (Restated) RM	COMPANY 2016 RM	COMPANY 2015 RM
Assets						
Property, plant and equipment	3	471,450,951	107,844,610	101,462,705	769,996	945,353
Port facilities	4	94,736,321	89,685,528	90,321,034	-	-
Investment properties	5	4,829,725	4,908,815	4,987,906	-	-
Inventories	6	24,311,387	23,374,254	24,038,107	-	-
Investment in subsidiaries	7	-	-	-	155,098,589	155,598,589
Investment in associates	8	1,100,000	5,411,692	10,584,667	-	-
Other investments	9	25,000	42,369,562	155,980,464	-	25,000
Goodwill on consolidation	10	23,911,564	23,811,003	23,811,003	-	-
Total non-current assets		620,364,948	297,405,464	411,185,886	155,868,585	156,568,942
Inventories	6	173,609,509	167,873,942	149,922,101	83,611,235	80,600,061
Trade and other receivables	11	262,736,608	158,427,819	151,482,808	202,110,169	109,920,351
Other current assets	12	25,934,842	10,069,588	435,426	4,062	-
Other investments	9	1,182,571	14,007,504	10,958,676	338,671	326,543
Tax recoverable		7,739,125	7,099,250	6,915,923	1,646,758	105,724
Cash and cash equivalents	13	93,564,341	92,578,204	97,074,624	6,086,544	14,408,585
Total current assets		564,766,996	450,056,307	416,789,558	293,797,439	205,361,264
Total assets		1,185,131,944	747,461,771	827,975,444	449,666,024	361,930,206

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016
(continued)

		GROUP			COMPANY	
	Note	31.12.2016	31.12.2015 (Restated)	1.1.2015 (Restated)	2016	2015
		RM	RM	RM	RM	RM
Equity						
Share capital	14	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Share premium	15	172,770,440	172,770,440	172,770,440	172,770,440	172,770,440
Fair value reserve	25	-	-	34,605,257	-	-
Retained earnings		288,441,345	303,092,008	255,642,788	32,755,956	54,226,085
Equity attributable to owners of the Company		561,211,785	575,862,448	563,018,485	305,526,396	326,996,525
Non-controlling interests		81,851,390	85,979,621	88,405,084	-	-
Total equity		643,063,175	661,842,069	651,423,569	305,526,396	326,996,525
Liabilities						
Trade and other payables	16	17,290,777	424,528	-	40,850,210	-
Loans and borrowings	17	296,650,614	15,884,947	21,026,639	13,221	52,645
Deferred tax liabilities	18	12,032,072	7,034,617	6,755,902	194,060	194,060
Total non-current liabilities		325,973,463	23,344,092	27,782,541	41,057,491	246,705
Deferred income	19	9,645,911	13,201,947	-	-	-
Trade and other payables	16	52,809,481	35,160,114	64,836,811	3,042,713	34,644,865
Loans and borrowings	17	149,485,567	13,287,268	83,897,726	100,039,424	42,111
Tax payable		4,154,347	626,281	34,797	-	-
Total current liabilities		216,095,306	62,275,610	148,769,334	103,082,137	34,686,976
Total liabilities		542,068,769	85,619,702	176,551,875	144,139,628	34,933,681
Total equity and liabilities		1,185,131,944	747,461,771	827,975,444	449,666,024	361,930,206

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

		GROUP		COMPANY	
	Note	2016	2015 (Restated)	2016	2015
		RM	RM	RM	RM
Revenue	20	146,704,228	134,174,299	-	34,889,076
Cost of sales		(59,337,087)	(43,314,615)	-	(3,623,359)
Gross profit		87,367,141	90,859,684	-	31,265,717
Other income		6,939,961	82,804,891	110,607	26,574
Administrative expenses		(59,844,794)	(44,227,496)	(15,091,377)	(10,475,039)
Other expenses		(30,800,941)	(17,561,803)	(5,243,750)	(6,739,559)
Operating profit/(loss)		3,661,367	111,875,276	(20,224,520)	14,077,693
Interest income		4,959,000	4,926,181	3,797,193	1,975,485
Finance costs	21	(6,959,258)	(2,135,539)	(4,971,421)	(11,355)
Share of profit/(loss) of equity-accounted associates		69,611	(5,172,975)	-	-
Profit/(Loss) before taxation	22	1,730,720	109,492,943	(21,398,748)	16,041,823
Taxation	24	(17,745,878)	(16,969,187)	(71,381)	218,267
(Loss)/Profit for the year		(16,015,158)	92,523,756	(21,470,129)	16,260,090
Other comprehensive expense:					
Fair value adjustment reserve	25	-	(34,605,257)	-	-
Total comprehensive (expense)/income for the year		(16,015,158)	57,918,499	(21,470,129)	16,260,090
(Loss)/Profit attributable to:					
Owners of the Company		(15,579,986)	77,449,220	(21,470,129)	16,260,090
Non-controlling interests		(435,172)	15,074,536	-	-
(Loss)/Profit for the year		(16,015,158)	92,523,756	(21,470,129)	16,260,090

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

	Note	GROUP 2016 RM	GROUP 2015 (Restated) RM	COMPANY 2016 RM	COMPANY 2015 RM
Total comprehensive (expense)/income attributable to:					
Owners of the Company		(15,579,986)	42,843,963	(21,470,129)	16,260,090
Non-controlling interests		(435,172)	15,074,536	-	-
Total comprehensive (expense)/income for the year		(16,015,158)	57,918,499	(21,470,129)	16,260,090

	Note	GROUP 2016 (Sen per share)	GROUP 2015 (Restated) (Sen per share)
(Loss)/Earnings per share attributable to owners of the Company			
Basic	26	(15.58)	77.45

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	<---------------- Attributable to owners of the Company				---------------->		
	<------------ Non-distributable		*------------>*	*Distributable*			
	Share capital RM	**Share premium RM**	**Fair value reserve RM**	**Retained earnings RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
At 1 January 2015	100,000,000	172,770,440	34,605,257	255,642,788	563,018,485	88,405,084	651,423,569
Total comprehensive (expense)/income for the year, as previously stated	-	-	(34,605,257)	80,079,274	45,474,017	15,074,536	60,548,553
Prior year adjustments (Note 38)	-	-	-	(2,630,054)	(2,630,054)	-	(2,630,054)
Total comprehensive (expense)/income for the year, as restated	-	-	(34,605,257)	77,449,220	42,843,963	15,074,536	57,918,499
Dividend paid to non-controlling interest	-	-	-	-	-	(17,499,999)	(17,499,999)
Distributions to owners of the Company - Dividends paid (Note 27)	-	-	-	(30,000,000)	(30,000,000)	-	(30,000,000)
At 31 December 2015 (Restated)	100,000,000	172,770,440	-	303,092,008	575,862,448	85,979,621	661,842,069
	Note 14	Note 15	Note 25				

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

	<---- Attributable to owners of the Company				---->		
	<---- *Non-distributable*		---->	*Distributable*			
	Share capital RM	**Share premium RM**	**Fair value reserve RM**	**Retained earnings RM**	**Total RM**	**Non-controlling interest RM**	**Total equity RM**
At 1 January 2016 (Restated)	100,000,000	172,770,440	-	303,092,008	575,862,448	85,979,621	661,842,069
Total comprehensive expense for the year	-	-	-	(15,579,986)	(15,579,986)	(435,172)	(16,015,158)
Acquisition of a subsidiary (Note 34.1)	-	-	-	-	-	12,236,263	12,236,263
Changes in ownership interest in a subsidiary (Note 34.2)	-	-	-	929,323	929,323	(929,323)	-
Dividend paid to non-controlling interest	-	-	-	-	-	(14,999,999)	(14,999,999)
At 31 December 2016	100,000,000	172,770,440	-	288,441,345	561,211,785	81,851,390	643,063,175
	Note 14	Note 15	Note 25				

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	<------ Attributable to owners of the Company ------>			
	<-- Non-distributable -->		*Distributable*	
	Share capital RM	**Share premium RM**	**Retained earnings RM**	**Total equity RM**
At 1 January 2015	100,000,000	172,770,440	67,965,995	340,736,435
Total comprehensive income for the year	-	-	16,260,090	16,260,090
Distributions to owners of the Company				
- Dividends paid (Note 27)	-	-	(30,000,000)	(30,000,000)
At 31 December 2015/ 1 January 2016	100,000,000	172,770,440	54,226,085	326,996,525
Total comprehensive expense for the year	-	-	(21,470,129)	(21,470,129)
At 31 December 2016	100,000,000	172,770,440	32,755,956	305,526,396
	Note 14	Note 15		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

		GROUP		COMPANY	
	Note	**2016**	**2015**	**2016**	**2015**
		RM	**RM**	**RM**	**RM**
Cash flows from operating activities			**(Restated)**		
Profit/(Loss) before tax		1,730,720	109,492,943	(21,398,748)	16,041,823
Adjustments for:					
Bad debts written off		19	295,000	-	-
Depreciation:					
- property, plant and equipment	3	7,287,936	5,370,557	332,208	298,338
- port facilities	4	3,129,425	3,083,669	-	-
- investment properties	5	79,090	79,091	-	-
Dividend income:					
- subsidiary	20	-	-	-	(30,000,000)
- other investment	20	-	(3,550,624)	-	-
Fair value loss on embedded derivatives		-	5,671,956	-	-
Finance costs	21	6,959,258	2,135,539	4,971,421	11,355
Interest income		(4,959,000)	(4,926,181)	(3,797,193)	(1,975,485)
Impairment loss:					
- amount due from an associate		1,054,040	-	-	-
- investment in a subsidiary		-	-	500,000	-
- investment in an associate		3,830,942	-	-	-
- trade receivables		2,325,562	-	-	-
Inventories written down to net realisable value		514,350	-	-	-
Gain on disposal:					
- property, plant and equipment		-	(115,677)	-	(8,281)
- available-for-sale investment		-	(76,976,031)	-	-
Gain on revaluation of an associate upon obtaining control	34.1	(1,543,883)	-	-	-
Property, plant and equipment written off		879,735	221	-	-
Reversal of allowance for impairment loss on trade receivables		-	(130,000)	-	-
Share of (profit)/loss of equity-accounted associates, net of tax		(69,611)	5,172,975	-	-
Operating profit/(loss) before changes in working capital		21,218,583	45,603,438	(19,392,312)	(15,632,250)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

	Note	GROUP 2016 RM	GROUP 2015 RM (Restated)	COMPANY 2016 RM	COMPANY 2015 RM
Operating profit/(loss) before changes in working capital		21,218,583	45,603,438	(19,392,312)	(15,632,250)
Changes in working capital:					
Inventories		(3,602,631)	(16,761,344)	(3,011,174)	(6,770,836)
Trade and other receivables		(98,769,896)	(6,131,321)	(92,189,818)	41,322,472
Other current assets		(14,091,637)	(9,634,162)	(4,062)	-
Trade and other payables		15,123,224	(12,909,326)	9,248,058	24,581,599
Deferred income		(3,556,036)	-	-	-
Cash (used in)/generated from operations		(83,678,393)	167,285	(105,349,308)	43,500,985
Income tax (paid)/refunded		(15,109,991)	(16,282,315)	(1,612,415)	304,337
Net cash (used in)/from operating activities		(98,788,384)	(16,115,030)	(106,961,723)	43,805,322
Cash flows from investing activities					
Acquisition of a subsidiary, net of cash and cash equivalents acquired	34.1	26,847,102	-	-	-
Dividends received		-	5,410,624	-	30,000,000
Interest received		4,959,000	3,947,491	3,797,193	484,293
Proceeds from disposal of property, plant and equipment		25,094	1,544,207	-	10,000
Proceeds from disposal of available-for-sale investment		-	150,309,720	-	-
Proceeds from redemption of other investment		12,824,933	-	12,872	19,519,131
Investment in an associate		(1,100,000)	(3,048,828)	-	(11,760)
Additions:					
- port facilities	4	(8,180,218)	(2,448,163)	-	-
- property, plant and equipment	3	(80,152,521)	(10,910,707)	(156,851)	(336,521)
Net cash (used in)/from investing activities		(44,776,610)	144,804,344	3,653,214	49,665,143

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

	Note	GROUP 2016 RM	GROUP 2015 RM (Restated)	COMPANY 2016 RM	COMPANY 2015 RM
Cash flows from financing activities					
Dividends paid					
- owners of the Company		-	(30,000,000)	-	(30,000,000)
- non-controlling interests		(14,999,999)	(17,499,999)	-	-
Interest paid		(21,770,719)	(2,662,183)	(4,971,421)	(11,355)
Uplift/(Placement) of bank					-
balances pledged		21,657	(20,459)	-	-
Uplift of deposits pledged		7,330,314	2,400,736	-	-
Net drawdown of borrowings		196,678,520	-	100,000,000	
Repayment of:					(49,524)
- finance lease liabilities		(1,657,779)	(145,552)	(42,111)	-
- BaIDs		(15,000,000)	(10,000,000)	-	(60,000,000)
- revolving credits		-	(72,000,000)	-	-
- term loan		-	(1,776,000)	-	-
Net cash from/(used in) financing activities		150,601,994	(131,703,457)	94,986,468	(90,060,879)
Net increase/(decrease) in cash and cash equivalents		7,037,000	(3,014,143)	(8,322,041)	3,409,586
Cash and cash equivalents at beginning of year		78,820,413	81,834,556	14,408,585	10,998,999
Cash and cash equivalents at end of year		85,857,413	78,820,413	6,086,544	14,408,585

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	GROUP 2016 RM	GROUP 2015 RM	COMPANY 2016 RM	COMPANY 2015 RM
Deposits with licensed banks	51,184,012	81,256,495	572,484	12,527,796
Cash and bank balances	42,380,329	11,321,709	5,514,060	1,880,789
	93,564,341	92,578,204	6,086,544	14,408,585
Bank balances pledged	-	(21,657)	-	-
Deposits pledged	(5,507,820)	(12,838,134)	-	-
Overdraft	(2,199,108)	(898,000)	-	-
	85,857,413	78,820,413	6,086,544	14,408,585

The accompanying notes form an integral part of the financial statements.

Perak Corporation Berhad is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

No. 1-A, Blok A, Menara PKNP
Jalan Meru Casuarina
Bandar Meru Raya
30020 Ipoh
Perak Darul Ridzuan

Registered office

D-3-7, Greentown Square
Jalan Dato' Seri Ahmad Said
30450 Ipoh
Perak Darul Ridzuan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates and joint operations.

The principal activities of the Company consist of property and investment holding, real property development and provision of management services. The principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There have been no significant change in the nature of these activities during the financial year.

The holding corporation of the Company is Perbadanan Kemajuan Negeri Perak, a body corporate established under Perak Enactment No. 3, of 1967.

These financial statements were authorised for issue by the Board of Directors on 30 May 2017.

1. BASIS OF PREPARATION

1.1 Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows - Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)#*
- Amendments to MFRS 2, *Share-based Payment - Classification and Measurement of Share-based Payment Transactions#*
- Amendments to MFRS 4, *Insurance Contracts - Applying MFRS 9 Financial instruments with MFRS 4 Insurance Contracts#*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property - Transfers of Investment Property*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

1. BASIS OF PREPARATION (continued)

1.1 Statement of compliance (continued)

The Group plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017;

- from the annual period beginning on 1 January 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018, except for those marked with "#" which are not applicable to the Group; and

- from the annual period beginning on 1 January 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

The initial application of the accounting standards, amendments or interpretations is not expected to have any material financial impacts to the current period and prior period financial statements of the Group except as mentioned below:

(i) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group will assess the financial impact of adopting MFRS 9.

(ii) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group will assess the financial impact of adopting MFRS 15.

(iii) MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases,* IC Interpretation 4, *Determining whether an Arrangement contains a Lease,* IC Interpretation 115, *Operating Leases - Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group will assess the financial impact of adopting MFRS 16.

1. BASIS OF PREPARATION (continued)

1.2 Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

1.3 Functional and presentation currency

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

1.4 Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 5 - valuation of investment properties
- Note 7 - impairment of investment in subsidiaries
- Note 8 - impairment of investment in associates
- Note 10 - measurement of the recoverable amounts of cash-generating units
- Note 11 - impairment of trade and other receivables
- Note 34 - business combinations
- Note 36 - contingent liabilities

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

2.1 Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of consolidation (continued)

(i) Subsidiaries (continued)

The Group controls an entity when it is exposed, 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affects the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of consolidation (continued)

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Acquisitions from entities under common controls

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(vi) Associates

Associates are entities in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of consolidation (continued)

(vi) Associates (continued)

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and other comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of consolidation (continued)

(ix) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

2.2 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Intangible assets

Goodwill

Goodwill arising from business combinations is measured at cost less any accumulated impairment losses. In respect of equity accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted associates.

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

2.4 Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2.11(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Financial instruments (continued)

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

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

2.5 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Costs also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” or “other expenses” respectively in profit or loss.

2.5 Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date they are available for use. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. Freehold land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	50 years
• Equipment, furniture and fittings and computers	5 to 10 years
• Motor vehicles	4 to 10 years
• Refurbishment and renovations	50 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Port facilities

Port facilities are stated at cost less accumulated depreciation and any accumulated impairment losses.

All expenditure incurred, associated with development of port facilities inclusive of interest cost was capitalised in accordance with accounting policy on borrowing costs, are amortised on a straight-line basis to write off the cost of the assets over their estimated useful lives.

The principal annual rates of depreciation are:

• Leasehold port land	99 years
• Port structure	50 years
• Port equipment	10 - 20 years

Assets under capital work-in-progress are not depreciated as these assets are not yet available for use.

2.7 Investment properties

(i) Investment properties carried at cost

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land held for a currently undetermined future use. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Inventories

(i) Properties held for development

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

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

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

(ii) Properties under development

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

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

(iii) Completed properties

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

(iv) Other inventories

Other inventories are measured at the lower of cost and net realisable value. The cost of other inventories is calculated using the weighted average method and includes expenditure incurred in acquiring the other inventories and bringing them to their existing location and condition.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

2.10 Cash and cash equivalents

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Impairment

(i) Financial assets

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

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

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

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

(ii) Other assets

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

2.11 **Impairment** (continued)

(ii) **Other assets** (continued)

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

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

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

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

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

2.12 Equity instruments

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

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

2.13 Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component.

Compound financial instruments issued by the Group comprise redeemable, convertible preference shares that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued does not vary with changes in their fair value.

The proceeds are first allocated to the liability component, determined based on the fair value of a similar liability that does not have a conversion feature or similar associated equity component. The residual amount is allocated as the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest and losses and gains relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Employee benefits

(i) Short-term employee benefits

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

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

(ii) Statutory employer's contribution

The Group's contributions to the statutory employer's contribution are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when the Group has a detailed formal plan for the termination and without possibility of withdrawal.

2.15 Provisions

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

2.16 Revenue and other income

(i) Dividend income

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

(ii) Hotel related operations

Revenue from hotel related operations comprising rental of hotel rooms, sale of food and beverage and other related income are recognised when the services are provided.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Revenue and other income (continued)

(iii) Management fees

Management fees in respect of the management services provided by the Company are recognised when the services are provided.

(iv) Port services

Revenue from port services is recognised in profit or loss as and when services are rendered.

Revenue from Lekir Bulk Terminal Operations and Maintenance Agreement ("LBT O&M"), where fixed in nature, is recognised in profit or loss as it accrues and, where not fixed in nature, as and when services are rendered.

(v) Rental income

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

(vi) Sale of development properties

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

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

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

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

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

2.16 Revenue and other income (continued)

(vii) Sale of vacant land

Revenue from the sale of vacant land is recognised when the risks and rewards of ownership have been transferred to buyers upon all conditions precedent stated in the sale and purchase agreements are met.

(viii) Interest income

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

2.17 Borrowing costs

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

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

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

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

2.18 Income tax

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

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

2.18 Income tax (continued)

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

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

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that are not a tax base of an asset, are recognised as deferred tax assets to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

2.19 Operating segments

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

2.20 Earnings per share

The Group presents basic earnings per share data for its ordinary shares ("EPS"). Basic earnings per share is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is not presented as the Group has no shares or other instruments with potential dilutive effects.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Contingent liabilities

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

2.22 Fair value measurements

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

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

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

3. PROPERTY, PLANT AND EQUIPMENT

GROUP

Cost	Freehold land RM	Buildings RM	Equipment, furniture and fittings and computers RM	Motor vehicles RM	Refurbishment and renovations RM	Capital work-in-progress RM	Total RM
At 1 January 2015	16,258,439	62,610,607	14,839,558	2,671,724	10,200,804	2,275,600	108,856,732
Additions	-	9,083,366	4,027,038	505,312	1,554,118	3,012,275	18,182,109
Disposals	-	-	(1,021,479)	(613,402)	(478,947)	-	(2,113,828)
Written off	-	-	(8,781)	-	-	-	(8,781)
Reclassifications	-	-	4,447,528	-	-	(4,447,528)	-
At 31 December 2015/ 1 January 2016, as previously stated	16,258,439	71,693,973	22,283,864	2,563,634	11,275,975	840,347	124,916,232
Prior year adjustments (Note 38)	-	(3,936,387)	(1,064,509)	-	-	-	(5,000,896)
At 31 December 2015/ 1 January 2016, as restated	16,258,439	67,757,586	21,219,355	2,563,634	11,275,975	840,347	119,915,336
Acquisition through business combination (Note 34.1)	54,014,400	-	950,413	7,300	-	225,894,718	280,866,831
Additions	-	796,164	3,390,205	979,917	59,704	89,441,350	94,667,340
Disposals	-	-	(30,789)	-	-	-	(30,789)
Written off	-	-	(8,703)	-	-	(873,673)	(882,376)
Reclassifications	-	-	433,637	609,930	-	(1,043,567)	-
Transferred to inventories	(3,523,640)	-	-	-	-	(57,048)	(3,580,688)
At 31 December 2016	66,749,199	68,553,750	25,954,118	4,160,781	11,335,679	314,202,127	490,955,654

3. PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP Depreciation	Freehold land RM	Buildings RM	Equipment, furniture and fittings and computers RM	Motor vehicles RM	Refurbishment and renovations RM	Capital work-in-progress RM	Total RM
At 1 January 2015	-	1,400,823	3,619,308	1,794,408	579,488	-	7,394,027
Depreciation for the year	-	1,401,162	3,225,791	312,556	740,914	-	5,680,423
Disposals	-	-	(91,699)	(586,208)	(7,391)	-	(685,298)
Written off	-	-	(8,560)	-	-	-	(8,560)
At 31 December 2015/ 1 January 2016, as previously stated	-	2,801,985	6,744,840	1,520,756	1,313,011	-	12,380,592
Prior year adjustments (Note 38)	-	(65,557)	(244,309)	-	-	-	(309,866)
At 31 December 2015/ 1 January 2016, as restated	-	2,736,428	6,500,531	1,520,756	1,313,011	-	12,070,726
Acquisition through business combination (Note 34.1)	-	-	153,590	787	-	-	154,377
Depreciation for the year	-	1,381,731	3,931,217	650,862	1,324,126	-	7,287,936
Disposals	-	-	(5,695)	-	-	-	(5,695)
Written off	-	-	(2,641)	-	-	-	(2,641)
At 31 December 2016	-	4,118,159	10,577,002	2,172,405	2,637,137	-	19,504,703

3. PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP Carrying amounts	Freehold land RM	Buildings RM	Equipment, furniture and fittings and computers RM	Motor vehicles RM	Refurbishment and renovations RM	Capital work-in-progress RM	Total RM
At 1 January 2015	16,258,439	61,209,784	11,220,250	877,316	9,621,316	2,275,600	101,462,705
At 31 December 2015/ 1 January 2016, as previously stated	16,258,439	68,891,988	15,539,024	1,042,878	9,962,964	840,347	112,535,640
Prior year adjustments (Note 38)	-	(3,870,830)	(820,200)	-	-	-	(4,691,030)
At 31 December 2015/ 1 January 2016, as restated	16,258,439	65,021,158	14,718,824	1,042,878	9,962,964	840,347	107,844,610
At 31 December 2016	66,749,199	64,435,591	15,377,116	1,988,376	8,698,542	314,202,127	471,450,951

During the year, borrowing costs amounted to RM14,514,819 (2015: NIL) have been capitalised in capital-work-in progress. The capitalisation rates used to determine the amount of capitalised borrowing costs range from 5.3% - 8.2% (2015: NIL) per annum.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	Equipment, furniture and fittings	Motor vehicles	Total
Cost	**RM**	**RM**	**RM**
At 1 January 2015	459,827	969,173	1,429,000
Additions	336,521	-	336,521
Disposals	(2,299)	(179,828)	(182,127)
At 31 December 2015/1 January 2016	794,049	789,345	1,583,394
Additions	156,851	-	156,851
At 31 December 2016	950,900	789,345	1,740,245
Depreciation			
At 1 January 2015	108,926	411,185	520,111
Depreciation for the year	135,983	162,355	298,338
Disposals	(2,097)	(178,311)	(180,408)
At 31 December 2015/1 January 2016	242,812	395,229	638,041
Depreciation for the year	174,340	157,868	332,208
At 31 December 2016	417,152	553,097	970,249
Carrying amounts			
At 1 January 2015	350,901	557,988	908,889
At 31 December 2015/1 January 2016	551,237	394,116	945,353
At 31 December 2016	533,748	236,248	769,996

(a) Net carrying amounts of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	GROUP		COMPANY	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Motor vehicles	62,921	131,002	62,921	116,570

(b) During the year, the property, plant and equipment of the Group and of the Company were acquired by means of:

	GROUP		COMPANY	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Cash payments	94,667,340	10,910,707	156,851	336,521
Finance lease	-	7,271,402	-	-
	94,667,340	18,182,109	156,851	336,521

During the financial year, included in cash payments are borrowing costs capitalised amounting to RM14,514,819. The net cash payments, excluding borrowing costs capitalised amount to RM80,152,521.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

(c) At 31 December 2016, a freehold land of the Group with carrying amount of RM54,014,400 (2015: NIL) is subject to a registered debenture to secure bank loans granted to the Group (see Note 17).

4. PORT FACILITIES

GROUP	Long term leasehold port land RM	Port structure RM	Port equipment RM	Capital work-in-progress RM	Total RM
Cost					
At 1 January 2015	17,333,703	87,679,575	18,820,110	-	123,833,388
Additions	1,893,057	369,851	185,255	-	2,448,163
At 31 December 2015/1 January 2016	19,226,760	88,049,426	19,005,365	-	126,281,551
Additions	-	1,067,000	870,026	6,243,192	8,180,218
At 31 December 2016	19,226,760	89,116,426	19,875,391	6,243,192	134,461,769
Depreciation					
At 1 January 2015	2,813,001	20,689,859	10,009,494	-	33,512,354
Depreciation for the year	192,914	1,957,622	933,133	-	3,083,669
At 31 December 2015/1 January 2016	3,005,915	22,647,481	10,942,627	-	36,596,023
Depreciation for the year	193,951	1,970,736	964,738	-	3,129,425
At 31 December 2016	3,199,866	24,618,217	11,907,365	-	39,725,448
Carrying amounts					
At 1 January 2015	14,520,702	66,989,716	8,810,616	-	90,321,034
At 31 December 2015/1 January 2016	16,220,845	65,401,945	8,062,738	-	89,685,528
At 31 December 2016	16,026,894	64,498,209	7,968,026	6,243,192	94,736,321

4. **PORT FACILITIES** (continued)

(a) In accordance with the financing procedures under Bai Bithaman Ajil, a subsidiary has entered into an asset purchase agreement dated 22 November 2004 with a bank to sell the port structure at RM60,000,000. Subsequent to the execution of this agreement, the said subsidiary entered into an asset sale agreement dated 22 November 2004 with the bank to repurchase the port structure at RM99,937,500.

The borrowings were fully settled on 26 July 2016 (Note 17).

(b) Long term leasehold port land has an unexpired lease period of more than 50 years.

5. INVESTMENT PROPERTIES

	GROUP	
	2016	**2015**
	RM	**RM**
At cost		
At 1 January/31 December	5,390,949	5,390,949
Depreciation		
At 1 January	482,134	403,043
Depreciation for the year	79,090	79,091
At 31 December	561,224	482,134
Carrying amounts		
At 31 December	4,829,725	4,908,815
Included in the above are:		
Freehold land	1,679,998	1,679,998
Buildings	3,149,727	3,228,817
	4,829,725	4,908,815
Fair value		
At 31 December	10,000,000	9,600,000

5. INVESTMENT PROPERTIES (continued)

(a) Investment properties comprise a shop house, college land and building.

(b) The following are recognised in the profit or loss in respect of investment properties:

	2016 RM	2015 RM
Rental income from investment properties	-	29,964
Direct operating expenses		
- income generating investment properties	-	20,658
- Non income generating investment properties	7,157	-

(c) Fair value of investment properties is categorised as Level 3. The fair value of investment properties has been determined based on valuation performed by accredited independent valuers with recent experience in the location and category of properties being valued. The basis of this valuation is the sales comparison method whereby sales price of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

6. INVENTORIES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Non-current				
Properties held for development				
- Freehold land	24,311,387	23,374,254	-	-
Total non-current inventories	24,311,387	23,374,254	-	-
Current				
Properties under development				
- Freehold land	59,643,763	59,629,894	23,285,747	22,024,311
- Leasehold land with unexpired lease period of more than 50 years	46,682,320	15,132,180	44,336,932	12,522,647
- Development costs	50,632,872	77,121,000	15,988,556	46,053,103
	156,958,955	151,883,074	83,611,235	80,600,061
Completed properties	8,580,613	10,039,452	-	-
Tools and spares	5,972,141	5,951,416	-	-
Merchandise goods	2,097,800	-	-	-
	173,609,509	167,873,942	83,611,235	80,600,061
Total inventories	197,920,896	191,248,196	83,611,235	80,600,061
Recognised in profit or loss:				
Inventories recognised as cost of sales	17,179,227	9,653,745	-	-
Write-down to net realisable value	514,350	-	-	-

(a) In prior years, the holding corporation, Perbadanan Kemajuan Negeri Perak, had issued master block titles for certain parcels of land to the Group through Pejabat Tanah dan Galian ("PTG"). Upon receiving the master block titles, the Group had throughout the past years disposed off certain pieces of development and vacant land to third parties.

As at 31 December 2016, certain land titles belonging to the Group totalling RM27,331,797 (2015: RM24,326,304) have been surrendered to PTG and will be re-issued to the Group in due course.

6. INVENTORIES (continued)

(b) Freehold land under development with carrying amounts totalling RM12,500,000 (2015: RM12,500,000) of the Group have been pledged to a financial institution as security for banking facilities as disclosed in Note 17.

(c) Included in development costs during the year are borrowing costs capitalised of RM296,642 (2015: RM526,644).

7. INVESTMENT IN SUBSIDIARIES

	Note	COMPANY 2016 RM	2015 RM
At cost			
Unquoted shares	a	1,602,000	1,602,000
Equity loans to subsidiaries	b	153,996,589	153,996,589
		155,598,589	155,598,589
Less: Impairment loss	d	(500,000)	-
		155,098,589	155,598,589

(a) Details of subsidiaries

Details of subsidiaries are as follows:

Name of entity	Country of incorporation	Effective ownership interest and voting interest 2016 %	2015 %	Principal activities
PCB Development Sdn. Bhd.	Malaysia	100	100	Investment holding and real property development
PCB Equity Sdn. Bhd.	Malaysia	100	100	Property development and project management
PCB Taipan Sdn. Bhd.	Malaysia	100	100	Investment holding
PCB Leisure Sdn. Bhd.	Malaysia	100	100	Property investment and investment holding

7. INVESTMENT IN SUBSIDIARIES (continued)

(a) Details of subsidiaries (continued)

Name of entity	Country of incorporation	Effective ownership interest and voting interest 2016 %	2015 %	Principal activities
Held by PCB Development Sdn. Bhd.				
Animation Theme Park Sdn. Bhd.*	Malaysia	51	49	Develop and operate theme park
Held by PCB Leisure Sdn. Bhd.				
Casuarina Pangkor Sdn. Bhd.	Malaysia	100	100	Operation and management of resort hotel
Casuarina Tanjong Malim Sdn. Bhd.	Malaysia	100	100	Operation and management of hotel
Lanai Casuarina Sdn. Bhd.	Malaysia	100	100	Operation and management of hotel
Casuarina Boathouse Sdn. Bhd.	Malaysia	100	100	Provision of accommodation facilities
Meru Raya Park Sdn. Bhd.	Malaysia	100	100	Property development and facilities management
Casuarina Taiping Sdn. Bhd.	Malaysia	100	100	Distribution, operation and management of water supply services

7. INVESTMENT IN SUBSIDIARIES (continued)

(a) Details of subsidiaries (continued)

Name of entity	Country of incorporation	Effective ownership interest and voting interest 2016 %	2015 %	Principal activities
Held by PCB Leisure Sdn. Bhd. (continued)				
Casuarina Teluk Intan Sdn. Bhd.	Malaysia	100	100	Operation and management of hotel
BioD Leisure and Recreation Sdn. Bhd.	Malaysia	100	100	Provision of transport and travel services
Meru Raya Water Park Sdn. Bhd.	Malaysia	100	100	Management of water park, theme parks, water sport and recreational related activities
Labu Sayong Café Sdn. Bhd. (formerly known as Meru Raya Mall Sdn. Bhd.)	Malaysia	100	100	Operation and management of restaurant and cafe
Held by PCB Taipan Sdn. Bhd.				
Lumut Maritime Terminal Sdn. Bhd.	Malaysia	50 plus 1 share	50 plus 1 share	Development of an integrated privatised project encompassing ownership and operations of multipurpose port facilities, operation and maintenance of bulk terminal, sales and rental of port related land and other ancillary activities and investment holding

7. INVESTMENT IN SUBSIDIARIES (continued)

(a) Details of subsidiaries (continued)

Name of entity	Country of incorporation	Effective ownership interest and voting interest 2016 %	Effective ownership interest and voting interest 2015 %	Principal activities
Held by PCB Taipan Sdn. Bhd. (continued)				
Casuarina Meru Sdn. Bhd. (formerly known as Casuarina Hotel Management Sdn. Bhd.)**	Malaysia	89.54	79.57	Hotelier, restaurateur and property developer and investment holding
Held by Lumut Maritime Terminal Sdn. Bhd.				
LMT Capital Sdn. Bhd.***	Malaysia	50 plus 1 share	50 plus 1 share	Dormant
Held by Casuarina Meru Sdn. Bhd. (formerly known as Casuarina Hotel Management Sdn. Bhd.)				
Silveritage Corporation Sdn. Bhd. **	Malaysia	89.54	79.57	Development of tourism projects and investment holding
Held by Silveritage Corporation Sdn. Bhd.				
Cash Complex Sdn. Bhd. **	Malaysia	66.18	58.81	Investment holding

* During the financial year, Animation Theme Park Sdn. Bhd. became a subsidiary of the Group following the increase in the Group's effective ownership interest and voting interest in Animation Theme Park Sdn. Bhd. from 49% to 51% (see Note 34.1). In previous year, Animation Theme Park was an associate of the Group.

7. INVESTMENT IN SUBSIDIARIES (continued)

(a) Details of subsidiaries (continued)

** During the financial year, the Group's effective ownership interest in Casuarina Meru Sdn. Bhd. ("CMSB", formerly known as Casuarina Hotel Management Sdn. Bhd.) has increased from 79.57% to 89.54% following the capitalisation of the intercompany advances into the share capital of CMSB. Consequently, the Group's effective ownership interest and voting interest in Silveritage Corporation Sdn. Bhd. and Cash Complex Sdn. Bhd. have also increased from 79.57% to 89.54% and 58.81% to 66.18% respectively.

*** Although the Group has 50% effective ownership interest, the Directors have determined that the Group controls LMT Capital Sdn. Bhd. as Lumut Maritime Terminal Sdn. Bhd. has 100% voting interest in LMT Capital Sdn. Bhd..

(b) Equity loans to subsidiaries

Equity loans to subsidiaries represent amounts due from subsidiaries which are non-trade in nature, unsecured, have no fixed terms of repayment and settlement of these amounts are neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, part of the Company's net investment in the subsidiaries, these amounts are stated at cost less accumulated impairment losses, if any.

(c) The holding company has indicated its willingness to provide continuing financial support to enable certain subsidiaries to meet their obligations as and when they fall due.

7. INVESTMENT IN SUBSIDIARIES (continued)

(d) Impairment testing

Investment in subsidiaries with impairment indicators were tested for impairment during the year by comparing the carrying amounts with the recoverable amounts of the cash-generating units ("CGU"). The recoverable amount of a CGU is determined based on value in use calculations. In assessing the value, the management is of the view that an impairment loss of RM500,000 is necessary for a subsidiary of which the carrying amount materially exceeded its recoverable amount.

(e) Non-controlling interests in subsidiaries

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

2016	Lumut Maritime Terminal Sdn. Bhd. RM	Casuarina Meru Sdn. Bhd. (formerly known as Casuarina Hotel Management Sdn. Bhd.) RM	Animation Theme Park Sdn. Bhd. RM	Total RM
NCI percentage of ownership interest and voting interest	50% less 1 share	10.46%	49%	
Carrying amounts of NCI	77,087,315	8,188,344	(3,424,269)	81,851,390
Profit/(Loss) allocated to NCI	16,100,130	(874,770)	(15,660,532)	(435,172)

7. INVESTMENT IN SUBSIDIARIES (continued)

(e) Non-controlling interests in subsidiaries (continued)

2016	Lumut Maritime Terminal Sdn. Bhd.	Casuarina Meru Sdn. Bhd. (formerly known as Casuarina Hotel Management Sdn. Bhd.)	Animation Theme Park Sdn. Bhd.
	RM	RM	RM
Summarised financial information before intra-group elimination			
As at 31 December			
Non-current assets	96,819,685	81,870,647	350,488,311
Current assets	77,621,823	3,712,814	126,816,908
Non-current liabilities	(6,155,776)	(644,110)	(435,455,688)
Current liabilities	(13,867,112)	(6,656,907)	(52,014,837)
Net assets/(liabilities)	154,418,620	78,282,444	(10,165,306)
Year ended 31 December			
Revenue	97,988,604	14,296,873	-
Profit/(Loss) for the year	32,200,260	(4,281,790)	(20,255,669)
Total comprehensive income/(expense)	32,200,260	(4,281,790)	(20,147,089)
Cash flows from/(used in) operating activities	33,971,562	(41,601,890)	37,329,642
Cash flows used in investing activities	(8,419,088)	(671,938)	(71,557,779)
Cash flows (used in)/from financing activities	(35,233,768)	40,732,227	51,435,640
Net (decrease)/increase in cash and cash equivalents	(9,681,294)	(1,541,601)	17,207,503
Dividends paid to NCI	14,999,999	-	-

7. INVESTMENT IN SUBSIDIARIES (continued)

(e) Non-controlling interests in subsidiaries (continued)

2015	**Lumut Maritime Terminal Sdn. Bhd. RM**	**Casuarina Meru Sdn. Bhd. (formerly known as Casuarina Hotel Management Sdn. Bhd.) RM**	**Total RM**
NCI percentage of ownership interest and voting interest	50% less 1 share	20.43%	
Carrying amounts of NCI	75,987,184	9,992,437	85,979,621
Profit/(Loss) allocated to NCI	16,263,107	(1,188,571)	15,074,536
Summarised financial information before intra- group elimination			
As at 31 December			
Non-current assets	90,886,825	81,491,960	
Current assets	91,014,712	6,021,825	
Non-current liabilities	(11,832,495)	(23,067,785)	
Current liabilities	(17,850,682)	(22,685,600)	
Net assets	152,218,360	41,760,400	

7. INVESTMENT IN SUBSIDIARIES (continued)

(e) Non-controlling interests in subsidiaries (continued)

2015	Lumut Maritime Terminal Sdn. Bhd. RM	Casuarina Meru Sdn. Bhd. (formerly known as Casuarina Hotel Management Sdn. Bhd.) RM
Year ended 31 December		
Revenue	96,517,078	12,944,014
Profit/(Loss) for the year	32,742,662	(6,972,381)
Total comprehensive income/(expense)	32,742,662	(6,972,381)
Cash flows from operating activities	35,793,334	4,398,723
Cash flows used in investing activities	(1,652,045)	(5,054,899)
Cash flows (used in)/from financing activities	(48,601,873)	26,800
Net decrease in cash and cash equivalents	(14,460,584)	(629,376)
Dividends paid to NCI	17,499,999	-

8. INVESTMENT IN ASSOCIATES

	Note	GROUP 2016 RM	2015 RM
Unquoted shares, at cost		6,100,000	12,350,000
Share of post-acquisition losses		(1,169,058)	(6,938,308)
Less: Impairment loss	b	(3,830,942)	-
		1,100,000	5,411,692

(a) Details of the associates

Details of the associates are as follows:

Name of entity	Country of incorporation	Effective ownership interest and voting interest 2016 %	2015 %	Principal activities
Held by PCB Development Sdn. Bhd.				
Animation Theme Park Sdn. Bhd.*	Malaysia	51	49	Develop and operate theme park
Held by PCB Taipan Sdn. Bhd.				
Visi Cenderawasih Sdn. Bhd.#	Malaysia	-	49	Network facilities provider
Held by PCB Equity Sdn. Bhd.				
Visi Cenderawasih** Sdn. Bhd. #	Malaysia	49	-	Network facilities provider
Unified Million (M) Sdn Bhd.***, #	Malaysia	30	-	Resort operator for Pangkor Village Resort

* During the financial year, Animation Theme Park Sdn. Bhd. became a subsidiary of the Group following the increase in the Group's effective ownership interest and voting interest in Animation Theme Park Sdn. Bhd. from 49% to 51% (see Note 34.1). In previous year, Animation Theme Park was an associate of the Group.

** During the year, PCB Equity Sdn. Bhd. acquired the interest in an associate, Visi Cenderawasih Sdn. Bhd. from PCB Taipan Sdn. Bhd.

*** During the year, PCB Equity Sdn. Bhd. acquired the interest in an associate, Unified Million (M) Sdn. Bhd. for a cash consideration of RM1,100,000.

Not audited by member firms of KPMG International.

8. **INVESTMENT IN ASSOCIATES** (continued)

(b) Impairment testing

Investment in associates with impairment indicators were tested for impairment during the year by comparing the carrying amounts with the recoverable amount of the cash-generating units ("CGU"). The recoverable amount of a CGU is determined based on value in use calculations.

In assessing its value in use, the management is of the view that an impairment loss of RM3,830,942 is necessary for an associate of which the carrying amount exceeded its recoverable amount as it is uncertain that the associate will be able to turnaround its losses in the near future.

(c) Financial information of material associates

As at 31 December 2016, the Group did not have any associate that is individually material to the Group.

9. OTHER INVESTMENTS

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
Non-current	**RM**	**RM**	**RM**	**RM**
Unquoted redeemable convertible preference shares ("RCPS")	-	42,344,562	-	-
Unquoted shares in Malaysia	25,000	25,000	-	25,000
Total unquoted shares	25,000	42,369,562	-	25,000
Current				
Quoted in Malaysia Unit Trust Fund	1,182,571	14,007,504	338,671	326,543
Market value of quoted investments	1,182,571	14,007,504	338,671	326,543

The RCPS was issued by Animation Theme Park Sdn. Bhd. ("ATP"), which was an associate of the Group in 2015. In 2016, ATP became a subsidiary of the Group (see Note 34.1) and the investment in RCPS issued by ATP forms part of its net investment in ATP which has been eliminated in preparing the consolidated financial statements.

10. GOODWILL ON CONSOLIDATION

	GROUP	
	2016	2015
Cost	RM	RM
At 1 January	23,829,682	23,829,682
Acquisition through business combination (Note 34.1)	100,561	-
	23,930,243	23,829,682
Less: Impairment loss	(18,679)	(18,679)
At 31 December	23,911,564	23,811,003

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	2016 RM	2015 RM
Lumut Maritime Terminal Sdn. Bhd.	23,811,003	23,811,003
Animation Theme Park Sdn. Bhd.	100,561	-
	23,911,564	23,811,003

Lumut Maritime Terminal Sdn. Bhd.

The recoverable amount for the above was based on its value in use and was determined by discounting the future cash flows expected to be generated from the continuing use of the division and was based on the following key assumptions:

- Cash flows were projected based on actual operating results and a 5-year (2015: 5 years) projection.
- Revenue was projected at anticipated annual growth of 2% (2015: 0%) per annum.
- A pre-tax discount rate of 10% (2015: 10%) was applied in determining the recoverable amount of the division. The discount rate was estimated based on the industry average weighted average cost of capital.

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

The Group will not suffer any impairment loss even if the above estimates experience the following changes:

- An increase of 2% in the discount rate;
- A 6% decrease in future projected revenue.

Animation Theme Park Sdn. Bhd. ("ATP")

As the goodwill allocated to ATP is not significant, hence the key assumptions used in determining the value in use have not been disclosed.

11. TRADE AND OTHER RECEIVABLES

	Note	GROUP 2016 RM	GROUP 2015 RM	COMPANY 2016 RM	COMPANY 2015 RM
Trade receivables		27,839,406	27,823,634	-	-
Less: Allowance for impairment loss		(2,328,345)	(2,783)	-	-
		25,511,061	27,820,851	-	-
Amounts due from subsidiaries	b	-	-	103,802,372	26,052,462
Less: Allowance for impairment loss		-	-	(48,028)	(48,028)
		-	-	103,754,344	26,004,434
Amount due from an associate	b	1,054,040	6,435,583	-	3,753,528
Less: Allowance for impairment loss		(1,054,040)	-	-	-
		-	6,435,583	-	3,753,528
Amounts due from:					
- holding corporation	a	74,044,085	33,545,091	16,792,546	-
- related companies	b	86,239,893	84,269,362	80,004,555	79,406,964
Deposits		2,123,784	346,979	-	120,368
Goods and services tax receivable		313,767	236,981	216,641	236,981
Dividend receivable		-	2,480,000	-	-
Other receivables	c	74,504,018	3,292,972	1,342,083	398,076
		237,225,547	124,171,385	98,355,825	80,162,389
Total		262,736,608	158,427,819	202,110,169	109,920,351

Note a

The amount due from holding corporation is unsecured and subject to interest of 7.5% (2015: NIL) per annum.

The Directors are of the opinion that the amount due from holding corporation is fully recoverable and no allowance for impairment loss is necessary. Key judgements considered in assessing the impairment for amount due from holding corporation are disclosed in Note 11(d).

11. TRADE AND OTHER RECEIVABLES (continued)

Note b

The amounts due from subsidiaries, an associate and related companies are unsecured and subject to interest of 7.5% (2015: NIL) per annum.

The holding corporation has given its undertaking to settle these amounts owing to the Company in the event that the subsidiaries and related companies are unable to meet their obligations in the future.

Included in amounts due from related companies is RM75,237,219 (2015: RM75,033,486) owing from Perak Equity Sdn. Bhd. ("PESB") which is expected to be settled pursuant to a conditional settlement agreement between PESB and the Company. The Company had entered into a conditional settlement agreement with PESB on 28 February 2012 to settle the debt owing as at 31 December 2011 by PESB to the Company by way of set-off against two properties ("Settlement Land") to be acquired by the Company from PESB ("Proposed Settlement").

In tandem with the execution of the Settlement Agreement on 28 February 2012, the Company had entered into two separate conditional Sale and Purchase Agreements ("S&P Agreements") to acquire the Settlement Land from PESB ("Proposed Acquisitions").

As at 31 December 2016, the S&P Agreements and Proposed Acquisitions were still subjected to conditions precedent. On 3 January 2017, the Company has agreed to grant PESB a further extension of 6 months to meet the conditions precedent that will be due on 30 June 2017. The said extension was granted on the basis that the settlement process is now at the final stage. The Company has secured all the necessary approvals from the relevant authorities for the transfer of Teluk Dalam Land and Perak Hi-Tech Park Land and the transfer of both parcels of land is now subject to execution of Form 14A for the transfer of ownership and submission of the said form to Pejabat Tanah dan Galian to effect the transfer.

The Directors are of the opinion that the amount owing from PESB is fully recoverable and no allowance for impairment loss is necessary. Key judgements considered in assessing the impairment for amount owing from PESB are disclosed in Note 11(d).

Note c

Included in other receivables is an amount due from a contractor, Sanderson Design Group (M) Sdn. Bhd., amounting to RM60,795,423 (2015: NIL). The Directors are of the opinion that the entire amount is recoverable on the basis that it will be set off against the remaining progress billings estimated to be RM106 million payable to the contractor after the year end.

11. TRADE AND OTHER RECEIVABLES (continued)

Note d

Use of estimates and judgements - Impairment of trade and other receivables

The Group and the Company have made an assessment at the reporting date whether there is any indications of impairment as a result of one or more events having an impact on the estimated future cash flows of the receivables. The factors considered include:-

(i) Amount due from Perak Equity Sdn. Bhd. ("PESB")

As discussed in Note 11(b), the Group and Company have considered and are satisfied with the ability to recover the amount due from PESB in view that the Company has secured the necessary approvals from the relevant authorities on the transfer of both parcels of land and is now subject to the execution of Form 14A to complete the transfer.

(ii) Amounts due from holding corporation, related companies and subsidiaries

The Group and the Company have considered and are satisfied with the ability and willingness of the holding corporation to settle amounts owing to the Group and the Company in the event that the related companies and subsidiaries are unable to meet their obligations in the future. The holding corporation has issued letter of undertaking to indicate its willingness to provide continuing financial support to enable these entities to meet their obligations as and when they fall due.

(iii) Trade receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtors and any default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's and the Company's loans and receivables at the reporting date is disclosed in Note 29.

12. OTHER CURRENT ASSETS

	GROUP 2016 RM	GROUP 2015 RM	COMPANY 2016 RM	COMPANY 2015 RM
Prepayments	25,642,974	436,308	4,062	-
Sundry receivables	291,868	9,633,280	-	-
	25,934,842	10,069,588	4,062	-

During the year, included in prepayments are advances made for enhancement project amounting to RM21,072,756 (2015: NIL) and prepayments made for merchandise goods amounting to RM2,044,194 (2015: NIL). Both amounts are in respect of a theme park currently being constructed by a subsidiary.

In previous year, the sundry receivables comprise the following:

(a) An amount of RM2,043,357 representing fee incurred by a subsidiary for preliminary design works in the design, construction and operation of Themed Water Park ("Project") under a turnkey contract. Such fee shall form part of the contract's overall fee when the turnkey project is signed.

(b) Amounts totalling RM7,589,923 representing fees incurred by a subsidiary for preliminary design works in the design, construction and operation of a port at Bagan Datoh.

13. CASH AND CASH EQUIVALENTS

	GROUP 2016 RM	GROUP 2015 RM	COMPANY 2016 RM	COMPANY 2015 RM
Deposits with licensed banks	51,184,012	81,256,495	572,484	12,527,796
Cash and bank balances	42,380,329	11,321,709	5,514,060	1,880,789
	93,564,341	92,578,204	6,086,544	14,408,585

Included in the deposits with licensed banks of the Group are RM5,507,820 (2015: NIL) pledged as securities for bank facilities granted as disclosed in Note 17.

In previous year, included in cash and bank balances and deposits with licensed banks were cash deposited in designated disbursement and proceed accounts of a subsidiary amounting to RM21,657 and RM12,838,134 respectively, which were not available for use by the Group as these amounts were reserved for the redemption of BaIDS as disclosed in Note 17. The borrowings were settled during the year.

14. SHARE CAPITAL

	GROUP/COMPANY			
	<---------- 2016 ---------->		<---------- 2015 ---------->	
	Number of shares	**Amount RM**	**Number of shares**	**Amount RM**
Authorised:				
Ordinary shares of RM1 each	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid:				
Ordinary shares of RM1 each	100,000,000	100,000,000	100,000,000	100,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

15. SHARE PREMIUM

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

16. TRADE AND OTHER PAYABLES

		GROUP		COMPANY	
	Note	**2016**	**2015**	**2016**	**2015**
Non-current		**RM**	**RM**	**RM**	**RM**
Amounts due to:					
- holding corporation	a	10,925,259	-	9,074,881	-
- related companies	a	115,518	-	53,161	-
- subsidiaries	a	-	-	31,722,168	-
Other payables	b	6,250,000	424,528	-	-
		17,290,777	424,528	40,850,210	-

16. TRADE AND OTHER PAYABLES (continued)

	Note	GROUP 2016	GROUP 2015 (Restated)	COMPANY 2016	COMPANY 2015
Current		**RM**	**RM**	**RM**	**RM**
Trade payables		5,658,539	9,999,931	308,100	308,100
Amounts due to:					
- holding corporation	a	-	2,833,407	-	1,055,209
- related companies	a	-	3,035	-	1,653
- subsidiaries	a	-	-	-	32,440,164
Deposits received		-	1,251,807	-	-
Tender deposits received from contractors		-	191,590	-	-
Accruals		10,051,453	13,109,006	1,137,063	569,182
Goods and services tax payable		114,528	93,059	-	-
Other payables	c	36,984,961	7,678,279	1,597,550	270,557
		52,809,481	35,160,114	3,042,713	34,644,865
Total		70,100,258	35,584,642	43,892,923	34,644,865

Note a

The amounts due to holding corporation, related companies and subsidiaries are non-trade in nature, unsecured and subject to interest of 7.5% (2015: NIL) per annum. During the year, the holding corporation issued a letter to confirm that there will not be any demand for repayments within the next 12 months on the outstanding amounts as at 31 December 2016.

Note b

This amount is due to a subsidiary's shareholder. This amount is unsecured, non-trade in nature, subject to interest of 7.5% (2015: NIL) per annum with no fixed terms of repayment.

Note c

Included in other payables is RM19.1 million (2015: NIL) being construction work-in-progress payable to a contractor.

17. LOANS AND BORROWINGS (SECURED)

	Note	GROUP 2016 RM	GROUP 2015 RM	COMPANY 2016 RM	COMPANY 2015 RM
Non-current					
Redeemable convertible preference shares	a	31,743,079	-	-	-
Finance lease liabilities	b	5,185,977	6,740,947	13,221	52,645
Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")	c	-	5,000,000	-	-
Term Loan I	d	257,353,558	-	-	-
Term Loan II	d	2,368,000	4,144,000	-	-
		296,650,614	15,884,947	13,221	52,645
Current					
Finance lease liabilities	b	510,459	613,268	39,424	42,111
Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")	c	-	10,000,000	-	-
Revolving credits	d	130,000,000	-	100,000,000	-
Term Loan I	d	15,000,000	-	-	-
Term Loan II	d	1,776,000	1,776,000	-	-
Overdraft		2,199,108	898,000	-	-
		149,485,567	13,287,268	100,039,424	42,111
		446,136,181	29,172,215	100,052,645	94,756

Note a

Redeemable convertible preference shares ("RCPS")

GROUP	2016 Amount RM	2016 Number of shares	2015 Amount RM	2015 Number of shares
Issued and fully paid shares classified as debt instruments:				
RCPS				
At 1 January	-	-	-	-
Acquisition through business combination (Note 34.1)	31,743,079	31,743,079	-	-
At 31 December	31,743,079	31,743,079	-	-

The RCPS comprise 31,743,079 shares of RM0.01 each issued by Animation Theme Park Sdn. Bhd. ("ATP"), a newly acquired subsidiary of the Group during the year (see Note 34.1), at a premium of RM0.99 each to a non-controlling shareholder of ATP.

17. LOANS AND BORROWINGS (SECURED) (continued)

Note a (continued)

Redeemable convertible preference shares ("RCPS") (continued)

The salient features of the RCPS are as follows:-

- From the date of issuance up to and including first anniversary date of the issue, the RCPS is redeemable for cash at RM1.00 at the option of the issuer.

- Thereafter, the RCPS is redeemable for cash at RM1.00 from the first anniversary date of the issue up and including the Maturity Date (20 years) at the option of the RCPS holders subject to the banking facilities to part-finance the proposed theme park have been fully repaid by the issuer and availability of funds; or after the fifteenth anniversary of the date of issue of RCPS, whichever is later.

- The RCPS holders are entitled to annual cumulative preferential dividend rate of four percent (4.0%) per annum calculated based on the issue price of RM1.00 per RCPS.

- Any outstanding RCPS which have not been redeemed or cancelled at Maturity Date (20 years) shall be convertible into fully paid new ordinary shares at RM1.00 each.

- Any accrued RCPS dividends payable for any outstanding RCPS which have not been redeemed or cancelled at Maturity Date (20 years) shall be convertible into fully paid new ordinary shares at RM1.00 each, at equivalent to its accrued sum.

- The RCPS shall carry no right to vote at any general meeting of ATP except with regards to any proposal to reduce the capital of ATP, to dispose the whole of ATP's property, business and undertaking, to wind-up ATP, during the winding up of ATP and on any proposal that affects the rights attached to RCPS. In any such case, the holders of RCPS shall be entitled to vote together with the holders of ordinary shares and to one (1) vote for each RCPS held.

  The RCPS shall entitle a holder to one (1) vote for each RCPS held at any class meeting in relation to any proposal by ATP to vary or abrogate the rights of RCPS as stated in the Articles of Association of ATP. In all class meetings, each RCPS shall entitle the holder to one (1) vote.

17. LOANS AND BORROWINGS (SECURED) (continued)

Note a (continued)

Redeemable convertible preference shares (“RCPS”) (continued)

The RCPS are compound financial instruments and are allocated and classified as debt instruments and equity component attributable to non-controlling interests holder of ATP as follows:

	Group 2016 RM
Total consideration received from issuance of RCPS to non-controlling interests holder of ATP	48,412,000
Amount classified as equity component attributed to non-controlling interests holder of ATP	(13,128,050)
Deferred tax liabilities (Note 18.3)	(4,000,541)
	31,283,409
Accretion of interest	459,670
Amount classified as debt instruments	31,743,079

Note b

Finance lease liabilities

Finance lease liabilities are payable as follows:

GROUP	**Future minimum lease payments 2016 RM**	**Interest 2016 RM**	**Present value of minimum lease payments 2016 RM**	**Future minimum lease payments 2015 RM**	**Interest 2015 RM**	**Present value of minimum lease payments 2015 RM**
Less than 1 year	539,424	(28,965)	510,459	650,336	(37,068)	613,268
Between 1 and 5 years	1,260,983	(268,981)	992,002	1,299,561	(292,374)	1,007,187
More than 5 years	22,750,000	(18,556,025)	4,193,975	28,830,000	(23,096,240)	5,733,760
	24,550,407	(18,853,971)	5,696,436	30,779,897	(23,425,682)	7,354,215

17. LOANS AND BORROWINGS (SECURED) (continued)

Note b (continued)

Finance lease liabilities (continued)

	Future minimum lease payments 2016 RM	Interest 2016 RM	Present value of minimum lease payments 2016 RM	Future minimum lease payments 2015 RM	Interest 2015 RM	Present value of minimum lease payments 2015 RM
COMPANY						
Less than 1 year	41,032	(1,608)	39,424	44,976	(2,865)	42,111
Between 1 and 5 years	13,852	(631)	13,221	56,696	(4,051)	52,645
	54,884	(2,239)	52,645	101,672	(6,916)	94,756

The finance leases of the Group and the Company bear interest at rates which range between 2.34% to 4.19% (2015: 2.35% to 4.19%) per annum.

Note c

Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")

	GROUP 2016 RM	GROUP 2015 RM
Primary bonds	-	15,000,000
Secondary bonds	-	1,312,500
	-	16,312,500
Less: Secondary bonds	-	(1,312,500)
	-	15,000,000

17. LOANS AND BORROWINGS (SECURED) (continued)

Note c (continued)

Bai Bithaman Ajil Islamic Debt Securities ("BaIDS") (continued)

	<---------------- 2016 ---------------->			<----------------- 2015 ----------------->		
Maturity of BaIDS	**Primary bonds RM**	**Secondary bonds RM**	**Total RM**	**Primary bonds RM**	**Secondary bonds RM**	**Total RM**
Less than 1 year	-	-	-	10,000,000	1,125,000	11,125,000
Between 1 and 5 years	-	-	-	5,000,000	187,500	5,187,500
	-	-	-	15,000,000	1,312,500	16,312,500

Pursuant to the financing procedure under the Syariah principle of Bai Bithaman Ajil, a subsidiary entered into an asset sale and re-purchase agreement on 22 November 2004 under which a bank agreed to grant the subsidiary the BalDS facility with an aggregate face value of RM60 million. The BalDS were constituted by a Trust Deed dated 22 November 2004 between the subsidiary and the Trustee for the holders of the BalDS.

The BalDS were of negotiable value, non-interest bearing secured Primary Bonds together with non-detachable Secondary Bonds. The Primary Bonds were issued in 10 series, with maturities between 2007 to 2017.

Each series of BalDS comprised Primary BalDS with a face value of between RM5 million and RM10 million each, to which shall be attached an appropriate number of Secondary Bonds, the face value of which represented the semi-annual profit of the bonds. The Secondary Bonds were redeemable every 6 months commencing from the issue date and the last of which shall be payable on the maturity date. The face values of the Secondary Bonds were computed based on the profit rate of 7.5% per annum.

The BaIDS were fully settled on 26 July 2016.

The BalDS were secured by way of:

(i) an assignment of the subsidiary's rights under the Operations and Maintenance Agreements ("OMA") with Lekir Bulk Terminal Sdn. Bhd. ("LBT");

(ii) a charge over a Designated Account (Note 13) of the subsidiary into which only the Fixed Project Consideration received from LBT under the OMA will be paid; and

(iii) a Power of Attorney from the subsidiary for the appointment by the security trustee for the BalDS, of a competent port operator as a sub-contractor of the subsidiary to fulfill its responsibilities in the event of non-performance by the subsidiary under the OMA.

17. LOANS AND BORROWINGS (SECURED) (continued)

Note c (continued)

Bai Bithaman Ajil Islamic Debt Securities ("BaIDS") (continued)

The major covenants of the BaIDS were as follows:

Positive covenants

The subsidiary shall:

(i) maintain a Debt to Equity (inclusive of the Company's Redeemable Preference Share capital) Ratio of not exceeding 70:30;

(ii) maintain all insurance necessary for its business as required under the OMA;

(iii) cause and ensure that the current shareholders remain unchanged except with the prior consent of the Trustee; and

(iv) perform and carry out all and any of its obligations under the OMA.

Negative covenants

The subsidiary shall not without the prior written consent of the Trustee:

(i) reduce its authorised and/or issued ordinary shares save and except for redemption of preference share capital and any decrease in its issued capital resulting from purchases of its own shares;

(ii) incur, assume, guarantee or permit to exist any debt that will in aggregate exceed its Debt to Equity Ratio of 70:30;

(iii) save for the Leasehold Industrial Land, dispose of any such assets which will materially and adversely affect its business operations;

(iv) amend the OMA so as to affect the Fixed Project Consideration; and

(v) declare, pay dividends or make any distribution to equity investors or payment on any subordinated debt if an event default has occurred or the proceeds accounts is at any time less than the profit and principal payment due within the following six months.

17. LOANS AND BORROWINGS (SECURED) (continued)

Note d

The Term Loan I of a subsidiary bears interest at 5.30% to 8.20% (2015: 5.30% to 8.20%) per annum. The loan principal is repayable in 8 equal instalments. The first repayment is due on the 3rd year from the first drawndown date which is on 26 September 2014.

The term loan is secured over the following:

(i) Legal charges on the Group's freehold land with a carrying amount of RM54,014,400 (Note 3);

(ii) Jointly and severally guaranteed by two Directors and a former director;

(iii) Corporate guarantee from a corporate shareholder and the holding company; and

(iv) Pledged fixed deposits (Note 13).

The Term Loan II of another subsidiary bears interest at 7.40% to 7.65% (2015: 7.40% to 7.65%) per annum. The term loan is repayable in 60 monthly instalments.

The term loan is secured over a charge over certain freehold land held under development amounting RM12,500,000 (2015: RM12,500,000) of the Group (Note 6).

The revolving credits bear interest at 2.34% to 5.19% (2015: 4.88%) per annum.

The revolving credits are secured over the following:

(i) Third party first legal charge over property of another subsidiary.

(ii) Letter of awareness from the holding corporation.

Borrowings on-lent to holding corporation and subsidiaries

At the reporting date, the revolving credits obtained by the Company are on-lent to subsidiaries as follows:

	COMPANY	
	2016 RM	2015 RM
Holding corporation	16,400,000	-
Subsidiaries	73,600,000	-
	90,000,000	-

18. DEFERRED TAX ASSETS/(LIABILITIES)

18.1 Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	<------ Assets ------>		<---- Liabilities ---->		<------- Net ------->	
	2016	2015	2016	2015	2016	2015
GROUP	RM	RM	RM	RM	RM	RM
Property, plant and equipment and port facilities	-	-	(9,040,353)	(7,045,639)	(9,040,353)	(7,045,639)
Redeemable convertible preference shares	-	-	(4,000,541)	-	(4,000,541)	-
Other provisions	1,008,822	11,022	-	-	1,008,822	11,022
Net tax assets/ (liabilities)	1,008,822	11,022	(13,040,894)	(7,045,639)	(12,032,072)	(7,034,617)
Set off of tax	(1,008,822)	(11,022)	1,008,822	11,022	-	-
	-	-	(12,032,072)	(7,034,617)	(12,032,072)	(7,034,617)
COMPANY						
Property, plant and equipment	-	-	(194,060)	(194,060)	(194,060)	(194,060)

18.2 Unrecognised deferred tax assets

Deferred tax assets have also not been recognised by the Group and the Company in respect of the following items (stated at gross):

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Tax loss carry-forwards	599,000	4,282,447	-	-
Unabsorbed capital allowances	277,000	106,272	-	-
Other deductible temporary differences	9,000	30,141	-	30,141
	885,000	4,418,860	-	30,141

The unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences do not expire under current tax legislation. Deferred tax assets in respect of these items have not been recognised because it is not probable that there are available future taxable profit against which the Group can utilise the benefits therefrom.

18. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

18.3 Movement in temporary differences during the year

	At 1.1.2015 RM	Recognised in profit or loss (Note 24) RM	At 31.12.2015/ 1.1.2016 RM	Recognised in profit or loss (Note 24) RM	Acquisition through business combination (Note 34.1) RM	At 31.12.2016 RM
GROUP						
Property, plant and equipment and port facilities	(8,205,966)	1,160,327	(7,045,639)	(615,896)	(1,378,818)	(9,040,353)
Redeemable convertible preference shares	-	-	-	-	(4,000,541)	(4,000,541)
Other provisions	1,450,064	(1,439,042)	11,022	997,800	-	1,008,822
	(6,755,902)	(278,715)	(7,034,617)	381,904	(5,379,359)	(12,032,072)
COMPANY						
Property, plant and equipment	(109,454)	(84,606)	(194,060)	-	-	(194,060)

19. DEFERRED INCOME

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Progress billings	6,281,304	13,201,947	-	-
Unearned revenue	3,364,607	-	-	-
	9,645,911	13,201,947	-	-

Progress billings are mainly construction work-in-progress payable to the contractors.

Unearned revenue consists mainly of tickets sold in advance before the opening of the theme park of a subsidiary.

20. REVENUE

	GROUP		COMPANY	
	2016	2015 (Restated)	2016	2015
	RM	RM	RM	RM
Dividend income				
- Subsidiary	-	-	-	30,000,000
- Other investment	-	3,550,624	-	-
Sales of vacant land	33,009,498	25,312,185	-	4,883,076
Sales of completed properties	1,487,000	160,000	-	-
Port services	97,988,604	91,797,715	-	-
Rental income	1,875	29,964	-	6,000
Hotel revenue				
- Room	4,989,701	4,538,007	-	-
- Food and beverages	8,883,716	8,785,804	-	-
- Hall and offices	343,834	-	-	-
	146,704,228	134,174,299	-	34,889,076

21. FINANCE COSTS

	GROUP 2016 RM	GROUP 2015 RM	COMPANY 2016 RM	COMPANY 2015 RM
BaIDS	932,510	1,812,500	-	-
Revolving credits	3,194,842	229,670	2,952,054	-
Finance lease liabilities	24,380	13,302	4,677	11,355
Advances from related companies	81,575	80,067	2,014,690	-
Redeemable convertible preference shares	2,404,317	-	-	-
Term loans	15,133,095	526,644	-	-
	21,770,719	2,662,183	4,971,421	11,355
Recognised in profit or loss	6,959,258	2,135,539	4,971,421	11,355
Capitalised in qualifying assets				
- property, plant and equipment	14,514,819	-	-	-
- inventories	296,642	526,644	-	-
	21,770,719	2,662,183	4,971,421	11,355

22. PROFIT/(LOSS) BEFORE TAXATION

	Note	GROUP 2016 RM	GROUP 2015 RM (Restated)	COMPANY 2016 RM	COMPANY 2015 RM
Profit/(Loss) before taxation is arrived at after charging:					
Auditors' remuneration:					
- KPMG in Malaysia					
- current year		341,000	-	70,000	-
- other auditors					
- underprovision in prior year		15,000	210,500	-	55,000
Non-audit fees					
- KPMG in Malaysia					
- current year		149,000	-	149,000	-
- other auditors					
- current year		-	150,481	-	116,981
- underprovision in prior year		-	25,000	-	25,000
Depreciation					
- Property, plant and equipment		7,287,936	5,370,557	332,208	298,338
- Port facilities		3,129,425	3,083,669	-	-
- Investment properties		79,090	79,091	-	-
Impairment loss:					
- Trade receivables		2,325,562	-	-	-
- Investment in subsidiary		-	-	500,000	-
- Investment in an associate		3,830,942	-	-	-
- Amount due from an associate		1,054,040	-	-	-
Inventories written down to net realisable value	6	514,350	-	-	-
Bad debt written off		19	295,000	-	-
Property, plant and equipment written off		879,735	221	-	-
Personnel expenses:					
- Salaries and wages		28,370,670	21,311,717	11,543,975	6,877,347
- Employees Provident Fund contributions		4,003,136	2,725,580	1,767,379	1,065,016
- SOCSO contributions		285,094	201,182	81,037	46,919
- Others		6,126,455	3,247,905	839,058	750,116
Realised foreign exchange loss		41,864	-	-	-
Royalty fees		206,050	-	-	-

22. PROFIT/(LOSS) BEFORE TAXATION (continued)

	Note	GROUP 2016 RM	GROUP 2015 RM (Restated)	COMPANY 2016 RM	COMPANY 2015 RM
Profit/(Loss) before taxation is arrived at after charging: (continued):					
Fair value loss on embedded derivatives		-	5,671,956	-	-
Rental expense in respect of:					
- Premises		690,575	444	398,796	398,798
- Office equipment		26,630	151,876	3,540	2,360
- Port equipment and office equipment		9,394,916	9,057,521	-	-
Tax penalty		38,273	-	-	-
and after crediting:					
Gain on revaluation of an associate upon obtaining control	34.1	1,543,883	-	-	-
Gain on disposal of available-for-sale investment		-	76,976,031	-	-
Gain on disposal of property, plant and equipment		- -	115,677	-	8,281
Interest income of financial assets					
- that are not at fair value through profit or loss		4,783,933	3,484,893	3,785,065	1,491,192
- fair value through profit or loss		175,067	1,441,288	12,128	484,293
Rental income from leasing of buildings		1,786,945	1,895,822	30,983	20,083
Reversal of allowance for impairment loss on trade receivables		-	130,000	-	-
Project management income		91,840	-	-	-

23. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Executive Director				
- Fee	104,595	60,000	66,692	60,000
- Other emoluments	38,164	4,500	3,900	4,500
	142,759	64,500	70,592	64,500
Non-executive Directors				
- Fee	755,037	357,110	342,940	305,000
- Other emoluments	224,792	209,250	33,150	29,400
	979,829	566,360	376,090	334,400
Other Directors				
- Fee	-	353,054	-	-
- Other emoluments	-	214,714	-	-
	-	567,768	-	-
Directors' remuneration	1,122,588	1,198,628	446,682	398,900
Benefits-in-kind	-	15,300	-	-
Total Directors' remuneration (including benefits-in-kind)	1,122,588	1,213,928	446,682	398,900

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 and includes all the Directors of the Group.

24. TAXATION

24.1 Component of tax expense

	GROUP 2016 RM	GROUP 2015 RM	COMPANY 2016 RM	COMPANY 2015 RM
Current tax expense	18,113,269	17,382,544	-	250,120
Real property gains tax	112,416	16,439	112,416	-
Over provision in prior years	(97,903)	(708,511)	(41,035)	(552,993)
	18,127,782	16,690,472	71,381	(302,873)
Deferred tax expense (Note 18)				
- Origination and reversal of temporary differences	(381,904)	(902,855)	-	35,980
- Reduction in tax rate	-	(278,511)	-	(6,588)
- Under provision in prior years	-	1,460,081	-	55,214
	(381,904)	278,715	-	84,606
	17,745,878	16,969,187	71,381	(218,267)

24.2 Reconciliation of tax expense

	GROUP 2016 RM	GROUP 2015 (Restated) RM	COMPANY 2016 RM	COMPANY 2015 RM
Profit/(Loss) before taxation	1,730,720	109,492,943	(21,398,748)	16,041,823
Income tax calculated using Malaysian tax rate of 24% (2015: 25%)	415,373	27,373,236	(5,135,700)	4,010,456
Effect of change in tax rate	-	(278,511)	-	(6,588)
Non-deductible expenses	19,291,735	8,481,530	5,142,934	3,775,644
Non taxable income	(1,127,617)	(20,000,309)	-	(7,500,000)
Temporary differences not recognised	-	842,879	-	-
Utilisation of previously unrecognised deferred tax assets	(848,126)	(217,647)	(7,234)	-
	17,731,365	16,201,178	-	279,512
Real property gains tax	112,416	16,439	112,416	
(Over)/Under provision in prior years				
- Current tax	(97,903)	(708,511)	(41,035)	(552,993)
- Deferred tax	-	1,460,081	-	55,214
Tax expense	17,745,878	16,969,187	71,381	(218,267)

25. FAIR VALUE RESERVE

	GROUP	
	2016	2015
	RM	RM
Available-for-sale financial assets:		
At 1 January	-	34,605,257
Transfer to profit or loss	-	(34,605,257)
At 31 December	-	-

In the previous year, fair value reserve represented the cumulative fair value changes, net of tax, on the available-for-sale financial assets.

26. (LOSS)/EARNINGS PER ORDINARY SHARE

(a) Basic (loss)/earnings per ordinary share

The calculation of basic (loss)/earnings per ordinary share was based on dividing the (loss)/profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2016	2015 (Restated)
(Loss)/Profit for the year attributable to ordinary equity holders of the Company (RM)	(15,579,986)	77,449,220
Weighted average number of ordinary shares in issue	100,000,000	100,000,000
Basic (loss)/earnings per ordinary share (sen) for:		
(Loss)/Profit for the year	(15.58)	77.45

(b) Diluted

There is no dilutive effect on earnings per share as the Company has no potential issue of ordinary shares.

27. DIVIDENDS

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

Dividend recognised by the Company for the previous financial year was as follows:

2015	**Total amount RM**	**Date of payment**
Special interim single tier dividend of 30.0% on 100,000,000 ordinary shares in respect of financial year ended 31 December 2015	30,000,000	30 June 2015

28. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business segments. No geographical segment analysis is prepared as the Group's business activities are predominantly located in Malaysia.

The Group has four (2015: four) reportable business segments as summarised below:

Infrastructure

Maritime services in respect of the development of an integrated privatised project and encompassing operations of multipurpose port facilities, operation and maintenance of a bulk terminal, sales and rental of port related land and other ancillary activities;

Township development

Township development of real property and ancillary services;

Hotel and tourism

Hotelier and restaurateur; and

Management services and others

Provision of management services and other business segments which include property investment and distribution, none of which is of a sufficient size to be reported separately.

The accounting policies of the reportable segments are the same as described in Note 2.19.

28. SEGMENTAL INFORMATION (continued)

Management monitors the operating results of the Group's business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. The segment performance is included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Within the Group's business segments, the financing resources (including finance costs) and income taxes are not apportioned to the individual strategic operating units. These are managed and allocated as a whole against the total operating profit or loss of the business segments.

The Directors are of the opinion that all inter-segment transactions have been established on negotiated terms.

28. **SEGMENTAL INFORMATION** (continued)

2016	Infrastructure RM	Township development RM	Hotel and tourism RM	Management services and others RM	Total RM	Adjustments and eliminations RM	Consolidated RM
Revenue							
External revenue	97,988,604	31,576,199	14,217,251	2,922,174	146,704,228	-	146,704,228
Inter-segment revenue	-	-	1,056,615	15,000,001	16,056,616	(16,056,616)	-
Total revenue	97,988,604	31,576,199	15,273,866	17,922,175	162,760,844	(16,056,616)	146,704,228
Results							
Operating results	42,646,107	(8,665,329)	(4,183,358)	(12,805,110)	16,992,310	(13,330,943)	3,661,367
Interest income	1,122,253	815,735	235,394	11,862,070	14,035,452	(9,076,452)	4,959,000
Finance costs	(932,510)	(8,600,228)	(2,672,790)	(5,821,182)	(18,026,710)	11,067,452	(6,959,258)
Share of results of associates	-	-	-	-	-	69,611	69,611
Profit/(Loss) before income tax	42,835,850	(16,449,822)	(6,620,754)	(6,764,222)	13,001,052	(11,270,332)	1,730,720
Taxation							(17,745,878)
Loss for the year							(16,015,158)

28. SEGMENTAL INFORMATION (continued)

2016 *Other information*	Infrastructure RM	Township development RM	Hotel and tourism RM	Management services and others RM	Total RM	Adjustments and eliminations RM	Consolidated RM
Depreciation - Property and equipment	479,051	460,999	4,151,211	2,196,675	7,287,936	-	7,287,936
Depreciation - Port facilities	3,129,425	-	-	-	3,129,425	-	3,129,425
Depreciation - Investment properties	-	79,090	-	-	79,090	-	79,090
Non-cash expenses							
Impairment loss in trade receivables	-	2,141,575	183,987	-	2,325,562	-	2,325,562
Gain on revaluation of an associate upon obtaining control	-	(1,543,883)	-	-	(1,543,883)	-	(1,543,883)
Impairment loss:							
- investment in associate	-	-	-	5,000,000	5,000,000	(1,169,058)	3,830,942
- amount due from an associate	-	-	-	1,054,040	1,054,040	-	1,054,040
Bad debts written off	-	-	19	-	19	-	19
Property, plant and equipment written off	-	879,735	-	-	879,735	-	879,735
Inventories written down	-	514,350	-	-	514,350	-	514,350
Assets and liabilities							
Additions to non-current assets:							
- Property, plant and equipment	1,361,128	76,907,012	13,767,901	640,299	92,676,340	1,991,000	94,667,340
- Port facilities	8,180,218	-	-	-	8,180,218	-	8,180,218
Reporting segment assets	174,441,510	619,934,241	111,964,525	746,682,697	1,653,022,973	(467,891,029)	1,185,131,944
Reporting segment liabilities	(20,022,890)	(482,422,049)	(33,055,837)	(186,945,786)	(722,446,562)	180,377,793	(542,068,769)

28. SEGMENTAL INFORMATION (continued)

2015	Infrastructure RM	Township development (Restated) RM	Hotel and tourism RM	Management services and others RM	Total (Restated) RM	Adjustments and eliminations RM	Consolidated (Restated) RM
Revenue							
External revenue	96,303,495	20,966,405	12,944,014	3,960,385	134,174,299	-	134,174,299
Inter-segment revenue	-	-	-	52,383,077	52,383,077	(52,383,077)	-
Total revenue	96,303,495	20,966,405	12,944,014	56,343,462	186,557,376	(52,383,077)	134,174,299
Results							
Operating results	45,845,767	6,247,503	(4,003,411)	111,237,710	159,327,569	(47,452,293)	111,875,276
Interest income	1,577,815	139,522	16,252	4,865,577	6,599,166	(1,672,985)	4,926,181
Finance costs	(1,813,001)	(1,446)	(1,667,873)	(241,025)	(3,723,345)	1,587,806	(2,135,539)
Share of profit/(loss) of associates	-	(5,210,446)	-	-	(5,210,446)	37,471	(5,172,975)
Profit before tax	45,610,581	1,175,133	(5,655,032)	115,862,262	156,992,944	(47,500,001)	109,492,943
Taxation							(16,969,187)
Profit after tax							92,523,756

28. SEGMENTAL INFORMATION (continued)

2015	Infrastructure RM	Township development (Restated) RM	Hotel and tourism (Restated) RM	Management services and others (Restated) RM	Total RM	Adjustments and eliminations RM	Consolidated (Restated) RM
Other information							
Depreciation - Property and equipment	330,878	63,912	3,338,747	1,637,020	5,370,557	-	5,370,557
Depreciation - Port facilities	3,083,669	-	-	-	3,083,669	-	3,083,669
Depreciation - Investment properties	-	79,091	-	-	79,091	-	79,091
Non cash expenses							
Gain on disposal of property, plant and equipment	-	(14,023)	-	(101,654)	(115,677)	-	(115,677)
Reversal of impairment loss in receivables	(130,000)	-	-	-	(130,000)	-	(130,000)
Bad debts written off	295,000	-	-	-	295,000	-	295,000
Fair value loss on embedded derivatives	-	5,671,956	-	-	5,671,956	-	5,671,956
Property, plant and equipment written off	221	-	-	-	221	-	221
Assets and liabilities							
Additions to non-current assets:							
- Property, plant and equipment	781,697	22,235	4,794,342	19,253,366	24,851,640	(6,669,531)	18,182,109
- Port facilities	2,448,163	-	-	-	2,448,163	-	2,448,163
Reporting segment assets	185,892,414	197,090,587	87,415,615	616,513,947	1,086,912,563	(339,450,792)	747,461,771
Reporting segment liabilities	(33,887,646)	(49,441,599)	(45,462,635)	(46,763,558)	(175,555,438)	89,935,736	(85,619,702)

29. FINANCIAL INSTRUMENTS

29.1 Categories of financial instruments

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

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

(b) Fair value through profit or loss ("FVTPL"); and

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

2016	Carrying amount RM	L&R/ (FL) RM	FVTPL RM
Financial assets			
Group			
Trade and other receivables	263,028,476	263,028,476	-
Other investments	1,207,571	25,000	1,182,571
Cash and cash equivalents	93,564,341	93,564,341	-
	357,800,388	356,617,817	1,182,571
Company			
Trade and other receivables	202,110,169	202,110,169	-
Other investments	338,671	-	338,671
Cash and cash equivalents	6,086,544	6,086,544	-
	208,535,384	208,196,713	338,671
Financial liabilities			
Group			
Trade and other payables	70,100,258	70,100,258	-
Loans and borrowings	446,136,181	446,136,181	-
	516,236,439	516,236,439	-
Company			
Trade and other payables	43,892,923	43,892,923	-
Loans and borrowings	100,052,645	100,052,645	-
	143,945,568	143,945,568	-

29. FINANCIAL INSTRUMENTS (continued)

29.1 Categories of financial instruments (continued)

2015	Carrying amount RM	L&R/ (FL) RM	FVTPL RM
Financial assets			
Group			
Trade and other receivables	158,864,127	158,864,127	-
Other investments	56,377,066	25,000	56,352,066
Cash and cash equivalents	92,578,204	92,578,204	-
	307,819,397	251,467,331	56,352,066
Company			
Trade and other receivables	109,920,351	109,920,351	-
Other investments	351,543	25,000	326,543
Cash and cash equivalents	14,408,585	14,408,585	-
	124,680,479	124,353,936	326,543
Financial liabilities			
Group			
Trade and other payables	35,584,642	35,584,642	-
Loans and borrowings	29,172,215	29,172,215	-
	64,756,857	64,756,857	-
Company			
Trade and other payables	34,644,865	34,644,865	-
Loans and borrowings	94,756	94,756	-
	34,739,621	34,739,621	-

29.2 Net gains and losses arising from financial instruments

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Net gains/(losses) on:				
Fair value through profit or loss	175,067	(4,230,668)	12,128	484,293
Loans and receivables	1,362,448	3,484,893	3,785,065	1,491,192
Available-for-sale financial assets	-	76,976,031	-	-
Financial liabilities measured at amortised cost	(6,959,258)	(2,135,539)	(4,971,421)	(11,355)
	(5,421,743)	74,094,717	(1,174,228)	1,964,130

29. FINANCIAL INSTRUMENTS (continued)

29.3 Financial risk management

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

(i) Credit risk

(ii) Liquidity risk

(iii) Market risk

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, amounts due from holding corporation and related companies. The Company's exposure to credit risk arises principally from amounts due from holding corporation, subsidiaries and related companies.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

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

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 60 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was domestic.

29. FINANCIAL INSTRUMENTS (continued)

29.3 Financial risk management (continued)

(i) Credit risk (continued)

Impairment losses

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

GROUP	Note	Gross RM	Individual impairment RM	Net RM
2016				
Not past due		13,672,333	(90,379)	13,581,954
Past due 1-30 days		5,525,550	-	5,525,550
Past due 31-60 days		1,145,872	-	1,145,872
Past due 61-90 days		1,676,616	-	1,676,616
Past due > 90 days		5,819,035	(2,237,966)	3,581,069
	11	27,839,406	(2,328,345)	25,511,061
2015				
Not past due		8,129,504	-	8,129,504
Past due 1-30 days		1,144,742	-	1,144,742
Past due 31-60 days		5,909,594	-	5,909,594
Past due 61-90 days		1,541,625	-	1,541,625
Past due > 90 days		6,098,169	(2,783)	6,095,386
	11	27,823,634	(2,783)	27,820,851

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

	GROUP 2016 RM	GROUP 2015 RM
At 1 January	2,783	5,800,259
Impairment loss recognised	2,325,562	-
Impairment loss reversal	-	(130,000)
Bad debts written off	-	(5,667,476)
At 31 December	2,328,345	2,783

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

29. FINANCIAL INSTRUMENTS (continued)

29.3 Financial risk management (continued)

(i) Credit risk (continued)

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with approved financial institutions.

Exposure to credit risk, credit quality and collateral

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

The investments and other financial assets are unsecured.

Impairment losses

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

Financial guarantees

Risk management objectives, policies and processes for managing the risk

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

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

Exposure to credit risk, credit quality and collateral

The Group's and the Company's maximum exposures to credit risk amount to RM49,325,000 and RM368,590,900 respectively, representing the outstanding banking facilities and guarantees given to an associate, third parties and subsidiaries as at end of the reporting period.

At the end of the reporting period, there was no indication that any subsidiary, or the associate and third parties would default on repayment.

29. FINANCIAL INSTRUMENTS (continued)

29.3 Financial risk management (continued)

(i) Credit risk (continued)

Loans and advances to holding corporation, related companies and subsidiaries

Risk management objectives, policies and processes for managing the risk

The Company has balances arising from trade and non-trade transactions with its holding corporation, subsidiaries and related companies. The Company monitors the results of its holding corporation, subsidiaries and related companies regularly.

Exposure to credit risk, credit quality and collateral

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

Impairment losses

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

The Company does not specifically monitor the ageing of advances to these companies. The Company has considered and is satisfied with the ability and willingness of the holding corporation to settle advances to these companies as disclosed in Note 11. The holding corporation has also issued a letter of undertaking to indicate its willingness to provide continuing financial support to enable these entities to meet their obligations as and when they fall due.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, amounts due to holding corporation and related companies, loans and borrowings.

The Group 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 holding corporation has also issued a letter to confirm that it will not demand for repayments within the next 12 months on the outstanding amounts as at 31 December 2016.

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

29. **FINANCIAL INSTRUMENTS** (continued)

29.3 **Financial risk management** (continued)

(ii) Liquidity risk (continued)

Maturity analysis

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

GROUP **2016**	**Carrying amount RM**	**Contractual interest rate % p.a.**	**Contractual cash flows RM**	**Under 1 year RM**	**1 - 2 years RM**	**2 - 5 years RM**	**More than 5 years RM**
Non-derivative financial liabilities							
Trade and other payables (current)	52,809,481	-	52,809,481	52,809,481	-	-	-
Trade and other payables (non-current)	17,290,777	7.50	18,946,895	-	18,946,895	-	-
Loans and borrowings	446,136,181	2.34 - 10.65	517,914,641	149,485,567	25,705,019	319,974,055	22,750,000
Financial guarantees	-	-	49,325,000	49,325,000	-	-	-
	516,236,439		638,996,017	251,620,048	44,651,914	319,974,055	22,750,000
2015							
Non-derivative financial liabilities							
Trade and other payables	35,584,642	-	35,584,642	35,160,114	-	424,528	-
Loans and borrowings	29,172,215	2.75 - 10.85	52,597,897	13,329,013	7,128,956	3,309,928	28,830,000
Financial guarantees	-	-	300,000,000	300,000,000	-	-	-
	64,756,857		388,182,539	348,489,127	7,128,956	3,734,456	28,830,000

29. FINANCIAL INSTRUMENTS (continued)

29.3 Financial risk management (continued)

(ii) Liquidity risk (continued)

Maturity analysis (continued)

COMPANY **2016**	**Carrying amount RM**	**Contractual interest rate % p.a.**	**Contractual cash flows RM**	**Under 1 year RM**	**1 - 2 years RM**	**2 - 5 years RM**	**More than 5 years RM**
Non-derivative financial liabilities							
Trade and other payables (current)	3,042,713	-	3,042,713	3,042,713	-	-	-
Trade and other payables (non-current)	40,850,210	7.50	46,977,750	-	46,977,750	-	-
Loans and borrowings	100,052,645	2.34 - 5.65	100,055,061	100,040,347	14,714	-	-
Financial guarantees	-	-	368,590,900	368,590,900	-	-	-
	143,945,568		518,666,424	471,673,960	46,992,464	-	-
2015							
Non-derivative financial liabilities							
Trade and other payables	34,644,865	-	34,644,865	34,644,865	-	-	-
Loans and borrowings	94,756	2.35 - 7.65	101,672	46,788	42,956	11,928	-
	34,739,621		34,746,537	34,691,653	42,956	11,928	-

29. FINANCIAL INSTRUMENTS (continued)

29.3 Financial risk management (continued)

(iii) Market risk

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

Interest rate risk

The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

Interest rate exposure arises mainly from the Group's borrowings. The Group closely monitors the interest rate trends and decisions in respect of floating rate debt structure, and tenor of borrowings are made based on the expected interest rate trends and after consultations with the bankers.

The Group places cash balances with reputable licensed banks to generate interest income for the Group. The Group manages its interest rate risk by placing such balances on varying maturities and interest rate terms.

Exposure to interest rate risk

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

	GROUP		COMPANY	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Fixed rate instruments				
Financial assets	161,466,549	14,007,504	97,135,772	326,543
Financial liabilities	(54,823,401)	(23,252,215)	(9,180,687)	(94,756)
	106,643,148	(9,244,711)	87,955,085	231,787
Floating rate instruments				
Financial assets	93,564,341	92,578,204	6,086,544	14,408,585
Financial liabilities	(402,353,558)	(5,920,000)	(100,000,000)	-
	(308,789,217)	86,658,204	(93,913,456)	14,408,585

29. FINANCIAL INSTRUMENTS (continued)

29.3 Financial risk management (continued)

(iii) Market risk (continued)

Interest rate risk (continued)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not have any material fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not have any significant impact in profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	2016		2015	
	100 bp Increase RM	100 bp decrease RM	100 bp increase RM	100 bp decrease RM
GROUP				
Floating rate instruments	(2,346,498)	2,346,498	658,602	(658,602)
COMPANY				
Floating rate instruments	(713,742)	713,742	109,505	(109,505)

29.4 Fair value information

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

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

The carrying amounts of amounts due to holding corporation, related companies and subsidiaries, other payables (non-current), term loans, RCPS, BaIDS and finance lease liabilities also approximate fair values upon discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the assets and liabilities.

The quoted investments are carried at Level 1 fair value.

30. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain an optimal capital structure in order to support their business and maximise shareholders' value.

The capital structure of the Group and the Company consists of net debt and equity of the Group and the Company. The Group and the Company are not subject to any externally imposed capital requirements apart from a subsidiary which is required to maintain the debt-to-equity ratio of not more than four times throughout the tenure of the term loan in accordance to the Facility Agreement dated 10 July 2014. As at 31 December 2016, the debt-to-equity ratio is less than four times.

There were no changes in the Group's approach to capital management during the financial year.

31. CAPITAL COMMITMENTS

(i) Authorised but not contracted for:

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Property, plant and equipment	-	4,000,000	-	-
Port facilities	113,159,880	8,050,000	-	-
	113,159,880	12,050,000	-	-

(ii) Contracted but not provided for:

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Port facilities	2,557,293	-	-	-

32. RELATED PARTIES

Identity of related parties

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

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

The Group has related party relationship with its holding corporation, subsidiaries and related parties.

The Group is related to the Government of Malaysia in view that it is controlled by an agency of the government.

Significant related party transactions

Related party transactions have been entered into in the normal course of business. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 11 and 16.

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
A. Holding corporation				
Advances paid	(52,942,267)	(25,327,193)	(30,061,036)	(14,379,995)
Advances received	24,302,593	9,811,337	21,187976	9,500,000
Rental income	1,136,378	1,049,468	23,942	-
Rental expense	(265,000)	-	-	-
Finance cost	(81,575)	-	-	-
Repayments of advances	(279,675)	-	-	-
Interest income	2,588,025	-	-	-
B. Subsidiaries				
Advances paid	-	-	(44,626,189)	(7,556,004)
Advances received	-	-	4,009,947	28,601,287
Rental expenses	-	-	(422,706)	-
C. Related companies				
Interest income	724,941	404,532	423,733	404,532
Rental income	1,297,099	-	175,233	-
Advances received	235,537	-	225,121	-
Advances paid	(285,389)	(4,708,842)	(237,839)	(3,323,574)

32. RELATED PARTIES (continued)

Significant related party transactions (continued)

	GROUP 2016 RM	GROUP 2015 RM	COMPANY 2016 RM	COMPANY 2015 RM
D. Government related entities				
Operation and maintenance in respect of Lekir Bulk Terminal Sdn. Bhd.	45,833,784	42,653,575	-	-

33. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	GROUP 2016 RM	GROUP 2015 RM	COMPANY 2016 RM	COMPANY 2015 RM
Less than one year	-	-	132,933	-

The Company leases office area under operating leases from a subsidiary. The leases typically run for a period of 3 years, with an option to renew the lease after that date. Lease payments are increased every 3 years to reflect current market rentals.

Leases as lessor

The Group leases out its investment properties (see Note 5). The future minimum lease receivables under non-cancellable leases are as follows:

	GROUP 2016 RM	GROUP 2015 RM	COMPANY 2016 RM	COMPANY 2015 RM
Less than one year	603,049	-	-	-
Between one and five years	13,220	-	-	-
	616,269	-	-	-

34. ACQUISITIONS OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

34.1 Acquisition of equity interest in Animation Theme Park Sdn. Bhd.

On 8 April 2016, PCB Development Sdn. Bhd. ("PCBD"), a wholly owned subsidiary of the Group acquired an additional 2% equity interest in Animation Theme Park Sdn. Bhd. ("ATP") for RM600,000 in cash, increasing its equity interest from 49% to 51%. ATP was an associate of the Group in 2015. Following the acquisition, ATP has become a subsidiary of the Group. ATP is involved in the development and operation of theme park. For the nine months period ended to 31 December 2016, the subsidiary had not commenced operations and did not register any revenue. However, it incurred losses amounting to RM31,960,271. If the acquisition had occurred on 1 January 2016, management estimates that the subsidiary would contribute losses amounting to RM42,613,495 to the consolidated loss for the financial year. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2016.

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

	Note	Group 2016 RM
Fair value of consideration transferred		
Cash and cash equivalents		600,000
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment	3	280,712,454
Inventories		3,731
Trade and other receivables		8,918,514
Prepayments		1,773,617
Cash and cash equivalents		27,447,102
Redeemable convertible preference shares		
- held by PCBD		(33,599,185)
- held by non-controlling shareholder	17	(31,743,079)
		(65,342,264)
Other loans and borrowings		(203,899,038)
Deferred tax liabilities	18	(5,379,359)
Trade and other payables		(19,392,392)
Tax recoverable		129,600
Total identifiable net assets		24,971,965

34. ACQUISITIONS OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS (continued)

34.1 Acquisition of equity interest in Animation Theme Park Sdn. Bhd. (continued)

None of the fair values have been determined on a provisional basis:

	Group 2016 RM
Net cash outflow arising from acquisition of subsidiary	
Purchase consideration settled in cash and cash equivalents	(600,000)
Cash and cash equivalents acquired	27,447,102
	26,847,102
Goodwill	
Goodwill was recognised as a result of the acquisition as follows:	
Total consideration transferred	600,000
Fair value of identifiable net assets	(24,971,965)
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	12,236,263
Fair value of interest in the acquiree before obtaining control	12,236,263
Goodwill	100,561

The remeasurement to fair value of the Group's 49% interest in the acquiree before obtaining control resulted in a gain of RM1,543,883 (RM12,236,263 less RM10,692,380 carrying value of equity-accounted investee at acquisition date), which has been recognised in other income in the statement of profit or loss and other comprehensive income.

34.2 Acquisition of non-controlling interests - Casuarina Meru Sdn. Bhd. (formerly known as Casuarina Hotel Management Sdn. Bhd.)

In 30 December 2016, PCB Taipan Sdn. Bhd. ("PCBT") acquired an additional 9.97% equity interest in Casuarina Meru Sdn. Bhd. ("Casuarina Meru"), a wholly owned subsidiary of the Company, following the capitalisation of the intercompany advances into the share capital of CMSB, increasing its equity interest from 79.57% to 89.54%. The carrying amount of Casuarina Meru's net assets in the Group's financial statements on the date of the acquisition was RM76,431,100. The Group recognised a decrease in the non-controlling interests and an increase in retained earnings by RM929,323.

The following summarises the effect of changes in the equity interest in Casuarina Meru's that is attributable to owners of the Company:

	Group 2016 RM
Equity interest at 1 January 2016	31,767,963
Subscription of new shares other than by cash via capitalisation of intercompany advances	40,803,834
Effect of increase in the Company's ownership interest	929,323
Share of comprehensive expense	(3,407,020)
Equity interest at 31 December 2016	70,094,100

34. ACQUISITIONS OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS (continued)

34.3 Internal reorganisation of subsidiaries

During the financial year, the following subsidiaries were transferred from PCB Development Sdn. Bhd. ("PCBD") to PCB Leisure Sdn. Bhd. ("PCBL") for a total consideration of RM1,373,000 via an internal reorganisation:

(i) Casuarina Teluk Intan Sdn. Bhd.
(ii) Labu Sayong Café (formerly known as Meru Raya Mall Sdn. Bhd.)
(iii) Meru Raya Water Park Sdn. Bhd.
(iv) BioD Leisure and Recreation Sdn. Bhd.

Both PCBD and PCBL are wholly owned subsidiaries of the Company. This transaction is considered as an internal reorganisation involving entities subjected to common control. Hence, there is no financial impact to the Group's financial position, financial performance and cash flows.

34.4 Business combinations involving associates have been disclosed in Note 8 to the financial statements. These associates do not have material contributions to the Group.

35. INTEREST IN JOINT OPERATIONS

(a) Cempaka Majujaya Sdn. Bhd. ("Cempaka Majujaya")

The Group has a 30% ownership interest in a joint operation, Cempaka Majujaya with Sunny Reap Development Sdn. Bhd.. Cempaka Majujaya's principal place of business is in Malaysia. Cempaka Majujaya develops a piece of land in Bandar Meru Raya, Perak into a housing development comprising of affordable housing scheme and is strategic for the Group's desire to achieve its social agenda and fulfil the aspiration of the Perak State Government.

(b) D Aman Residences Sdn. Bhd. ("D Aman Residences")

The Group has a 20% ownership interest in a joint operation, D Aman Residences with Euro-Master Sdn. Bhd.. D Aman Residences' principal place of business is in Malaysia. D Aman Residences develops a piece of land in Bandar Meru Raya, Perak into a housing and commercial development comprising of residential and commercial buildings and is strategic for the Group's growth.

(c) Gelombang Prestasi Sdn. Bhd. ("Gelombang Prestasi")

The Group has a 20% ownership interest in a joint operation, Gelombang Prestasi with Teguh Revenue Sdn. Bhd.. Gelombang Prestasi's principal place of business is in Malaysia. Gelombang Prestasi Sdn. Bhd.develops a piece of land in Bandar Meru Raya, Petak into a commercial development area comprising of residential and commercial buildings and is strategic for the Group's growth.

36. CONTINGENT LIABILITIES

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.

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
A) Corporate guarantees given to banks for bank facilities granted to subsidiaries	-	-	347,765,900	-
B) Corporate guarantees given to banks for bank facilities granted to a former associate	-	300,000,000	-	-
C) Corporate guarantees given to banks for bank facilities granted to an associate	20,825,000	-	20,825,000	-
	20,825,000	300,000,000	368,590,900	-

D) Corporate guarantees for banking facilities of RM14,500,000 and RM14,000,000 granted to D Aman Residences Sdn Bhd and Cempaka Majujaya Sdn Bhd respectively by a subsidiary, PCB Development Sdn Bhd ("PCBD") as follows:

a) A registered third party legal charge under the National Land Code over land held under Title No. H.S (D) 227077 - H.S (D) 227101, PT No. 263930 - PT no. 263954, H.S (D) 227243 - H.S (D) 227656 and PT 262119 - PT 262532, all in Mukim Hulu Kinta, Perak in favour of the banks.

b) A letter of undertaking to provide any additional funds required to complete D Aman Residences Project in the event of any cost overruns in relation to the building construction cost for the said project over and above the facilities granted by the bank.

36. CONTINGENT LIABILITIES (continued)

c) A letter of consent for the payment of the PCBD's entitlement only upon full settlement of the bank's financing.

The holding company has indicated its willingness to provide continuing financial support to enable certain subsidiaries to meet their obligations as and when they fall due.

37. SUBSEQUENT EVENTS

(a) On 3 January 2017, the Company agreed to grant Perak Equity Sdn Bhd ("PESB") an additional period of six months to the Further Extended Conditional Period to 30 June 2017. The details of the amount due from PESB are stated in Note 11. The agreement was finalised to grant PESB the said extension on the basis that the Company has yet to complete the transfer of ownership for the Teluk Dalam Lands and PHTP Lands and issuance of land titles.

(b) On 26 January 2017, a wholly owned subsidiary of the Company, PCB Leisure Sdn Bhd ("PCBL"), acquired the entire issued and paid up share capital of Pangkor Village Resort Sdn Bhd ("PVR") for a cash consideration of RM2.00. Upon completion of the acquisition, PVR becomes a wholly-owned subsidiary of PCBL and an indirect wholly-owned subsidiary of the Company.

(c) On 31 January 2017, a subsidiary, Lumut Maritime Terminal Sdn. Bhd. ("LMT") acquired land comprising of two lots of industrial land in area situated at Mukim Lumut, District of Manjung, State of Perak for a total purchase price of RM12,250,000 from Associated Pan Malaysia Cement Sdn Bhd.

On 10 April 2017, the same subsidiary acquired land comprising of three lots of industrial land and one lot of commercial land measuring approximately 115.31 acres in area situated at Mukim Lumut, District of Manjung, State of Perak for a total purchase price of RM57,000,000 from the holding corporation, Perbadanan Kemajuan Negeri Perak.

38. PRIOR YEAR ADJUSTMENTS

Adjustments

Prior year adjustments are due to the corrections on the following matters:

(a) Over recognition of revenue amounting to RM4,312,886 and cost of sales amounting to RM1,529,026 in relation to an incomplete development project in a subsidiary, resulting in overstatement of profit amounted to RM2,783,860 in accordance with the requirements of IC Interpretation 15 – *Agreements for Construction of Real Estate*; and

(b) Over recognition of property, plant and equipment costs and trade payables amounting to RM5,000,896 in prior years during the construction of a subsidiary's property, and consequently, its corresponding accumulated depreciation and depreciation were also over recognised by RM309,866. There was also an omission in respect of accounting for broadband internet expenses incurred and accruals amounting to RM156,060.

38. PRIOR YEAR ADJUSTMENTS (continued)

Adjustments (continued)

The effects of the restatements of the financial statements are summarised below:

	<---------- GROUP ---------->	
	As restated 31.12.2015 RM	**As previously stated 31.12.2015 RM**
Statements of financial position		
Property, plant and equipment	107,844,610	112,535,640
Land held for property development	-	23,374,254
Property development costs	-	151,883,074
Inventories (non-current)	23,374,254	-
Inventories (current)	167,873,942	15,990,868
Retained earnings	303,092,008	305,722,062
Trade and other payables (current portion)	35,160,114	50,423,037
Statements of profit or loss and other comprehensive income		
Revenue	134,174,299	138,487,185
Cost of sales	(43,314,615)	(44,687,581)
Other expenses	(17,561,803)	(17,871,669)
Profit and total comprehensive income attributable to owners of the Company	77,449,220	80,079,274

The adjustments have not been effected to the retained earnings as at 1 January 2015 as they are not material to the retained earnings. Corresponding changes have been reflected accordingly in the statements of changes in equity and statements of cash flows.

Notes to the financial statements

Note 3 – Property plant and equipment

At cost		
Buildings	67,757,586	71,693,973
Equipment, furniture and fittings and computers	21,219,355	22,283,864
Total	119,915,336	124,916,232
Accumulated depreciation		
Buildings	2,736,428	2,801,985
Equipment, furniture and fittings and computers	6,500,531	6,744,840
Total	12,070,726	12,380,592

38. PRIOR YEAR ADJUSTMENTS (continued)

Adjustments (continued)

Notes to the financial statements (continued)

Note 3 – Property plant and equipment (continued)

	<---------- GROUP ---------->	
	As restated 31.12.2015 RM	**As previously stated 31.12.2015 RM**
Carrying amounts		
Building	65,021,158	68,891,988
Equipment, furniture and fittings and computers	14,718,824	15,539,024
Total	107,844,610	112,535,640
Note 16 – Trade and other payables		
Trade payables	9,999,931	12,216,967
Accruals	13,109,006	12,952,946

Reclassifications

In addition, certain comparatives of both 31 December 2015 and 1 January 2015 have been reclassified to conform with the current year presentation.

39. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

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

	Group		Company	
	2016	**2015 (Restated)**	**2016**	**2015 (Restated)**
	RM	**RM**	**RM**	**RM**
Total retained earnings of the Company and its subsidiaries				
- realised	379,262,483	379,601,743	32,950,016	54,420,145
- unrealised	(12,032,072)	(7,034,617)	(194,060)	(194,060)
	367,230,411	372,567,126	32,755,956	54,226,085
Total retained earnings from associates				
- realised	(1,169,058)	(6,938,308)	-	-
- unrealised	-	-	-	-
	(1,169,058)	(6,938,308)	-	-
Less: Consolidation adjustments	(77,620,008)	(62,536,810)	-	-
Total retained earnings	288,441,345	303,092,008	32,755,956	54,226,085

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

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

In the opinion of the Directors, the financial statements set out on pages 7 to 107 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 39 on page 108 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

....
DATO' NASARUDIN BIN HASHIM
Director

....
TUAN HAJI AB RAHMAN BIN MOHAMMED
Director

Ipoh

Date: 30 May 2017

STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT, 2016

I, ROZAHAN BIN OSMAN, being the officer primarily responsible for the financial management of PERAK CORPORATION BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 7 to 108 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed ROZAHAN BIN OSMAN, NRIC: 641202-07-5001, at Ipoh in the state of Perak Darul Ridzuan on 30 May 2017.

....
ROZAHAN BIN OSMAN

Before me:

MOHD FIRDAUS BIN ABDULLAH (No. A223)
E-G-2 Greentown Square,
Jalan Dato Seri Ahmad Said,
30450 Ipoh, Perak Darul Ridzuan
H/P: 012-5186386

Commissioner for Oaths
Perak Darul Ridzuan

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PERAK CORPORATION BERHAD

(Company No. 210915-U)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Perak Corporation Berhad, which comprise the statements of financial position as at 31 December 2016 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 7 to 107.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter relating to comparative information

The financial statements of Perak Corporation Berhad as at and for the year ended 31 December 2015 and 31 December 2014 (from which the statements of financial position as at 1 January 2015 has been derived), excluding the adjustments described in Note 38 to the financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 28 April 2016.

Other Matter relating to comparative information (continued)

As part of our audit of the financial statements as at and for the year ended 31 December 2016, we audited the adjustments described in Note 38 that were applied to restate the comparative information presented as at and for the year ended 31 December 2015 and the statement of financial position as at 1 January 2015. We were not engaged to audit, review, or apply any procedures to the financial statements for the year ended 31 December 2015 or 31 December 2014 (not presented herein) or to the statement of financial position as at 1 January 2015, other than with respect to the adjustments described in Note 38 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 38 are appropriate and have been properly applied.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Refer to Note 2.16- Significant accounting policies: "Revenue and other income" and Note 20 Revenue, to the financial statements.

The key audit matter

The Group's revenue for the year ended 31 December 2016 was mainly contributed by two of its significant components. These revenue are mainly derived from its port operations as well as property development projects and land sale activities.

We have considered revenue recognition as a key audit matter due to the significance of the specialised revenue from the port operations and the revenue generated from the property development projects and land sale activities.

We have also considered that the revenues from the property development projects and land sales are appropriately recognised in accordance with IC Interpretation 15, *Agreements for the Construction of Real Estate.*

Key Audit Matters (continued)

1. **Revenue recognition** (continued)

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We assessed the design and implementation of the key controls over the recognition of revenue to determine that the controls were operating effectively throughout the year, regardless of whether these controls were ultimately relied on.
- We inspected the sales invoices raised for the port operations to the service vouchers which have been acknowledged by the customers.
- We assessed the appropriateness of revenue recognised on the operations and maintenance of the port and compared to the criteria stated in the legal agreements.
- We performed test of details for revenues recognised for property development projects and land sales by agreeing the terms of the sales and purchase agreements (SPAs) to the buyers acceptance when vacant possessions were handed over.
- We also assessed the appropriateness of revenues based on the terms of the SPAs.
- We assessed whether the amounts recognised in the financial statements were in line with the Group's accounting policy and the relevant accounting standards.
- We considered the adequacy of the Group's disclosures in respect of revenues and profits recognised for property development projects and land sales activities.

2. **Recoverability of Receivables**

Refer to Note 2.4 – Significant accounting policies: "Financial Instruments", Note 11, Trade and other receivables and Note 29.3, Financial risk management, to the financial statements.

The key audit matter

As at 31 December 2016, the Group has a significant balance of RM262.7 million due from its receivables.

Receivable balances comprise mainly from trade related activities and amounts due from its related companies. Recoverability of receivables is a key audit matter due to the significant judgement and level of uncertainty involved.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We tested the trade receivables ageing to ascertain the accuracy of the underlying information used to assess the adequacy of impairment loss of trade receivables.
- We have read the Board minutes on the progress of the Settlement Agreement with its related companies, where applicable.

Key Audit Matters (continued)

2. **Recoverability of Receivables** (continued)

   How the matter was addressed in our audit (continued)

   - We discussed with Management to understand the basis and assessment in relation to the recoverability of receivables and assessed the customer's payment history by checking to receipts during the year as well as after the financial year end against their respective balances.
   - We considered the adequacy of the Group's disclosures on the degree of estimation and judgment involved in arriving at the allowance for impairment loss.

3. **Capitalisation of Property, plant and Equipment**

   Refer to Note 2.5 – Significant accounting policies: "Property, plant and equipment" and Note 3, Property, plant and equipment, to the financial statements.

   The key audit matter

   Property, plant and equipment represents the single largest category of assets on the statement of financial position of the Group at RM471.5 million as at 31 December 2016. The Group is currently in the midst of constructing an Animation Theme Park and recorded significant additions to its property, plant and equipment.

   There is significant judgement involved in assessing the nature and the level of expenditure to be capitalised as property, plant and equipment, the date for which depreciation should commence and whether the capitalisation meets the specific recognition criteria under MFRS 116, Property, Plant and Equipment.

   There is a significant degree of judgement involved in considering the level of borrowing costs that should be capitalised during the construction of the theme park and the point of time in which such capitalisation should cease under MFRS 123, Borrowing Costs.

   How the matter was addressed in our audit

   We performed the following audit procedures, among others:

   - We assessed whether there are any items that have been capitalised as property, plant and equipment which are not capital in nature and should be expensed out.
   - We assessed that only borrowing costs incurred in relation to the construction of the theme park were qualified for capitalisation.
   - We assessed the direct overheads absorbed in the capitalisation of property, plant and equipment if they met the qualifying criteria and appropriately accounted for in the financial statements.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
-
- Obtain an understanding of internal control relevant to the audit 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 internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Responsibilities

The supplementary information set out in Note 39 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

CHEW BENG HONG
Approval Number: 2920/02/18(J)
Chartered Accountant

IPOH

Date: 30 May 2017

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PERAK CORPORATION BERHAD
INCORPORATED IN MALAYSIA (210915-U)

FORM OF PROXY

I/We ______________________________ NRIC/Passport/Company No. ______________
(FULL NAME IN BLOCK CAPITALS)

of ______________________________ Tel. No. ______________
(FULL ADDRESS)

being a member / members of PERAK CORPORATION BERHAD, hereby appoint ______________

______________________________ NRIC/Passport No. ______________
(FULL NAME IN BLOCK CAPITALS)

of ______________________________
(FULL ADDRESS)

or failing him/her, ______________________________ NRIC/Passport No. ______________
(FULL NAME IN BLOCK CAPITALS)

of ______________________________
(FULL ADDRESS)

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf, at the **TWENTY-SIXTH ANNUAL GENERAL MEETING** of the Company to be held at Amanjaya Convention Centre, No. 1-C, Jalan Meru Casuarina, Bandar Meru Raya, 30020 Ipoh, Perak Darul Ridzuan on **Friday, 30 June 2017** at **4.00 p.m.** or at any adjournment thereof in the manner indicated below:

No.	Resolutions	For	Against
1.	To approve the increase in Directors' fees for the year ended 31 December 2016 and the payment of Directors' fees thereon.		
2.	To re-elect Dato' Nasarudin bin Hashim who retires by rotation in accordance with Article 80 of the Company's Articles of Association.		
3.	To re-elect Dato' Wan Hashimi Albakri bin W.A.A. Jaffri who retires by rotation in accordance with Article 80 of the Company's Articles of Association.		
4.	To re-appoint Tuan Haji Ab Rahman bin Mohammed as a Director of the Company.		
5.	Ordinary Resolution: Gratuity Policy		
6.	Ordinary Resolution: Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

(Please indicate with an "X" in the appropriate box above how you wish to cast your vote. If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he/she thinks fit.)

Dated this _____ day of __________________ in the year ______.

Number of ordinary shares held

____
Signature/Seal

Notes:
1. A member of the Company entitled to attend and vote at the meeting may appoint any person to be his/her proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy shall have the same rights as the member to speak at the meeting.
2. Where a member 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.
3. When a member appoints more than one proxy the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at D-3-7, Greentown Square, Jalan Dato' Seri Ahmad Said, 30450 Ipoh, Perak Darul Ridzuan at least forty-eight (48) hours before the time appointed for holding the Annual General Meeting or at any adjournment thereof.
6. Only members whose names appear in the Record of Depositors as at 22 June 2017 will be entitled to attend and vote at the above Meeting.
7. The registration for the above Meeting will commence on Friday, 30 June 2017 at 3.00 p.m.

First Fold

stamp

THE SECRETARY
PERAK CORPORATION BERHAD Co. No. 210915-U
D-3-7, Greentown Square,
Jalan Dato' Seri Ahmad Said,
30450 Ipoh,
Perak Darul Ridzuan, Malaysia.

Second Fold

PERAK CORPORATION BERHAD (210915-U)
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