ANNUAL REPORT 2017

OLDTOWN WHITE COFFEE

Aroma of Good Times™

OLDTOWN BERHAD
(797771-M)

Aroma of Good Times™

In the midst of our busy and hectic lives, some long for the good old days that we grew up in. When everything was simple and life was peaceful.

At OLDTOWN™ White Coffee, we strive to recreate charming memories of good old days. So come and rekindle unique memories of a time worth remembering. Come and enjoy the Aroma of Good Times with OLDTOWN™ White Coffee.

CONTENTS

OUR LEGACY

Malaysia
Singapore Thailand
Indonesia
Brunei
Phillippines USA
New Zealand
Taiwan Hong Kong
Shenzhen
Shanghai UK Australia
Beijing Canada

From the day our proprietary OLDTOWN™ White Coffee blend was formulated, it has been steadfastly carried down over the years to this day. Our white coffee are roasted and prepared according to the original method to ensure that every cup of OLDTOWN™ White Coffee imparts the same full-bodied taste, texture and aroma year after year. Our commitment to maintain the true essence of our heritage has helped us to create a one-of-its-kind brand that is renowned the world over.

To date, our white coffee products are exported to more than 17 markets worldwide. Our business also includes the OLDTOWN™ White Coffee chain of café outlets. Carrying the charm of a traditional Ipoh coffee shop, we serve a variety of Malaysian delicacies from white coffee to toasts, rice and noodles. To date, we have more than 200 café outlets throughout Asia.

Vision

To be Asia Pacific's Leading White Coffee Brand

Mission Statement

OUR PEOPLE :
We Believe That Our People Are Our Assets

We acknowledge and appreciate our people as those who grow with us and for their full dedication. We value them for their effort and what they are able to bring to the company, hence we constantly provide a platform and opportunities for career growth and enrichment of knowledge. We cultivate the passion of delighting our consumers into all our staffs to bring forth the best experience possible.

Community :
We Nurture The Community

We are aware and committed to our community hence we operate our business in a manner that does not compromise the wellness of our future generations. We are passionate about our corporate responsibilities and do our best to provide for the community in different ways, from doing our part for the earth we live in to providing underprivileged children with better homes. We will not look lightly upon our social responsibilities as we believe in giving back to the community as part of the effort towards a better future.

Our Consumers :
We Delight Our Consumers with Our Products

We are consumer centric and are always focused on consumer needs. Hence we are dedicated to delighting our consumers with all our product offerings, by committing ourselves in sourcing the finest ingredients through ethical ways to provide them with the best quality products. We hold strongly to our origins in order to bring to consumers the authentic experience that they expect to enjoy.

MOTHER EARTH :
We Do Our Part in Saving Mother Earth

We are attuned with the growing needs to nurture our mother earth and to do our part in caring for the environment. With this, we share and grow the passion and knowledge of caring for the environment with our partners and consumers for them to live this together with us as part of our corporate values.

INVESTORS :
We Focus on Prospering Our Investors

We are dedicated to growing and maximising the financial rewards of our investors as we see it as a platform for our company to continue to provide to our consumers and the community.

Business Overview

The business activities of Oldtown Group can be divided into three broad categories as follows:

Operation of Cafe Chain

- Own Cafe Outlets*
- Franchised Outlets
- Food Processing

Manufacturing of coffee and other beverages

- Instant Coffee Mix
- Roasted Coffee Powder
- Instant Milk Tea Mix
- Instant Chocolate Mix

Marketing and sales of coffee and other beverages

- Instant Coffee Mix
- Roasted Coffee Powder
- Instant Milk Tea Mix
- Instant Chocolate Mix
- Ready-to-drink coffee

**Own cafe outlets include those that are fully and partially owned.*

GROUP STRUCTURE

- OldTown Berhad
  - 100% White Cafe Sdn Bhd
  - 100% Gongga Food Sdn Bhd
  - 100% White Cafe Marketing Sdn Bhd
  - 100% Emperor's Kitchen Sdn Bhd
  - 100% Dynasty Confectionery Sdn Bhd
  - 100% Esquire Chef Sdn Bhd
  - 100% Kopitiam Asia Pacific Sdn Bhd
    - 100% Old Town Kopitiam Sdn Bhd
  - 100% Oldtown Singapore Pte Ltd
    - 100% OTK (HK) Investment Limited
      - 100% Shenzhen Kopitiam Asia Pacific Limited
    - 50% OTK Singapore Pte Ltd
  - 100% Old Town Kopitiam Butterworth Sdn Bhd
    - 100% Dynasty Kitchen Sdn Bhd
  - 100% Old Town Kopitiam Kuala Lumpur Sdn Bhd
  - 100% Old Town Kopitiam Cheras Sdn Bhd
  - 100% Old Town (M) Sdn Bhd
  - 100% Oldtown Logistics Sdn Bhd
    - 51% April Eight (China) Limited
      - 100% Guangzhou Supreme Food Service Limited
  - 100% Oldtown APP Sdn Bhd
  - 100% Oldtown White Coffee Limited (formerly known as Advance City Limited)
    - 100% Shenzhen Oldtown White Coffee Trading Co., Ltd
  - 80% Conneczone Sdn Bhd
  - 50% Plus One Solution Sdn Bhd
  - 40% OTK Eatery Sdn Bhd

CORPORATE INFORMATION

Board of Directors

Datuk Dr. Ahmed Tasir Bin Lope Pihie
PJN, PMP, JSM, FASc
Independent Non-Executive Chairman

Lee Siew Heng
Group Managing Director

Dato' Wong Guang Seng
Independent Non-Executive Director

Tan Chon Ing @ Tan Chong Ling
Independent Non-Executive Director

Chuah Seong Meng
Executive Director

Clarence D'Silva A/L Leon D'Silva
Executive Director

Goh Ching Mun
Executive Director

Tan Say Yap
Executive Director

Board Committees

Audit Committee

Dato' Wong Guang Seng
Chairman

Datuk Dr. Ahmed Tasir Bin Lope Pihie

Tan Chon Ing @ Tan Chong Ling

Remuneration Committee

Tan Chon Ing @ Tan Chong Ling
Chairman

Datuk Dr. Ahmed Tasir Bin Lope Pihie

Lee Siew Heng

Dato' Wong Guang Seng

Goh Ching Mun

Nomination Committee

Datuk Dr. Ahmed Tasir Bin Lope Pihie
Chairman

Dato' Wong Guang Seng

Tan Chon Ing @ Tan Chong Ling

Company Secretaries

Wong Wai Foong
(MAICSA 7001358)

Tan Bee Hwee
(MAICSA 7021024)

Registered Office

Unit 30-01 Level 30,
Tower A, Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.
Tel : (603) 2783 9191
Fax: (603) 2783 9111

Head Office

No. 2, Jalan Portland,
Kawasan Perindustrian Tasek,
31400 Ipoh, Perak Darul Ridzuan.
Tel : (605) 541 5511
Fax: (605) 541 2860

Website

www.oldtown.com.my

Stock Exchange Listing

Main Market of
Bursa Malaysia Securities Berhad
(Listed since 13 July 2011)
Stock Name: **OLDTOWN**
Stock Code: **5201**

Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd
Office:
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.
Tel: (603) 2783 9299
Fax: (603) 2783 9222

Customer Service Centre:
Unit G-3, Ground Floor, Vertical Podium,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

Principal Bankers

CIMB Bank Berhad (13491-P)
HSBC Bank Malaysia Berhad (127776-V)

Statutory Auditors

Deloitte PLT (LLP0010145-LCA)
Chartered Accountants (AF0080)
Level 2, Weil Hotel,
292, Jalan Sultan Idris Shah,
30000 Ipoh, Perak Darul Ridzuan.
Tel: (605) 254 0288
Fax: (605) 254 7288

PROFILES OF BOARD OF DIRECTORS & KEY SENIOR MANAGEMENT

PROFILES OF BOARD OF DIRECTORS

01

Datuk Dr. Ahmed Tasir Bin Lope Pihie
PJN, PMP, JSM, FASc
Independent Non-Executive Chairman

Chairman of Nomination Committee
Member of Audit Committee
Member of Remuneration Committee

Datuk Dr. Ahmed Tasir a Malaysian male, age 66 years was appointed to the Board of OldTown Berhad as Independent Non-Executive Chairman since 10 November 2009.

Datuk Dr. Ahmed Tasir has extensive working experience in research and development and commercialisation in Agriculture, and policy directions and promoting collaborations involving strategic hi-tech industries and holds academic qualifications with a Doctor of Philosophy (PhD) in Science and Technology Policy, University of Manchester, Master of Science in Seed Technology, University of Edinburgh, Scotland and a Bachelor in Agriculture Science, University of Malaya. He was conferred a Fellow of The Academy of Science Malaysia.

In 1972, Datuk Dr. Ahmed Tasir joined the Malaysian Agricultural Research and Development Institute (MARDI) and was with the institute until 1992 where he last held the post as a Director. Subsequently, he was appointed CEO of the Malaysia Industry-Government Group for High Technology (MIGHT) from 1993 to 2008. He was a Director of Inno Bio Ventures Sdn Bhd and Inno Biologics Sdn Bhd from 2003 to 2015, in addition to his responsibilities as President of the companies from 2011 to 2015.

Datuk Dr. Ahmed Tasir is presently Chairman of Strand Aerospace Malaysia Sdn Bhd and a Board Member of Mara Aerospace Technologies Sdn Bhd, Universiti Kebangsaan Malaysia (UKM) and several private companies. He is also a Council member of Hospital Tuanku Mukriz.

02

Mr Lee Siew Heng
Group Managing Director

Executive Director
Member of the Remuneration Committee

Mr Lee a Malaysian male, age 51 years was appointed to the Board of OldTown Berhad as Executive Director on 30 November 2007.

As Group Managing Director, he is overall in charge of the management of the Group's businesses and provides leadership, strategic direction and management policies on the growth and expansion of company's manufacturing operations and café chain outlets.

He brings with him immense industry knowledge, strong leadership and executional capabilities having a span of more than 30 years of experience in the manufacturing and retailing industries of which more than 15 years is in the coffee beverage industry. He is the key driving force in the growth and development of the OldTown Group of Companies and instrumental in the expansion of the Group's FMCG and F&B sectors in the Asia-Pacific region.

Mr Lee started his career after 1986 as a Production Manager of Chong Ngai Knitting Factory Sdn Bhd, a garment manufacturer, and was later promoted to the position of a General Manager. He left the company in 1997 to become a Director of CN Supplies Sdn Bhd which was trading in hotel supplies. In 2001, he joined White Cafe Marketing Sdn Bhd, a company in the OldTown Group as a Managing Director and was subsequently re-designated the Group Managing Director of OldTown Berhad in 2009.

He holds directorships in several private companies and is currently the Chairman of OldTown International Sdn Bhd, the holding company of OldTown Berhad.

03

Dato' Wong Guang Seng
Independent Non-Executive Director

Chairman of Audit Committee
Member of Nomination Committee
Member of Remuneration Committee

Dato' Wong a Malaysian male, age 65 years was appointed to the Board of OldTown Berhad as an Independent Non-Executive Director on 1 April 2014.

Dato' Wong is a Fellow of the Institute of Chartered Accountants (England and Wales), as well as a Chartered Management Accountant (UK). He is also a Member of Malaysian Institute of Accountants (MIA), Malaysian Institute of Certified Public Accountants (MICPA) and an Associate of Chartered Tax Institute of Malaysia (ACTIM). He holds a Master Degree in Business Administration (MBA) from the Cranfield Institute of Technology, UK.

Dato' Wong has served Deloitte for over 40 years, where he held various positions including Senior Partner, Head of Clients and Market, as well as Exco Member of Deloitte Malaysia. He retired from Deloitte in 2013 and is currently an Executive Director of AG Legal Tax Services Sdn. Bhd.

Dato' Wong also sits on the Board of Unisem (M) Berhad as an Independent Non-Executive Director since February 2014.

04

Mr Tan Chon Ing @ Tan Chong Ling
Independent Non-Executive Director

Chairman of Remuneration Committee
Member of Audit Committee
Member of Nomination Committee

Mr Tan a Malaysian male, age 56 years, was appointed to the Board of OldTown Berhad as Independent Non-Executive Director on 7 November 2012.

A business entrepreneur, Mr Tan graduated with a Bachelor of Civil Engineering (Hons) from the National University of Singapore in 1985. He joined WTS Konsultant, Kuching as a civil engineer in 1985 until 1990. He was appointed as Managing Director of Uomo Donna Sarawak Sdn Bhd from 1991 to 1993 and the Chief Executive Officer of PT Indoscala, Indonesia, a wholesaler and retailer of ladies apparel, from 1993 to 1996.

He has accumulated more than 19 years of business experience in the building construction and property development which includes integrating a township and golf course.

Mr Tan is the Founder and Vice Chairman of Eduland China and has 14 years' experience in the setting up, operation and franchise of a chain of Bilingual Early Childhood Education centres in Shanghai City, Suzhou and Zhejiang Provinces. The Company provides quality early childhood care and education as amenities in purpose built kindergarten buildings located at premium townships and residential areas.

PROFILES OF BOARD OF DIRECTORS & KEY SENIOR MANAGEMENT

05

Mr Chuah Seong Meng
Executive Director & Chief Operating Officer (COO) of FMCG Sector

Mr Chuah a Malaysian male, age 42 years, was appointed to the Board of OldTown Berhad as Executive Director on 10 November 2009.

A seasoned marketing professional, he graduated with a Bachelor of Business, majoring in Marketing in 1997 from the University of Tasmania, Australia. He is also a certified marketer of the Chartered Institute of Marketing in the UK.

He has more than 18 years of extensive experience in Sales and Marketing. He began his career in 1997 as a Sales Executive with Besta Computerized Dictionary Sdn Bhd, a distributor of computer dictionary products.

Two years later, he joined White Cafe Sdn Bhd in 1999 as Marketing Manager and was promoted to Senior Marketing Manager in 2003 and Group Marketing General Manager in 2007. He is currently the OldTown Berhad's COO of the Fast Moving Consumer Goods (FMCG) Sector.

Mr Chuah is responsible for the overall business strategy formulation, objectives setting and strategy implementation for all FMCG activities and businesses including sales and marketing, manufacturing, research and development functions. He also heads the Group Marketing Communication Division and overseas subsidiaries' operation in Shenzhen, China and Hong Kong, China.

06

Mr Clarence D'Silva A/L Leon D'Silva
Executive Director &
Chief Operating Officer (COO)
of F&B International Sector

Mr Clarence D'Silva a Malaysian male, age 56 years, was appointed to the Board of OldTown Berhad as Executive Director on 10 November 2009.

With a deep passion for food, Mr Clarence D'Silva has worked his way up as Management Trainee to the position as Chief Operating Officer over a span of 33 years in the Food Service industry in Asia Pacific.

It was in this region where he honed his skills in managing several International Brands and done start-ups for new food businesses in Indonesia, Thailand, Philippines, Hong Kong and Malaysia and served in several senior positions with multi-national companies.

A graduate with a Bachelor of Business Administration from the California Technical College, USA in 1982, he began his career in F&B the following year when he joined KFC as a Management Trainee. In 1989, he took up employment with Carl's Jr Asia Development Corporation under the MBF Group of Companies, and was eventually promoted to General Manager of the brand in Thailand. In 1998, he joined Sushi Kin Sdn Bhd as GM/COO, and was appointed to the Board of Directors of the company in 2000. In 2003, he joined Yoshinoya Food Systems, which was part of the Wing Tai Asia Limited in Singapore, as its COO. In 2006, he took up the position of COO with FB Food System (HK) Ltd, a subsidiary of Far East Consortium, Hong Kong.

Mr Clarence D'Silva joined OldTown Berhad in 2009 as the COO of the Food and Beverage (F&B) and was responsible for overseeing the F&B operations, distribution and logistics, food manufacturing as well as the development of the F&B franchise business of the Group in Malaysia and Asia Pacific.

In 2016, in line with the Group's focus towards international growth, he was reassigned as the COO of the Food and Beverage (F&B) International Sector and is currently responsible for the development of the Franchise Business for the Cafe outlets within the International Market.

07

Mr Goh Ching Mun
Executive Director

Member of the
Remuneration Committee

Chairman of the
Corporate Social Responsibility
(CSR) Committee

Mr Goh a Malaysian male, age 46 years, was appointed to the Board of OldTown Berhad as Executive Director on 30 November 2007.

As the co-founder of OldTown Group of Companies, he has more than 23 years of experience in the coffee manufacturing industry. He began his career in 1983 when he was involved in the family business of operating the Nam Heong Coffee Shop in Ipoh.

In 1999, he co-founded and established White Cafe Sdn Bhd where he was appointed Product Research and Development Director and was responsible for the formulation of the blend of white coffee that is currently produced by the Group and the product research and development activities of the Group from 1999 to 2013.

Mr Goh and Mr Tan Say Yap, Executive Director, are currently assuming a co-advisory role to the Group Managing Director in matters relating to the FMCG segment in relation to the production of coffee mixtures. Mr Goh is also the Chairman of the Corporate Social Responsibility (CSR) Committee that carries out the social responsibility functions of the Group via OldTown Children Care Fund (OCAF) and OldTown Earthcare activities.

He is a Director of several private companies which are involved in property investments, cafe and restaurant business, mobile apps and e-commerce platform.

08

Mr Tan Say Yap
Executive Director

Mr Tan a Malaysian male, age 42 years, was appointed to the Board of OldTown Behad as Executive Director on 10 November 2009.

As the co-founder of the OldTown Group of Companies, he has more than 16 years of experience in the coffee manufacturing industry. He is instrumental in the formulation of the blend of white coffee which started the beverage manufacturing business of the Group.

Mr Tan obtained a Diploma in Hotel Business Management from Syuen Hotel and Catering Management Institute, Ipoh in 1996.

His career started in 1997 as Commis One at the Pangkor Laut Resort Hotel where he was mainly involved in the preparation of food for the hotel's food and beverage outlets. In 1999, he co-founded and established White Cafe Sdn Bhd and was appointed Director of White Cafe Sdn Bhd. He was appointed Business Development Director of Kopitiam Asia Pacific Sdn Bhd and was responsible for the cafe outlet operations from 2005 to 2009 and held the position of Corporate Relations Director where he was responsible for fostering corporate relations with franchisees, landlords, business associates and business partners from 2009 to 2013.

Mr Tan and Mr Goh Ching Mun, Executive Director, are currently assuming a co-advisory role to the Group Managing Director in matters relating to the FMCG segment in the production of coffee mixtures.

PROFILES OF KEY SENIOR MANAGEMENT

The key senior management of the OldTown Group of Companies are:

- Mr Lee Siew Heng, Group Managing Director, who is also an Executive Director of OldTown Berhad;
- Mr Chuah Seong Meng, Chief Operating Officer (COO) of FMCG Sector, who is also an Executive Director of OldTown Berhad;
- Mr Clarence D'Silva A/L Leon D'Silva, Chief Operating Officer (COO) of F&B, International Sector, who is also an Executive Director of OldTown Berhad; and
- Mr Felix Michael, Chief Operating Officer (COO) of F&B, Domestic Sector for Malaysia and Singapore.

The profiles of Mr Lee Siew Heng, Mr Chuah Seong Meng and Mr Clarence D'Silva are set out on pages 7 to 9 in this Annual Report.

The profile of Mr Felix Michael is set out on page 11 of this Annual Report.

Mr Felix Devakumaran A/L JW Michael
Chief Operating Officer (COO) of F&B (Domestic Sector), Malaysia & Singapore

Mr Felix Michael a Malaysian male, age 54 years, joined OldTown Group of Companies in October 2016 as COO of the Food and Beverage Domestic Sector for Malaysia and Singapore.

A veteran in the business, he has over 30 years' of experience in the Food Service Industry covering various global and international brands in Southeast Asia. He has managed several brand experiences having worked in Malaysia, Indonesia and Thailand, and served in senior positions in brands such as KFC, Starbucks, Burger King, Dominos, Wendy's and Pizza Hut.

He holds a Bachelor of Economics (Business Administration) degree from University Malaya in 1986. His career started in 1987 when he joined KFC as a Management Trainee and rose through the ranks till he eventually became Senior General Manager (Operations) in Malaysia with a support role for Singapore. In 2006, he moved on to lead Starbucks Coffee Thailand as its Managing Director. Three years later, he was appointed as the Chief Executive Officer (CEO) of Cosmo Restaurants Sdn Bhd, the operator of the Burger King outlets in Malaysia. In November 2011, he assumed the position of General Manager, Dominos Indonesia and in September 2012, he was appointed CEO of PT TransBurger (Wendy's), Indonesia. In September 2014, he was appointed the Chief Development Officer at QSR Brands and was responsible for overseeing the development and growth of KFC and Pizza Hut restaurants nationwide. In 2015, he took on the role of the Head of Pizza Hut Malaysia.

Currently, Mr Felix Michael oversees the domestic operations, distribution and logistics, its Bakery and Central Kitchen operations, as well as the development of F&B franchise business within Malaysia and Singapore in the OldTown Group.

Notes:-

1. **Family Relationship with Directors and/or Major Shareholders**

   - Mr Lee Siew Heng is a deemed substantial shareholder of OldTown Berhad.
   - Mr Lee Siew Heng is the brother of Mr Lee Siew Ming, who has ceased to be a deemed substantial shareholder of OldTown Berhad effective from 31 January 2017.

   Save as disclosed above, none of the Directors or Key Senior Management has any family relationship with any Directors and/or major shareholders of OldTown Group.

2. **Conflict of Interest**

   Save for related party disclosures as disclosed under Note 25 to the Audited Financial Statements of this Annual Report and the Circular to Shareholders dated 31 July 2017 which is despatched together with this Annual Report, the Directors have no conflict of interest in any business arrangement with the Company and its subsidiaries.

3. **Conviction of Offences**

   None of the Directors and Key Senior Management has been convicted of any offence within the past 5 years, other than possible traffic offences.

   There were no sanctions and/or penalties imposed on the Directors and Key Senior Management by any relevant regulatory bodies, which were material and made public during the financial year ended 31 March 2017.

4. **Directors' Shareholdings**

   The details of Directors' interest in securities of the Company are set out in the Analysis of Shareholdings on page 154 of this Annual Report.

5. **Attendance of Board Meetings**

   The details of attendance of Directors at the Board Meetings are set out in the Corporate Governance Statement on page 43 of this Annual Report.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of OldTown Berhad ("the Company" or "OldTown") and its subsidiaries ("the Group"), it is our pleasure to present the Annual Report and Audited Financial Statements for the financial year ended 31 March 2017 ("FYE2017").

During the year under review, our cafe chain operations or food and beverages segment ("F&B") performance was affected by a challenging operating environment while the manufacturing, marketing and sales of beverages or fast moving consumer goods segment ("FMCG") saw a remarkable performance.

Datuk Dr. Ahmed Tasir Bin Lope Pihie
PJN, PMP, JSM, FASc
Independent
Non-Executive Chairman

GROUP FINANCIAL PERFORMANCE

The Group recorded higher revenue of RM425.2 million with 8.1% rise for FYE2017 as compared to RM393.4 million in the financial year ended 2016 ("FYE2016"). The gain in revenue of RM31.8 million was mainly due to the increased revenue from its FMCG segment leveraging on its strong exports sales, despite cautious consumer spending.

Profit before tax ("PBT") registered RM80.2 million for the financial year compared to RM68.2 million in FYE2016, reflecting an increase of 17.6% or RM12.0 million growth over the previous year. Net profit increased to RM60.0 million in FYE2017 compared to RM52.3 million in FYE2016, posting a gain of RM7.7 million or an improvement of 14.7%.

The improved performance of the Group was driven by the manufacturing of beverages FMCG segment which recorded double digit growth in revenue and PBT.

SEGMENTAL FINANCIAL PERFORMANCE

The F&B segment contributed 45% of the revenue to the Group and the remaining 55% came from significantly improved revenues by the FMCG segment in FYE2017.

F&B registered a total revenue and profit before tax of RM191.4 million and RM16.0 million respectively, whilst the FMCG segment recorded a total revenue of RM233.8 million and profit before tax of RM63.1 million for FYE2017.

F&B's reduced cafe chain revenue and PBT were due to lower revenue, higher staff costs and the provision of RM4.8 million on overdue trade receivable accounts in the fourth quarter of FYE2017.

The FMCG segment saw an increase of 17.2% in total revenue in FYE2017 compared to RM199.4 million in FYE2016 and a rise of 32.8% in PBT in FYE2017 as compared to RM47.5 million in FYE2016, mainly due to higher export sales and foreign exchange gains.

GROUP FINANCIAL REVIEW

A further review of the Group's financial operations is presented in the Management Discussion and Analysis section of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")

The MD&A (formerly called Group Managing Director's Review of Operations) covering management discussion and analysis of our business, operations and performance is set out separately in this Annual Report on pages 16 to 30.

CORPORATE GOVERNANCE

The Board is committed to upholding and implementing high standards of corporate governance. We are active in strengthening our governance and internal controls which we strongly believe have an important role in achieving the Company's objectives to create shareholders' value.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY

OldTown reviews Sustainability and Corporate Responsibility constantly and the impact our business has on society, environment, communities and stakeholders. The Group is committed to achieving sustainability as stated in our mission statement to our people, community, consumers, investors and the environment.

The report on Sustainability and Corporate Responsibility is set out separately in this Annual Report on pages 32 to 36.

DIVIDEND POLICY

The Group's dividend policy is to pay a minimum of 50% of the Group's annual profit attributable to owners of the Company to shareholders which would allow them to participate in the profits of the Company.

We have further recommended payment of a final single-tier dividend of 1.0 sen per share and a special single-tier dividend of 3.0 sen per share in respect of FYE2017, subject to shareholders' approval at the upcoming Annual General Meeting.

Details on our Dividend Policy are reported in the MD&A in this Annual Report on page 30.

GLOBAL AND REGIONAL ECONOMIC CHALLENGES

Despite an uncertain world economy, the outlook for Asia-Pacific is projected to remain broadly positive in the next three years, driven by domestic demands and gradual recovery in the global economy and commodity prices.

Malaysia's economy recorded a robust gross domestic product ("GDP") growth of 5.6% in the first quarter of 2017 against 4.1% in the same quarter last year and is forecasted to grow between 4.3% and 4.8% this year compared to previous year's growth at 4.2%. Domestic demand will remain a key driver with support from improvement in net exports and private consumption. Headline inflation is projected to rise between 3% to 4% in 2017 compared to 2.1% in 2016.

Consumer sentiments and confidence in the domestic market remain muted and spending power reduced due to higher inflation, withdrawal of subsidies, volatile ringgit and the effects of a post-Goods and Services Tax ("GST") implementation.

In spite of these challenges, the Malaysian economy is expected to remain resilient in the face of economic uncertainties on the domestic and global fronts.

Domestic consumption is projected to grow at a moderate pace as consumers adjust to the high cost of living and become more cautious in their spending.

We are concerned by these challenges in the macro economic environment and intense competition in the marketplace. However, the Group's F&B and FMCG segments are solidly positioned to ride through these challenges, and capitalise on the country's stable economy to seek further growth.

BUSINESS PROSPECTS

The Group will continue to focus on business expansion at strategic locations in both local and overseas markets, depending on our strengths and targeting more markets for our coffee and beverages, especially our White Coffee brand.

Our F&B and FMCG businesses will also review operational plans to optimise resources and improve on operational efficiency in this tough and challenging environment.

Going forward, we expect to grow our revenues in F&B domestic and overseas markets and expand FMCG exports covering more countries, so as to contribute positively to the Group's operating results.

Notwithstanding our best effort in management and forward planning, the performance of our business will be affected by economic uncertainties and external factors beyond our control.

We are on track with internal targets and key performance indicators have been set. Our single-minded passion will spur us to be even more focused and determined in executing our business plans and strategies.

Barring any unforeseen circumstances, we are cautiously optimistic in delivering an improved performance in the coming year.

APPRECIATION

On behalf of the Board, I would like to express my appreciation to our customers, shareholders, suppliers, bankers, business partners and regulatory authorities for their continued support and assistance to the Group.

I would also like to thank my fellow colleagues on the Board, the management team and staff of the Company for their commitment, dedication and contributions to the growth of the Group.

Datuk Dr. Ahmed Tasir bin Lope Pihie
Independent Non-Executive Chairman
OldTown Berhad

MANAGEMENT DISCUSSION & ANALYSIS

"OldTown Berhad turned in a set of commendable topline growth results for the financial year ended 31 March 2017 (FYE2017) amidst a difficult and challenging year for the industry as weak consumer sentiments affected spending power due to higher cost of living that also impacted many businesses."

"We demonstrated overall resilience in capitalising on the strengths of our key core businesses that contributed to improved results in FYE2017. Despite a subdued performance by F&B, the improved performance of the Group was driven by the FMCG segment which recorded double digit growth in revenue and profit before tax."

"On this note, I am glad to present to you our Management Discussion and Analysis for the year under review."

Mr Lee Siew Heng
Group Managing Director
OldTown Berhad

Mr Lee Siew Heng
Group Managing Director

OVERVIEW OF BUSINESS AND OPERATIONS

OldTown Berhad ("the Company" or "OldTown") and its subsidiaries ("the Group") are principally engaged in cafe chain operations and the manufacturing, marketing and sales of coffee and beverages. The Group is an established household name with our head office and manufacturing facilities in Ipoh.

The Company began operations in 1999 with the instant beverages manufacturing or fast moving consumer goods ("FMCG") business and in 2005, expanded into the food and services sector or food and beverage ("F&B") business with a chain of cafe stores under the brand name "OldTown White Coffee".

OldTown currently exports beverages to 17 markets globally from Malaysia to Singapore, Indonesia, Philippines, Thailand, Brunei, Myanmar, Cambodia, Hong Kong, China, Macau, Taiwan, Australia, New Zealand, United Kingdom, Netherlands, USA and Canada.

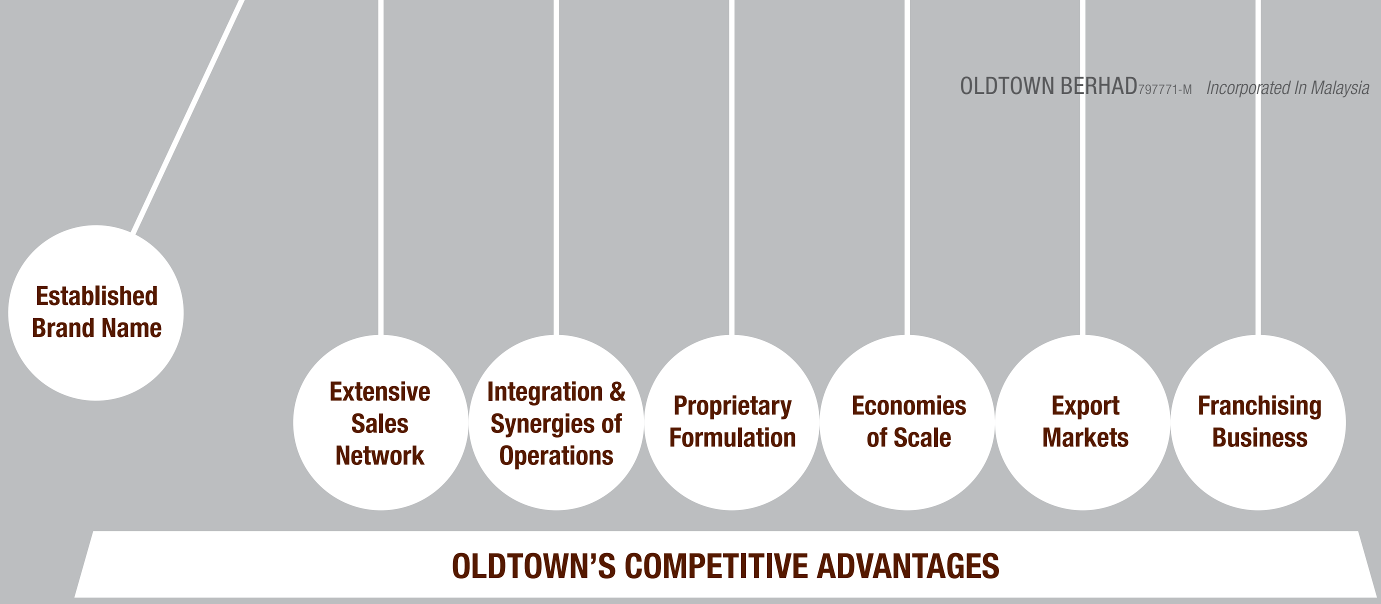
The manufacturing, sales and marketing of beverages has earned us the reputation as a White Coffee specialist in Malaysia with a strong and solid network in Asia-Pacific.

OldTown invented the authentic 3-in-1 White Coffee category as one of the original brands of "White Coffee made in Ipoh", offering customers "best-in-class" as a product and taste experience. The cafe chain is recognised as the halal certified leading "kopitiam" store, setting an industry benchmark in the country.

The Group's vision is to be "Asia-Pacific's Leading White Coffee Brand" and our mission statements, among others, are to "Delight Our Consumers With Our Products" and "Focus On Prospering Our Investors".

OldTown White Coffee – an established brand.

OldTown products are exported to 17 markets worldwide.



SUSTAINABLE BUSINESS MODEL

The Group focuses on two key strategic operations, F&B and FMCG segments working synergistically to understand the market in terms of their acceptability of products, brand experience, consumer taste profile and preference.

The segments complement each other maximising cost savings, streamlining processes, such as raw materials procurement to advertising campaigns, sharing best practices and resources, and leveraging on scale for greater negotiating power.

OldTown's operations centre around a sustainable business model, an established brand, an attractive valuation, a strong balance sheet, a dominant domestic market and exposure in Asia-Pacific region.

BUSINESS OBJECTIVE AND OPERATIONS

Our main objective is to increase the market share in Malaysia and international markets for the F&B and FMCG segments, by way of organic growth, product and technology enhancement.

The Group's business activities are divided into three broad categories:

- Operations of Cafe Chain including those that are fully owned and partially owned stores, franchised and licensed outlets and food processing through our central kitchens.
- Manufacturing of coffee and other beverages that covers instant coffee mix, roasted coffee powder, instant milk tea mix and instant chocolate mix.
- Marketing and sales and distribution of coffee and other beverages including instant coffee mix, roasted coffee powder, instant milk tea mix, instant chocolate mix and ready-to-drink canned coffee.

OldTown Berhad's principal business activities.

BUSINESS STRATEGY AND OPERATIONS REVIEW
F&B - DOMESTIC AND INTERNATIONAL MARKETS

F&B segment's strategy is centred on strengthening the brand and to grow, build and maintain OldTown as the leading "Kopitiam café chain" in Malaysia and the region.

However, for the financial year under review, F&B segment was relatively subdued in performance on the domestic market but made significant progress on the international front. Hence, we have begun to aggressively penetrate international territories for the long-term sustainability of the F&B segment.

Establishing OldTown's footprint both regionally and internationally for F&B via territorial or area licensing would be key in ensuring minimal capital expenditure and risks for maximum exposure overseas. The success of international expansion would increase our franchise fee income and help to sustain our F&B segment.

In the international markets, we aim to expand our footprint across the territories in China and Indo-China in the mid-term as the primary development markets. We have aggressively marketed ourselves to the international market by participating in trade shows and exhibitions.

The international F&B segment met its objectives in FYE2017 by opening one outlet in Hong Kong, and re-entering the China market. In addition to the two new territories, the international division also secured an agreement to develop Myanmar, as well as Fujian Province, China in the third and fourth quarters respectively.

In the domestic market, for the first two quarters, we were unable to achieve targeted results despite having put strategies in place prior to the start of the financial year 2017 due to weak consumer market sentiments. We had anticipated a price sensitive consumer market to continue in the first two quarters and had executed marketing programmes accordingly.

While the topline sales were not achieved in the first two quarters due to the closures of some outlets, there was a same store sales growth, (year-on-year comparison) for the remaining outlets.

Despite our best efforts, we had expected a downward trend in net profit and revenue in the café chain segment in the domestic market due to subdued consumer demand. The escalation of rental rates for existing location of the café outlets further contributed to a diminished profitability. The development of new shopping malls in the city centres contributed to a drop in patrons due to cannibalization and in turn resulted in lower revenue for outlets that were located in these existing malls.

As inflation outpaces the increase in remuneration of the working class, liquidity amongst the mass middle market has also diminished as the priority of spending on household necessities takes precedence over the indulgence of lifestyle and entertainment.

F&B Segment's domestic market key focus area in Malaysia.

F&B Segment (Domestic) Key Focus Area

- Continuous frontline operations optimization through clear store inventory management requirements that has been recently put in place
- Establish a level of operational capability and consistently executed store standards that will support our growth and achieve our business objective
- To start development of a framework for implementation of a new store design direction flowing from strategic direction. To also complete "store refresh" strategy ready to execute in FYE 2018
- To focus on executions for all existing and upcoming marketing programs to improve quality and consistency
- To accelerate healthy, sustainable outlet growth (3 new in Q4) and focus on creating a Market Strategic Development plan that will chart plans beyond 2018

FMCG – DOMESTIC AND INTERNATIONAL MARKETS

FMCG segment's growth strategy is based on five pillars : to strengthen OldTown's iconic brand; execute with excellence; transforming products portfolio; expanding online and offline distribution points; and monitoring performance across all platforms.

The segment's management team takes pride in leveraging on the key strengths of OldTown as an established brand name with a rich heritage and strong customer loyalty.

Our current manufacturing facilities are sufficient to cater for mid-term growth.

In meeting customers' expectations, FMCG always looks at products that are relevant to consumers by conducting Consumer Insights, so as to improve the overall consumer experience, both in Malaysia and overseas.

The Group's manufacturing of beverages continued to post strong growth for both top and bottom line, despite a competitive environment in the financial year.

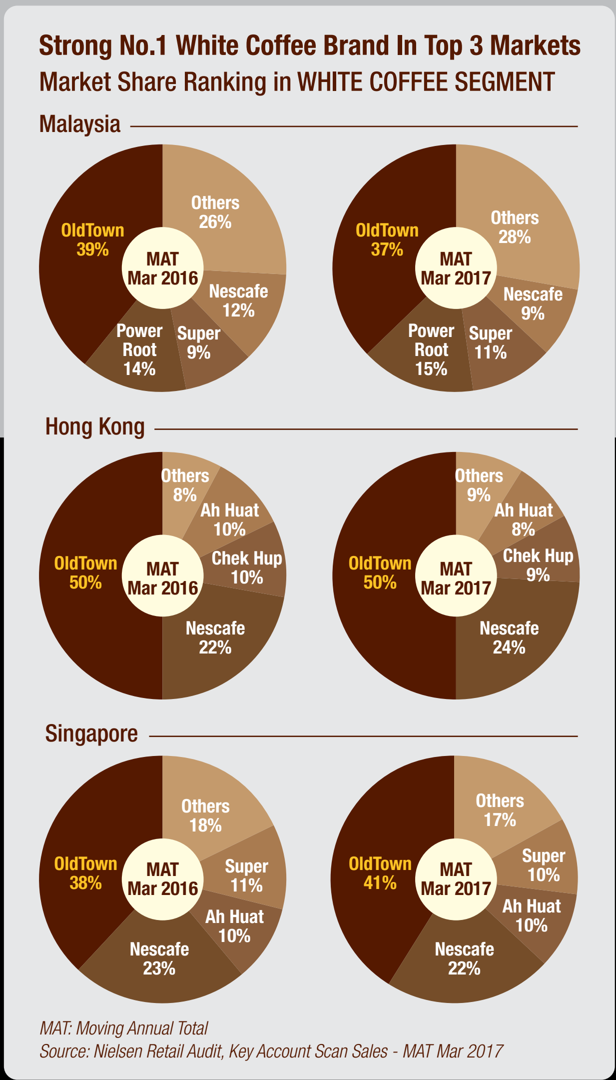
Total revenue and earnings were supported by strong double digit growth of export contributions. Overall, the escalation of online sales increased FMCG's overall revenue, contributing significant e-commerce sales.

In the domestic market, OldTown White Coffee retained the "No. 1 White Coffee Brand" segment in Malaysia. However, local demand remained soft as total coffee mix category registered negative organic growth rate.

Domestic markets were primarily affected by the overall economic conditions as consumer confidence remained low in the second half of 2016. The fourth quarter financial performance was impacted by higher input costs and promotion discounts.

Despite decline in domestic's modern trade sales, the Group's FMCG segment registered double digit y-o-y growth primarily due to strong 30% export revenue growth. The key growth driver for export revenue was China, followed by Hong Kong, Indonesia and Taiwan.

FMCG's strengths



FMCG Segment - The No. 1 White Coffee Brand across 3 key markets.

FINANCIAL REVIEW
GROUP FINANCIAL PERFORMANCE

OldTown Group turned in a set of commendable financial performance for FYE2017 amidst a difficult and challenging year for the industry as weak consumer sentiments affected spending power due to higher cost of living that also impacted many businesses.

The Group registered revenue of RM425.2 million for FYE2017 which is 8.1% higher than the previous financial year of RM393.4 million. The gain in revenue of RM31.8 million was mainly due to increased revenue from its FMCG segment.

Profit before tax ("PBT") recorded RM80.2 million for the financial year compared to RM68.2 million in FYE2016, reflecting an increase of 17.6% or RM12.0 million growth over the previous year. Likewise, net profit increased to RM60.0 million in FYE2017 compared to RM52.3 million in FYE2016, posting a gain of RM7.7 million or a rise of 14.7%.

Despite a slow performance by F&B, the improved performance of the Group was driven by the FMCG segment which recorded double digit growth in revenue and profits.

SEGMENTAL FINANCIAL PERFORMANCE

The operation of cafe chain ("F&B") segment contributed 45% of the Group's revenue and the remaining 55% came from significantly improved revenues of its FMCG segment in FYE2017.

F&B registered a total revenue and profit before tax of RM191.4 million and RM16.0 million respectively, whilst the FMCG segment recorded a total revenue of RM233.8 million and PBT of RM63.1 million for FYE2017.

We recorded PBT of RM1.1 million for the fourth quarter ended 31 March 2017 on the back of the segment's revenue of RM47.8 million. This represented a decrease of 72.5% in PBT as compared to RM4.0 million achieved in the quarter ended 31 March 2016.

F&B segment's reduced cafe chain revenue and PBT were due to lower revenue, higher staff costs and the provision of RM4.8 million on overdue trade receivable accounts in the fourth quarter of FYE2017.

The FMCG segment saw an increase of 17.2% in total revenue in FYE2017 compared to RM199.4 million in FYE2016 and a jump of 32.8% in PBT in FYE2017 as compared to RM47.5 million in FYE2016, mainly due to higher export sales and foreign exchange gains.

We recorded PBT of RM11.5 million for the fourth quarter FYE2017 on the back of the segment's revenue of RM59.2 million. This represented a decrease of 32.0% in PBT as compared to RM16.9 million achieved in the fourth quarter of FYE2016.

The segment's lower PBT was mainly attributed to higher selling and distribution expenses for the fourth quarter of FYE2017.

With prudent debt management and a strong financial position, the Group continues to expand or realign its core businesses locally and regionally, while pursuing investment and business opportunities for further growth.

The Group intends to focus its marketing efforts on the larger and more vibrant foreign markets, through various e-commerce and retail platforms.

FINANCIAL SUMMARY

The Group's financial profile is summarised below:

PROFIT TO OWNERS OF THE COMPANY / EARNINGS PER SHARE (FYE2017 vs FYE2016)

	FYE 2017	FYE 2016
Profit attributable to owners of the Company (RM' million)	**60.8**	52.3
Weighted average number of ordinary shares in issue (RM' million)	**451.5**	448.1
Basic earnings per share (sen)	**13.5**	11.7

The profit attributable to owners of the Company improved by RM8.5 million (16%).

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION ("EBITDA") (FYE2017 vs FYE2016)

	FYE 2017	FYE 2016
Profit before tax (RM' million)	**80.2**	68.2
Depreciation and amortisation (RM' million)	**17.1**	16.9
Interest expense (RM' million)	**0.6**	0.8
EBITDA (earnings before interest, taxes, depreciation and amortisation (RM' million)	**97.9**	85.9

The Group's EBITDA improved by RM12.0 million (13.97% as compared to the previous financial year).

STRONG FINANCIAL POSITION (FYE2017 vs FYE2016)

	FYE 2017	FYE 2016
Property, plant and equipment ("PPE") (net book value) (RM' million)	**117.7**	109.7

The increase in PPE was mainly attributable to additions of RM22.5million during the year which was partially offset by the depreciation charges of RM13.4million and PPE written off of RM1.3million.

	FYE 2017	FYE 2016
Net cash position (RM' million)	**160.2**	153.5
Cash and cash eqivalents (RM' million)	**170.9**	169.4

The Group is in a healthy financial position with cash reserve of RM170.9 million and this provides us the capacity to reward our shareholders and the flexibility to invest in viable business ventures for better returns in the future.

	FYE 2017	FYE 2016
Hire-purchase payables and bank borrowings (RM' million)	**10.6**	15.9
Equity attributable to owners of the Company (RM' million)	**372.1**	362.1
Gearing ratio (times)	**0.03x**	0.04x

The improvement in gearing ratio was mainly due to the repayment of term loans of RM5.3 million during the financial year.

	FYE 2017	FYE 2016
Amount owing by associates (RM' million)	**2.7**	6.5

Decrease in amount owing by associates was mainly due to allowance for doubtful debts made for trade debts owing by one of the associates of RM4.4million.

	FYE 2017	FYE 2016
Equity attributable to owners of the Company (RM' million)	**372.1**	362.1
Number of outstanding ordinary shares in issue after the set off of treasury shares held by the company (million)	**451.5**	451.5
Net assets per share attributable to owners of the Company (RM)	**0.82**	0.80

The increase in the equity attributable to owners of the Company was mainly due to the increase in retained earnings.

	FYE 2017	FYE 2016
Retained earnings (RM' million)	**134.5**	128.1

The increase in retained earnings attributable to the profits earned of RM60.7 million was partially offset with dividends declared of RM54.2 million.

RISKS MANAGEMENT AND MITIGATION

The Group faces key risks that are generally related to financial, operational, as well as anticipated or known risks in which the management has developed plans and strategies to mitigate such risks.

Financial risks relate mainly to the volatilities in food costs, raw materials costs, foreign currencies, interest rates and maintaining adequate cash resources to meet our financial obligations. Operational risks involve the identification and assessment of risks to protect our business' assets from various adverse operational scenarios.

Anticipated or known risks may pose as crisis scenarios, such as food safety, as well as changes in business and operating conditions. These risks may affect the Group's businesses and operations including revenue and profitability performance.

We are broadly exposed to the economy, business and consumer markets, in a variety of risks, ranging from economic cycles, consumer sentiments, changes in consumer behaviour, rising cost of living, currency fluctuation, competition, regulatory changes, labour shortage, compliance and approvals, financing, to new cafes and new markets.

The Group continues to mitigate business risks through prudent management policies, review and evaluation of the Group's operations and strategies.

We also monitored and managed operational and business risks, such as counterfeit packaging where we invested on state-of-the-art machines to distinguish our packaging from piracy copies, invested on automation lines to counter potential factory manpower shortages and established long term contractual relationship with major suppliers to better manage against the volatility of commodity prices.

Systems and back-up plans have been implemented for various risks encountered including those posed on social media, cyber intrusion, media crisis, market competition, regulatory changes and food safety concerns that could have adverse effects on our business.

REVIEW OF OPERATIONS

SEGMENTAL CHALLENGES

F&B – DOMESTIC AND INTERNATIONAL MARKETS

F&B faces many industry challenges, including rising operational costs and manpower shortages as part and parcel of the business within a developing economy.

Challenges, such as the tightening of the manpower market and changing workforce of a young population, continue to pose concerns. We have begun to place innovative solutions to focus on smaller "basic" concept stores and adopt smart technologies to meet consumer needs.

The introduction of an overdue Anti-Profiteering Regulations on 1 January 2017 had replaced the existing regulations which was supposed to have ended on 30 June 2016, but was extended to 31 December 2016. The current regulations made it harder to raise prices and it has no expiry date.

While the intention behind the regulations served to protect consumers from abuse by big corporations, the overall execution of the regulations was challenging due to the different types of industries presently operating in Malaysia.

It is for this reason that the F&B segment decided to hold an open dialogue with the Ministry of Domestic Trade, Co-operatives and Consumerism to clarify, and propose our menu pricing strategy, moving forward.

The introduction of Goods and Services Tax ("GST") and corresponding Anti-Profiteering Regulation in 2015, left many players, including OldTown, unable to execute any price increases.

Despite increases in the costs of raw materials and operational expenditure, we maintained our selling price and mitigated our costs with innovative ideas. We also face stiff competition from industry players in the marketplace.

To engage our consumers to spend wisely in FYE2016 and FYE2017, we launched a series of "Happy Savers" thematic campaign which offered a fixed value proposition by time segments. Breakfast, tea, and supper have traditionally been our key offer attractions and we naturally capitalised on these time belts.

In addition to this, we scheduled "Limited Time Offers" for the lunch segment specifically targeting the middle to end-of-month period by offering really great value set propositions. All these efforts combined with joint third party promotions, new product introductions, and festive package deals served to create a perpetual buzz and drive traffic into our outlets.

As the nation develops and a new generation of consumers move in to replace the old, the main challenge will always be for the OldTown brand to stay relevant in keeping with the time and trends. In short, understanding what makes our current customers tick and how we can use marketing insights to bring in the next generation of young customers remains our challenge.

In the international markets, we are greatly dependent on the local partners secured for each country. We are required to adapt to the prevailing laws, cultural and social challenges in striving to provide customers with unique dining experience, customizing our food and beverage offerings to suit the local palate.

Inadequate understanding, lack of adaptability to local market conditions and the lack of having focused Management Team of Master Licensees and dedicated decision makers, are some contributing factors that could lead to a decline of territories in their business model.

With globalization and the push from social media, the F&B segment cannot operate successfully without the Group's continuous re-alignment, adaptability and innovativeness.

F&B "Happy Savers" thematic newspaper ad campaign in Malaysia offering value proposition by time segments.

FMCG – DOMESTIC AND INTERNATIONAL MARKETS

FMCG had to contend with significant challenges in escalating input costs in the fourth quarter due to the surge in prices of major raw materials, such as instant coffee, non-dairy creamer and sugar.

These higher input costs were further aggravated by competitors' prices that kept cutting deeper, thereby affecting our manufacturing of beverages operational costs with increased pressure on margins.

In short, we manage to maintain prices, becoming competitive and staying relevant to our new generation of millennials and Gen Z consumers, mainly through our studies to understand their expectations toward brand choices, taste preferences and media consumption habits.

We also had to contend with shortages of manpower in the last one year which affected our stock inventories and fulfillment of customer orders.

However, strong export sales helped to mitigate the total impact of rising raw materials costs, whilst manpower shortages were mitigated by automation initiatives, as well as internal measures undertaken to implement margin management programmes, waste reduction and close monitoring on spending.

As local consumer sentiments remained low across the year, we were unable to increase consumer spending on our products but we maintained our selling price with ongoing promotions of a new range of products (Mocha, Less Sugar, Black Series). These new variants were aggressively marketed to widen our consumers base, resulting in a volume growth of 67% y-o-y.

We rolled out our proprietary tool that enabled us to focus and monitor retail stores performance, display and promotion executions, internally known as "Township Marketing". As a result, we were able to outsell competitors' brands in particular focus areas.

We are also aware that game-changing technologies and advanced innovative capabilities are predicted to disrupt the future. These will soon become our key challenges for manufacturing and marketing and sales of beverages operations.

Globalization, digital technology and the internet of things have made products widely accessible for advanced, emerging and developing economies and largely contributed to this wave of change.

The same goes for marketing and selling, as digitalization of media and smart devices (phones and tablets) have made digital advertising and e-commerce transactions cheaper, easily available, but very cluttered platforms. Again, ordinary advertising campaigns will not serve the same purpose as compared to a decade ago.

Bloggers' views and key opinion leaders on social media are extremely important in the digital world and have become the dominant power in influencing brand choices. Therefore, the effective use of social media has become mainstream and is increasingly crucial for brand building and to influence purchasing decisions. Hence, businesses are actively looking for newer ways to fully utilize the technologies available to gain a competitive advantage in the market.

SEGMENTAL DEVELOPMENT PLANS

The development plans and initiatives for 2017 and beyond for the operation of F&B and FMCG segments are covered below.

F&B – DOMESTIC AND INTERNATIONAL MARKETS

The Group's F&B segment has a total of 234 café outlets comprising 197 in Malaysia, 8 in Singapore, 25 in Indonesia, 1 in Australia, 2 in China and 1 in Hong Kong as at FYE2017.

The network strategy in the coming year is to open outlets focusing on "Generic" outlets at potential locations where the lower cost model (White Coffee "Basic") remains the growth model for café chain and franchising. We are of the opinion that this lean business model would be sustainable.

We firmly believe we are "comfort food" on a chain level and that coffee is the enabler of food. Our aim is to deliver consistent quality, cleanliness, and value to our customers nationwide. We can overcome the factors inhibiting growth through innovation and investment in our human resource development.

Weak consumer sentiments will continue to impact consumer decisions to eat out-of-home and in turn, create a tougher business environment for the café chain operations. We also expect tightening of Government regulations and policies to adversely impact the F&B industry.

OldTown's "Black Series" launch campaign.

FMCG Ramadan online contest.

FMCG "less sugar" product campaign in Singapore.

In Singapore, network expansion via the "Basic" concept outlet has been initiated with the latest opening of the MidTown outlet in efforts to enhance profitability of its operations. To further drive revenue, we have conducted early trials in some stores working with third party delivery vendors. Food delivery sales to consumers have shown promising results.

While we have existing cafe operations in Indonesia (Java and Bali), and Australia, we have also established operations in China (Jiangsu Province) and Hong Kong in September and October 2016 respectively.

China operations continue to progress through territorial licensing. In early 2017, we have signed up a new licensee for Yangon, Myanmar, as well as a new licensee for Fujian Province, China. Letters of intent have also been executed for other provinces in China, namely, Guangdong Province, Shanghai and Beijing.

The basic infrastructure for the cafe operations in China has also been set up with the incorporation of Shenzhen Kopitiam Asia Pacific Limited (2015), as the trading and management arm, and the expansion and acquisition of Guangzhou Supreme Food Services Limited (2015), as the manufacturer of paste and sauces.

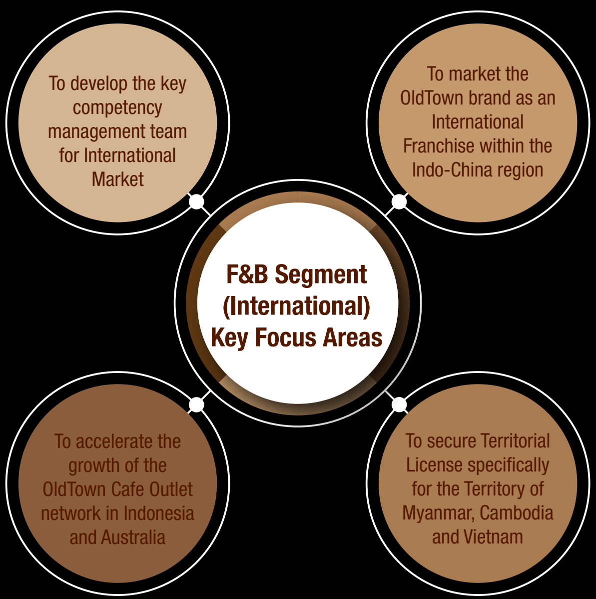
In the short to mid-term, F&B International will focus on China, as well as the Indo-China markets, followed by the Middle East or halal markets.

As we prepare to start operations in Myanmar in the financial year ending 2018 ("FYE2018"), it would be sensible to look for business opportunities in emerging markets, namely, Cambodia, Vietnam and Laos.

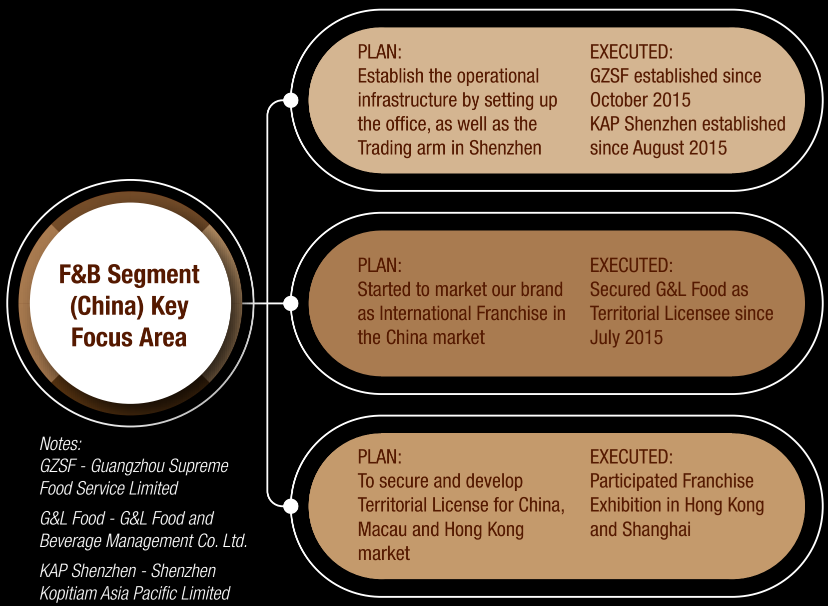
The management structure for the F&B has been expanded to ensure that the international development plan would be staffed with the right personnel that would be able to carry out the various strategies.

For the international market, except for Singapore, future earnings will be driven by the expansion of the respective Area Licensees and Territorial Licensees.

The Group will continue its efforts to maintain its profit margin and improve our topline growth for cafe chain operations through various initiatives, namely streamlining the menu offerings and focusing on building brand loyalty among customers via consistent product quality and customer service.



F&B Segment's key focus areas in the international markets.



F&B Segment's international markets key focus areas for China.

FMCG – DOMESTIC AND INTERNATIONAL MARKETS

The Group's manufacturer of beverages segment operates in highly competitive markets that include global, regional and local competitors in Asia-Pacific where we market, sell and distribute our products.

Our brand positioning and product quality have significantly contributed to building our market-leading position across key markets in Malaysia, Singapore and Hong Kong.

To grow and maintain our market position, we focus on product quality, deeper understanding of consumers' insights, bringing new products and innovations to market and effectively meeting consumers' needs and preferences.

We pursue growth opportunities such as expanding our export market and transforming our product portfolio to bring variety and excitement to our targeted consumers.

The Group's FMCG domestic market will strengthen our market position by introducing distributors' performance management program, capturing online channel opportunities and driving excellence in outlet execution.

Plans have been in place to capture e-commerce opportunities in the domestic front, inclusive of selection of online key trading partners, targeted online platforms like lazada.com.my and 11street.my, products offering and manpower alignment.

On the international market, we expect strong growth from export market mainly driven by countries like China, Australia, USA, Indonesia and Philippines in FYE 2018.

We have been actively present in China's major online platforms since 2014 and have been doing extremely well on key supermarket chains and online retailers, such as T-mall and jd.com. We are also currently well supported by more than 100 online stores on all major platforms in China.

In response to higher material input costs and changing market conditions, we will constantly monitor our pricing and adjust accordingly to address changing market environment. We are always mindful on costs savings and efficiencies as part of the ongoing efforts to enhance long-term profitability.

We also plan to increase capital expenditure for the manufacturing facilities particularly in the automation project to improve efficiency and drive cost savings.

Both cafe chain and manufacturing of beverages segments operate under an integrated business model, of which both operations complement each other in terms of raw materials procurement, support services, marketing campaign, promotion, business strategies and advertisement.

Its sustainable business model enables the Group to capitalize on cost efficiencies, and allows for further market share growth without additional investments in sales, marketing and logistics.

The Group will continue to invest in advertising, promotional and marketing activities to promote and strengthen the OldTown brand name. The outlook for both the café chain operation and manufacturing of beverages segment remains competitive and challenging.

FMCG segment on China's "Timeless Great Taste Campaign" online.

FMCG featured Hong Kong's "White Coffee Guy" video online campaign.

OUTLOOK AND PROSPECTS

Bank Negara Malaysia has maintained GDP growth to be between 4.3% - 4.8% for 2017, up from 2.6% in 2016, after announcing a stronger first quarter growth of 5.6% against 4.1% in the same quarter in 2016. This would be driven by resilient domestic demand and firmer export growth as global trade improves. Meanwhile, inflation is forecasted at 3.0% to 4.0% for 2017 amid higher fuel prices.

However, domestic headwinds, such as continuous adjustment to higher cost of living and weak consumer sentiments have resulted in reduced consumer spending at café outlets and consumption of food products and beverages.

Regional economic updates indicate China's fourth quarter 2016 GDP growth moved up marginally 6.8% from 6.7% in third quarter of 2016 due to firmer growth in the services sector. With the ongoing efforts, China's economic growth is expected to be sustained at around 6.5% which would help underpin one of our export goals to accelerate more products and services to the country.

This encouraging regional outlook augurs well for us. We are optimistic that we will be able to remain resolute as we strive to strengthen our foundation, driven by our two core business segments.

The Group will continue to scale OldTown's business model, comprising the café chain operations and the manufacturing of beverages, to complement each other and leveraging on their strengths for further profitability.

On the international front, the management is optimistic of their F&B and FMCG segments' future performances with the opening of more café stores and exports to China, and the rest of the region including expansion to the Middle East.

The Group anticipates that our financial performance may be affected by the challenges as discussed above in the coming year and will strive to pursue plans and strategies to improve productivity and cost efficiencies, to achieve higher revenue and profitability.

FUTURE TRENDS IN COFFEE

As Malaysia strives to become a developed nation, key areas of change will come about, such as how F&B cafe and FMCG modern trade are consumed in the future. The value of convenience, for example, becomes a priority due to the lack of time as perceived by consumers.

The surge of delivery services, online or mobile payment and vending machines or automation as opposed to traditional F&B outlets, may become common place as we operate in more mature markets. The rise of affluent upper middle-income and middle-income segments have come to truly appreciate coffee not only as a functional beverage but as a lifestyle choice. Globally, we are living in the Third Wave of Coffee Culture, where coffee itself takes the stage and a high degree of transparency and education are sought by coffee companies. The current proliferation of artisan coffee start-ups by millennial entrepreneurs on a mission to educate their customers about coffee can be seen in almost every state in Malaysia. This trend is already prevalent in urban Singapore and other major cities of the world.

With the growth of the coffee drinking culture and push towards a high income nation, we believe the business opportunities are abundant.

It is our duty to execute our business plan and to act on this transformational change where millions of customers and coffee aficionados become our core target groups, across and beyond the Asia-Pacific region.

DIVIDEND POLICY

The Board of Directors has approved a dividend payout policy of a minimum of 50% of the Group's annual profit attributable to owners of the Company, provided it would not be detrimental to our cash flow requirements and business expansion. We have to date fulfilled this policy to enhance shareholders' value with consistent dividends and have made dividend payout ratios of over 50% since 2011.

An interim single-tier dividend of 3.0 sen per share amounting to RM13,543,797, based on 451,459,901 ordinary shares for FYE2017 was paid on 16 February 2017. A second interim dividend of 3.0 sen per share under the single tier system amounting to RM13,543,797, based on 451,459,901 ordinary shares for FYE2017 was paid out on 26 April 2017.

The Board had on 25 May 2017 announced the payment of a proposed final single-tier dividend of 1.0 sen per share and a special single-tier dividend of 3.0 sen per share in respect of FYE2017, subject to shareholders' approval at the upcoming Annual General Meeting ("AGM").

If approved, this would amount to a cumulative total dividend of 10 sen per share representing a payout ratio of 75.1% from the profit attributable to the owners of the Company in FYE2017.

DIVIDEND TRACK RECORD

Financial Year	Dividend per sen	Profit attributable to owners of the Company (RM' million)	Dividend	Dividend payout ratio
FYE 31.12.2011	6.5 sen	40.2	21.5	53.4%
FYP 31.3.2013 (N1)	9.0 sen	55.5	30.7	55.3%
FYE 31.3.2014	6.0 sen	48.9	27.0	55.2%
FYE 31.3.2015	6.0 sen	47.5	26.8	56.4%
FYE 31.3.2016	6.0 sen + 3.0 sen (Special dividend)	52.3	40.6	77.7%
FYE 31.3.2017 (N2)	6.0 sen (1st & 2nd interim dividend) + 1.0 sen (Final) + 3.0 sen (Special dividend)	60.8	45.6	75.1%

N1 : Financial period ended 31 March 2013 made up of 15 months period from 1 January 2012 to 31 March 2013 due to the change of financial year end from 31 December to 31 March as announced by the Company on 27 August 2012.

N2 : The Company has announced on 25 May 2017 the payment of a final single-tier dividend of 1.0 sen per share and a special single-tier dividend of 3.0 sen per share in respect of FYE2017, subject to shareholders' approval at the forthcoming AGM.

FINANCIAL HIGHLIGHTS

2017

RM425,202
Revenue (RM'000) – Note A

RM80,197
Profit Before Tax (RM'000)

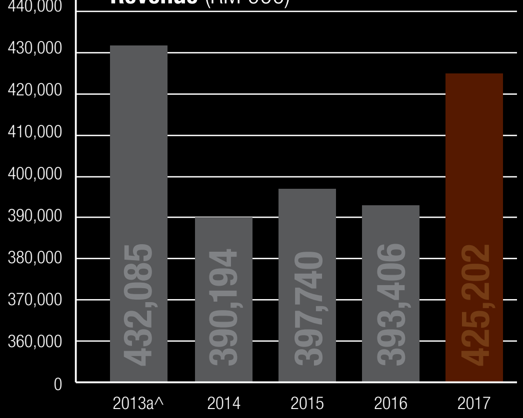
RM60,014
Profit After Tax (RM'000)

RM97,880
Earnings before interest, taxes, depreciation and amortisation) ("EBITDA") (RM'000)

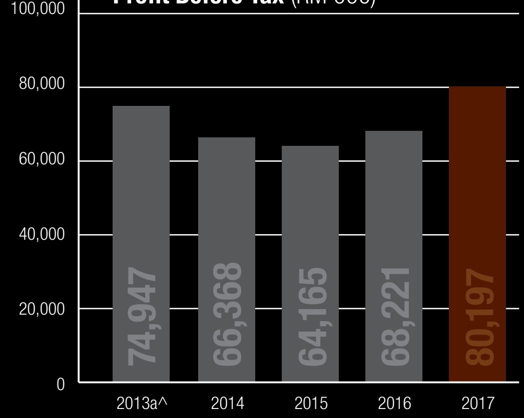
RM60,768
Profit Attributable to Owners of the Company (RM'000)

13.46SEN
Earnings Per Share ("EPS") (Sen) – Note B

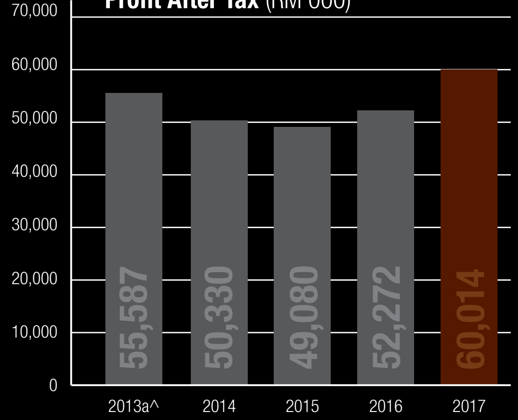
Revenue (RM'000)



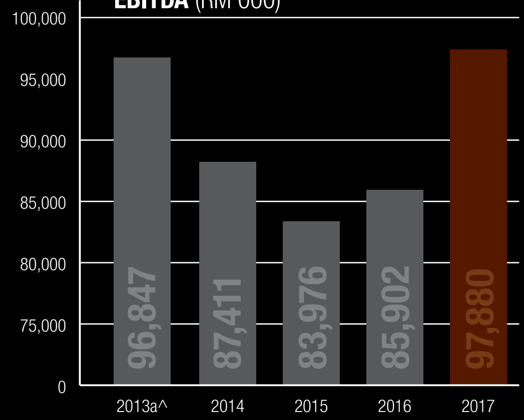
Profit Before Tax (RM'000)



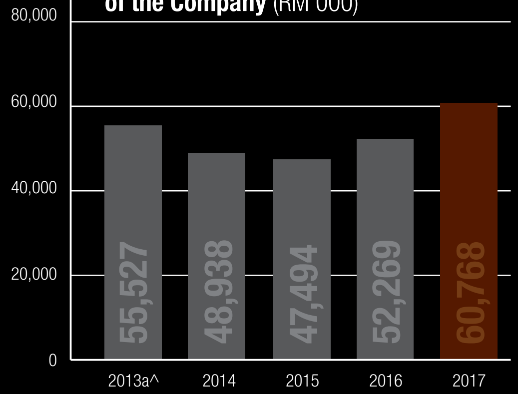
Profit After Tax (RM'000)



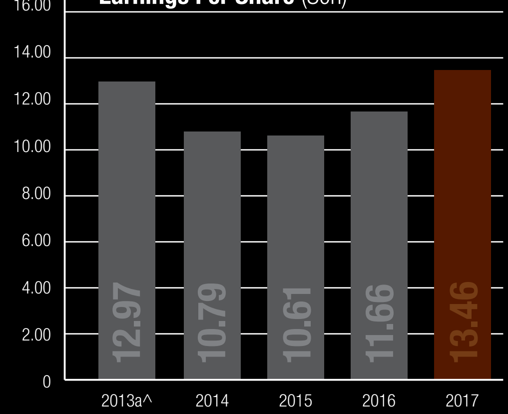
EBITDA (RM'000)



Profit Attributable to Owners of the Company (RM'000)



Earnings Per Share (Sen)



a^ : based on the audited financial statements for 15-month financial period ended 31 March 2013.
The Company has on 27 August 2012 changed the financial year end of the Company from 31 December to 31 March. The financial period ended 31 March 2013 made up of 15 months results covering period from 1 January 2012 to 31 March 2013.

Note A : Previous years' revenue has been restated to conform to current year's presentation for fair comparison purpose.

Note B : The EPS are computed based on weighted average number of shares.

SUSTAINABILITY & CORPORATE RESPONSIBILITY

OldTown Berhad ("OldTown" or "the Group") recognises that acting responsibly and sustainably creates value for the group, employees, customers, shareholders and society as a whole. Sustainability is an integral part of our business and corporate responsibility serves as key to sustainability.

The Sustainability Committee was established by the Board on 25 August 2016. The Sustainability Committee comprises of key management staff and is headed by the Group Managing Director. The responsibilities of the Sustainability Committee include implementing the approved sustainability strategies, identifying and managing sustainability, and implementing action plans in achieving milestones and goals.

The Group's corporate responsibility practices focus on four areas - Environment, Workplace, Community and Marketplace which aim to deliver sustainable value to society at large.

The Group will continue to build sustainable practices in every aspect of the Group's business and remain steadfast in achieving excellence in its corporate responsibility activities.

(A) Environment

Environmental Sustainability is of utmost importance due to the increasing depletion of the earth's natural resources and global climate change issues. As a dynamic business entity, we rely on the earth's natural resources every day and climate change issues will affect the supply chain and the source of many products. Therefore, it is essential to embed environmental sustainability principles into our business operations and practices.

We aim for business growth that is in harmony with environment and are committed to protecting the earth's natural resources, conserving and preserving the environment.

Among the approaches seek to heighten the positive impact and minimise negative impacts of the Group's operations on the environment are:

- The efficient use of energy, water and raw materials in all our operations.
- The establishment of OldTown EARTHCARE which inculcate environmentally intelligent practices with a variety of green initiatives, activities and awareness programs.
- The implementation of ongoing product wastage elimination program and packaging design optimisation.
- The proper utilisation of reusable resources and recyclable materials.
- The practice of 3Rs (Reduce, Reuse and Recycle) at the workplace.
- The participation in Earth Hour Campaign.
- Packaging materials wastage is sold as recyclable content to be processed as alternative burning fuel with environmental conservation objective of reducing dumping into landfill areas and also reducing the consumption of fossil fuel.
- Implementation of Environmental Tobacco Smoke Control to establish a non-smoking policy in and around the building and allocation of a smoking zone exclusively for a non-smoking premise.
- Promote other initiatives to maintain Indoor Environmental Quality through landscaping, gardening and reserving area for grass turfing and plants.

The Group through OldTown EARTHCARE takes a proactive approach to promote an environmentally-conscious culture in the workplace. OldTown EARTHCARE sends out "OldTown Green Alert" to all employees periodically to introduce various green initiatives and measures on the responsible use of resources to reduce, reuse and recycle materials wherever possible. It provides tips for resource-saving and promotes environmental friendly practices and awareness among employees to help make a difference to the environment.

OldTown EARTHCARE has carried out various activities during the financial year under review, such as:

- Allocated Green Signage at nationwide OldTown White Coffee outlets.
- Maintained OldTown Mother Earth website which was established in January 2014 – A charity fundraising platform for buying and selling recycled creations and used items.
- Participated the Earth Hour Campaign 2016 at nationwide OldTown White Coffee outlets by switching off OldTown signage, non essential lights and electrical appliances from 8.30pm to 9.30pm on 25 March 2017.
- Implemented different practices of 3Rs (Reduce, Reuse and Recycle) such as established a Recycling Corner and arranged recycling pickup services to collect the recyclable materials and sent out monthly "Green Alert" with various "go green" practices and messages to all staff.

Green Building

To support the Group's commitment to "GREEN", the Group's integrated industrial complex located at Ipoh, Perak which comprise a 2½ storey factory building, 1 storey warehouse, 2 storey canteen cum Recreation Centre and 3 storey administration building was constructed based on GREEN BUILDING concept by adopting green building design and requirements.

The design and layout of the building includes green features which can reduce electricity and water usage to minimise environmental impact.

The project is registered under the name of OLDTOWN MANUFACTURING PLANT (GBI Reg No. GSB/INC/2012/01). It has been awarded Green Building Index – SILVER on 16 December 2014 (Green Building Index Certificate No. GBI-INC-0004). The plant is the first food manufacturing plant in Malaysia being awarded the SILVER classification under the category of Industrial New Construction.

(B) Workplace

Employees are the backbone of the business. Essentially, employees are central to the smooth functioning of business operations and play a vital role in the success and sustainability of the Group.

The Group believes that human capital is the most valuable asset. In line with this belief, the Group strives to provide a dynamic and challenging workplace that gives emphasis on the opportunity to develop employee skills, talent and capability.

The Group, in fulfilling its corporate responsibility as a caring employer, places emphasis to build long lasting relationships with its employees.

The efforts towards achieving the above objectives are carried out in various aspects:

(i) Employee Welfare & Well-Being Program

The Group aims to enhance the employee benefits schemes to build an engaged workforce that stay loyal and grow with the Group. In pursuing the objective, we provide the following:

- Medical benefits, hospitalisation and personal accident insurance coverage.
- Financial assistance in the form of education subsidy and employee emergency assistance fund.
- Organises annual dinner and recognises long service staff with the Long Service Award in recognition of their loyalty, dedication and commitment.
- Review the Human Resource policies and staff benefits on regular basis.

(ii) Safe, Healthy and Conducive Work Environment

The Group strives to provide a safe, healthy, comfortable and conducive work environment for its employees through the following initiatives:

- Setting up of Occupational Safety and Health Committee to initiate various health and safety programs such as fire drills, fire safety briefings and safety system checks on the equipment.
- Ensuring safe practices in all aspects.
- Promoting the awareness of safety precautions and health.

(iii) Training and Development Program

The Group seeks to promote and develop its human assets to be competent, multi-skilled and well-motivated to increase their career advancement opportunities. The Group continues to carry out the following efforts:

- Employees are provided with the necessary job-related training, seminars and workshops on an ongoing basis to further enhance their skills, knowledge, core competencies and proficiency level.
- Participation in various in-house and external training programs from technical-related skills to soft management skills.
- Participation in international trade fairs/exhibitions locally and overseas, to broaden the knowledge base and exposure of the employees to keep abreast of new developments in their respective field of expertise.

SUSTAINABILITY & CORPORATE RESPONSIBILITY

(iv) Recreational, Sports and Leisure Activities

The Group acknowledges a good work-life balance will lead to a more productive workforce.

In order to cultivate balanced work life and create a caring, harmonious and cohesive working environment, employees are encouraged to participate in social, sports, recreational and leisure activities organised by the Group. Besides, communication and camaraderie among staff is fostered through social gatherings and festive celebration.

To maintain a healthy lifestyle, the Group also organised fitness programmes after working hours for staff participation to help employees stay fit and healthy.

(v) Retention, Talent Management and Succession Planning

Retaining key employees is crucial to ensure business success. The Group shall continue to ensure the rewards package remain competitive to attract, retain and motivate the right talents.

A proper succession plan is put in place for critical positions to ensure sustainability in terms of continuous effective and efficient operations within the Group and a healthy leadership pipeline.

(vi) Diversity and Equal Opportunities

OldTown embraces diversity at the workplace as we believe diversity enriches our work environment and workforce diversity is of great importance for growing our business.

The Group is an equal opportunity employer and does not practice discrimination of any form, whether based on age, gender, race or religion, throughout the organisation. The Group insists on a working environment that is free of prejudice.

The Group encourages differences on age, gender, ethnicity, religious beliefs, nationality, language, abilities, physical appearance, cultural and socio-economic background. All employees are treated with respect and fair manner.

As at the end of the financial year, the gender, ethnicity and age mix of the Group's employees (excluding foreign workers and part time workers) are as follows:

Ethnicity	%
Bumiputera	53
Chinese	30
Indian	5
Others	12
Grand Total	**100**

Age Group	%
< 30	42
30 to < 40	34
40 to < 50	17
50 & Above	7
Grand Total	**100**

Gender	%
Male	47
Female	53
Grand Total	**100**

(C) Community

The Group recognises the interdependent relationship between business growth and social well-being and welfare. Therefore, in fulfilling its corporate responsibilities to the community it serves, the Group is obligated to nourish and improve the quality of the society at large while doing business.

To be socially responsible, the Group focuses its corporate responsibilities on enhancing community sustainability through various activities and actions aim to promote community engagement and address the needs of less fortunate and underprivileged families.

The philanthropic activities and approaches include:

- The setting up of OldTown Children Care Fund to provide aid funds in the form of medical, educational, medical and other short term emergency funds to orphaned, abandoned, vulnerable and deprived children.
- Monetary and in kind donations to schools, charity, welfare and voluntary associations.
- Distribution of gifts, goodie bags, basic supplies and necessities to the poor and impoverished communities during festivals.
- "Orphanage Project" - Building funds donations to orphanage or purchase of building as shelter for orphans.

During the financial year ended 31 March 2017, the Group through OldTown Children Care Fund has carried out the following initiatives:

- Extended monetary donations of RM86,170.00 to charity, welfare and voluntary association and needy families;
- Organised a Chinese New Year Celebration on 21 January 2017 at MBC Sports Arena, Gunung Rapat for 100 orphans (aged between 3 and 17 years old) from 3 children homes (from Praise Home (Girls), Pertubuhan Kebajikan Harapan Baru, and Asrama Anak-anak Yatim / Warga Miskin Budi Mulia Nurul Huda;
- Contributed school necessities to 555 destitute students from schools located in Taiping, Kuala Kangsar, Ipoh and Gopeng on 25 October & 2 November 2016; and
- Coffee Sponsorship to charity food & fun fair conducted by orphanage, schools, welfare and voluntary associations, donations to schools to upgrade educational facilities in schools.

(D) Marketplace

To achieve the sustainable development of the marketplace, the Group endeavors to carry out activities in a sustainable manner and promote responsible practices among our investors, suppliers and customers.

(i) Investors

We strive to enhance corporate value and maintain stable and long term growth for the benefit of shareholders. It is through engagement with its shareholders that the Group may learn of new and better ways to enable a successful and sustainable business model. The Group continues its efforts to engage with its shareholders through the following initiatives:

- Disclose and disseminate all material information in a timely, open, fair and transparent manner.
- Ensuring a robust system of corporate governance.
- Implementing policies that promote ethical behavior and conducting business responsibly through high standards and business ethnics.
- Actively engages with its shareholders and investors through various channels of communication such as investor relations activities, general meetings of shareholders, financial results briefings, dialogues and regular press releases.
- Accessible in the public domain and regular investors updates on our website.

The Group aims to develop a good relationship with investors and is accountable for providing timely information about the Group to the investment community.

During the financial year ended 31 March 2017, the Group has conducted investor relations activities via various communication channels such as one-to-one meeting, small group briefing, conference calls, regular meetings and road shows.

(ii) Suppliers

We respect our suppliers and work with them through long-term relationships to realise mutual growth based on mutual trust. In this aspect, we engage with our suppliers in the following areas:

- Fosters new partnerships and delivers new business opportunities to expand the suppliers' business coverage in the industry.
- Engages in ethical procurement practices by adopting standard procedures in vendors' qualification.
- Ensures the products supplied are in accordance with the Group's materials requirements.
- Conducts more in-depth suppliers' audits to ensure improved standards in the supply chain.

(iii) Customers

Based on our philosophy of "Customer First", we develop and provide innovative, safe and high quality products and services that meet a wide variety of customers' demands and earn the trusts of our customers.

- Focuses on product innovation and development to meet the customers' requirements.
- Ensures halal compliance covering materials, employees and systems.
- Enhances customers' satisfaction and confidence by providing safe, reliable and affordable products.
- Establishes customers' complaint and feedback system through dedicated email address, social media such as Facebook and Twitter and suggestion boxes and ensures all customers complaints are acknowledged and resolved promptly.
- Sets quantitative benchmarks for its customer service delivery standard such as Standard Waiting Time.
- Continues to be covered by the internationally recognised ISO 9001:2008 (Quality Management System), ISO 22000:2005 (Food Safety Management System), HACCP (Hazard Analysis Critical Control Point) and GMP (Good Manufacturing Practice) certifications for its manufacturing operations to ensure uniform and high standards of product.

CORPORATE RESPONSIBILITY

OLDTOWN CARE FUND

01 70 poor students from SJK (C) Lawan Kuda received school essentials from OldTown Children Care Fund.

02 Chinese New Year Celebration With 100 Orphans at MBC Sports Arena Gunung Rapat on 21 January 2017.

03 Donation of RM2,000 to SJK(C) Pasir Putih 2 PIBG Education Funding.

04 OCAF contributed RM1,000 to Pertubuhan Baitul Aini to support the orphanage operating costs.

05 OCAF donated RM2,000 to Sivananda Home in providing the essentials and carrying out charitable projects for the kids.

EARTHCARE

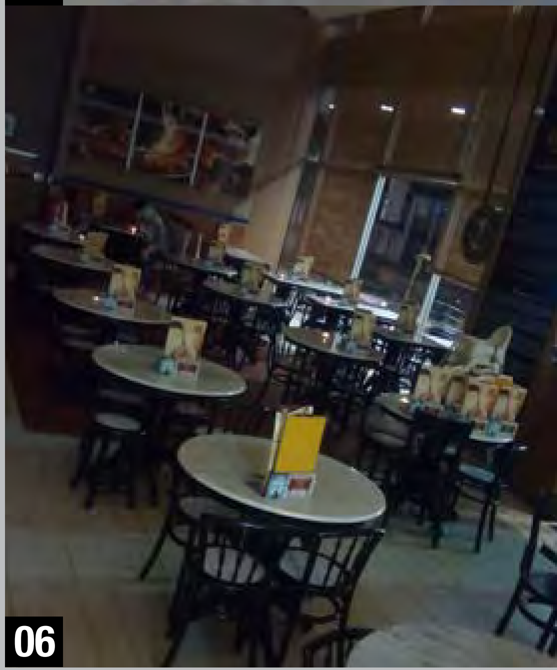
06 Nationwide OldTown White Coffee outlets celebrate Earth Hour on 25 March 2017.

WORKPLACE ACTIVITES & EVENTS

07 Weekly Fitness Classes for OldTown Staffs.

08 Basic Operations Management Training held in Academy USJ Jan 2017 - Mar 2017.

01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02



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CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("the Board") of OldTown Berhad ("the Company") recognises the value of good governance and believes that a high standard of corporate governance will deliver long-term sustainable shareholder value. The Board is committed in ensuring that high standards of corporate governance are practiced throughout the Company and its subsidiaries ("the Group").

This Statement sets out the key aspects of how the Company has applied the Principles and Recommendations of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") during the financial year ended 31 March 2017 and any non-observation of the Recommendations of MCCG 2012, including the reasons thereof, has been included in this Statement and aims to provide insights into the corporate governance practices of the Group to our shareholders and investors:

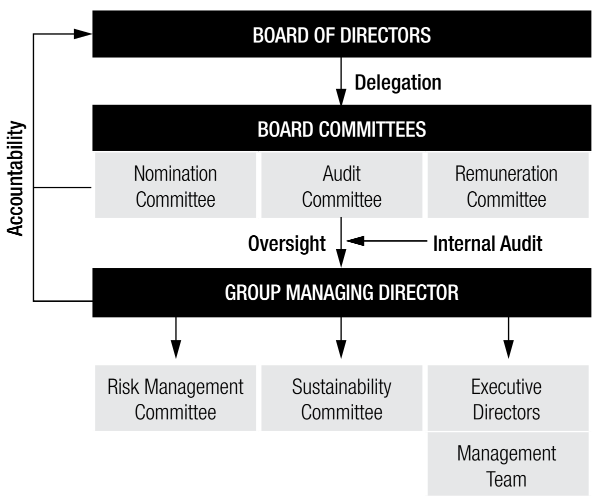
Principle 1 – Establish Clear Roles and Responsibilities

1.1 Clear Functions of the Board and Management

The Board leads the Group and plays a strategic role in overseeing the Group's corporate objectives, directions and long-term goals of the business. The Board is responsible for the oversight of the overall management of the Group.

The following chart illustrates the Corporate Governance Framework adopted by the Group:

Oldtown Berhad - Corporate Governance Framework



The Board is guided by the Company's Board Charter which sets out the objectives of the Board, the Board's structure, roles, powers, responsibilities, duties and functions, and roles of the Chairman, Group Managing Director and Board Committees.

The Board delegates specific responsibilities to three (3) principal Board Committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee which were established to assist the Board in discharging its responsibilities. All the Committees have written terms of references and operating procedures. The Board receives reports on their proceedings and deliberations when the Chairman of the respective Committees reports the outcome of their respective meetings to the Board. Minutes of all Board Committee meetings are circulated to the Board members so that they are kept abreast of proceedings and matters discussed at Board Committee meetings.

The Board delegates specific powers to the Group Managing Director to implement the Group's business plans, lead and manage the business activities, identify and manage key risks faced by the Group, ensure the adequacy of compliance and control throughout the Group, and develop, plan and implement approved sustainability strategies.

Independent Non-Executive Directors provide unbiased and independent views in ensuring that the strategies proposed by the Management are fully deliberated and examined objectively, taking into perspective of the long-term interests of shareholders, other stakeholders and the community at large.

The Board recognises the importance of the role of the Independent Non-Executive Directors particularly in corporate accountability. They are essential for protecting the interests of non-controlling interests and can make significant contributions to a company's decision making by bringing in the quality of detached impartiality.

The Executive Directors take on primary responsibilities for implementing the Group's business plans and managing the business activities.

The Policy on Delegation of Authority and Authority Limits sets out the authority limits for the Board and the Management in relation to entering into contracts, revenue and expenditure commitments, acquisition and disposal of investment interests and company assets in the course of conducting company business.

1.2 Board Charter

A Board Charter was formalised and adopted by the Board on 1 March 2014. The Board Charter clearly sets out the roles, responsibilities, authorities and operation of the Board and Board Committees. All Board members are aware of their duties and responsibilities.

The Board Charter also outlines:

- The division of responsibilities and powers between the Board and Management, the different committees established by the Board, and between the Chairman and the Group Managing Director;
- The processes and procedures for convening Board meetings;
- The Board's commitment in upholding integrity in financial reporting, conflicts of interest situations and related party transactions;
- List of matters reserved for decision by the Board;
- Board's access to information and independent advice; and
- The role of the Company Secretary.

The Board Charter serves as a reference providing guidance to prospective and existing Board members and Management on the fiduciary and leadership functions of the Company's Directors. It also ensures that the principles and practices of good Corporate Governance are applied in all their dealings in respect of and on behalf of the Company; to help foster a culture of honesty and accountability and uphold the core values of integrity when dealing with ethical issues.

CORPORATE GOVERNANCE STATEMENT

A copy of the Board Charter is available on the Company's website: www.oldtown.com.my.

The Board Charter has been reviewed by the Board during the second quarter of 2017 and will be reviewed as and when necessary with the necessary amendments/improvement made to ensure the Board Charter remains consistent with the Board's objectives, current law and practices.

1.3 Clear Roles and Responsibilities

BOARD OF DIRECTORS

The Group is led by an experienced Board comprising of Directors with varying backgrounds encompassing manufacturing, retailing, food & beverage, sales & marketing, accounting, agriculture and business entrepreneurship experience.

The Board has a formal schedule of matters reserved for its decision which include, amongst others, the following:

- Reviewing and adopting the Group's strategic plans;
- Identifying the principal risks affecting the Group and ensuring; implementation of internal control and mitigation measures;
- Reviewing the adequacy of the Group's internal control systems;
- Overseeing the conduct and performance of the Group's business;
- Reviewing the Board Charter, Code of Conduct, Corporate Disclosure Policy, Succession Planning Policy, Sustainability and Corporate Social Responsibility Framework, Review Methods and Procedure for related Party Transaction, Policy on Delegation of Authority and Authority Limit and other significant corporate policies;
- Approval of any corporate exercise such as capital raising exercises, issues of securities, acquisitions, divestment, mergers and takeovers;
- Overseeing the Development and Implementation of Shareholder Communications Policy; ;
- Approval of any joint-ventures, investments and capital expenditure of a substantial value; and
- Declaration of dividends and approval of financial statements.

The Board is accountable to the shareholders for the performance of the Company.

In fulfilling its fiduciary and leadership functions, the Board meets regularly to perform its functions, amongst others, as follows:

a. Reviewing and Adopting the Group's Strategic Plans

The Board provides strategic direction and guides the Group in promoting its core values, policies and objectives. The Board reviews and approves strategic plans as presented by the Management.

b. Overseeing the Conduct of the Group's Business

The responsibility for the management of the business activities of the Group is delegated by the Board to the Group Managing Director who is accountable to the Group.

The Group Managing Director is responsible for the implementation of the Board's decisions, overall responsibilities over the day-to-day operations of the Group's business and operational efficiency. He is supported by the Executive Directors and Management Team, Risk Management Committee and Sustainability Committee established under the Corporate Governance Framework. The Group Managing Director manages the Group through the collective efforts of the Executive Directors and General Managers and leads the Management team to carry out their roles, duties and functions effectively. As illustrated in the Corporate Governance Framework, the Group Managing Director and the Executive Directors are accountable to the Board for the authority being delegated.

c. Identifying Principal Risks and ensuring the Implementation of appropriate Systems to manage them

The Risk Management Committee ("RMC"), headed by the Group Managing Director advises the Audit Committee and the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the Group. The findings relating thereto will be tabled to the Audit Committee and the Board on a regular basis.

Details on the RMC and the Company's Enterprise Risk Management are set out in the Statement on Risk Management and Internal Control of this Annual Report on page 50 to page 52.

d. Succession Planning

The Board recognises the importance of succession planning in building long-term sustainable performance excellence.

A succession planning framework has been developed to identify candidates for senior managerial positions to ensure continuity of key positions.

e. Overseeing the Development and Implementation of a Communication Policy for the Group

The Board recognises the importance of keeping shareholders and investors informed of its latest business and corporate developments. The Board believes that an effective investor relationship is essential in enhancing value to its shareholders.

The dissemination of information about the Group, its businesses and its activities is conducted via the timely release of quarterly financial results, press releases, annual report and announcements. The Company also holds regular briefing and dialogues with fund managers, analysts, potential shareholders and research houses each time the Company's Quarterly results have been announced. Whilst the Company endeavors to provide as much information as possible, it is aware of the legal and regulatory framework governing the release of material and price sensitive information.

The Company's website at www.oldtown.com.my provides easy access to corporate and financial information of the Group. The updates and information on financial results are uploaded on the website immediately after announcements of the same are made to Bursa Malaysia Securities Berhad ("Bursa Securities").

During the financial year under review, the Company has been involved in investor relations activities to keep shareholders duly informed on the performance of the Group. There were meetings with local and foreign fund managers and analysts to provide insights on the operations and latest developments in the Group.

f. Reviewing the Adequacy and Integrity of Management Information and Internal Control System of the Company

The Board has established a sound risk management and internal control framework to manage risks and to safeguard shareholders' investment and the Group's assets, as presented in the Statement on Risk Management and Internal Control of this Annual Report.

1.4 Formalised Ethical Standards through Code of Conduct

The Group strives to uphold ethical practices and high standards of integrity in the Group's dealings with employees, customers, suppliers, business associates and shareholders.

The Board has in place a Code of Conduct for Directors and employees. It sets out the ethical standards and underlying core ethical values to guide actions and behaviors of all Directors and employees in conducting the day-to-day duties and operations of the Group.

The principles of which the Code of Conduct rely are principles in relation to accountability, anti-bribery, commitment, corporate social responsibility, diligence, discipline, excellence, fairness, honesty, independence, integrity, loyalty, respect, responsibility, professionalism, transparency and trust. The Code of Conduct covers areas of, amongst others, bribery and anti-corruption, compliance obligations. confidentiality, data and proprietary information, conflict of interest, cyberspace abuse and software piracy, environment, gifts, hospitality and entertainment, health and safety, human rights and equality and restrictions in insider trading. The key principles and expected conducts and ethical behavior are embedded into the Group's business operations and corporate culture. The Board will review the Code of Conduct when necessary to ensure it remains relevant and appropriate.

The Board has adopted the Whistle-Blowing Policy of the Group which sets out the channels and procedures for the employees to raise concerns in good faith without fear of reprisal and to safeguard such employee's confidentiality. If any employee reasonably and in good faith believes that malpractices exist in the workplace, the employee should report immediately to the immediate superior or the employee may report in writing to any of the three (3) members of the Audit Committee who also assumes the role of the Whistle-Blowing Committee members.

The Code of Conduct is published on the Company's website at www.oldtown.com.my.

1.5 Strategies Promoting Sustainability

The Board has adopted a Sustainability and Corporate Responsibility Framework ("Framework") for the Group. The Framework reinforces the Group's sustainability commitment to integrate sustainability and corporate responsibility strategies into daily operations with the ultimate objective of achieving greater efficiency, better performance of the Group and improved quality of life to the society at large.

The Sustainability Committee was established by the Board on 25 August 2016. The Sustainability Committee comprises of key management staff and is headed by the Group Managing Director. The responsibilities of the Sustainability Committee include implementing the approved sustainability strategies, identifying and managing sustainability, and implementing action plans in achieving milestones and goals.

The Group's activities on sustainability are included in the Sustainability and Corporate Responsibility section of this Annual Report on page 32 to page 36.

1.6 Access to Information and Advice

All Board members are supplied with information concerning the Company and the Group on a timely manner. All Directors are provided with comprehensive Board papers at least five (5) days before Board meetings to enable them to review and consider the agenda items to be discussed. The Board papers contain relevant information and justifications for each proposal for which Board's approval is sought. Where necessary, members of senior management and external advisers are invited to attend these meetings to provide additional insights and professional views on specific items on the agenda.

Minutes of the Board and Board Committee meetings are circulated to Directors for their perusal prior to confirmation of the minutes at the following Board and Board Committee meetings. The Directors may request for further clarification or raise comments on the minutes prior to confirmation of the minutes as correct records of the proceedings and signed.

In exercising their duties, the Board has complete and unrestricted access to all information of the Group, the advice and services of the Company Secretary and independent professional advice where necessary, at the Company's expense.

1.7 Qualified and Competent Company Secretary

The Board is supported by two (2) qualified and experienced named secretaries who facilitate overall compliance with the Main Market Listing Requirements of Bursa Securities ("MMLR") and other relevant laws and regulations.

The secretaries are members of Malaysian Institute of Chartered Secretaries and Administrators and they play their role by ensuring adherence to the Board policies and procedures from time to time.

All Directors have access to the advice and services of the Company Secretary.

CORPORATE GOVERNANCE STATEMENT

The Company Secretary carries out the following tasks:

- Attend and ensure proper conduct and procedures at all Board Meetings, Board Committee Meetings, general meetings and any other meetings that require the attendance of Company Secretary and ensure that meetings are properly convened;
- Ensure that deliberations at the meetings are well captured and minuted, and subsequently communicated to the relevant Management personnel for necessary actions;
- Inform and keep the Board updated of the latest amendments on changes in the legal and regulatory framework, new statutory requirements and best practices on corporate governance;
- Keep the Directors and principal officers informed of the closed period for trading in the Company's shares; and
- Ensure proper record and maintenance of the Company's proceedings, resolutions, statutory records, register books and documents.

Principle 2 – Strengthen Composition

2.1 Nomination Committee

The Nomination Committee comprises exclusively Independent Non-Executive Directors. The Nomination Committee met twice during the financial year under review and the attendance record is as follows:

Name of Members	Designation	Directorship	Attendance (1 April 2016 to 31 March 2017)
Datuk Dr. Ahmed Tasir Bin Lope Pihie	Chairman	Independent Non-Executive Chairman	2/2
Dato' Wong Guang Seng	Member	Independent Non-Executive Director	2/2
Tan Chon Ing @ Tan Chong Ling	Member	Independent Non-Executive Director	2/2

The terms of reference of the Nomination Committee is made available on the Company's website at www.oldtown.com.my.

As of the date of this Annual Report, the Board has not nominated a Senior Independent Non-Executive Director as the Board will shoulder this responsibility collectively. Pursuant to the recommendation 2.1 of the MCCG 2012, the Nomination Committee should be chaired by a Senior Independent Director identified by the Board. The Board is of the opinion that Datuk Dr. Ahmed Tasir Bin Lope Pihie, the Independent Non-Executive Chairman of the Board, is suitable to act as Chairman of the Nomination Committee in view of his extensive knowledge and vast experience of the business, his background and commitment.

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

Appointment of Directors

The Nomination Committee, which comprises all Independent Directors, is responsible for making recommendations for any new appointments to the Board. In making these recommendations, the Nomination Committee considers the required mix of skills and experiences which the Directors would bring to the Board. Any new nomination received is recommended to the full Board for assessment and endorsement.

The specific responsibilities of the Nomination Committee include amongst others:

- Making recommendations to the Board on candidates to be appointed as Director of the Company, taking into consideration the candidates' skills, knowledge, expertise and experience; professionalism; integrity; and in the case of candidates for the position of Independent Non-Executive Directors, evaluating the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors;
- Assisting the Board in its annual review of the required mix of skills and experience and other qualities including core competencies which both the Non-Executive Directors should bring to the Board and to assess the effectiveness of the Board as a whole, the Board Committees and the individual Director on an annual basis;
- To determine the core competencies and skills required of Board members to best serve the business and operations of the Group as a whole and the optimum size of the Board to reflect the desired skills and competencies;
- Reviewing the size of Non-Executive participation, Board balance and determine if additional Board members are required and also to ensure that at least 1/3 of the Board is independent;
- Recommending to the Board on the appropriate number of Directors to comprise the Board that should fairly reflect the investments of the minority shareholders in the Company and to review whether the current Board representation satisfies this requirement;
- Recommend to the Board, retiring Directors who are willing to be re-elected and candidates for re-election of Directors nominated by shareholders under the annual re-election provisions or retirement;
- Review the term of office and performance of the Audit Committee and each of its members annually to determine whether such Audit Committee members have carried out their duties in accordance with their terms of reference;
- Review the succession planning for the Board Chairman, Directors and key management personnel; and

- Annually reviewing the time required of Non-Executive Directors and undertake performance assessment to assess whether the Directors are spending:
  - Enough time to fulfil their duties;
  - Review the induction and training needs of Directors;
  - Consider the representation of interest group as part of Board diversity;
  - Consider taking into consideration gender, ethnicity, nationality; and
  - Professional background and culture.

The key task of the Nomination Committee is to ensure that the Company recruits and retains the best available Executive and Non-Executive Directors with the right mix of skills and knowledge relevant to the Company.

Re-election of Directors

Article 84 of the Constitution of the Company provides that one-third (1/3) of the Directors for the time being, 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 from office and be eligible for re-election at the Annual General Meeting ("AGM") at least once in every three (3) years and all retiring Directors shall be eligible for re-election.

Article 91 of the Constitution of the Company further provides that any Directors who are appointed either to fill a casual vacancy or as an addition to the existing Board of Directors shall hold office only until next AGM of the Company and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation pursuant to Article 84 of the Constitution at that meeting.

Based on the schedule of retirement by rotation of Directors, the Nomination Committee has recommended that the Directors, Datuk Dr. Ahmed Tasir Bin Lope Pihie, Lee Siew Heng and Chuah Seong Meng who were retiring at the AGM held on 7 September 2017 to stand for re-election at the AGM.

Board Diversity

Where boardroom diversity is concerned, the Board does not adopt any formal policy on diversity (for gender, age and ethnicity) in the selection of new Board candidates and does not have a specific policy on setting targets for female candidates. Nevertheless, the Board will consider female candidates as new Directors of the Company as and when the opportunity arises in support of the Government's initiative to increase women participation at the Board level.

Despite the importance of boardroom diversity, the Board is of the view that the evaluation of the suitability of candidates as Board members, based on the candidates' competency, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, should remain a priority and vital consideration.

Annual Assessment

The Nomination Committee shall conduct the following evaluation on an annual basis:

- The effectiveness of each director's ability to contribute to the Board and the relevant Board Committees;
- The effectiveness of the Board Committees;
- The effectiveness of the Board as a whole; and
- The Independence of each Independent Director.

The activities carried out by the Nomination Committee during the financial year ended 31 March 2017 were as follows:

- Reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board, including the core-competencies of both Executive and Non-Executive Directors, effectiveness of the Board as a whole and the Board Committees, and the competency, capability, contribution and performance of each Director. All assessments and evaluations carried out by the Nomination Committee via peer and self-assessment evaluation forms were properly documented and tabled to the Nomination Committee and Board for notation. The Individual Directors are assessed on such appropriate criteria taking into consideration of their knowledge, mix of skills and experience, competencies, commitment, contribution and performance and other attributes taking into account the Board and Board Committee composition and Board diversity. The effectiveness of the Board is evaluated in the areas of Board Mix & Composition, Quality of Information and Decision Making and Boardroom Activities. The effectiveness of the Board Committee is evaluated in terms of the competency and composition of the committee, processes and responsibilities; and
- Considered and assessed the list of Directors who are retiring by rotation to put forward for re-election, subject to the approval of shareholders at the Company's AGM annually.

The Nomination Committee considered that the performance of the existing Board and all Board Committees was consistently good and satisfactory.

CORPORATE GOVERNANCE STATEMENT

2.3 Remuneration policies

Remuneration Committee

The Remuneration Committee comprises three (3) Independent Non-Executive Directors and two (2) Executive Directors. The Remuneration Committee met once during the financial year under review and the attendance record is as follows:

Name	Designation	Directorship	Attendance (1 April 2016 to 31 March 2017)
Tan Chon Ing @ Tan Chong Ling	Chairman	Independent Non-Executive Director	1/1
Datuk Dr. Ahmed Tasir Bin Lope Pihie	Member	Independent Non-Executive Chairman	1/1
Lee Siew Heng	Member	Group Managing Director	1/1
Dato' Wong Guang Seng	Member	Independent Non-Executive Director	1/1
Goh Ching Mun	Member	Executive Director	1/1

The terms of reference of the Remuneration Committee is made available on the Company's website at www.oldtown.com.my.

Directors' Remuneration

The Group aims to set the levels of remuneration in such a way that it supports the strategies and long-term vision of the Group as well as provides adequate motivational incentive for Directors to pursue the long-term growth and success of the Group. The levels of remuneration should be sufficient to attract and retain the Directors needed to run the Group successfully and in line with industry standards.

Remuneration packages for Executive Directors (including the Group Managing Director) are structured so as to link rewards to corporate and individual performance.

In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by them. Currently, the Non-Executive Directors are paid Directors' fees and attendance allowance for each Board/Committee meeting they attended. The Executive Director (including the Group Managing Director) is not entitled to meeting allowances for the Board and Board Committee Meetings that he attends.

The Independent Directors' fees will be reviewed in every two (2) years to ensure that their fees is reflective of the prevailing market rate.

Disclosure of the Directors' remuneration is set out in Note 10 to the Audited Financial Statements on page 98 of this Annual Report.

During the financial year ended 31 March 2017, the Remuneration Committee met once to deliberate matter on staffs' salary increment and bonus for 2017.

Principle 3 – Reinforce Independence

3.1 Annual Assessment of Independence

The Board recognises the importance of independence and objectivity in the decision-making process as advocated in the MCCG 2012. The Board is committed to ensure that the Independent Directors are capable to exercise independent judgment and act in the best interests of the Group.

The Board has developed criteria to assess independence of Directors and has adopted the same criteria used in the definition of "Independent Directors" prescribed by the MMLR.

The Independent Directors and Chairman of the Company fulfilled the criteria of "Independence". They act independently of management and are not involved in any other relationship with the Group that may impair their independent judgment and decision making.

Each Director has a continuing responsibility to determine whether he has a potential or actual conflict of interest in relation to any material transactions. Such a situation may arise from external associations, interests or personal relationships.

The Director is required to immediately disclose to the Board and to abstain from participating in discussions, deliberations and decisions of the Board on the respective matters.

The Board, via Nomination Committee has developed the criteria to assess independence and formalised the current independence assessment practice. Each Independent Director will undertake the process of assessing their own independence by completing the Independent Director self-assessment checklist on an annual basis. The Nomination Committee will conduct annual assessment on the independence of the Independent Directors. Thereafter, the result will be tabled to the Nomination Committee and Board for notation and action to be taken wherever necessary.

3.2 Tenure of Independent Directors

The Board is aware that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years as recommended by MCCG 2012 and that an Independent Director may continue to serve on the Board if the Independent Director is re-designated as a Non-Independent Non-Executive Director upon completion of the cumulative term of nine (9) years.

The Chairman and all the Directors have served in the Board for less than 9 years.

3.3 Shareholders' Approval for the Appointment as an Independent Director after serving nine (9) years in that Capacity

Subject to the assessment of the Nomination Committee and the shareholders' approval, the Board may retain an Independent

Director who has served nine (9) years or more on the Board. Presently, there is no Independent Director of the Company whose tenure has exceeded a cumulative term of nine (9) years as the Company was listed on the Main Market of Bursa Securities on 13 July 2011.

3.4 Separation of Positions of the Chairman and Group Managing Director

The role of the Chairman and the Group Managing Director are clearly distinct for effective balance of power and authority because the positions are held by two different individuals. The Independent Non-Executive Chairman is primarily responsible for ensuring Board's effectiveness and conduct. He ensures that all relevant issues and quality information to facilitate decision making and effective running of the Group's business are included in the meeting agenda.

The Group Managing Director is a Non-Independent Executive Director who is responsible for the daily management of the Group's operations and implementation of the Board's policies and decisions. He is responsible for communicating matters relating to the Group's business affairs and issues to the Board. His vast experience, business knowledge and skills contributed significantly towards the attainment of the Group's goals and objectives.

3.5 Composition of the Board

Presently, the Board comprises three (3) Independent Non-Executive Directors and five (5) Executive Directors (including the Group Managing Director) and the Independent Non-Executive Directors constitute 37.5% of the Board. This composition complies with Paragraph 15.02 of the MMLR of Bursa Securities which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher, to be independent. The profiles of the Directors are set out on page 6 to page 10 of this Annual Report.

The Executive Directors take on the primary responsibility of the day-to-day running of the Group's business as well as implementing the policies and decisions of the Board.

The Independent Non-Executive Directors act independently of management and do not participate in any business dealings and are not involved in any other relationship with the Group that may impair their independent judgment and decision-making. They provide a broader view and independent assessment to the Board's decision-making process by acting as an effective check and balance.

Together, with their diverse backgrounds, professional experiences and wide range of skills, the Board can effectively manage and run the Group's operations.

Principle 4 – Foster Commitment

4.1 Time Commitment

The Board meets at least four (4) times a year at quarterly intervals with additional meetings to be convened where necessary to deal with urgent and important matters that require attention of the Board. An Annual Meeting Schedule for Board Meetings, Board Committee Meetings and the Annual General Meeting is circulated to the Directors in advance of each new year to facilitate Directors' time planning.

To ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively, one of the criterions is that they must not hold directorships at more than five (5) public listed companies as prescribed in Paragraph 15.06 of MMLR.

During the financial year ended 31 March 2017, the Board met five (5) times to discuss issues on the Group's financial performance, significant investments, corporate development, strategy and business plan and other matters reserved for decision by the Board.

The attendance record of each Director at the Board Meetings is as follows:-

Name of Directors	**Attendance** (1 April 2016 to 31 March 2017)
Datuk Dr. Ahmed Tasir Bin Lope Pihie *(Chairman)*	5/5
Lee Siew Heng	5/5
Dato' Wong Guang Seng	5/5
Tan Chon Ing @ Tan Chong Ling	5/5
Chuah Seong Meng	5/5
Clarence D'Silva A/L Leon D'Silva	5/5
Goh Ching Mun	5/5
Tan Say Yap	5/5

The Board is satisfied with the level of commitment given by the Directors to carry out their roles and responsibilities, and to attend the Board Meeting and Board Committee Meetings. There is full attendance for all Board Meetings and Board Committee Meetings held during the financial year.

Protocol for appointment of Directors

To ensure that the existing Directors and new Directors have sufficient time to fulfill their roles and responsibilities, the Board will ensure that:

- New candidates for any appointment to the Board must not hold more than 5 directorships.
- The Directors must notify the Chairman before accepting any new directorship in public listed companies including an indication of time spent in respect of the new directorship.
- The Directors shall take note of the Annual Schedule for Board Meetings, Board Committee Meetings and the Annual General Meeting to be held for the calendar year so that the Director can plan their time to review the Board papers prior to the meetings.

CORPORATE GOVERNANCE STATEMENT

4.2 Meeting Calendar

The dates scheduled for Board meetings, Board Committee meetings and AGM are set in advance and circulated to the Directors to facilitate the Directors' time planning. The Directors' Circular Resolutions are used for determination of urgent matters arising in between meetings. In accordance with Article 122 of the Constitution of the Company, a signed and approved resolution by the majority of the Directors shall be valid and effectual as if it had been passed at a meeting of the Directors.

4.3 Training

The Board acknowledges that continuous education is essential for the Directors to further enhance their skills and knowledge. As an integral part of their training program, they are provided with updates from time to time on the relevant changes in laws, regulations and the business environment. The Nomination Committee would also assess the training needs of the Board from time to time. During the financial year ended 31 March 2017, seminars and training courses attended by the Directors are as follows:

Name of Directors	Training/ Courses Attended
Datuk Dr. Ahmed Tasir Bin Lope Pihie	Board Chairman Series Part 2: Leadership Excellence from the Chair. Business Sustainability. Management Discussion and Analysis (MD&A).
Dato' Wong Guang Seng	Audit Committee Seminar for the Public and Private Sectors 2016. Business Sustainability. Risk Management Programme: 'I Am Ready to Manage Risk'. Seminar Percukaian Kebangsaan 2016. MIA International Accountants Conference 2016. Management Discussion and Analysis (MD&A).
Lee Siew Heng Tan Chon Ing @ Tan Chong Ling Chuah Seong Meng Clarence D'Silva A/L Leon D' Silva Goh Ching Mun Tan Say Yap	Business Sustainability. Management Discussion and Analysis (MD&A).

The Board has in place a policy to assess the training needs of Directors. Each Director is required to conduct self-assessment by completing the Board Skill Matrix Form and Training Needs evaluation form. Such assessment form shall be used as a general assessment of the composition, knowledge, skills and experience of the Board and also to assess the training needs of the Board members.

Every Director is required to attend training programme at least once for each financial year. The policy also lists out the types of training programmes that the Directors should attend. All Directors had attended at least one training programme during the financial year.

During the financial year ended 31 March 2017, the Board members conducted a self-evaluation on Board Skill Matrix and Training Needs to assess the area of training required and training needs of the Board members were assessed by the Nomination Committee. As part of the Company's programme to provide continuing education for the Board members and to update the Board members on the regulatory requirements, the following corporate training which was facilitated by an experienced trainer were held in-house in respect of the financial year ended 31 March 2017: -

- Business Sustainability; and
- Management Discussion & Analysis (MD&A).

Principle 5 – Uphold Integrity In Financial Reporting

5.1 Compliance with Applicable Financial Reporting Standards

Financial Reporting

The Board is committed to provide a balanced, clear and comprehensive assessment of the Group's financial position and prospects by making sure the financial statements and quarterly announcements are prepared in accordance with the provisions of the Companies Act 2016 ("Act"), MMLR and applicable approved accounting standards.

The Board is assisted by the Audit Committee in reviewing the appropriateness of accounting policies applied by the Group as well as the changes in these policies.

The Audit Committee also assists the Board in overseeing the financial reporting process and ensuring the quality of the financial reporting by the Group. The Audit Committee reviews the accuracy and integrity of the Group's annual and quarterly financial statements for announcement to the public within the stipulated time frame.

Statement on Directors' Responsibility

The Directors are required, pursuant to Section 251 of the Act, to draw up financial statements for each financial year that gives a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the results and cash flows for the financial year. In addition, the Directors have the overall responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent fraud and other irregularities. In preparing the financial statements for the financial year ended 31 March 2017, the Directors have: -

(i) adopted appropriate accounting policies and applied them consistently;

(ii) made reasonable and prudent judgments and estimates;

(iii) ensured that the applicable approved Malaysian Financial Reporting Standards and the provisions of the Act in Malaysia are complied with; and

(iv) prepared financial statements on a going concern basis, having made enquiries that the Company and the Group have adequate resources to continue operations in the foreseeable future.

The Statement of Directors of the Audited Financial Statements for the financial year ended 31 March 2017 pursuant to the Act is set out on Page 146 in this Annual Report.

5.2 Assessment of Suitability and Independence of External Auditors

The Board has maintained a transparent and professional relationship with the Group's External Auditors through the Audit Committee.

The Group's External Auditors are invited to attend the Audit Committee meetings when deemed necessary. The Audit Committee meets the External Auditors to review the scope and adequacy of the audit process, the financial statements and their audit findings.

In addition, the External Auditors are invited to attend the Company's general meetings and are available to answer any questions from shareholders on the conduct of the statutory audit and the contents of the Annual Audited Financial Statements as well as any corporate exercise undertaken by the Group where the external auditors are involved.

During the financial year ended 31 March 2017, the Audit Committee met twice with the External Auditors without the presence of the Management.

The Board reviews the independence, performance and remuneration of the External Auditors based on the recommendation of the Audit Committee before recommending them to the shareholders for re-appointment at the AGM on an annual basis. The Company has in place the External Auditors' performance and independence evaluation form for the Audit Committee to undertake an annual assessment to assess the suitability and independence of External Auditors. The External Auditors would provide assurance to the Board in respect of its independence to act as the External Auditors of the Company.

Deloitte PLT, the existing External Auditors of the Company, has in place policies on rotation for partners and managers of an audit engagement to ensure objectivity, independence and integrity of the audit. The External Auditors have declared their independence to the Group and their compliance with By-Laws (on professional ethics, conduct and Independence) of the Malaysian Institute of Accountants on 26 May 2016 by giving a written assurance to the Company.

During the 2nd Quarter of 2016, the Audit Committee members completed the evaluation form and assessed the suitability and independence of the External Auditors. The Audit Committee was satisfied with the suitability of the External Auditor and the size and resources provided by the External Auditor to carry out the audit plans within the planned time frame.

The AC was also satisfied in its review that the provision of the non-audit services by the External Auditor for the financial year ended 31 March 2017 did not in any way impair their ability or their objectivity and independence as External Auditors of the Company.

The Board had in June 2016 approved the recommendation of the Audit Committee on the re-appointment of Deloitte as the External Auditors of the Company for the financial year ended 31 March 2017 and the shareholders approved the re-appointment of Deloitte at the 8th Annual General Meeting of the Company held on 8 September 2016.

Principle 6 – Recognise And Manage Risks

6.1 Sound Framework to Manage Risks

The Board acknowledges its responsibility for maintaining a sound system of risk management and internal control in the Company and the Group. These controls provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The Directors' responsibilities for the Group's system of risk management and internal controls ("system") cover not only the financial aspects but also compliance and operational controls as well as risks management matters and reviewing the adequacy and integrity of the system.

The Company has in place an on-going process for identifying, evaluating and managing key risks that may affect the achievement of the business objectives of the Group. Towards cultivating a sustainable risk management culture, risk management principles and practices are embedded into existing key processes across different functions within the Group.

Details of the Company's Enterprise Risk Management are set out in the Statement on Risk Management and Internal Control of this Annual Report on page 50 to page 52.

6.2 Internal Audit Function

The Internal Audit function is outsourced to Crowe Horwath Governance Sdn Bhd (the "Internal Auditors"). The Internal Auditors assist the Audit Committee and Board in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's governance, risk management and internal control processes.

Details of the Company's internal control system and framework are set out in the Statement on Risk Management and Internal Control of this Annual Report on page 50 to page 52.

CORPORATE GOVERNANCE STATEMENT

Principle 7 – Ensure Timely and High Quality Disclosure

7.1 Corporate Disclosure Policy

The Board has put in place a Corporate Disclosure Policy ("Policy") to ensure the disclosure of material information pertaining to the Group's performance and operations to the public is in accordance with the disclosure requirements under the MMLR and other applicable laws and regulations.

The Policy outlines the Group's approach towards the determination and dissemination of material information, the circumstances under which the confidentiality of information will be maintained, preventing abuse of undisclosed material information and provides guidelines for achieving consistent disclosure practices. Confidential information is restricted to top management only. Selected members of top management are responsible for making disclosures and responding to market rumours and queries.

7.2 Leverage on Information Technology for Effective Dissemination of Information

The Board has established a dedicated section for corporate information on the Company's website where information on the Company's announcements, financial information, share prices, analysts' reports and all other information of the Group can be accessed.

Principle 8 – Strengthen Relationship Between Company And Shareholders

8.1 Encourage Shareholders' Participation at General Meetings

The AGM serves as the principal forum for direct interaction and dialogue among shareholders, Board and Management. The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance and other matters of concern. Shareholders are encouraged to actively participate in the question and answer session. The Board, senior management and the External Auditors are available to respond to shareholders' enquiries and provide appropriate clarifications at the AGM.

Normally, a press conference will be held after the AGM to advise the media of the resolutions passed by shareholders, brief the media on the operations, performance and financial results of the Group for the year under review and clarify issues posed by the media.

The Company dispatches its notice of AGM and related papers to shareholders at least twenty-eight (28) days before the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed.

Each item of special business included in the Notice of the AGM or EGM will be accompanied by a full explanation of the effects of a proposed resolution.

8.2 Poll Voting

A new requirement i.e. Paragraph 8.29A of the MMLR requiring any resolution set out in the notice of any general meeting (including any addendum, errata or amendment to the earlier notice of general meeting) or notice of resolution be voted by poll. The new requirement is applicable to all the general meetings to be held on or after 1 July 2016.

In line with the new requirement of MMLR, voting at the last AGM held on 8 September 2016, was conducted by poll, instead of by a show of hands. The Company also recognises that poll voting is more accurate and it reflects shareholders' views by ensuring that every vote is recognised, in accordance with the principle of 'one share one vote'.

Hence, all the resolutions as set out in the notice of the Company's forthcoming AGM will also be voted by poll.

8.3 Effective Communication and Proactive Engagement

At the last AGM held on 8 September 2016, there was a presentation on the Group's operational review by the Group Managing Director. The Executive Directors also provided shareholders with a brief review of the Group's performance and prospects. Shareholders have the opportunities to enquire on the Group's performance and operations and are invited to ask questions during the question and answer session.

The Company recognises the importance of timely dissemination of information to shareholders and other stakeholders. The Board is committed to ensure that the shareholders and stakeholders are well informed of major developments of the Group and the information is communicated to them through the Annual Report, Quarterly Financial Results, various disclosures and announcements made to Bursa Securities and the Company's website.

COMPLIANCE STATEMENT

The Board is of the view that the Group is generally in compliance with the Principles and Recommendations of the MCCG 2012. Where a specific Recommendation of the MCCG 2012 has not been observed during the financial year under review, the non-observance has been explained and the reasons thereof has been included in this Statement.

This Statement was approved by the Board of Directors on 29 June 2017.

AUDIT COMMITTEE REPORT

The Board of Directors ("the Board") of OldTown Berhad ("the Company") is pleased to present the Audit Committee Report for the financial year ended 31 March 2017.

1. Composition

As at the date of this report, the members of the Audit Committee are as follows:-

Chairman
***Dato' Wong Guang Seng**
Independent Non-Executive Director

Members
Datuk Dr. Ahmed Tasir Bin Lope Pihie
Independent Non-Executive Chairman

Tan Chon Ing @ Tan Chong Ling
Independent Non-Executive Director

*Note: * Member of Malaysian Institute of Accountants*

The Audit Committee is appointed by the Board and comprise of three Independent Non- Executive Directors. Accordingly, the Company has complied with Paragraphs 15.09 and 15.10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), which requires all the Audit Committee members to be Non-Executive Directors, with a majority of them being Independent Directors and the Chairman of the Audit Committee is an Independent Non-Executive Director. There are no alternate Directors on the Board as well as the Audit Committee.

The Board reviewed the performance of the Audit Committee members in respect of the financial year ended 31 March 2017 through the Board Committee Performance Evaluation form in May 2017 and the overall performance of existing Board Committees inclusive of the Audit Committee were considered consistent and satisfactory.

Following the amendment of the Terms of Reference of the Nomination Committee to be in line with the recent amendments to Paragraph 15.20 of the MMLR which was approved by the Board on 28 June 2016, the Nomination Committee have been tasked with the responsibility of reviewing the term of office and performance of the Audit Committee and each of its members annually to determine whether such Audit Committee members have carried out their duties in accordance with their terms of reference.

2. Meetings

The Audit Committee of the Company held five (5) meetings during the financial year ended 31 March 2017 and details of attendance of members of the Audit Committee are as follows: -

Name of Members	Attendance (1 April 2016 to 31 March 2017)
Dato' Wong Guang Seng (Chairman)	5/5
Datuk Dr. Ahmed Tasir Bin Lope Pihie	5/5
Tan Chon Ing @ Tan Chong Ling	5/5

The Senior General Manager, Finance and Accounts was invited to all Audit Committee meetings to facilitate direct communications and to provide clarification on financial reports. The relevant personnel responsible for Key Management of the Company were invited to brief the Audit Committee on specific issues arising from the audit. Minutes of each meeting were recorded and tabled for confirmation at the next Audit Committee meeting and subsequently presented to the Board for notation.

The Audit Committee's Chairman briefed the Board on matters of significant concern discussed at the Audit Committee Meeting held prior to the Board Meeting and the applicable recommendations were presented by the Audit Committee's Chairman at subsequent Board meeting for the Board's approval.

The three (3) members in the Audit Committee also assume the role of the Whistle-Blowing Committee.

3. Terms of Reference

The Terms of Reference of the Audit Committee is made available on the Company's website at www.oldtown.irplc.com in compliance with Paragraph 15.11 of the MMLR. The Board is satisfied that the Audit Committee and its members discharged their functions, duties and responsibilities in accordance with its Terms of Reference in ensuring the Company upholds an appropriate Corporate Governance standards.

The Terms of Reference will be reviewed periodically or as and when required by the Audit Committee and recommendation will be made to the Board for approval on any revision.

4. Summary of work of the Audit Committee during the financial year

The Audit Committee had worked closely with the External Auditors, Internal Auditors and Management. They carried out the following works in accordance with the Terms of Reference of the Audit Committee during the financial year ended 31 March 2017:

A. Financial Reporting

In overseeing the financial reporting of OldTown Berhad, the Audit Committee reviewed the unaudited quarterly financial results at the meetings held on 26 May 2016, 25 August 2016, 24 November 2016 and 22 February 2017 respectively.

The quarterly financial results were reviewed to ensure they were prepared in compliance with the Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting and Appendix 9B of the MMLR.

On 29 June 2017, the Audit Committee reviewed the Audited Financial Statements for the financial year ended 31 March 2017.

The Audit Committee's recommendations were presented at the Board meeting for the Board's approval and the same had been released to Bursa Malaysia Securities Berhad ("Bursa Securities") and Securities Commission Malaysia after the Board's approval on even date.

AUDIT COMMITTEE REPORT

B. Internal Audit

The Audit Committee had at the Audit Committee meetings held on 26 May 2016, 25 August 2016, 24 November 2016 and 22 February 2017:

(i) Reviewed the annual audit plan of the internal audit function to ensure adequate scope and comprehensive coverage of the activities of the Group;

(ii) Reviewed the internal audit reports, recommendations made by the Internal Audit on its findings and Management's response to those recommendations; and

(iii) Noted the corrective actions on outstanding audit issues to ensure the key risks and control lapses have been addressed and rectified.

During the financial year under review, the Internal Auditors had conducted the audit works as per the annual audit plan and presented their Internal Audit ("IA") reports at the abovementioned Audit Committee Meetings respectively to the Audit Committee.

The relevant responsible Key Senior Management member was invited to attend the Audit Committee meetings on Internal Audit agenda to provide clarification on specific issues raised in the Internal Audit reports.

Summary reports which provided status updates on the implementation of management action plans on the findings reported in the IA reports for all the previous audit cycles were presented to the Audit Committee.

The Audit Committee was satisfied with the Internal Auditors' performance and approved the re-appointment of Crowe Horwath Governance Sdn Bhd as the Internal Auditors of the Company for financial year ending 31 March 2018.

C. External Audit

(i) The Audit Committee had on 26 May 2016:

(a) reviewed the extent of assistance rendered by the Management and issues and reservations arising from audit for the financial year ended 31 March 2016 with the External Auditors, Deloitte PLT.

(b) deliberated on the final report presented by Deloitte PLT with regards to the principal accounting and audit matters arising from the statutory audit of the Company and its subsidiaries for the financial year ended 31 March 2016.

During the meeting with the Audit Committee, the audit engagement partner of Deloitte PLT had declared their independence to the Group and their compliance with By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

The Audit Committee was also briefed by Deloitte PLT on the following significant risks and areas of audit focus:

(a) Presumed risk of management override of controls;
(b) Related party disclosures;
(c) Presumed risk of fraud arising from revenue recognition; and
(d) Impairment of tangible and intangible assets.

(ii) The Audit Committee had on 22 February 2017:

(a) reviewed the Audit Planning Memorandum for financial year ended 31 March 2017 ("APM") prepared by Deloitte PLT to ensure adequate scope and comprehensive coverage over the activities of the Group and approved the APM.

(b) discussed the scope of work, key areas of audit emphasis, audit approach, audit timetable and the proposed audit fees of the Group before the commencement of the annual statutory audit for the financial year ended 31 March 2017. The proposed audit fees was recommended to the Board for approval.

(iii) The Audit Committee was satisfied with the suitability of Deloitte PLT and quality of services provided by Deloitte PLT after having considered the adequacy of experience and resources of the firm and the professional staff assigned to the audit, level of audit and non-audit services to be rendered by the External Auditors to the Company and had on 28 June 2016 recommended to the Board for their approval the re-appointment of Deloitte PLT as the External Auditor of Oldtown Berhad for the financial year ended 31 March 2017.

(iv) The Audit Committee had two (2) private sessions with Deloitte PLT without the presence of management staff and the executive board members on 26 May 2016 and 22 February 2017. There were no areas of concern raised by Deloitte PLT that needed to be escalated to the Board.

D. Dividend

(i) On 26 May 2016, the Audit Committee reviewed and recommended to the Board a final dividend of 3 sen and a special dividend of 3 sen under the single tier system for the financial year ended 31 March 2016, subject to the shareholders' approval at the 8th Annual General Meeting.

(ii) On 24 November 2016, the Audit Committee reviewed and recommended to the Board a first interim single-tier dividend of 3 sen under the single-tier dividend for the financial year ended 31 March 2017.

(iii) On 22 February 2017, the AC reviewed and recommended to the Board a second interim single-tier dividend of 3 sen under the single-tier system for the financial year ended 31 March 2017.

E. Related Party Transactions

(i) The Audit Committee reviewed and noted all conflict of interest and Related Party Transactions ("RPT") including Recurrent Related Party Transactions ("RRPT") entered into by the Company and the Group as presented by the Management for the periods ended 31 March 2016, 30 June 2016, 30 September 2016, 31 December 2016 and 31 March 2017 to ensure that the transactions entered into were in the best interest of the Group, fair and reasonable, on normal commercial terms that were not more favorable to the related parties than those generally available to the public. The RRPTs include tenancy agreements between related parties and subsidiaries as well as for sale of food and beverages products, sale of furniture and utensils, payment of royalty fees, payment of advertising and promotion fees and others.

(ii) The Internal Auditors conducted an internal control review on RPT and RRPT and the report was presented to the Committee on 25 August 2016. The focus areas of the audit were to ascertain that the approved procedures and guidelines to monitor the RPT and RRPT have been complied with, and the disclosures of RPT and RRPT to shareholders are accurate and timely.

F. Risk Management

On 22 February 2017, the Audit Committee reviewed the status reports on Enterprise Risk Management and summary of the Risk Management Committee ("RMC") activities carried out during the financial year as presented by the Group Managing Director, the Chairman of the RMC.

The Audit Committee noted that:

- Four (4) RMC meetings were held during the financial year ended 31 March 2017.
- Five (5) top risk factors were identified by RMC and being monitored on quarterly basis.
- RMC re-visited all the existing risks in the Risk Register to identify inherent and emerging new risks and assess the adequacy of actions taken to mitigate the risk.

Please also refer to the Statement on Risk Management and Internal Control as set out in this Annual Report for further details.

G. Other Matters

(i) On 26 May 2016 the Audit Committee reviewed the performance and independence of the external auditor via the External Auditors' Performance & Independence evaluation form.

(ii) On 28 June 2016, the Audit Committee:

(a) reviewed the Circular to Shareholders in relation to the Proposed Renewal of Existing Shareholders' Mandate for RRPT and Proposed New Shareholders' Mandate for RRPT and reviewed the Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate for the authority to the Company to purchase its own shares of up to 10% of the total issued shares.

(b) reviewed the Audit Committee Report and Statement on Risk Management and Internal Control prior to submission of the same to the Board for consideration and inclusion in the Annual Report 2016 of the Company.

(c) considered and reviewed the proposed amendments to the Terms of Reference of the Audit Committee and recommended the same to the Board for approval.

5. Summary of the Work of the Internal Audit Function

During the financial year ended 31 March 2017, the Internal Auditors assisted the Audit Committee in discharging its duties and responsibilities by executing independent reviews to determine the adequacy and effectiveness of the Group's internal control system. The work performed by the internal audit function include:

(i) conducted review of business processes in accordance with the risk-based internal audit plan approved by the Committee, which covered reviews of the internal control system, risk management and follow up audits to address observations reported in preceding internal audit visits;

(ii) reported the results of internal audit reviews and provided recommendations for improvement to the Management;

(iii) followed up on the implementation of audit recommendations and action plans agreed upon by the Management;

(iv) ascertained the extent of compliance with the Group's policies, procedures and statutory requirements;

(v) reviewed and recommended improvements to the existing system of internal controls, risk management and corporate governance processes; and

(vi) Reviewed RRPT to ensure that all the relevant approvals have been obtained and the approved procedures and guidelines to monitor the RRPT have been complied with.

During the financial year under review, the Internal Auditor conducted internal controls review for the following areas as per the Internal Audit Plan approved by the Audit Committee:

(a) OldTown White Coffee Limited (formerly known as Advance City Limited) and Shenzhen OldTown White Coffee Trading Co. Ltd.;
(b) Outlet Audit (Central Region); and
(c) Outlet Audit (Northern Region)

The detailed internal audit plan including findings, recommendations and implementation dates of each issue were presented to the Audit Committee meetings on 26 May 2016, 25 August 2016, 24 November 2016 and 22 February 2017 respectively to keep the Audit Committee abreast of the internal control environment of the Group.

The Internal Auditors also presented the Follow up report for all the outstanding issues for the previous audit cycles at the abovementioned Audit Committee meetings. The status reports were presented to the Audit Committee to ensure the management action plans are rectified and carried out within the stipulated implementation date as agreed by various parties.

The internal audits conducted during the financial year did not reveal material weaknesses which would result in material losses, contingencies or uncertainties that would require disclosure in this Annual Report. The Internal Auditors are independent of the work they audit and perform with impartiality and due professional care.

The costs incurred for the internal audit function in respect of the financial year ended 31 March 2017 was RM88,461.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Introduction

Pursuant to the Malaysian Code on Corporate Governance 2012 ("Code") and Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors ("the Board") of Oldtown Berhad is pleased to present the following Statement on Risk Management and Internal Control for the financial year ended 31 March 2017. This Statement outlines the nature and scope of risk management and internal control of the Group and covers all of the Group's operations except for associate companies as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines") endorsed by Bursa Securities and Recommendation 6.1 under Principle 6 of the Malaysian Code on Corporate Governance ("MCCG") 2012.

Board's Responsibility

The Board acknowledges its responsibilities over the Group in maintaining a sound system of risk management and internal control and affirms its commitment for reviewing the adequacy and integrity of the system. The system of risk management and internal control covers financial, operational, environmental, governance and compliance control matters.

The Group's system is designed to manage, rather than to eliminate, the risks towards achieving the Group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against the occurrence of any material misstatement, fraud or loss.

The Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group. The Board, through its Audit Committee reviews the results of this process.

Management's Responsibility

Management is responsible for implementing the control systems and processes to identify, evaluate, monitor and report on risks identified and actions taken to mitigate and/or minimise the risks.

Risk Management Framework

The Board is committed to maintaining a risk management system and internal control (the Risk Management System) and acknowledges that the Risk Management System is an integral part of business operations and is designed to manage rather than eliminate risks that may impede the achievement of the Group's business objectives.

The Board is supported by the Risk Management Committee ("RMC"), headed by the Group Managing Director in overseeing the Risk Management System within the Group. The RMC comprises Executive Directors and Senior Management who ensures that the risk management and control framework is embedded into the culture, processes and structures of the Group.

The Group has established an Enterprise Risk Management ("ERM") framework to identify, evaluate and to manage the risks. The RMC uses the ERM methodology for the identification of key business risks through a structured approach and to determine if controls are in place in mitigating the risks identified and establishes guidelines to enable the Management to prioritise the risks and allocation of resources to manage the risks.

Under the ERM, the key risk management processes encompass the following:

- The Business/Operations/Departmental Heads (Management Staff) are accountable for all risks assumed under their respective areas of responsibility. They undertake to identify and monitor risks on an on-going basis, update their risk profiles quarterly and whenever there are any updates, incorporate any new risk factor, review the risk profiles, ratings and update the management action plans and ensure that risk management is embedded in all key processes and activities of the Group;

- The RMC shall meet quarterly to review the effectiveness of the overall risk management at enterprise level, evaluate new risks identified by the RMC at divisional level, identify key risks and carry out their mitigation plans, follow-up on the status of implementation compiled by the Management Staff, review the Risk Register, and determine the risks to be escalated to the Board;

- The Group Managing Director shall update the Audit Committee on the key risk related issues and the Audit Committee shall report to the Board on the status of the risk management process; and

- The outsourced Internal Auditor provides independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

The RMC has met four (4) times during the financial year ended 31 March 2017 and carried out the following activities:

- Reviewed the updated Risk Register, evaluated the effectiveness of action plans taken by Management Staff in mitigating the risks identified, follow-up on the status of implementation by the Management staff and monitored the risks and compliance activities of the Group; and

- Reviewed key business risks in critical areas and assessed the likelihood and impact of material exposures and determine its corresponding risk mitigation measure.

The Group Managing Director had on 22 February 2017 reported to the Audit Committee on the key risks identified and any risk-related issues, the mitigation plans carried out and the status of implementation of the action plans. The Audit Committee had on 22 February 2017 reported to the Board that the Group Managing Director had presented the Risk Management Committee Report to the Audit Committee and updated the Board on the keys risks identified and the mitigation plans taken.

Key Internal Control Processes

The Board is committed to maintain a strong control structure where internal control is embedded in the business processes for the Group to pursue its objectives. The internal control framework is structured in such a manner that it provides reasonable assurance that the likelihood of a significant adverse impact on business objectives arising from an event is at a level acceptable to the Group. The key features of the Group's Internal Control System are:

1. Control Environment

(i) Organisation Structure and Authorisation Procedures

The Group maintains formal and structured lines of reporting that includes clear definition of responsibilities and delegation of authority. It sets out the roles and responsibilities, review and approval procedures to enhance the internal control system of the Group's various operations. Limits of authorities are imposed for revenue and capital expenditure for all operating units to keep potential exposure under control. Capital and revenue expenditure, acquisition and disposal of investment interests are duly approved before they are carried out.

(ii) Annual Budget

Budgetary control is applied to every company in the Group and actual performance is closely monitored against budgets to identify significant variances. Discussions are held between the Management and the Departmental Heads to ensure the budgets are attainable and realistic. A half yearly review of the annual budget is undertaken by Management to identify and where appropriate, to address significant variances from the budget.

(iii) Active Involvement by Executive Directors

The Executive Directors are actively involved in the running of the business and operations and they report to the Board on significant changes in the business and external environment, which affect the operations of the Group at large.

(iv) External Certification

The effectiveness of the system of internal control is also reviewed through the ISO 9001:2008 (Quality Management System), ISO 22000:2005 (Food Safety Management System), HACCP (Hazard Analysis Critical Control Point) , GMP (Good Manufacturing Practice) and MS 1500:2009 (Beverages Manufactured, Distributed and Managed-Halal compliance) certifications. Regular reviews and periodic audits are conducted internally as well as by external auditors from accredited certification bodies. Results of these audits are reported to the Management.

The demanding control procedures and documentation requirements of the certifications further strengthen the control environment and the quality requirement of the Group's products.

(v) Policies and Procedures

Operational policies and procedures form an integral part of the internal control system to safeguard the Group's assets against material losses. These include standard operating practices, memorandum, manuals and handbooks which are updated, reviewed and revised periodically to meet changing business and operational requirements and statutory reporting needs.

(vi) Board Committees

Board Committees such as Audit Committee, Nomination Committee and Remuneration Committee are established with formal terms of references clearly outlining their functions and duties delegated by the Board. The Board Committees assist the Board to review the effectiveness of the on-going monitoring processes on risk and control matters for areas within their scope of work.

(vii) Code of Conduct

A Code of Conduct is established for all Directors and employees, which outlines the acceptable business behaviour and conduct and to provide guidance on how the directors and employees should behave to demonstrate a culture of excellence while performing their duties. The same is published in the website of the Company.

(viii) Employees' Competency

Emphasis is placed on enhancing the quality and ability of employees through a wide variety of training programs and workshops to enhance their knowledge and expand the employees' competency level in executing daily jobs. Relevant trainings and courses are provided to personnel across all functions to maintain a high level of competency and capability.

The Policies for External Training and Education Subsidy Program are in place to provide opportunities for employees to improve their skills and know-how through continuous learning and training.

(ix) Performance Measurement

Key Performance Indicators ("KPIs") and/or Key Result Areas ("KRAs") are used to measure employees' performance. The KPIs and KRAs are reviewed and revised (when the need arises) to reflect the change of job scope and to align with the Group's objectives and direction.

Yearly performance appraisal is conducted to review and to evaluate the employees' performance in order to provide a fair and transparent base for compensation and reward system, besides motivating the employees to contribute for the betterment of the Group.

(x) Insurance

Sufficient insurance coverage on major assets is in place to ensure the Group's assets are adequately covered against risks that can result in material losses. The assets are insured at cost and it is reviewed on yearly basis to ensure adequate insurance coverage to protect the Group from potential loss. Besides, the Group also undertakes other insurance coverage, namely product liability, contaminated product liability and public liability to ensure the Group is adequately covered against any potential claim arising from defective products or negligence.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

2. Internal Audit Function

The Group's internal audit function is carried out by the Internal Auditors to assist the Audit Committee and Board in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

On quarterly basis, the Internal Auditors submit audit reports, recommend corrective measures on risks identified (if any) for Management's implementation and also conduct subsequent follow-up audit to check and ensure that the Management has dealt with the recommendations satisfactorily.

During the financial year ended 31 March 2017, the Internal Auditors carried out audits in accordance with the risk-based internal audit plan approved by the Audit Committee.

The results of the internal audit reviews, the recommendations for improvement were deliberated as well as management's response and the corrective actions to be taken in relation to the weaknesses identified were presented at the Audit Committee meetings. Minutes of the Audit Committee meetings which recorded the deliberations were presented to the Board.

Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

3. Information and Communication

Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

4. Monitoring and Review

Scheduled operational and management meetings are held to discuss and review business plans, budgets, and financial and operational performances of the Group. The Senior Management Team also meets regularly to review the above reports, monitors business development plans and resolves key operational and management issues. The quarterly financial statements containing key financial results and comparisons are presented to the Audit Committee for review and recommendation to the Board for its approval.

Review of the Statement by External Auditors

Pursuant to Paragraph 15.23 of the MMLR of Bursa Securities, this Statement has been reviewed by the External Auditors for inclusion in this Annual Report of the Group for the year ended 31 March 2017. Their limited assurance review was performed in accordance with Recommended Practice Guide 5 (Revised 2015) issued by the Malaysian Institute of Accountants, which does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal control system of the Group.

Conclusion

The Board has received reasonable assurance from the Group Managing Director and the General Manager of Finance and Accounts that to the best of their knowledge, the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively.

The Board is of the view that the Group's system of risk management and internal control is sound and adequate to effectively safeguard shareholders' investments, the Group's assets, as well the interest of customers, employees, regulatory agencies and other stakeholders, after taking into consideration the assurance of the Management and input from relevant assurance providers. The processes as outlined in this Statement for identifying, evaluating and managing risks have been in place for the year under review and up to the date of approval of this Statement.

In view that the development of a sound system of internal control is an on-going process, the Board and Management continue to take pertinent measures to sustain and when required, to strengthen the risk management and internal control system of the Group in meeting the Company's strategic objectives.

This Statement was approved by the Board on 29 June 2017.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

There were no proceeds raised from corporate proposals during the financial year.

2. Audit and Non-Audit Fees

During the financial year ended 31 March 2017, the total audit fees and non-audit fees incurred for services rendered to the Company and the Group respectively by external auditors or a firm or corporation affiliated to the external auditors' firm are as follows:

	Group RM
Fees paid / payable to Deloitte PLT and affiliates of Deloitte PLT	
Statutory audit services	568,178
Non-audit services	158,327
Fees paid / payable to other auditors and affiliates of other auditors	
Statutory audit services	97,026
Non-audit services	41,918
Total	**865,449**

3. Material Contracts

No material contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company and/or its subsidiaries which involved the **interests of the Directors** and/or major shareholders, either still subsisting at the end of the financial year ended 31 March 2017 or, if not then subsisting, entered into since the end of the previous financial year.

4. Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

The Company had obtained shareholders' mandate at the Annual General Meeting ("AGM") held on 8 September 2016 to allow the Group to enter into RRPT with related parties. The existing mandate has been in effect from 8 September 2016 until the conclusion of the forthcoming AGM of the Company. The Company intends to seek the approval of shareholders for the renewal of the existing mandate at the forthcoming AGM of the Company to be held on 7 September 2017. The details of the new mandate to be sought have been furnished in the Circular to Shareholders dated 31 July 2017 together with this Annual Report. The details of the RRPTs are disclosed in Appendix II of the Circular to Shareholders.

The transactions entered into were in the ordinary course of business and were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

The details of the RRPT conducted during the financial year ended 31 March 2017 pursuant to the shareholders' mandate are as set out on pages 53 to 57:

Name of Company	Related Parties and Type of Recurrent Related Party Transactions	Value of Transaction for FY2017 (RM)	Interested Related Parties
Emperor's Kitchen Sdn Bhd	Rental of office and factory from Old Town International Sdn Bhd	516,000	Old Town International Sdn Bhd&, Lee Siew Heng^, Goh Ching Mun^, Tan Say Yap*, Lee Siew Ming# and Chin Lai Yoong
Old Town Kopitiam Sdn Bhd	Rental of outlet from Myth Empire Sdn Bhd	171,600	Chin Lai Yoong and Lee Siew Ming#
White Cafe Sdn Bhd	Rental of warehouse from CN Supplies Sdn Bhd	22,800	Lee Siew Heng^ and Chin Lai Cheng @ Angeline
	Sub-rental of office from Old Town International Sdn Bhd	108,000	Old Town International Sdn Bhd&, Lee Siew Heng^, Goh Ching Mun^, Tan Say Yap*, Lee Siew Ming# and Chin Lai Yoong
	Rental of office received from Manifest Corporate Services Sdn Bhd	111,600	Lim Ah Fah
Gongga Food Sdn Bhd	Rental of factory from Lee Siew Ming	21,360	Lee Siew Ming#
	Purchase of food and beverages products from Natural Marketing Sdn Bhd	64,484	Lim Ah Fah
	Sub-rental of office and warehouse from Old Town International Sdn Bhd	588,000	Old Town International Sdn Bhd&, Lee Siew Heng^, Goh Ching Mun^, Tan Say Yap*, Lee Siew Ming# and Chin Lai Yoong

ADDITIONAL COMPLIANCE INFORMATION

Name of Company	Related Parties and Type of Recurrent Related Party Transactions	Value of Transaction for FY2017 (RM)	Interested Related Parties
Gongga Food Sdn Bhd	**Sale of food and beverages products to:**		
	OTK Northern Sdn Bhd	495,428	Goh Ching Mun^
	OTK USJ Sdn Bhd	243,408	Lee Siew Fong and Koo Yai Peng
	Carefree Avenue Sdn Bhd	776,195	Lee Siew Ming#
	Conneczone Puchong Sdn Bhd	278,677	Lee Siew Ming#
	OTK (MBH) Sdn Bhd	298,578	Lee Siew Ming#
	OTK Kopitiam (KLCC) Sdn Bhd	518,384	Lee Siew Ming#
	Acadian Gourmet PB Sdn Bhd	411,402	Lee Siew Ming# and Lim Ah Fah
	Acadian Gourmet KK Sdn Bhd	409,692	Lee Siew Ming# and Lim Ah Fah
	GC Bangsar Two Sdn Bhd	420,920	Lim Ah Fah
	GC Brinchang Sdn Bhd	535,397	Lim Ah Fah
	GC Selayang Sdn Bhd	468,826	Lim Ah Fah
	GC Shamelin Sdn Bhd	271,473	Lim Ah Fah
	Gourmet Chef Kinrara Sdn Bhd	519,896	Lim Ah Fah
	Gourmet Chef Sdn Bhd	108,571	Lim Ah Fah
	Gourmet Corner Ipoh Sdn Bhd	802,217	Lim Ah Fah
	Gourmet Corner KL Sdn Bhd	388,889	Lim Ah Fah
	OTK Logistics Sdn Bhd	2,354,984	Lim Ah Fah
	GC Bangsar Sdn Bhd	438,292	Lim Ah Fah(1)
	GC South City Sdn Bhd	392,186	Lim Ah Fah(1)
	GC Kapar Sdn Bhd	433,236	Lim Ah Fah(2)
	Gourmet Corner Sdn Bhd	601,295	Lim Ah Fah(4) and Chin Lai Cheng@Angeline
	OTK Megah Sdn Bhd	254,645	Lim Ah Fah and Lee Siew Ming#
	OTK Sunway Sdn Bhd	420,246	Lim Ah Fah and Lee Teck Wai
	OTK (Petaling Jaya) Sdn Bhd	564,296	Lim Ah Fah and Lee Teck Wai
	GC Bangi Sdn Bhd	505,510	Nurul Asyiqin Motimbin bt Abdullah and Azmah Binti Abdul Aziz
	Swiss Park Sdn Bhd	605,574	Lim Khim Lan
Kopitiam Asia Pacific Sdn Bhd	Rental of terraced house from Lim Khim Lan	60,000	Lim Khim Lan
	Purchase of uniform from Acadian L'Apparel Manufacturing Sdn Bhd	63,455	Lee Siew Heng^ and Lee Siew Ming#
	Sub-rental of office from Old Town International Sdn Bhd	144,000	Old Town International Sdn Bhd&, Lee Siew Heng^, Goh Ching Mun^, Tan Say Yap*, Lee Siew Ming# and Chin Lai Yoong
	Payment of logistic and loading fees to OTK Sarawak Sdn Bhd	17,442	Lim Ah Fah(3)

Name of Company	Related Parties and Type of Recurrent Related Party Transactions	Value of Transaction for FY2017 (RM)	Interested Related Parties
Kopitiam Asia Pacific Sdn Bhd	**Sale of furniture and utensils pursuant to the franchise arrangement in relation to the operation of café outlets to :**		
	OTK Northern Sdn Bhd	5,594	Goh Ching Mun^
	OTK USJ Sdn Bhd	4,043	Lee Siew Fong and Koo Yai Peng
	Carefree Avenue Sdn Bhd	12,912	Lee Siew Ming#
	Conneczone Puchong Sdn Bhd	204,627	Lee Siew Ming#
	OTK (MBH) Sdn Bhd	7,826	Lee Siew Ming#
	OTK Kopitiam (KLCC) Sdn Bhd	2,893	Lee Siew Ming#
	Acadian Gourmet PB Sdn Bhd	11,312	Lee Siew Ming# and Lim Ah Fah
	Acadian Gourmet KK Sdn Bhd	9,797	Lee Siew Ming# and Lim Ah Fah
	GC Alamanda Sdn Bhd	9	Lim Ah Fah
	GC Bangsar Two Sdn Bhd	14,863	Lim Ah Fah
	GC Brinchang Sdn Bhd	8,552	Lim Ah Fah
	GC Selayang Sdn Bhd	129,300	Lim Ah Fah
	GC Shamelin Sdn Bhd	8,792	Lim Ah Fah
	Gourmet Chef Kinrara Sdn Bhd	175,098	Lim Ah Fah
	Gourmet Chef Sdn Bhd	2,027	Lim Ah Fah
	Gourmet Corner Ipoh Sdn Bhd	16,056	Lim Ah Fah
	Gourmet Corner KL Sdn Bhd	4,600	Lim Ah Fah
	OTK Logistics Sdn Bhd	36,605	Lim Ah Fah
	GC Bangsar Sdn Bhd	8,770	Lim Ah Fah(1)
	GC South City Sdn Bhd	9,450	Lim Ah Fah(1)
	GC Kapar Sdn Bhd	5,302	Lim Ah Fah(2)
	Gourmet Corner Sdn Bhd	11,813	Lim Ah Fah(4) and Chin Lai Cheng@Angeline
	OTK Megah Sdn Bhd	394,614	Lim Ah Fah and Lee Siew Ming#
	OTK (Petaling Jaya) Sdn Bhd	9,164	Lim Ah Fah and Lee Teck Wai
	OTK Sunway Sdn Bhd	106,797	Lim Ah Fah and Lee Teck Wai
	GC Bangi Sdn Bhd	11,698	Nurul Asyiqin Motimbin bt Abdullah and Azmah Binti Abdul Aziz
	Swiss Park Sdn Bhd	8,101	Lim Khim Lan

ADDITIONAL COMPLIANCE INFORMATION

Name of Company	Related Parties and Type of Recurrent Related Party Transactions	Value of Transaction for FY2017 (RM)	Interested Related Parties
Kopitiam Asia Pacific Sdn Bhd	**Advertising and promotion fees charged to :**		
	OTK Northern Sdn Bhd	35,310	Goh Ching Mun^
	OTK USJ Sdn Bhd	23,255	Lee Siew Fong and Koo Yai Peng
	Carefree Avenue Sdn Bhd	70,495	Lee Siew Ming#
	Conneczone Puchong Sdn Bhd	21,269	Lee Siew Ming#
	OTK (MBH) Sdn Bhd	34,037	Lee Siew Ming#
	OTK Kopitiam (KLCC) Sdn Bhd	31,491	Lee Siew Ming#
	Acadian Gourmet PB Sdn Bhd	37,634	Lee Siew Ming# and Lim Ah Fah
	Acadian Gourmet KK Sdn Bhd	37,073	Lee Siew Ming# and Lim Ah Fah
	GC Bangsar Two Sdn Bhd	42,756	Lim Ah Fah
	GC Selayang Sdn Bhd	43,951	Lim Ah Fah
	GC Brinchang Sdn Bhd	60,956	Lim Ah Fah
	GC Shamelin Sdn Bhd	25,924	Lim Ah Fah
	Gourmet Chef Kinrara Sdn Bhd	47,513	Lim Ah Fah
	Gourmet Chef Sdn Bhd	9,861	Lim Ah Fah
	Gourmet Corner Ipoh Sdn Bhd	73,526	Lim Ah Fah
	Gourmet Corner KL Sdn Bhd	34,807	Lim Ah Fah
	GC Bangsar Sdn Bhd	41,255	Lim Ah Fah(1)
	GC South City Sdn Bhd	36,106	Lim Ah Fah(1)
	GC Kapar Sdn Bhd	39,807	Lim Ah Fah(2)
	OTK Sarawak Sdn Bhd	20,931	Lim Ah Fah(3)
	Gourmet Corner Sdn Bhd	54,509	Lim Ah Fah(4) and Chin Lai Cheng@Angeline
	OTK Megah Sdn Bhd	20,154	Lim Ah Fah and Lee Siew Ming#
	OTK Sunway Sdn Bhd	35,475	Lim Ah Fah and Lee Teck Wai
	OTK (Petaling Jaya) Sdn Bhd	49,857	Lim Ah Fah and Lee Teck Wai
	GC Bangi Sdn Bhd	40,064	Nurul Asyiqin Motimbin bt Abdullah and Azmah Binti Abdul Aziz
	Swiss Park Sdn Bhd	44,034	Lim Khim Lan

Name of Company	Related Parties and Type of Recurrent Related Party Transactions	Value of Transaction for FY2017 (RM)	Interested Related Parties
Kopitiam Asia Pacific Sdn Bhd	**Payment of royalty fees pursuant to the franchise arrangement by :**		
	OTK Northern Sdn Bhd	58,851	Goh Ching Mun^
	OTK USJ Sdn Bhd	38,758	Lee Siew Fong and Koo Yai Peng
	Carefree Avenue Sdn Bhd	117,491	Lee Siew Ming#
	Conneczone Puchong Sdn Bhd	34,670	Lee Siew Ming#
	OTK (MBH) Sdn Bhd	56,728	Lee Siew Ming#
	OTK Kopitiam (KLCC) Sdn Bhd	47,236	Lee Siew Ming#
	Acadian Gourmet PB Sdn Bhd	62,723	Lee Siew Ming# and Lim Ah Fah
	Acadian Gourmet KK Sdn Bhd	61,789	Lee Siew Ming# and Lim Ah Fah
	GC Bangsar Two Sdn Bhd	71,260	Lim Ah Fah
	GC Brinchang Sdn Bhd	101,593	Lim Ah Fah
	GC Selayang Sdn Bhd	73,251	Lim Ah Fah
	GC Shamelin Sdn Bhd	43,207	Lim Ah Fah
	Gourmet Chef Kinrara Sdn Bhd	79,189	Lim Ah Fah
	Gourmet Chef Sdn Bhd	16,435	Lim Ah Fah
	Gourmet Corner Ipoh Sdn Bhd	122,543	Lim Ah Fah
	Gourmet Corner KL Sdn Bhd	58,012	Lim Ah Fah
	GC Bangsar Sdn Bhd	68,759	Lim Ah Fah(1)
	GC South City Sdn Bhd	60,176	Lim Ah Fah(1)
	GC Kapar Sdn Bhd	66,345	Lim Ah Fah(2)
	OTK Sarawak Sdn Bhd	34,885	Lim Ah Fah(3)
	Gourmet Corner Sdn Bhd	90,849	Lim Ah Fah and Chin Lai Cheng@Angeline
	OTK Megah Sdn Bhd	33,590	Lim Ah Fah and Lee Siew Ming#
	OTK Sunway Sdn Bhd	59,125	Lim Ah Fah and Lee Teck Wai
	OTK (Petaling Jaya) Sdn Bhd	83,095	Lim Ah Fah and Lee Teck Wai
	GC Bangi Sdn Bhd	66,773	Nurul Asyiqin Motimbin bt Abdullah and Azmah Binti Abdul Aziz
	Swiss Park Sdn Bhd	70,965	Lim Khim Lan

Details of relationships

Azmah Binti Abdul Aziz	*: Spouse of Datuk Dr Ahmed Tasir Bin Lope Pihie*.*
Chin Lai Cheng @ Angeline	*: Spouse of Lee Siew Heng^ and sister-in-law of Lee Siew Ming#.*
Chin Lai Yoong	*: Spouse of Lee Siew Ming# and sister-in-law of Lee Siew Heng^.*
Koo Yai Peng	*: Spouse of Lee Siew Fong and brother–in-law of Lee Siew Heng^ & Lee Siew Ming#.*
*Lee Siew Heng^*	*: Spouse of Chin Lai Cheng @ Angeline and brother of Lee Siew Kong, Lee Siew Ming# and Lee Teck Wai.*
Lee Siew Kong	*: Brother of Lee Siew Heng^ and Lee Siew Ming#.*
Lee Siew Fong	*: Sister of Lee Siew Heng^ and Lee Siew Ming#.*
Lee Siew Ming#	*: Brother of Lee Siew Heng^ and spouse of Chin Lai Yoong.*
Lee Teck Wai	*: Brother of Lee Siew Heng^ and Lee Siew Ming#.*
Lim Ah Fah	*: Sister-in-law of Lee Siew Heng^ and Lee Siew Ming#.*
Lim Khim Lan	*: Spouse of Clarence D' Silva*.*
Nurul Asyiqin Motimbin bt Abdullah	*: Daughter-in-law of Datuk Dr Ahmed Tasir Bin Lope Pihie*.*
^	*Our Director and Major Shareholder.*
*	*Our Director and Shareholder.*
&	*Our Major Shareholder.*
#	*Lee Siew Ming ceased to be a Major Shareholder of Oldtown Berhad on 31 January 2017.*

ADDITIONAL COMPLIANCE INFORMATION

Notes:

- *Azmah Binti Abdul Aziz is a director and substantial shareholder of GC Bangi Sdn Bhd.*
- *Chin Lai Cheng @ Angeline is a substantial shareholder of Gourmet Corner Sdn Bhd and a director and substantial shareholder of CN Supplies Sdn Bhd.*
- *Chin Lai Yoong is a director and substantial shareholder of Myth Empire Sdn Bhd.*
- *Chin Lai Yoong is a substantial shareholder of Old Town International Sdn Bhd&.*
- *Goh Ching Mun^ is a director and substantial shareholder of OTK Northern Sdn Bhd and Old Town International Sdn Bhd&.*
- *Koo Yai Peng is a director and substantial shareholder of OTK USJ Sdn Bhd.*
- *Lee Siew Heng^ is a director and substantial shareholder of CN Supplies Sdn Bhd, Old Town International Sdn Bhd& and Acadian L' Apparel Manufacturing Sdn Bhd.*
- *Lee Siew Fong is a director and substantial shareholder of OTK USJ Sdn Bhd.*
- *Lee Siew Ming# is a director and substantial shareholder of Myth Empire Sdn Bhd, Carefree Avenue Sdn Bhd, Conneczone Puchong Sdn Bhd, OTK (MBH) Sdn Bhd, OTK Kopitiam (KLCC) Sdn Bhd and OTK Megah Sdn Bhd.*
- *Lee Siew Ming# is a substantial shareholder of Acadian Gourmet KK Sdn Bhd , Acadian Gourmet PB Sdn Bhd and Acadian L' Apparel Manufacturing Sdn Bhd.*
- *Lee Teck Wai is a director and substantial shareholder of OTK (Petaling Jaya) Sdn Bhd, and OTK Sunway Sdn Bhd.*
- *Lim Ah Fah is a director and substantial shareholder of Gourmet Corner KL Sdn Bhd, Natural Marketing Sdn Bhd, GC Bangsar Sdn Bhd (1), GC Bangsar Two Sdn Bhd, GC Kapar Sdn Bhd (2), GC Selayang Sdn Bhd, GC Shamelin Sdn Bhd, GC South City Sdn Bhd (1), Gourmet Chef Kinrara Sdn Bhd, Gourmet Chef Sdn Bhd, Gourmet Corner Ipoh Sdn Bhd, Gourmet Corner Sdn Bhd (4), OTK Sarawak Sdn Bhd (3), OTK (Petaling Jaya) Sdn Bhd, GC Brinchang Sdn Bhd, OTK Megah Sdn Bhd, OTK Sunway Sdn Bhd, Acadian Gourmet KK Sdn Bhd , Acadian Gourmet PB Sdn Bhd and Manifest Corporate Services Sdn Bhd.*
- *Lim Ah Fah is a substantial shareholder of OTK Logistics Sdn Bhd.*
- *Nurul Asyiqin Motimbin bt Abdullah is a director and substantial shareholder of GC Bangi Sdn Bhd.*
- *Lee Siew Heng^ and Goh Ching Mun^ are directors and substantial shareholders of OTI. Chin Lai Yoong, Tan Say Yap* and Lee Siew Ming# are substantial shareholders of OTI. Chuah Seong Meng, a director of OldTown Berhad is a shareholder of OTI. Lee Siew Kong, Lee Teck Wai,*
  Tan Say Cheong (brother of Tan Say Yap) and Lim Ah Fah are shareholders of OTI.
- *Old Town International Sdn Bhd& (OTI) is the holding company of OldTown Berhad. Lee Siew Heng^ and Goh Ching Mun^ are directors and substantial shareholders of OTI. Chin Lai Yoong, Tan Say Yap* and Lee Siew Ming# are substantial shareholders of OTI.*
- *Mdm Lim Khim Lan ceased to be a director and substantial shareholder of Swiss Park Sdn Bhd wef 27/10/2016 and 21/11/2016 respectively.*

Notes:

Act -Companies Act 2016

(1) Deemed interested by virtue of her substantial shareholding in Gourmet Corner KL Sdn Bhd, pursuant to Section 8 of the Act.

(2) Deemed interested by virtue of her substantial shareholding in Gourmet Corner Ipoh Sdn Bhd, pursuant to Section 8 of the Act.

(3) Deemed interested by virtue of her substantial shareholdings in OTK Logistics Sdn Bhd, the holding company of OTK Sarawak Sdn Bhd, pursuant to Section 8 of the Act.

(4) Also deemed interested by virtue of her substantial shareholding in Natural Marketing Sdn Bhd, pursuant to section 8 of the Act.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors of **OLDTOWN BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended March 31, 2017.

Principal Activities

The Company is principally involved in investment holding.

The information on the name, place of incorporation, principal activities, and percentage of issued and paid-up share capital held by the holding company in each subsidiary is as disclosed in Note 17 to the financial statements.

Results

The results of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Profit for the year	60,014,413	59,202,694
Profit attributable to:		
Owners of the Company	60,767,706	59,202,694
Non-controlling interests	(753,293)	–
	60,014,413	59,202,694

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

Since the end of the previous financial year, the amount of dividends paid/payable or proposed by the Company are in respect of the following:

A final single tier dividend of 3.0 sen per share and a special single tier dividend of 3.0 sen per share declared in respect of the financial year ended March 31, 2016, amounting to RM27,088,195 was paid on October 11, 2016.

A first interim dividend declared in respect of the current financial year under the single tier tax system of 3.0 sen per share, amounting to RM13,543,797 was paid on February 16, 2017.

A second interim dividend declared in respect of the current financial year under the single tier tax system of 3.0 sen per share, amounting to RM13,543,797 was paid on April 26, 2017.

The directors proposed a final single tier dividend of 1.0 sen per share and a special single tier dividend of 3.0 sen per share in respect of the financial year ended March 31, 2017. Both dividends are subject to shareholders' approval at the forthcoming Annual General Meeting of the Company and have not been included as liabilities in the financial statements. Upon approval by the shareholders, the dividend payments will be accounted for in equity as an appropriation of retained earnings during the financial year ending March 31, 2018. The payment date and entitlement date of the final and special dividends will be determined at a later date.

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

Issue of Shares and Debentures

The Company has not issued any new shares or debentures during the financial year.

Treasury Shares

During the current financial year, the Company purchased 11,000 units of its own shares as disclosed in Note 27 to the financial statements. The total amount paid for the acquisition of the shares was RM20,580 and it has been deducted from equity. The repurchase transactions were financed by internally generated funds and the average price paid for the shares were RM1.87 per share. The repurchased shares are held as treasury shares in accordance with Section 127(4)(b) of the Companies Act, 2016.

Share Options

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

Other Statutory Information

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance has been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

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

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

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company in the financial year in which this report is made.

Directors

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Datuk Dr. Ahmed Tasir bin Lope Pihie, PJN, PMP, JSM, FASc
Mr. Lee Siew Heng
Dato' Wong Guang Seng
Mr. Tan Chon Ing @ Tan Chong Ling
Mr. Chuah Seong Meng
Mr. Clarence D'Silva A/L Leon D'Silva
Mr. Goh Ching Mun
Mr. Tan Say Yap

DIRECTORS' REPORT

The directors who held office in the subsidiaries of the Company during the financial year and up to the date of this report are:

Name of directors	Subsidiaries
Mr. Goh Ching Mun	DC, DK, EC, EK, GF, KAP, OTAPP, OTK, OTKB, OTKC, OTKKL, OTL, OTM, OTS, WC, WCM
Mr. Tan Say Yap	AEC, DC, DK, EC, EK, GF, GSF, KAP, OTAPP, OTK, OTK(HK), OTKB, OTKC, OTKKL, OTL, OTM, WC, WCM, SZKAP
Mr. Lee Siew Heng	AEC, DC, EC, EK, GF, GSF, KAP, OTK(HK), OTM, OTS, OTW, WCM
Mr. Chuah Seong Meng	OTW, SZOT
Mr. Clarence D'Silva A/L Leon D'Silva	AEC, GSF
Mr. Chow Kwai Mun	CZ
Ms. Chin Lai Yoong	CZ
Mr. Tan Chee How	OTS
Mr. Lai Sui Hong	AEC, GSF
Mr. Chan Ho Wai	AEC, GSF

Denotes:

AEC	April Eight (China) Limited
CZ	Conneczone Sdn. Bhd.
DC	Dynasty Confectionery Sdn. Bhd.
DK	Dynasty Kitchen Sdn. Bhd.
EK	Emperor's Kitchen Sdn. Bhd.
EC	Esquire Chef Sdn. Bhd.
GF	Gongga Food Sdn. Bhd.
GSF	Guangzhou Supreme Food Service Limited
KAP	Kopitiam Asia Pacific Sdn. Bhd.
OTS	OldTown Singapore Pte. Ltd.
OTAPP	OldTown APP Sdn. Bhd.
OTL	OldTown Logistics Sdn. Bhd.
OTK	Old Town Kopitiam Sdn. Bhd.
OTKB	Old Town Kopitiam Butterworth Sdn. Bhd.
OTKC	Old Town Kopitiam Cheras Sdn. Bhd.
OTKKL	Old Town Kopitiam Kuala Lumpur Sdn. Bhd.
OTM	Old Town (M) Sdn. Bhd.
OTK(HK)	OTK (HK) Investment Limited
OTW	Oldtown White Coffee Limited (formerly known as Advance City Limited)
SZKAP	Shenzhen Kopitiam Asia Pacific Limited
SZOT	Shenzhen OldTown White Coffee Trading Co., Ltd.
WC	White Cafe Sdn. Bhd.
WCM	White Cafe Marketing Sdn. Bhd.

Directors' Interests

The interests in shares in the Company and in a related corporation of those who were directors during or at the beginning and the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 are as follows:

		Number of ordinary shares		
Shares in the Company	**Balance as of 1.4.2016**	**Bought**	**Sold**	**Balance as of 31.3.2017**
Registered in the name of directors				
Datuk Dr. Ahmed Tasir bin Lope Pihie, PJN, PMP, JSM, FASc	25,000	–	–	25,000
Mr. Lee Siew Heng	6,250,000	–	–	6,250,000
Mr. Clarence D'Silva A/L Leon D'Silva	125,000	–	(125,000)	–
Mr. Goh Ching Mun	375,000	–	(265,000)	110,000
Mr. Tan Say Yap	465,937	–	(465,937)	–
Mr. Chuah Seong Meng	–	50,000	–	50,000
Indirect interests by virtue of shares held by a company in which the directors have interests				
Mr. Lee Siew Heng	197,258,500	–	–	197,258,500
Mr. Goh Ching Mun	197,258,500	–	–	197,258,500
Shares in the holding company, Old Town International Sdn. Bhd.				
Mr. Lee Siew Heng	681,054	–	–	681,054
Mr. Chuah Seong Meng	73,684	–	–	73,684
Mr. Goh Ching Mun	968,422	–	–	968,422
Mr. Tan Say Yap	263,160	–	–	263,160

By virtue of their interests in the shares of the Company and of the holding company, Mr. Lee Siew Heng and Mr. Goh Ching Mun are also deemed to have an interest in the shares of the subsidiaries to the extent that the Company and the holding company have an interest.

Dato' Wong Guang Seng, Mr. Tan Chon Ing @ Tan Chong Ling, Mr. Tan Say Yap and Mr. Clarence D'Silva A/L Leon D'Silva did not hold shares or had beneficial interest in the shares of the Company at the end of the financial year. Under the Company's Constitution, the directors are not required to hold any shares in the Company.

Directors' Benefits

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate of remuneration received or due and receivable by directors or the fixed salary of a full-time employee of the Company as disclosed in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain directors of the Company are also directors and/or shareholders as disclosed in Note 25 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Indemnity And Insurance For Directors And Officers

The Company maintains directors' liability insurance for purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the directors and/or officers of the Company. The amount of insurance premium paid/payable during the year amounted to RM14,611.

Holding Company

The Company is a subsidiary of Old Town International Sdn. Bhd., a company incorporated in Malaysia and the directors regard it as the ultimate holding company.

Auditors

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

Auditors' Remuneration

The amount paid/payable as remuneration of the auditors for the financial year ended March 31, 2017 is as disclosed in Note 9 to the financial statements.

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

DATUK DR. AHMED TASIR BIN LOPE PIHIE,
PJN, PMP, JSM, FASc

MR. LEE SIEW HENG

Ipoh,
July 12, 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OLDTOWN BERHAD

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **OLDTOWN BERHAD**, which comprise the statements of financial position of the Group and of the Company as of March 31, 2017, 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 68 to 144.

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 of March 31, 2017, 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, 2016 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 report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Key audit matter	How the scope of our audit responded to the key audit matter
Impairment of investments in subsidiaries During the current and previous financial years, the Group undertook certain restructuring exercise by transferring the business activities between the subsidiaries to achieve economy of scale as well as to improve the efficiency and effectiveness of business management. As a result of the restructuring exercise, certain subsidiaries became dormant or business operations were substantially scaled down and these triggered the need for impairment review on investment costs of the affected subsidiaries. Management considers each subsidiary as a whole to be a cash generating unit ("CGU") for the purpose of impairment review of investment cost. Management's assessment of any required impairment in the carrying value of its CGUs is a judgemental process which requires estimates of future cash flows, discount rates, and future performance. Further details can be found in Notes 4 and 17 to the financial statements. **Impairment of goodwill** As of March 31, 2017, the goodwill of the Group amounted to RM18,771,717 (2016: RM18,771,717) is assigned to three groups of Cash Generating Units ("CGUs") under operation of cafe outlets, distribution centre and central food processing centre. The goodwill is reviewed annually for impairment using a value in use basis in the determination of recoverable amount for each group of CGUs. We focused on this area due to the size of the goodwill balance and the management assessment of the value in use of each group of CGUs involves significant estimations and judgements about the future forecasted cash flows and the discount rates applied to these future cash flows, as described in Notes 4 and 20 to the financial statements.	Our audit procedures included testing the design and implementation of key controls around the impairment review process, and challenging management's key assumptions used in the determination of recoverable amounts which are based on value in use. In performing our audit procedures, we used internal valuation specialists to assess the discount rate applied by benchmarking against independent data. Key assumptions challenged include forecast future cash flows, future growth rates and the discount rates applied. We compared the forecasts with the latest Board approved budgets. We also compared the actual results for 2017 against forecast to verify their reliability. We obtained evidence to support the directors' explanations for those CGUs with actual performance which are lower than originally forecast and evaluated the potential impact of these variances on the forecasts for 2018 and subsequent years. We determined through a combination of directors' explanations and market data that these were reasonable and that the forecasts are appropriate for the purposes of the impairment assessments. We also evaluated management's assessment of the sensitivity of the impairment models to reasonably possible changes and considered the disclosures provided by the management in relation to its impairment review.
Related party disclosures The Group has a number of related party relationships and transactions as detailed in Note 25. The completeness of related party transactions is a key area of focus due to high volume and nature of such transactions entered into by the Group. There is a risk of undisclosed related party transactions.	We understood and documented management's process for identifying related parties and recording related party transactions. We assessed the design and implementation of key controls surrounding the Group's procedures for identifying related parties and recording related party transactions. We read minutes of meetings of the Board of Directors and shareholders of the respective subsidiaries and the announcements of the Company, and investigated significant new counterparties. We reviewed accounts receivable and accounts payable ledger to identify high value and unusual transactions, and where necessary performed further procedures. We obtained an updated list of related parties from management and reviewed the general ledger against this list to ensure completeness of transactions disclosed in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OLDTOWN BERHAD

(Incorporated in Malaysia)

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 annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do 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 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, 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, 2016 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 Group's and the Company's ability 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:

- 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 Group's and of the Company's internal control.

- 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 Group's or the Company's ability 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 achieves fair presentation.

- 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 17 to the financial statements.

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 Matters

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.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

YEOH SIEW MING
Partner - 02421/05/2019 J
Chartered Accountant

Ipoh,
July 12, 2017

STATEMENTS OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For The Year Ended March 31, 2017

		The Group		The Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Revenue	6	**425,201,515**	393,406,208	**75,190,016**	24,694,227
Investment revenue	7	**1,202,876**	1,440,798	**754,976**	920,381
Other gains and losses	8	**8,210,102**	1,709,075	**1,178,400**	2,786,166
Other operating income	9	**3,114,673**	3,281,351	**1,704,917**	3,385,040
Changes in inventories of finished goods and trading merchandise, work-in-progress, food, beverages and consumables		**2,111,431**	(1,775,526)	**–**	–
Raw materials and consumables used		**(121,979,012)**	(107,724,298)	**–**	–
Purchase of trading merchandise, food, beverages and consumables		**(48,947,530)**	(48,393,296)	**–**	–
Directors' remuneration	10	**(4,021,195)**	(3,469,913)	**(344,278)**	(291,640)
Employee benefit expenses	9	**(64,943,036)**	(58,934,687)	**(136,959)**	(132,056)
Depreciation of property, plant and equipment	14	**(13,420,908)**	(13,211,434)	**(49,330)**	(125,403)
Amortisation of prepaid lease payments	15	**(177,656)**	(177,656)	**–**	–
Amortisation of intangible assets	21	**(3,529,319)**	(3,529,319)	**–**	–
Impairment loss on investment in subsidiaries	17	**–**	–	**(17,881,000)**	(10,000,000)
Impairment loss on goodwill	20	**–**	(3,000,000)	**–**	–
Share of (losses)/profits of associates	18	**(40,516)**	148,336	**–**	–
Finance costs	11	**(690,440)**	(908,029)	**(360)**	(313)
Other operating expenses	9	**(101,894,301)**	(90,640,875)	**(714,313)**	(704,816)
Profit before tax		**80,196,684**	68,220,735	**59,702,069**	20,531,586
Tax expenses	12	**(20,182,271)**	(15,948,932)	**(499,375)**	(1,049,982)
PROFIT FOR THE YEAR		**60,014,413**	52,271,803	**59,202,694**	19,481,604

	Note	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
Other comprehensive income/(loss):					
Items that may be reclassified subsequently to profit or loss:					
Available-for-sale financial assets:					
Changes in fair value of available-for-sale quoted investments		**3,484,265**	2,845,453	**3,161,008**	1,386,120
Reclassification adjustments relating to available-for-sale quoted investments disposed of during the year		**(2,952,559)**	(3,219,647)	**(1,964,880)**	(812,103)
Exchange differences on translating foreign subsidiaries		**2,834,456**	915,049	**–**	–
Other comprehensive income for the year		**3,366,162**	540,855	**1,196,128**	574,017
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**63,380,575**	52,812,658	**60,398,822**	20,055,621
Profit/(Loss) attributable to:					
Owners of the Company		**60,767,706**	52,269,069	**59,202,694**	19,481,604
Non-controlling interests		**(753,293)**	2,734	**–**	–
		60,014,413	52,271,803	**59,202,694**	19,481,604
Total comprehensive income/(loss) attributable to:					
Owners of the Company		**64,199,826**	52,728,107	**60,398,822**	20,055,621
Non-controlling interests		**(819,251)**	84,551	**–**	–
		63,380,575	52,812,658	**60,398,822**	20,055,621
Earnings per share					
Basic and diluted (RM per share)	13	**0.13**	0.12		

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

STATEMENTS OF FINANCIAL POSITION

As Of March 31, 2017

		The Group		The Company	
Assets	**Note**	**2017 RM**	**2016 RM**	**2017 RM**	**2016 RM**
Non-current assets					
Property, plant and equipment	14	**117,676,407**	109,696,168	**371,528**	906,651
Prepaid lease payments	15	**13,041,747**	13,219,403	**–**	–
Investment properties	16	**2,572,500**	2,572,500	**25,747,724**	14,610,000
Investments in subsidiaries	17	**–**	–	**300,261,815**	318,142,815
Investments in associates	18	**1,298,413**	1,438,929	**1,101,002**	1,101,002
Other investments	19	**1,057,567**	1,057,567	**–**	–
Goodwill on consolidation	20	**18,771,717**	18,771,717	**–**	–
Intangible assets	21	**22,810,167**	26,339,486	**–**	–
Deferred tax assets	22	**1,269,538**	1,023,000	**–**	–
Total non-current assets		**178,498,056**	174,118,770	**327,482,069**	334,760,468
Current assets					
Inventories	23	**26,651,048**	25,518,957	**–**	–
Trade and other receivables	24	**63,342,685**	63,038,055	**32,469**	194,339
Amount owing by subsidiaries	25	**–**	–	**72,196,127**	79,767,311
Amount owing by associates	25	**2,745,276**	6,529,013	**100,000**	30,000
Other investments	19	**10,937,121**	10,049,153	**10,937,121**	10,049,153
Current tax assets	12	**1,980,085**	960,980	**75,657**	–
Cash and cash equivalents	26	**170,857,081**	169,402,106	**74,138,603**	54,170,240
Total current assets		**276,513,296**	275,498,264	**157,479,977**	144,211,043
Total assets		**455,011,352**	449,617,034	**484,962,046**	478,971,511

		The Group		The Company	
Equity And Liabilities	**Note**	**2017 RM**	**2016 RM**	**2017 RM**	**2016 RM**
Capital and reserves					
Issued capital	27(a)	**472,674,280**	463,239,101	**472,674,280**	463,239,101
Treasury shares	27(b)	**(21,566,079)**	(21,545,499)	**(21,566,079)**	(21,545,499)
Reserves	28	**(213,542,789)**	(207,655,452)	**2,422,041**	10,661,092
Retained earnings	29	**134,542,813**	128,066,618	**17,540,554**	12,513,649
Equity attributable to owners of the Company		**372,108,225**	362,104,768	**471,070,796**	464,868,343
Non-controlling interests		**(803,929)**	27,322	**–**	–
Net equity		**371,304,296**	362,132,090	**471,070,796**	464,868,343
Non-current liabilities					
Hire-purchase payables	30	**7,921**	12,516	**–**	–
Borrowings	31	**8,227,271**	12,115,295	**–**	–
Deferred income	32	**2,206,191**	1,921,197	**–**	–
Deferred tax liabilities	22	**4,562,000**	5,210,170	**76,000**	112,000
Total non-current liabilities		**15,003,383**	19,259,178	**76,000**	112,000
Current liabilities					
Trade and other payables	33	**58,008,152**	56,275,546	**7,897,495**	7,883,365
Amount owing to ultimate holding company	25	**6,018,365**	6,034,281	**5,917,755**	5,917,755
Hire-purchase payables	30	**4,594**	49,799	**–**	–
Borrowings	31	**2,382,140**	3,754,366	**–**	–
Deferred income	32	**1,191,951**	1,214,286	**–**	–
Current tax liabilities	12	**1,098,471**	897,488	**–**	190,048
Total current liabilities		**68,703,673**	68,225,766	**13,815,250**	13,991,168
Total liabilities		**83,707,056**	87,484,944	**13,891,250**	14,103,168
Total equity and liabilities		**455,011,352**	449,617,034	**484,962,046**	478,971,511

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

STATEMENT OF CHANGES IN EQUITY

For The Year Ended March 31, 2017

The Group	Note	Issued Capital RM	Treasury Shares RM	← Non-distributable Reserves: Share Premium RM	Reserve Arising From Restructuring RM	Foreign Currency Translation Reserve RM	Investment Revaluation Reserve RM	Other Reserves RM →	Distributable Reserve - Retained Earnings RM	Attributable to Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
Balance as of April 1, 2015		453,597,242	(21,148,964)	3,553,644	(222,653,894)	2,822,484	2,281,741	–	114,617,214	333,069,467	3,793,314	**336,862,781**
Arising from acquisition of subsidiary		–	–	–	–	–	–	–	–	–	(14,260)	**(14,260)**
Arising from acquisition of shares from non-controlling interests		–	–	–	–	–	–	–	(11,731,111)	(11,731,111)	(3,792,283)	**(15,523,394)**
Profit for the year		–	–	–	–	–	–	–	52,269,069	52,269,069	2,734	**52,271,803**
Other comprehensive income/(loss) for the year		–	–	–	–	833,232	(374,194)	–	–	459,038	81,817	**540,855**
Total comprehensive income/(loss) for the year		–	–	–	–	833,232	(374,194)	–	52,269,069	52,728,107	84,551	**52,812,658**
Issue of shares	27(a)	9,641,859	–	5,881,535	–	–	–	–	–	15,523,394	–	**15,523,394**
Dividends	34	–	–	–	–	–	–	–	(27,088,554)	(27,088,554)	(44,000)	**(27,132,554)**
Buy-back of ordinary shares	27(b)	–	(396,535)	–	–	–	–	–	–	(396,535)	–	**(396,535)**
Balance as of March 31, 2016		463,239,101	(21,545,499)	9,435,179	(222,653,894)	3,655,716	1,907,547	–	128,066,618	362,104,768	27,322	**362,132,090**
Profit for the year		–	–	–	–	–	–	–	60,767,706	60,767,706	(753,293)	**60,014,413**
Other comprehensive income for the year		–	–	–	–	2,900,414	531,706	–	–	3,432,120	(65,958)	**3,366,162**
Total comprehensive income for the year		–	–	–	–	2,900,414	531,706	–	60,767,706	64,199,826	(819,251)	**63,380,575**
Dividends	34	–	–	–	–	–	–	–	(54,175,789)	(54,175,789)	(12,000)	**(54,187,789)**
Transfer arising from "no par value" regime	27(a)	9,435,179	–	(9,435,179)	–	–	–	–	–	–	–	–
Buy-back of ordinary shares	27(b)	–	(20,580)	–	–	–	–	–	–	(20,580)	–	**(20,580)**
Transfer from retained earnings		–	–	–	–			115,722	(115,722)	–	–	–
Balance as of March 31, 2017		472,674,280	(21,566,079)	–	(222,653,894)	6,556,130	2,439,253	115,722	134,542,813	372,108,225	(803,929)	**371,304,296**

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

The Company	Note	Issued Capital RM	Treasury Shares RM	← Non-distributable Reserves Share Premium RM	→ Investment Revaluation Reserve RM	Distributable Reserve - Retained Earnings RM	Total Equity RM
Balance as of April 1, 2015		453,597,242	(21,148,964)	3,553,644	651,896	20,120,599	**456,774,417**
Profit for the year		–	–	–	–	19,481,604	**19,481,604**
Other comprehensive income for the year		–	–	–	574,017	–	**574,017**
Total comprehensive income for the year		–	–	–	574,017	19,481,604	**20,055,621**
Issue of shares	27(a)	9,641,859	–	5,881,535	–	–	**15,523,394**
Dividends	34	–	–	–	–	(27,088,554)	**(27,088,554)**
Buy-back of ordinary shares	27(b)	–	(396,535)	–	–	–	**(396,535)**
Balance as of March 31, 2016		463,239,101	(21,545,499)	9,435,179	1,225,913	12,513,649	**464,868,343**
Profit for the year		–	–	–	–	59,202,694	**59,202,694**
Other comprehensive income for the year		–	–	–	1,196,128	–	**1,196,128**
Total comprehensive income for the year		–	–	–	1,196,128	59,202,694	**60,398,822**
Dividends	34	–	–	–	–	(54,175,789)	**(54,175,789)**
Transfer arising from “no par value” regime	27(a)	9,435,179	–	(9,435,179)	–	–	**–**
Buy-back of ordinary shares	27(b)	–	(20,580)	–	–	–	**(20,580)**
Balance as of March 31, 2017		472,674,280	(21,566,079)	–	2,422,041	17,540,554	**471,070,796**

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

STATEMENT OF CASH FLOWS

For The Year Ended March 31, 2017

Cash Flows From/(Used In) Operating Activities	Note	The Group 2017 RM	2016 RM
Profit for the year		**60,014,413**	52,271,803
Adjustments for:			
Tax expenses recognised in profit or loss		**20,182,271**	15,948,932
Depreciation of property, plant and equipment		**13,420,908**	13,211,434
Allowance for doubtful debts		**4,762,260**	–
Amortisation of intangible assets		**3,529,319**	3,529,319
Changes in fair value of available-for-sale quoted investments classified as cash and cash equivalents		**2,596,297**	2,457,853
Property, plant and equipment written off		**1,274,241**	697,861
Finance costs		**690,440**	908,029
Amortisation of prepaid lease payments		**177,656**	177,656
Bad debts written off		**47,382**	224,544
Share of losses/(profits) of associates		**40,516**	(148,336)
Unrealised (gain)/loss on foreign exchange		**(3,029,629)**	4,352,292
Cumulative gain reclassified from equity on disposal of available-for-sale quoted investments		**(2,952,559)**	(3,219,647)
Investment revenue recognised in profit or loss		**(1,202,876)**	(1,440,798)
Gain on disposal of property, plant and equipment		**(72,958)**	(32,119)
Interest income on late payments		**(2,888)**	(4,209)
Impairment loss on goodwill		**–**	3,000,000
Changes in fair values of investment properties		**–**	(172,500)
Gain on disposal of available-for-sale quoted investments		**–**	(17,532)
		99,474,793	91,744,582
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		**(609,870)**	4,455,343
Trade and other receivables		**1,237,400**	(6,167,985)
Amount owing by associates		**(164,418)**	(3,061,095)
(Decrease)/Increase in:			
Trade and other payables		**(1,668,512)**	(8,898,822)
Deferred income		**247,678**	(754,146)
Cash Generated From Operations		**98,517,071**	77,317,877
Income tax refunded		**6,714**	2,042,657
Interest received on late payments		**2,888**	4,209
Income tax paid		**(21,930,380)**	(17,656,837)
Real Property Gains Tax refunded		**–**	122,411
Real Property Gains Tax paid		**–**	(144,000)
Net Cash From Operating Activities		**76,596,293**	61,686,317

Cash Flows From/(Used In) Investing Activities	Note	The Group 2017 RM	2016 RM
Interest income received		**977,276**	1,215,198
Withdrawal/(Placement) of fixed deposits		**319,037**	(836,680)
Rental income received		**225,600**	225,600
Proceeds from disposal of property, plant and equipment		**140,492**	172,687
Dividend income received from an associate		**100,000**	30,000
Purchase of property, plant and equipment	36(a)	**(22,317,583)**	(10,561,469)
Proceeds from disposal of available-for-sale quoted investments		**–**	32,492,934
Purchase of available-for-sale quoted investments		**–**	(15,000,000)
Net cash outflow on acquisition of subsidiaries		**–**	(1,253,677)
Net Cash (Used In)/From Investing Activities		**(20,555,178)**	6,484,593
Cash Flows Used In Financing Activities			
Dividends paid to owners of the Company		**(54,176,119)**	(26,808,487)
Repayment of term loans		**(5,260,250)**	(3,700,929)
Finance costs paid		**(690,440)**	(908,029)
Repayment of hire-purchase payables		**(49,800)**	(135,893)
Dividends paid to non-controlling interests		**(44,000)**	(826,064)
Buy-back of ordinary shares		**(20,580)**	(396,535)
Repayment to ultimate holding company		**(15,916)**	(34,578)
Net Cash Used In Financing Activities		**(60,257,105)**	(32,810,515)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(4,215,990)**	35,360,395
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**167,789,251**	134,204,597
Effect of exchange rate changes on the balance of cash held in foreign currencies		**5,990,002**	(1,775,741)
CASH AND CASH EQUIVALENTS AT END OF YEAR	36(b)	**169,563,263**	167,789,251

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

STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2017

Cash Flows From/(Used In) Operating Activities	Note	The Company 2017 RM	2016 RM
Profit for the year		**59,202,694**	19,481,604
Adjustments for:			
Impairment loss on investments in subsidiaries		**17,881,000**	10,000,000
Changes in fair values of available-for-sale quoted investments classified as cash and cash equivalents		**2,273,040**	1,192,239
Changes in fair value of investment properties		**730,000**	(2,140,800)
Tax expenses recognised in profit or loss		**499,375**	1,049,982
Unrealised loss on foreign exchange		**210,220**	172,015
Depreciation of property, plant and equipment		**49,330**	125,403
Finance cost		**360**	313
Dividend income		**(75,190,016)**	(24,694,227)
Cumulative gain reclassified from equity on disposal of available-for-sale quoted investments		**(1,964,880)**	(812,103)
Interest income		**(1,704,917)**	(3,384,851)
Investment revenue recognised in profit or loss		**(754,976)**	(920,381)
Gain on disposal of available-for-sale quoted investments		**–**	(20,289)
		1,231,230	48,905
Movements in working capital:			
Decrease in:			
Trade and other receivables		**161,870**	9,266
Increase/(Decrease) in:			
Trade and other payables		**14,459**	20,156
Deferred income		**–**	(3,740)
Cash Generated From Operations		**1,407,559**	74,587
Dividend received		**54,042,000**	5,200,008
Income tax paid		**(801,080)**	(741,469)
Net Cash From Operating Activities		**54,648,479**	4,533,126

Cash Flows From/(Used In) Investing Activities	Note	The Company 2017 RM	2016 RM
Repayment from subsidiaries - net		**29,264,349**	29,722,878
Interest received on advances granted		**1,704,917**	3,384,851
Rental income received		**596,760**	596,760
Interest received on short-term investment funds		**158,216**	323,621
Repayment from associates		**30,000**	40,000
Purchase of investment properties	16	**(11,867,724)**	–
Purchase of property, plant and equipment	36(a)	**(369,576)**	(13,941)
Proceeds from disposal of available-for-sale quoted investments		**–**	15,477,071
Proceeds from disposal of property, plant and equipment		**–**	61,575
Purchase of available-for-sale quoted investments		**–**	(15,000,000)
Investments in subsidiaries		**–**	(2,153,600)
Net Cash From Investing Activities		**19,516,942**	32,439,215

Cash Flows Used In Financing Activities	Note	2017 RM	2016 RM
Dividends paid		**(54,176,118)**	(26,808,487)
Buy-back of ordinary shares		**(20,580)**	(396,535)
Finance cost paid		**(360)**	(313)
Net Cash Used In Financing Activities		**(54,197,058)**	(27,205,335)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**19,968,363**	9,767,006
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**54,170,240**	44,403,234
CASH AND CASH EQUIVALENTS AT END OF YEAR	36(b)	**74,138,603**	54,170,240

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

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

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

The Company is principally involved in investment holding.

The information on the name, place of incorporation, principal activities, and percentage of issued and paid-up share capital held by the holding company in each subsidiary is as disclosed in Note 17.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at No. 2, Jalan Portland, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia (“RM”).

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on July 12, 2017.

2. Basis of Preparation of The Financial Statements

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the provisions of the Companies Act, 2016 in Malaysia.

2.1 Adoption of new and revised MFRSs
New and revised MFRSs affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group and the Company have applied a number of new and revised MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatorily effective for an accounting period that begins on or after April 1, 2016.

The adoption of new and revised MFRSs has had no material impact on the disclosures or on the amounts recognised in the financial statements.

2.2 Standards in issue but not yet effective

The Group and the Company have not elected for early adoption of the relevant new and revised MFRSs, amendments to MFRSs and Interpretations which have been issued but not yet effective until future periods, at the date of authorisation for issue of these financial statements. The directors anticipate that the adoption of these Standards when they become effective will have no material impact on the financial statements of the Group and of the Company in the period of initial application, except as discussed below:

MFRS 9	Financial Instruments[2]
MFRS 15	Revenue from Contracts with Customers (and the related Clarifications)[2]
MFRS 16	Leases[3]
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to MFRS 107	Disclosure Initiative[1]
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts[2]
Amendments to MFRS 140	Transfers of Investment Property[2]
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration[2]
Amendments to MFRSs	Annual Improvements to MFRSs 2014 - 2016 Cycle[1 or 2]

[1] Effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.

[2] Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

[3] Effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.

[4] Effective for annual periods beginning on or after a date to be determined.

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

The directors of the Group and of the Company anticipate that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements of the Group and of the Company. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 15 until the Group and the Company complete a detailed review.

MFRS 16 *Leases*

MFRS 16 specifies how an MFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with MFRS 16's approach to lessor accounting substantially unchanged from its predecessor, MFRS 117.

At lease commencement, a lessee will recognise a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessees shall use their incremental borrowing rate.

The directors of the Group and of the Company anticipate that the application of MFRS 16 in the future may have an impact on the amounts reported and disclosures made in the financial statements of the Group and of the Company. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 16 until the Group and the Company perform a detailed review.

NOTES TO THE FINANCIAL STATEMENTS

Amendments to MFRS 107 *Disclosure Initiative*

The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from both cash flows and non-cash changes.

The directors of the Group and of the Company do not anticipate that the application of the amendments to MFRS 107 will have a material impact on the financial statements of the Group and of the Company.

IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

This Interpretation addresses the diversity in practice as to the exchange rate used when reporting transactions that are denominated in a foreign currency in accordance with MFRS 121 *The Effects of Changes in Foreign Exchange Rates* in circumstances in which consideration is received or paid in advance of the recognition of the related asset, expense or income.

The clarification provided is that in such circumstances (i.e. when an entity pays or receives consideration in advance in a foreign currency), the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date of the advance consideration (i.e. when the prepayment or income received in advance liability was recognised). If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

The amendments apply to annual periods beginning on or after January 1, 2018, with earlier application permitted. A choice is available as to whether the amendments are to be applied either retrospectively or prospectively. The directors of the Group and of the Company do not anticipate that the application of these amendments will have a material impact on the financial statements of the Group and of the Company.

3. Significant Accounting Policies

Basis of Accounting

The financial statements of the Group and of the Company have been prepared on the historical cost basis except for certain non-current assets and financial instruments that are measured at fair values or at amortised costs at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value in use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

The principal accounting policies are set out below:

Subsidiaries and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassessed whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair values.

NOTES TO THE FINANCIAL STATEMENTS

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interests in the acquiree are remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

The policy described above is applied to all business combinations that take place on or after January 1, 2011.

Business Combinations Involving Common Control Entities

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties, both before and after the business combination, and that control is not transitory.

The consolidated financial statements incorporate the financial statements items of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling parties.

The cost of investment in the holding's book is recorded at the nominal value of shares acquired. A single uniform set of accounting policies is adopted by the combined entity. Therefore, the net assets of the combining entities are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling parties' interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination. Expenditure incurred in connection with the restructuring is recognised as an expense in profit or loss.

The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the combined financial statements of the combined entity.

The debit differences arising between the cost of acquisition and the nominal value of share capital of the subsidiaries are reflected within equity as reserve arising from restructuring.

Associates

An associate is a non-subsidiary in which the Group and the Company hold not less than 20% of the equity voting rights as long-term investment and in which the Group and the Company are in a position to exercise significant influence in its management.

The investments in associates of the Group for the financial year ended March 31, 2017 are accounted for under the equity method of accounting based on the audited financial statements of the associated company made up to December 31, 2016 and appropriate adjustments have been made for the effects of significant transactions between that date and March 31, 2017. Under this method of accounting, the interest in the post-acquisition profits and reserves of the associates of the Group is included in the consolidated results while dividend received is reflected as a reduction of the investment in the consolidated statement of financial position.

Unrealised profits and losses arising on transactions between the Group and its associates are eliminated to the extent of the equity interest of the Group in the associated company except where unrealised losses provide evidence of an impairment of the asset transferred.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses, if any.

Goodwill is not amortised. Instead, it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, trade discounts and other similar allowances.

Sale of goods

Revenue from sale of goods, including sale of food and beverages, is recognised when the following conditions are satisfied:

- the Group has transferred to the customer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service charge received

Service charge received are recognised when food and beverages are served.

Dividend income

Dividend income from quoted and unquoted investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time apportion basis, by reference to the principal outstanding and at the interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

Rental income

Rental income is recognised on a straight-line basis, by reference to the agreements entered. Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease.

Franchise, advertising and promotion, rights and royalty fees

Franchise, advertising and promotion, rights and royalty fees are recognised on an accrual basis (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably). Franchise fees are recognised on a straight-line basis over the period of the relevant agreement.

Fees for opening of outlets and relocation

Income from opening of outlets and relocation is recognised on a straight-line basis by reference to the terms of the agreements entered.

Income from accounting services and initial training, management, support, transfer and professional fees

Income from rendering of services are recognised as and when services are provided.

Licence fees

Licence fees are recognised as revenue on a straight-line basis over the length of the licensing contract.

Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Ringgit Malaysia ("RM"), which is the functional currency of the Company, and also the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the entity (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in other comprehensive income; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the foreign incorporated subsidiaries of the Group are translated into RM using exchange rates prevailing at the end of the reporting period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or of jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in reserve.

The closing rate per unit of functional foreign currency used in the translation of the subsidiaries and associate (foreign currency) into Ringgit Malaysia is as follows:

Foreign Currency	2017 RM	2016 RM
Singapore Dollar	**3.1643**	2.8976
Hong Kong Dollar	**0.5692**	0.5032
Chinese Renminbi	**0.6419**	0.6036

Borrowing Costs

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 added to the cost of those assets, until such time the assets are substantially ready for their intended use or sale.

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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance lease

Assets held under finance leases are initially recognised as assets of the Group at their fair values at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group general policy on borrowing costs.

Operating lease

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO THE FINANCIAL STATEMENTS

Employee Benefits

Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plan

The Group and the Company are required by law to make monthly contributions to statutory defined contribution plan for all their eligible employees based on certain prescribed rates of the employees' salaries. The Group's and the Company's contributions to statutory defined contribution plan are recognised as an expense when employees have rendered service entitling them to the contributions and are disclosed separately. The employees' contributions to statutory defined contribution plan are included in salaries and wages. Once the contributions have been paid, the Group and the Company have no further payment obligations.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The liability of the Group and of the Company for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The tax effects of unutilised reinvestment allowances are only recognised upon actual realisation.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or to settle the carrying amount of their assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of the Group and of the Company reviewed the Group's and the Company's investment property portfolio and concluded that none of the Group's and of the Company's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the "sale" presumption set out in the amendments to MFRS 112 is not rebutted. As a result, the Group and the Company have recognised deferred taxes on changes in fair values of investment properties based on the expected tax rate that would apply on disposal of the investment properties.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle their current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The directors are unable to segregate the cost of the long-term leasehold land, which has a remaining lease period of 77 years, from the cost of long-term leasehold land and buildings. As such, the long-term leasehold land and buildings are amortised based on depreciation rate of 2% per annum. The directors do not consider the impact on the financial statements to be material.

Freehold land and capital work-in-progress are stated at cost and are not depreciated. Capital work-in-progress comprises contractors' payments and directly attributable costs incurred in preparing these assets for their intended use. Depreciation on assets under construction commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Annual depreciation rates used to depreciate property, plant and equipment, over their estimated remaining useful lives are as follows:

Apartments, factory and shop-office buildings	2%
Plant, machinery and equipment	5% to 20%
Motor vehicles	10% to 20%
Factory equipment, signboard and electrical fittings	10% to 20%
Air-conditioners, computers, furniture, fittings and office equipment	10% to 20%
Renovation	10% to 20%

Assets held under hire-purchase arrangements are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Property, Plant and Equipment Under Hire-Purchase Arrangements

Assets acquired under hire-purchase arrangements which transfer substantially all of the risks and rewards incident to ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding hire-purchase obligations are recorded at their fair values or, if lower, at the present value of the minimum lease payment of the assets under hire-purchase at the inception of the respective arrangements.

Finance costs, which represent the difference between the total hire-purchase commitments and the fair values of the assets acquired, are charged to profit or loss over the term of the relevant hire-purchase period so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Prepaid Lease Payments

Leasehold land that normally has an indefinite economic life and where title is not expected to pass to the lessee by the end of the lease period is treated as an operating lease. The payment made on entering into or acquiring a leasehold interest is accounted for as prepaid lease payments at the end of the reporting period. In the case of a lease of land and buildings, the prepaid lease payments are allocated whenever necessary, between the land element and building element of the lease at the inception of the lease in proportion to their relative fair value.

Prepaid lease payments on leasehold land are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Leasehold land is amortised on a straight-line basis over the remaining lease terms ranging from 43 to 97 years.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at their cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Fair value is arrived by reference to market evidence of transaction prices for similar properties. Gain or loss arising from changes in the fair values of investment properties is included in profit or loss in the period in which they arise.

Investment properties are derecognised upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the properties (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are included in profit or loss in the period in which the properties are derecognised.

NOTES TO THE FINANCIAL STATEMENTS

Investments

Investments in subsidiaries, which are eliminated on consolidation, and investments in associates, are stated in the Company's separate financial statements at cost less accumulated impairment losses, if any.

Other investments in quoted unit trusts and unquoted shares are classified as available-for-sale investments.

Intangible Assets

Intangible assets are initially measured at either cost or fair value and amortised on a straight-line basis over their estimated useful economic lives, which are reviewed at the end of each reporting period. The fair value attributable to intangible assets acquired through a business combination is determined by discounting the expected future cash flows to be generated from that assets at the risks adjusted weighted average cost of capital of the Group. The residual values of intangible assets are assumed to be Nil.

The estimated useful economic lives of intangible assets are as follows:

Distribution network	15 years
Supplier exclusive right	10 years

The following are the main categories of intangible assets:

Distribution network

Distribution network relates to relationship established by the subsidiaries with the customers.

Supplier exclusive right

Supplier exclusive right represents right for sale of goods to a chain of outlets.

At the end of each reporting period, the Group assesses whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. An impairment loss is provided for if the carrying amount exceeds the recoverable amount.

Impairment of Non-Financial Assets excluding Goodwill and Intangible Assets

At the end of each reporting period, the Group and the Company review the carrying amounts of their assets (other than goodwill, intangible assets, investment properties, other investments, inventories and financial assets, which are dealt with in their respective policies) to determine if there is any indication that those assets may be impaired. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount would not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined principally on the "First-in, First-out" method.

Costs of trading merchandise, raw materials, packing materials, food, beverages, consumables, spare parts, goods-in-transit and point-of-sale materials comprise the original purchase price plus cost incurred in bringing the inventories to their present location and condition. The costs of finished goods and work-in-progress comprise the cost of raw materials, direct labour and an appropriate proportion of production overheads. Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognised when the Group and the Company have a present obligations (legal or constructive) as a result of past event, it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial Instruments

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

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL"), which are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income and expense is recognised on an effective interest basis for debt instruments other than those financial assets or financial liabilities classified as at FVTPL.

Financial assets

Financial assets are classified into the following specified categories: 'financial assets at FVTPL', 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loan and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. Financial assets of the Group and of the Company are classified into 'AFS financial assets' and 'loans and receivables'.

(i) AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at FVTPL. All AFS financial assets are measured at fair value at the end of the reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investment revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's and the Company's rights to receive the dividends are established.

NOTES TO THE FINANCIAL STATEMENTS

(ii) Loans and receivables

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

(iii) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are debited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in investment revaluation reserve are reclassified to profit or loss in the period.

Impairment losses of AFS financial assets previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(iv) Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise their retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities and equity instruments issued by the Group and by the Company

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definition of a financial liability and an equity instrument.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Equity instruments issued by the Group and by the Company are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised as treasury shares at the cost of repurchase, and including directly attributable costs and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(iii) Financial liabilities

Financial liabilities of the Group are classified as either financial liabilities "at FVTPL" or "other financial liabilities" categories while financial liabilities of the Company are classified into "other financial liabilities" category.

(iv) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and MFRS 139 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the "other gains and losses" line item in profit or loss.

(v) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(vi) Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Segment Information

For management purpose, the Group is organised into operating segments based on their business segment which is independently managed by the respective segment chief operation officer, responsible for the performance of the respective segments under their charge. The segment chief operation officer reports directly to the chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risks of changes in value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(a) *Critical judgement made in applying accounting policies*

In the process of applying the accounting policies of the Group and of the Company, the directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

In the application of the accounting policies of the Group and of the Company, which are described in Note 3, management is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(b) *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets in the next financial year are discussed below:

(i) Impairment of Goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

For the purpose of assessing impairment, goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose.

Significant judgement is required in the estimation of future cash flows generated by the cash-generating units which are based on one-year financial budget approved by the directors and a financial forecast covering the subsequent nine-year period. The terminal value is calculated based on the projected cash flow of the CGUs at the end of the tenth year with a constant growth rate. Key assumptions used in determining the recoverable amount of cash generating unit based on value-in-use calculations are disclosed in Note 20. Changes in assumptions could significantly affect the results of the tests for impairment of goodwill of the Group.

(ii) Impairment of Investments in Subsidiaries

The Company holds unquoted shares in subsidiaries that are not traded in an active market. The Company determines the recoverable amount based on value-in-use or fair value less costs to sell. Key assumptions used in determining the recoverable amount of cash generating unit are disclosed in Note 17.

(iii) Impairment of Property, Plant and Equipment and Intangible Assets

The carrying amount of property, plant and equipment of the Group as of March 31, 2017, was RM105,808,683 (2016: RM109,696,168) and the carrying amount of intangible assets of the Group was RM22,810,167 (2016: RM26,339,486).

The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, i.e. the carrying amount of the asset is more than the recoverable amount.

The Group performs an impairment indicator test on cafe outlets annually for signs of impairment. Such as loss making outlets for the purpose of the impairment review of the outlet's property, plant and equipment, each individual outlet will be considered as a single cash-generating unit. Each individual outlet's discounted cash flow will be compared against the carrying amount of the property, plant and equipment for each individual outlet.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. Management of the Group have carried out an impairment review on their property, plant and equipment and concluded that there is no indication of impairment.

Acquisitions had resulted in supplier exclusive right and distribution network being recognised as intangible assets.

The Group tested intangible assets for impairment indicator on an annual basis. If indication exist, the recoverable amount of the intangible assets will be determined. The calculations of recoverable amount are as mentioned above for property, plant and equipment.

(iv) Estimated Useful Lives of Property, Plant and Equipment and Intangible Assets

The Group regularly reviews the estimated useful lives of property, plant and equipment at the end of each reporting period based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

The Group reviews its intangible assets with finite useful lives at the end of each reporting date. The estimated useful economic lives reflect the management's estimates of the periods that the Group intends to derive future economic benefits from the use of these intangible assets.

(v) Deferred Tax Assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. This involves the use of judgement regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised.

(vi) Recoverability of Receivables

The carrying amounts of third-party trade and other receivables of the Group as of March 31, 2017, was RM51,067,457 (2016: RM50,892,153).

An allowance is established when there is objective evidence that the Group and the Company will not be able to collect all amounts due according to the original terms of receivables. This is determined based on the aging profile and collection patterns.

(vii) Obsolete Inventories

The Group writes off inventories based on an assessment of the recoverability of the inventories through sales and recycling for alternative uses. Write off is applied to inventories where events or changes in circumstances indicate that the costs may not be recoverable.

The identification of obsolete inventories requires use of judgement and estimates.

Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories and inventories are written off/(back) in the period in which such estimate has been changed.

5. SEGMENT REPORTING

The segment reporting is presented on the same basis as information reported to the chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance. It is focused on the operations of the Group by business segment as disclosed below.

Business Segment

The Group's operations can be segmented into three (3) business segments as follows:
a) Operation of cafe chain;
b) Manufacturing of beverages; and
c) Others.

Inter-segment sales are charged at cost plus a percentage of profit mark-up.

NOTES TO THE FINANCIAL STATEMENTS

The Group 2017	Operation of cafe chain RM	Manufacturing of beverages RM	Others RM	Total RM
Revenue				
Total revenue	269,943,249	299,718,116	75,190,016	**644,851,381**
Inter-company sales	(78,518,006)	(65,941,844)	(75,190,016)	**(219,649,866)**
Total external sales	191,425,243	233,776,272	–	**425,201,515**
Results				
Segment results	15,630,111	63,275,724	818,929	**79,724,764**
Finance costs				**(690,440)**
Share of losses of associates				**(40,516)**
Investment revenue				**1,202,876**
Profit before tax				**80,196,684**
Tax expenses				**(20,182,271)**
Profit for the year				**60,014,413**
Other information				
Depreciation and amortisation	10,351,109	6,727,444	49,330	**17,127,883**

The Group 2016	Operation of cafe chain RM	Manufacturing of beverages RM	Others RM	Total RM
Revenue				
Total revenue	272,675,250	255,687,947	24,694,227	**553,057,424**
Inter-company sales	(78,702,637)	(56,254,352)	(24,694,227)	**(159,651,216)**
Total external sales	193,972,613	199,433,595	–	**393,406,208**
Results				
Segment results	19,882,925	47,819,076	(162,371)	**67,539,630**
Finance costs				**(908,029)**
Share of profits of associates				**148,336**
Investment revenue				**1,440,798**
Profit before tax				**68,220,735**
Tax expenses				**(15,948,932)**
Profit for the year				**52,271,803**
Other information				
Depreciation and amortisation	10,581,617	6,211,389	125,403	**16,918,409**
Impairment loss on goodwill	3,000,000	–	–	**3,000,000**

Geographical Segment

The Group operates in four principal geographical areas - Malaysia (country of domicile), South East Asia, other Asian countries and others.

The Group's revenue from external customers by geographical area is detailed below:

	Revenue from external customers	
	2017 RM	2016 RM
Malaysia	**250,699,659**	254,963,586
Other Asian countries	**107,714,570**	72,634,257
South East Asia	**51,133,123**	53,029,779
Others	**15,654,163**	12,778,586
	425,201,515	393,406,208

Revenue of approximately RM52,150,000 (2016: RM54,468,000) which contributed approximately 12% (2016: 10%) of the total revenue of the Group is derived from one (1) external customer (2016: one (1) external customer) under the Manufacturing of beverages segment in Malaysia during the financial year.

Segment assets, segment liabilities and capital additions by segment are not disclosed as they were not regularly provided to the chief operating decision maker for day-to-day operational decision making.

6. REVENUE

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Sale of goods	**397,930,641**	365,704,246	**–**	–
Royalty, advertising and promotion fees	**15,193,121**	15,646,583	**–**	–
Service charge received	**9,291,938**	9,795,258	**–**	–
Franchise fees	**1,370,690**	1,265,093	**–**	–
Professional fees	**646,800**	215,000	**–**	–
Fees for opening of outlets	**365,089**	258,710	**–**	–
Support fees	**107,712**	14,000	**–**	–
Rights fees	**86,056**	302,778	**–**	–
Licence fees	**73,272**	127,825	**–**	–
Initial training fees	**63,356**	25,000	**–**	–
Relocation fees	**40,000**	30,000	**–**	–
Accounting services fees	**22,840**	21,715	**–**	–
Transfer fees	**10,000**	–	**–**	–
Dividend income	**–**	–	**75,190,016**	24,694,227
	425,201,515	393,406,208	**75,190,016**	24,694,227

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT REVENUE

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Investment revenue earned on loans and receivables (including cash and cash equivalents):				
Interest income from:				
Short-term investment funds	**778,120**	1,174,370	**158,216**	323,621
Fixed deposits	**55,182**	35,026	**–**	–
Current account	**143,974**	5,802	**–**	–
Investment revenue earned on non-financial asset:				
Property rental income (Note 16)	**225,600**	225,600	**596,760**	596,760
	1,202,876	1,440,798	**754,976**	920,381

8. OTHER GAINS AND LOSSES

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Gain/(Loss) on foreign exchange:				
Unrealised	**3,029,629**	(4,352,292)	**(210,220)**	(172,015)
Realised	**2,025,682**	2,533,765	**30,266**	(43,243)
Cumulative gain reclassified from equity on disposal of available-for-sale quoted investments	**2,952,559**	3,219,647	**1,964,880**	812,103
Gain on disposal of available-for-sale quoted investments:				
Cash equivalents	**129,274**	85,804	**123,474**	28,232
Other investments	**–**	17,532	**–**	20,289
Gain on disposal of property, plant and equipment	**72,958**	32,119	**–**	–
Changes in fair values of investment properties (Note 16)	**–**	172,500	**(730,000)**	2,140,800
	8,210,102	1,709,075	**1,178,400**	2,786,166

9. OTHER OPERATING INCOME/(EXPENSES) AND EMPLOYEE BENEFITS EXPENSES

Included in other operating income/(expenses) are the following:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Rental income on properties	**687,947**	194,314	**–**	–
Interest received on:				
Late payment	**2,888**	4,209	**–**	–
Advances granted to subsidiaries	**–**	–	**1,704,917**	3,384,851
Rental of:				
Premises	**(19,516,323)**	(20,363,947)	**(4,800)**	(4,800)
Equipment	**(117,403)**	(126,614)	**–**	–
Server	**(128,875)**	(162,638)	**–**	–
Others	**(36,784)**	(5,817)	**–**	–
Allowance for doubtful debts:				
Amount owing by an associate	**(4,368,368)**	–	**–**	–
Trade receivables	**(393,892)**	–	**–**	–
Property, plant and equipment written off	**(1,274,241)**	(697,861)	**–**	–
Audit fees:				
Statutory audit:				
- auditors of the Company:				
current year	**(437,500)**	(418,000)	**(85,000)**	(70,000)
prior year	**–**	13,000	**–**	–
- member firm of the auditors of the Company	**(130,678)**	(122,523)	**–**	–
- other auditors	**(97,026)**	(55,980)	**–**	–
Non-statutory audit:				
- current year	**(3,000)**	(3,000)	**(3,000)**	(3,000)
Bad debts written off	**(47,382)**	(224,544)	**–**	–
Preliminary expenses written off	**–**	(163,938)	**–**	–

Included in employee benefit expenses of the Group and of the Company are contributions made to EPF of RM5,431,474 (2016: RM3,740,048) and RM12,744 (2016: RM12,348) respectively.

NOTES TO THE FINANCIAL STATEMENTS

10. DIRECTORS' REMUNERATION

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Executive directors:				
Salaries, bonuses, incentives and allowances:				
The Company	**98,850**	84,000	**98,850**	84,000
Subsidiaries	**3,158,736**	2,721,613	**–**	–
Fees - subsidiaries	**142,065**	133,200	**–**	–
Non-executive directors of the Company:				
Fees	**204,000**	163,500	**204,000**	163,500
Allowances	**31,000**	35,500	**31,000**	35,500
Contributions to EPF:				
Executive directors:				
The Company	**10,428**	8,640	**10,428**	8,640
Subsidiaries	**376,116**	323,460	**–**	–
	4,021,195	3,469,913	**344,278**	291,640

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group and from the Company amounted to RM121,644 (2016: RM123,953) and RM21,294 (2016: RM23,950) respectively.

Directors' remuneration including benefits-in-kind paid or payable by the Company and its subsidiaries to the directors of the Company for the current financial year are categorised into the following bands:

Range Of Remuneration	Number of directors	
	Executive directors	Non-executive directors
RM50,001 to RM100,000	–	2
RM100,001 to RM150,000	–	1
RM250,001 to RM300,000	2	–
RM750,001 to RM800,000	1	–
RM900,001 to RM950,000	1	–
RM1,550,001 to RM1,600,000	1	–

11. FINANCE COSTS

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest on:				
Term loans	**553,765**	753,892	**–**	–
Hire-purchase	**1,912**	8,802	**–**	–
Bank charges and commissions	**134,763**	145,335	**360**	313
Total interest expense for financial liabilities not classified as at fair value through profit or loss	**690,440**	908,029	**360**	313

12. TAX EXPENSES

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Income tax expense comprises:				
Current tax expense in respect of current year:				
- Malaysia	**(15,617,250)**	(13,183,640)	**(543,000)**	(932,000)
- Foreign	**(2,795,284)**	(1,588,101)	**–**	–
	(18,412,534)	(14,771,741)	**(543,000)**	(932,000)
Adjustments recognised in the current year in relation to the income tax of prior years	**(2,662,092)**	(1,435,771)	**7,625**	(5,982)
	(21,074,626)	(16,207,512)	**(535,375)**	(937,982)
Deferred tax (expense)/ income relating to origination and reversal of temporary differences	**(787,494)**	(639,494)	**42,000**	(80,000)
Adjustments recognised in the current year in relation to the deferred tax of prior years	**1,679,849**	919,663	**(6,000)**	(32,000)
(Note 22)	**892,355**	280,169	**36,000**	(112,000)
Real Property Gains Tax:				
Current year	**–**	(42,266)	**–**	–
Prior year	**–**	20,677	**–**	–
	–	(21,589)	**–**	–
Total tax expenses	**(20,182,271)**	(15,948,932)	**(499,375)**	(1,049,982)

The Group's and the Company's income tax rate remained at 24% for the year of assessment 2017 except for its foreign subsidiaries. Taxation for other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

The Budget 2017 announced on October 21, 2016, proposed that the incremental portion of chargeable income compared to the immediate preceding year of assessment enjoys a reduced income tax rate as follows with effect from years of assessment 2017 and 2018. Following these changes, the applicable tax rates to be used for the measurement of any applicable deferred tax will be at the below expected rates:

Percentage of increase in chargeable income as compared to the immediate preceding year of assessment	Percentage point of reduction in tax rate	Tax rate after reduction %
Less than 5%	Nil	24
5% - 9.99%	1	23
10% - 14.99%	2	22
15% - 19.99%	3	21
20% and above	4	20

The tax expenses for the year can be reconciled to profit before tax as follows:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before tax	**80,196,684**	68,220,735	**59,702,069**	20,531,586
Tax expense calculated using the Malaysian statutory income tax rate of 24% (2016: 24%)	**(19,247,000)**	(16,373,000)	**(14,328,000)**	(4,928,000)
Tax effects of:				
Expenses allowed for double tax deductions	**549,000**	1,304,071	**–**	–
Income that is not taxable in determining taxable profit	**453,609**	149,818	**18,585,000**	6,046,000
Expenses that are not deductible in determining taxable profit	**(1,622,405)**	(3,203,866)	**(4,758,000)**	(2,130,000)
Loss not available for offset against future taxable profit	**(34,491)**	–	**–**	–
Reinvestment allowances utilised	**–**	1,869,000	**–**	–
Corporate tax rebate	**–**	58,313	**–**	–
Unabsorbed tax capital allowance not recognised as deferred tax asset	**–**	(6,000)	**–**	–
Others	**410,025**	(2,571)	**–**	–
Effect of difference in tax rates of subsidiaries operating in foreign jurisdictions	**291,234**	793,000	**–**	–
Adjustments recognised in the current year in relation to the taxes of prior years:				
Income tax	**(2,662,092)**	(1,435,771)	**7,625**	(5,982)
Deferred tax	**1,679,849**	919,663	**(6,000)**	(32,000)
Real Property Gains Tax:				
Current year	**–**	(42,266)	**–**	–
Prior year	**–**	20,677	**–**	–
Tax expenses recognised in profit or loss	**(20,182,271)**	(15,948,932)	**(499,375)**	(1,049,982)

Current Tax Assets And Liabilities	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current tax assets				
Tax refund receivables	**1,980,085**	960,980	**75,657**	–
Current tax liabilities				
Income tax payables	**1,098,471**	897,488	**–**	190,048

13. EARNINGS PER SHARE

The basic and diluted earnings per share are calculated as follows:

Basic And Diluted	The Group	
	2017	2016
Profit for the year attributable to owners of the Company (RM)	**60,767,706**	52,269,069
Number of ordinary shares in issue as of April 1	**463,239,101**	453,597,242
Effects of: Shares repurchased	**(11,772,444)**	(11,636,133)
Issuance of shares as consideration for purchase of subsidiaries	**–**	6,181,356
Weighted average number of ordinary shares in issue	**451,466,657**	448,142,465
Basic and diluted earnings per ordinary share (RM)	**0.13**	0.12

NOTES TO THE FINANCIAL STATEMENTS

14. PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold land and buildings RM	Freehold land RM	Apartments, factory and shop-office buildings RM	Plant, machinery and equipment RM	Motor vehicles RM	Factory equipment, signboard and electrical fittings RM	Air-conditioners, computers, furniture, fittings and office equipment RM	Renovation RM	Capital work-in-progress RM	Total RM
Cost										
As of April 1, 2015	10,843,036	815,000	50,201,105	32,164,559	8,983,479	34,393,510	31,197,415	14,921,719	1,050,665	**184,570,488**
Additions	–	–	–	8,109,615	839,553	2,417,829	2,145,191	1,283,639	12,791	**14,808,618**
Disposals	–	–	–	–	(487,222)	(9,900)	(104,217)	(32,359)	–	**(633,698)**
Write off	–	–	–	(277,660)	–	(703,925)	(669,736)	(1,302,622)	–	**(2,953,943)**
Discount	–	–	–	–	–	–	(569)#	–	–	**(569)**
Reclassification	–	–	–	–	–	–	138,102	–	(138,102)	**–**
Translation reserve	–	–	–	–	3,584	67,655	118,541	222,931	–	**412,711**
As of March 31, 2016	10,843,036	815,000	50,201,105	39,996,514	9,339,394	36,165,169	32,824,727	15,093,308	925,354	**196,203,607**
Additions	11,867,724	2,321,993	18,630	857,314	1,164,450	1,621,363	2,938,132	1,023,443	733,261	**22,546,310**
Disposals	–	–	–	(76,100)	(122,409)	(153,827)	(59,105)	–	–	**(411,441)**
Write off	–	–	–	(711,419)	(54,715)	(1,747,286)	(2,540,404)	(1,614,926)	–	**(6,668,750)**
Reclassification	–	–	–	–	–	(50,204)	50,204	–	–	**–**
Translation reserve	–	–	–	3,902	–	89,723	182,920	327,285	–	**603,830**
As of March 31, 2017	22,710,760	3,136,993	50,219,735	40,070,211	10,326,720	35,924,938	33,396,474	14,829,110	1,658,615	**212,273,556**

The discount was received from suppliers for assets purchased in financial year ended March 31, 2015.

The Group	Leasehold land and buildings RM	Freehold land RM	Apartments, factory and shop-office buildings RM	Plant, machinery and equipment RM	Motor vehicles RM	Factory equipment, signboard and electrical fittings RM	Air-conditioners, computers, furniture, fittings and office equipment RM	Renovation RM	Capital work-in-progress RM	Total RM
Accumulated depreciation and accumulated impairment losses										
As of April 1, 2015	397,227	–	2,362,987	10,756,284	6,394,055	24,430,792	21,089,272	10,397,779	–	**75,828,396**
Depreciation charge for the year	233,380	–	988,502	3,272,209	965,560	3,297,806	2,864,347	1,589,630	–	**13,211,434**
Disposals	–	–	–	–	(380,237)	(7,608)	(81,117)	(24,168)	–	**(493,130)**
Write off	–	–	–	(248,660)	–	(563,559)	(464,852)	(979,011)	–	**(2,256,082)**
Reclassification	–	–	–	–	–	–	(26)	26	–	**–**
Translation reserve	–	–	–	(265)	3,584	42,177	66,817	104,508	–	**216,821**
As of March 31, 2016	630,607	–	3,351,489	13,779,568	6,982,962	27,199,608	23,474,441	11,088,764	–	**86,507,439**
Depreciation charge for the year	233,380	–	988,564	3,703,090	901,212	3,090,318	3,002,807	1,501,537	–	**13,420,908**
Disposals	–	–	–	(76,098)	(95,721)	(128,653)	(43,435)	–	–	**(343,907)**
Write off	–	–	–	(643,973)	(32,829)	(1,434,861)	(2,083,308)	(1,199,538)	–	**(5,394,509)**
Reclassification	–	–	–	–	–	(15,971)	15,971	–	–	**–**
Translation reserve	–	–	–	784	–	58,877	132,963	214,594	–	**407,218**
As of March 31, 2017	863,987	–	4,340,053	16,763,371	7,755,624	28,769,318	24,499,439	11,605,357	–	**94,597,149**
Carrying amounts										
As of March 31, 2016	10,212,429	815,000	46,849,616	26,216,946	2,356,432	8,965,561	9,350,286	4,004,544	925,354	**109,696,168**
As of March 31, 2017	21,846,773	3,136,993	45,879,682	23,306,840	2,571,096	7,155,620	8,897,035	3,223,753	1,658,615	**117,676,407**

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The Company	Motor vehicles RM	Furniture, fittings and office equipment RM	Capital work-in-progress RM	Total RM
Cost				
As of April 1, 2015	516,210	252,327	912,563	**1,681,100**
Additions	–	1,150	12,791	**13,941**
Disposals	(142,097)	–	–	**(142,097)**
Adjustment	–	–	(69,985)^	**(69,985)**
As of March 31, 2016	374,113	253,477	855,369	**1,482,959**
Additions	369,576	–	–	**369,576**
Adjustment	–	–	(855,369)^	**(855,369)**
As of March 31, 2017	743,689	253,477	–	**997,166**
Accumulated depreciation and accumulated impairment losses				
As of April 1, 2015	354,871	176,556	–	**531,427**
Depreciation charge for the year	74,822	50,581	–	**125,403**
Disposals	(80,522)	–	–	**(80,522)**
As of March 31, 2016	349,171	227,137	–	**576,308**
Depreciation charge for the year	31,099	18,231	–	**49,330**
As of March 31, 2017	380,270	245,368	–	**625,638**
Carrying amounts				
As of March 31, 2016	24,942	26,340	855,369	**906,651**
As of March 31, 2017	363,419	8,109	–	**371,528**

^ *The adjustment relates to expenses paid on behalf of subsidiaries for ERP software capitalised as an asset in prior years.*

Leasehold buildings, freehold land, factory buildings, shop-office buildings and capital work-in-progress of the Group with a total carrying value of RM45,651,449 (2016: RM46,626,117) are charged to certain local licensed banks for banking facilities granted to the Group as mentioned in Note 31.

The carrying amounts of certain motor vehicles of the Group acquired under hire-purchase arrangements are RM101,577 (2016: RM37,232).

15. PREPAID LEASE PAYMENTS

The Group 2017	Short-term leasehold land RM	Long-term leasehold land RM	Total RM
At cost			
At beginning and end of year	105,820	14,256,333	**14,362,153**
Accumulated amortisation			
At beginning of year	18,812	1,123,938	**1,142,750**
Amortisation for the year	2,385	175,271	**177,656**
At end of year	21,197	1,299,209	**1,320,406**
Carrying amount	84,623	12,957,124	**13,041,747**

The Group 2016			
At cost			
At beginning and end of year	105,820	14,256,333	**14,362,153**
Accumulated amortisation			
At beginning of year	16,427	948,667	**965,094**
Amortisation for the year	2,385	175,271	**177,656**
At end of year	18,812	1,123,938	**1,142,750**
Carrying amount	87,008	13,132,395	**13,219,403**

The leasehold land of the Group with total carrying value of RM4,442,892 (2016: RM10,454,287) are charged to certain local licensed banks for banking facilities granted to the Group as mentioned in Note 31.

16. INVESTMENT PROPERTIES

The Group 2017	Long-term leasehold land RM	Freehold land RM	Freehold shoplot RM	Buildings RM	Total RM
At fair value					
At beginning and at end of year	300,000	620,000	750,000	902,500	**2,572,500**

The Group 2016					
At fair value					
At beginning of year	300,000	620,000	750,000	730,000	**2,400,000**
Increase in fair value during the year (Note 8)	–	–	–	172,500	**172,500**
At end of year	300,000	620,000	750,000	902,500	**2,572,500**

NOTES TO THE FINANCIAL STATEMENTS

The Company	Long-term leasehold land and buildings 2017 RM	2016 RM
At fair value		
At beginning of year	**14,610,000**	12,469,200
Additions during the year	**11,867,724**	–
(Decrease)/Increase in fair value during the year (Note 8)	**(730,000)**	2,140,800
At end of year	**25,747,724**	14,610,000

The fair values of the investment properties of the Group and of the Company were determined based on valuations by an independent qualified valuer, who has the qualification and recent experience in the fair value measurement of properties in the relevant location. Fair value of the investment property was determined based on the market comparison method that reflects recent transacted prices for similar properties and depreciated replacement cost method. In estimating the fair values of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

Details of the Group's and of the Company's investment properties and information about the fair value hierarchy as of March 31, 2017 are as follows:

The Group 2017	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Investment properties	–	2,572,500	–	**2,572,500**
The Group 2016				
Investment properties	–	2,572,500	–	**2,572,500**
The Company 2017				
Investment properties	–	25,747,724	–	**25,747,724**
The Company 2016				
Investment properties	–	14,610,000	–	**14,610,000**

There were no transfers between Level 1 and Level 2 in both 2017 and 2016.

The strata title for the freehold shoplot of the Group is not available for inspection as it is in the process of being transferred to the name of the subsidiary.

The rental income and direct operating expenses arising from investment properties of the Group and of the Company are as follows:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Rental income (Note 7)	**225,600**	225,600	**596,760**	596,760
Direct operating expenses	**39,281**	35,528	**29,356**	26,957

17. INVESTMENT IN SUBSIDIARIES

	The Company 2017 RM	2016 RM
Unquoted shares, at cost		
At beginning of year	**344,864,828**	327,187,834
Additions during the year:		
Acquisition of shares from minority interests	**–**	15,523,394
Subscription of shares in subsidiary	**–**	2,153,600
	–	17,676,994
At end of year	**344,864,828**	344,864,828
Accumulated impairment losses		
At beginning of year	**26,722,013**	16,722,013
Additions	**17,881,000**	10,000,000
At end of year	**44,603,013**	26,722,013
Carrying amount	**300,261,815**	318,142,815

Details of the subsidiaries of the Group as at the end of the reporting period are as follows:

Name of Company	Country of Incorporation	Proportion of ownership interest and voting power held by the Group 2017 %	2016 %	Principal Activities
April Eight (China) Limited*@	Hong Kong	**51.00**	51.00	Investment holding.
Conneczone Sdn. Bhd.	Malaysia	**80.00**	80.00	Operator of cafe outlets.
Dynasty Confectionery Sdn. Bhd.	Malaysia	**100.00**	100.00	Central bakery and confectionery processing centre.
Dynasty Kitchen Sdn. Bhd.^	Malaysia	**100.00**	100.00	Dormant.
Emperor's Kitchen Sdn. Bhd.	Malaysia	**100.00**	100.00	Central food processing centre and trading of food products.
Esquire Chef Sdn. Bhd.	Malaysia	**100.00**	100.00	Central food processing centre and ceased its business activity during the last financial year.
Gongga Food Sdn. Bhd.	Malaysia	**100.00**	100.00	Manufacture of roasted coffee powder and procurement of food items.
Guangzhou Supreme Food Service Limited*€	People's Republic of China	**51.00**	51.00	Central food processing centre and trading of food products.
Kopitiam Asia Pacific Sdn. Bhd.	Malaysia	**100.00**	100.00	Franchisor of cafe outlets and provision of management services.
Oldtown Singapore Pte. Ltd.*	Singapore	**100.00**	100.00	Franchisor of cafe outlets, provision of management services, procurement of food items and operator of cafe outlets.

NOTES TO THE FINANCIAL STATEMENTS

Name of Company	Country of Incorporation	Proportion of ownership interest and voting power held by the Group 2017 %	2016 %	Principal Activities
OldTown White Coffee Limited (formerly known as Advance City Limited)[^^]	Hong Kong	**100.00**	100.00	Marketing of beverages.
OldTown APP Sdn. Bhd.	Malaysia	**100.00**	100.00	Dormant.
OldTown Logistics Sdn. Bhd.	Malaysia	**100.00**	100.00	Investment holding.
Old Town Kopitiam Sdn. Bhd.[#]	Malaysia	**100.00**	100.00	Operator of cafe outlets.
Old Town Kopitiam Butterworth Sdn. Bhd.	Malaysia	**100.00**	100.00	Operator of cafe outlets.
Old Town Kopitiam Cheras Sdn. Bhd.	Malaysia	**100.00**	100.00	Operator of cafe outlets and ceased its business activity during the financial year.
Old Town Kopitiam Kuala Lumpur Sdn. Bhd.	Malaysia	**100.00**	100.00	Dormant.
Old Town (M) Sdn. Bhd.	Malaysia	**100.00**	100.00	Investment holding.
OTK (HK) Investment Limited [Ω*]	Hong Kong	**100.00**	100.00	Investment holding.
Shenzhen Oldtown White Coffee Trading Co., Ltd.[*+]	People's Republic of China	**100.00**	100.00	Marketing of beverage.
Shenzhen Kopitiam Asia Pacific Limited[##*]	People's Republic of China	**100.00**	100.00	Provision of management services, procurement of food items and operator of cafe outlets.
White Cafe Sdn. Bhd.	Malaysia	**100.00**	100.00	Manufacturing and marketing of beverages.
White Cafe Marketing Sdn. Bhd.	Malaysia	**100.00**	100.00	Marketing of beverages and ceased its business activity since April 1, 2015 and is presently receiving rental income from its investment property.

^^ *The financial statements of this company are examined by a member firm of the auditors of the Company.*
* *The financial statements of this company are examined by auditors other than the auditors of the Company.*
\# *Held through Kopitiam Asia Pacific Sdn. Bhd..*
^ *Held through Old Town Kopitiam Butterworth Sdn. Bhd..*
Ω *Held through OldTown Singapore Pte. Ltd..*
€ *Held through April Eight (China) Limited.*
\+ *Held through OldTown White Coffee Limited (formerly known as Advance City Limited).*
@ *Held through OldTown Logistics Sdn. Bhd..*
\## *Held through OTK (HK) Investment Limited.*

The year end of the subsidiaries incorporated in the People's Republic of China is December 31 due to local statutory requirements. For the purpose of consolidation, the audited financial statements of the respective subsidiaries for the year ended December 31, 2016, have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and March 31, 2017.

Impairment review of investments in subsidiaries

During the financial year, the Group continued with its restructuring exercise by transferring business activities between the subsidiaries to achieve the economy of scale as well as to improve efficiency and effectiveness of business management. As a result of the restructuring exercise, certain subsidiaries became dormant or business operations were substantially scaled down. In view of the above, management has carried out an impairment review of the affected subsidiaries.

The key assumptions used for the impairment review are as follows:

- The 5-year cash flow projections extrapolate the results using steady growth rates ranging from 3% to 20% per annum.
- Pre-tax discount rate at 6.85%.
- The statutory income tax rate is 24%. There will be no material changes to the present legislation or regulations, rates and bases of duties, levies and other taxes affecting the Company's activities.

Based on review, the Company recognised additional impairment loss of RM17,881,000 (2016: RM10,000,000) during the financial year.

Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Industry	Place of incorporation and operation	Number of wholly-owned subsidiaries 2017	2016
Fast moving consumer goods	Malaysia	**1**	1
	Hong Kong	**1**	1
	People's Republic of China	**1**	1
Food and beverages	Malaysia	**6**	8
	Singapore	**1**	1
	People's Republic of China	**1**	–
Investment holding	Malaysia	**2**	2
	Hong Kong	**1**	1
Others	Malaysia	**6**	4
	People's Republic of China	**–**	1
		20	20

Industry	Place of incorporation and operation	Number of non- wholly-owned subsidiaries 2017	2016
Food and beverages	Malaysia	**1**	1
	People's Republic of China	**1**	1
Investment holding	Hong Kong	**1**	1
		3	3

NOTES TO THE FINANCIAL STATEMENTS

Details of non-wholly owned subsidiaries, which are considered not material to the Group are as follows:

Name of Company	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held by non-controlling interests		Profit/(Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2017 %	2016 %	2017 RM	2016 RM	2017 RM	2016 RM
Conneczone Sdn. Bhd.	Malaysia	**20**	20	**35,150**	118,568	**411,457**	388,307
April Eight (China) Limited	Hong Kong	**49**	49	**2,141**	(12,484)	**(35,987)**	(560)
Guangzhou Supreme Food Service Limited	People's Republic of China	**49**	49	**(790,584)**	(351,362)	**(1,179,399)**	(360,425)
Advance City Limited	Hong Kong	**–**	–	**–**	357,132	**–**	–
Shenzhen Oldtown White Coffee Trading Co., Ltd.	People's Republic of China	**–**	–	**–**	(109,120)	**–**	–
Total				**(753,293)**	2,734	**(803,929)**	27,322

18. INVESTMENTS IN ASSOCIATES

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Unquoted equity shares, at cost	**1,461,107**	1,461,107	**1,101,002**	1,101,002
Group's share of post-acquisition reserve	**(162,694)**	(22,178)	**–**	–
	1,298,413	1,438,929	**1,101,002**	1,101,002

Details of the Group's associates as at the end of the reporting period are as follows:

Name of Company	Country of Incorporation	Proportion of ownership interest/voting rights held by the Group 2017 %	2016 %	Principal Activities	Financial Year End
OTK Singapore Pte. Ltd.*#	Singapore	**50.00**	50.00	Operator of cafe outlets.	December 31
OTK Eatery Sdn. Bhd.	Malaysia	**40.00**	40.00	Operator of cafe outlets.	December 31
Plus One Solution Sdn. Bhd.	Malaysia	**50.00**	50.00	Information technology service centre.	December 31

* *The financial statements of this company are examined by auditors other than the auditors of the Company.*
\# *Held through OldTown Singapore Pte. Ltd..*

The year end of the associates is December 31. This was the reporting date established when the associates were incorporated and management considers that it is unnecessary to change it for group reporting purposes. For the purpose of applying the equity method of accounting, the audited financial statements of the respective associates for the year ended December 31, 2016 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and March 31, 2017.

Summarised financial information in respect of the Group's associates is set out below:

	The Group	
	2017 RM	2016 RM
Total assets	**5,485,356**	6,907,490
Total liabilities	**(11,355,885)**	(10,079,919)
Net liabilities	**(5,870,529)**	(3,172,429)
Group's share of net assets of associates	**596,193**	736,709
Goodwill on associates	**702,220**	702,220
	1,298,413	1,438,929
Total revenue	**20,564,955**	25,599,450
Net loss for the year	**(1,979,878)**	(2,831,315)
Group's share of (losses)/profits of associates for the year	**(40,516)**	148,336

19. OTHER INVESTMENTS

The Group	2017 RM	2016 RM
Non-current		
Available-for-sale investments:		
Unquoted shares in Indonesia, at cost	**1,057,567**	1,057,567
Current		
Available-for-sale investments:		
Quoted unit trusts in Malaysia, at fair value	**10,937,121**	10,049,153

The Company	2017 RM	2016 RM
Current		
Available-for-sale investments:		
Quoted unit trusts in Malaysia, at fair value	**10,937,121**	10,049,153

The quoted unit trusts of the Group and of the Company are classified under Level 1 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 in both 2017 and 2016.

NOTES TO THE FINANCIAL STATEMENTS

20. GOODWILL ON CONSOLIDATION

	The Group	
	2017 RM	2016 RM
At cost		
At beginning of year	**27,231,360**	25,671,638
Arising from acquisition of subsidiaries	**–**	1,559,722
At end of year	**27,231,360**	27,231,360
Accumulated impairment losses		
At beginning of year	**8,459,643**	5,459,643
Impairment loss recognised during the year	**–**	3,000,000
At end of year	**8,459,643**	8,459,643
Carrying amount	**18,771,717**	18,771,717

Goodwill acquired in business combination is allocated, at acquisition, to the group of units that are expected to benefit from the synergies of the combination. For impairment testing purpose, goodwill is assigned to the acquired subsidiaries under operation of cafe outlets, distribution centre and central food processing centre of which, each group of outlets, distribution centre and central food processing centre represent a Cash Generating Unit ("CGU").

Goodwill arose from the acquisition of six (6) direct and indirect subsidiaries including Old Town Kopitiam Butterworth Sdn. Bhd., Old Town Kopitiam Kuala Lumpur Sdn. Bhd., Old Town Kopitiam Cheras Sdn. Bhd., Dynasty Kitchen Sdn. Bhd., Conneczone Sdn. Bhd. and Guangzhou Supreme Food Service Limited because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the subsidiaries. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The Group also acquired supplier exclusive rights as part of the acquisition of Emperor's Kitchen Sdn. Bhd., Esquire Chef Sdn. Bhd. and Dynasty Confectionery Sdn. Bhd. and distribution network from OldTown White Coffee Limited (formerly known as Advance City Limited). These intangible assets have been separately recognised from goodwill as it met the definition of intangible assets as disclosed in Note 21.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Impairment review of goodwill on consolidation

The Group tests goodwill for impairment annually in accordance with its accounting policy.

The recoverable amounts of the CGUs were based on value-in-use calculations. The calculations were determined using projected cash flows which are based on one-year financial budget approved by the directors and a financial forecast covering the subsequent nine-year period. The future cash flows are projected by extrapolation using the growth rate based on historical experience, management's assessment of future trends and expectation of market development in the respective industries.

The key assumptions used in preparation of the projected cash flows are as follows:

- Pre-tax discount rates range from 10.3% to 15.2% (2016: 13.0% to 18.7%);
- There will be no material changes in the structure and principal activities of the subsidiaries;
- Chain of outlets will continue to operate under the franchise licence for 2 terms (5 years each term);
- Projected revenue growth rate of food and beverages range from 1.0% to 5.0% (2016: 0% to 2.0%) per annum;
- There will not be any significant changes in the prices and supply of raw materials, wages and other related costs, resulting from industrial dispute, adverse changes in economic conditions or other abnormal factors, which will adversely affect the operations of the Group; and
- The statutory income tax rate for Malaysia and China is 24% and 25% respectively (2016: 24% and 25%). There will be no material changes to the present legislation or regulations, rates and bases of duties, levies and other taxes affecting the Group's activities.

The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGUs.

Based on review, there is no impairment loss recognised during the year (2016: RM3,000,000).

21. INTANGIBLE ASSETS

The Group	Distribution network RM	Supplier exclusive right RM	Total RM
Cost			
At beginning and end of year	17,790,744	23,432,693	**41,223,437**
Accumulated amortisation			
As of April 1, 2015	2,372,100	8,982,532	**11,354,632**
Amortisation for the year	1,186,050	2,343,269	**3,529,319**
As of March 31, 2016	3,558,150	11,325,801	**14,883,951**
Amortisation for the year	1,186,050	2,343,269	**3,529,319**
As of March 31, 2017	4,744,200	13,669,070	**18,413,270**
Carrying amount			
As of March 31, 2016	14,232,594	12,106,892	**26,339,486**
As of March 31, 2017	13,046,544	9,763,623	**22,810,167**

NOTES TO THE FINANCIAL STATEMENTS

22. DEFERRED TAX ASSETS/(LIABILITIES)

The Group 2017	At beginning of year RM	Recognised in profit or loss RM	Reclassification RM	Translation differences RM	At end of year RM
Deferred tax assets					
Property, plant and equipment	(96,000)	(21,000)	(164,543)	–	**(281,543)**
Deferred income	1,016,000	(126,000)	–	–	**890,000**
Unabsorbed tax capital allowances	103,000	(2,000)	560,081	–	**661,081**
	1,023,000	(149,000)	395,538	–	**1,269,538**
Deferred tax liabilities					
Property, plant and equipment	(6,189,170)	77,663	164,543	2,353	**(5,944,611)**
Investment properties	(138,000)	62,000	–	–	**(76,000)**
Unrealised foreign exchange differences on:					
Trade receivables	451,000	(450,000)	–	–	**1,000**
Bank balances	502,000	(1,208,000)	–	–	**(706,000)**
Trade payables	(52,000)	49,000	–	–	**(3,000)**
Borrowings	64,000	(64,000)	–	–	**–**
Unabsorbed tax capital allowances	15,000	537,692	(560,081)	–	**(7,389)**
Provision of expenses	137,000	2,037,000	–	–	**2,174,000**
	(5,210,170)	1,041,355	(395,538)	2,353	**(4,562,000)**

The Group 2016	At beginning of year RM	Recognised in profit or loss RM	Translation differences RM	At end of year RM
Deferred tax assets				
Property, plant and equipment	(112,000)	16,000	–	**(96,000)**
Deferred income	1,201,000	(185,000)	–	**1,016,000**
Unabsorbed tax capital allowances	96,000	7,000	–	**103,000**
	1,185,000	(162,000)	–	**1,023,000**
Deferred tax liabilities				
Property, plant and equipment	(5,764,076)	(405,831)	(19,263)	**(6,189,170)**
Investment properties	(32,000)	(106,000)	–	**(138,000)**
Unrealised foreign exchange differences on:				
Trade receivables	(162,000)	613,000	–	**451,000**
Bank balances	(57,000)	559,000	–	**502,000**
Trade payables	(11,000)	96,000	–	**85,000**
Borrowings	125,000	(61,000)	–	**64,000**
Fair value changes on forward contracts	246,000	(246,000)	–	**–**
Unabsorbed tax capital allowances	22,000	(7,000)	–	**15,000**
	(5,633,076)	442,169	(19,263)	**(5,210,170)**

The Company 2017	At beginning of year RM	Recognised in profit or loss RM	At end of year RM
Deferred tax assets			
Property, plant and equipment	(5,000)	–	**(5,000)**
Investment properties	(107,000)	36,000	**(71,000)**
	(112,000)	36,000	**(76,000)**

The Company 2016	At beginning of year RM	Recognised in profit or loss RM	At end of year RM
Deferred tax assets			
Property, plant and equipment	–	(5,000)	**(5,000)**
Investment properties	–	(107,000)	**(107,000)**
	–	(112,000)	**(112,000)**

NOTES TO THE FINANCIAL STATEMENTS

23. INVENTORIES

	The Group 2017 RM	The Group 2016 RM
Finished goods and trading merchandise	**13,558,612**	11,071,139
Raw materials	**4,149,096**	5,558,908
Food, beverages and consumables	**3,260,082**	3,188,931
Packing materials	**3,252,325**	3,181,926
Work-in-progress	**1,292,140**	1,222,116
Spare parts	**606,901**	479,840
Point-of-sale materials	**531,892**	314,138
Goods-in-transit	**–**	501,959
	26,651,048	25,518,957

The cost of inventories of the Group recognised as an expense during the year was RM191,246,136 (2016: RM180,152,458).

24. TRADE AND OTHER RECEIVABLES

	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
Trade receivables	**50,465,666**	49,003,827	**–**	–
Less: Allowance for doubtful debts:				
At beginning of year	**–**	–	**–**	–
Additions	**(393,892)**	–	**–**	–
At end of year	**(393,892)**	–	**–**	–
	50,071,774	49,003,827	**–**	–
Other receivables	**995,683**	1,888,326	**41**	226
Refundable deposits	**8,325,730**	8,939,027	**6,170**	6,170
Loans and receivables	**59,393,187**	59,831,180	**6,211**	6,396
Goods and Services Tax receivable	**3,169**	45,642	**–**	–
Prepaid expenses	**3,946,329**	3,161,233	**26,258**	187,943
	63,342,685	63,038,055	**32,469**	194,339

Trade receivables of the Group comprise amounts receivable for the sale of goods. Other receivables of the Group comprise mainly expenses paid on behalf and advances granted which are unsecured, interest-free and are repayable upon demand.

Trade transactions of the Group were on cash terms and credit period which ranged from 7 to 105 days (2016: 7 to 90 days). Interest rates which ranged from 4.35% to 4.50% (2016: 4.50%) per annum were charged on the outstanding balances for certain customers.

Included in refundable deposits of the Group are downpayment for purchase of property, plant and equipment of RM807,105 (2016:Nil)

The currency profile of trade and other receivables is as follows:

	The Group	
	2017 RM	2016 RM
Ringgit Malaysia	**33,134,875**	35,148,330
Hong Kong Dollar	**6,137,236**	7,990,544
Singapore Dollar	**5,061,694**	1,657,492
United States Dollar	**4,105,184**	2,025,350
Chinese Renminbi	**2,851,156**	3,753,795
Thai Baht	**171,204**	148,188
Euro	**–**	168,454
	51,461,349	50,892,153

Included in trade balances of the Group are related party balances of RM2,585,569 (2016: RM3,335,478).

Included in trade receivables of the Group are receivables with a total carrying amount of RM14,172,963 (2016: RM11,887,802) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances nor does it have a legal right to offset against any amounts owed by the Group to the counterparty.

Aging of trade receivables which are past due but not impaired are as follows:

	The Group	
Number of days past due:	2017 RM	2016 RM
0 - 30 days	**10,341,800**	10,182,170
31 - 60 days	**3,185,429**	892,970
61 - 90 days	**318,899**	223,948
91 - 120 days	**75,172**	72,208
Over 120 days	**251,663**	516,506
	14,172,963	11,887,802

The Group seeks to maintain strict control over its outstanding trade receivables and has a credit period policy to minimise credit risk. Overdue balances are reviewed regularly by management. The Group has not provided for impairment loss on trade receivable accounts that are past due as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Transactions with related parties are disclosed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS

25. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The Company is a subsidiary of Old Town International Sdn. Bhd., a company incorporated in Malaysia and the directors regard it as the ultimate holding company.

The amount owing to the ultimate holding company arose mainly from dividends payable, rental payable and expenses paid on behalf of the ultimate holding company which are unsecured, interest-free and are repayable upon demand.

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Amount owing by associates consist of:				
Current:				
Trade account	**4,368,368**	4,301,670	**–**	–
Less: Allowance for doubtful debts	**(4,368,368)**	–	**–**	–
	–	4,301,670	**–**	–
Non-trade account	**2,745,276**	2,227,343	**100,000**	30,000
	2,745,276	6,529,013	**100,000**	30,000

Included RM2,645,276 of the non-trade balance of amount owing by associate of the Group are unsecured, bore interest at a rate of 6.00% (2016: 6.00%) per annum and are repayable over 24 equal monthly instalments. The remaining balance are unsecured, interest-free and repayable upon demand.

The non-trade account of amounts by associates of the Company arose from dividends receivable.

The currency profile of the amount owing by associates is as follows:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Singapore Dollar	**2,645,276**	6,499,013	**–**	–
Ringgit Malaysia	**100,000**	30,000	**100,000**	30,000
	2,745,276	6,529,013	**100,000**	30,000

The amounts owing by subsidiaries arose mainly from dividends receivable, advances granted and expenses paid on their behalf which are unsecured, interest-free and are repayable upon demand.

Other than as disclosed elsewhere in the financial statements, the related parties and their relationship with the Company and its subsidiaries are as follows:

Names of related parties		Relationship
Old Town International Sdn. Bhd.	)	Holding company of the Company.
April Eight (China) Limited	)	
Conneczone Sdn. Bhd.	)	
Dynasty Confectionery Sdn. Bhd.	)	
Esquire Chef Sdn. Bhd.	)	
Emperor's Kitchen Sdn. Bhd.	)	
Gongga Food Sdn. Bhd.	)	
Kopitiam Asia Pacific Sdn. Bhd.	)	Subsidiaries of the Company.
Old Town Kopitiam Butterworth Sdn. Bhd.	)	
Old Town Kopitiam Cheras Sdn. Bhd.	)	
Old Town Kopitiam Kuala Lumpur Sdn. Bhd.	)	
Old Town (M) Sdn. Bhd.	)	
OldTown APP Sdn. Bhd.	)	
OldTown Logistics Sdn. Bhd.	)	
OldTown Singapore Pte. Ltd.	)	
OldTown White Coffee Limited (formerly known as Advance City Limited)	)	
White Cafe Marketing Sdn. Bhd.	)	
White Cafe Sdn. Bhd.	)	
Dynasty Kitchen Sdn. Bhd.	)	A subsidiary of Old Town Kopitiam Butterworth Sdn. Bhd..
Guangzhou Supreme Food Service Limited	)	A subsidiary of April Eight (China) Limited.
Old Town Kopitiam Sdn. Bhd.	)	A subsidiary of Kopitiam Asia Pacific Sdn. Bhd..
OTK (HK) Investment Limited	)	A subsidiary of OldTown Singapore Pte. Ltd..
Shenzhen OldTown White Coffee Trading Co., Ltd.	)	A subsidiary of OldTown White Coffee Limited (formerly known as Advance City Limited).
Shenzhen Kopitiam Asia Pacific Limited	)	A subsidiary of OTK (HK) Investment Limited.
OTK Eatery Sdn. Bhd.	)	Associates of the Company.
Plus One Solution Sdn. Bhd.	)	
OTK Singapore Pte. Ltd.	)	An associate of OldTown Singapore Pte. Ltd..

NOTES TO THE FINANCIAL STATEMENTS

Related Party Transactions

The Group 2017	Dividend paid/payable RM	Trade sales RM	Trade purchases RM	Purchase of property, plant and equipment RM	Rental paid/ payable RM	Secondment of staff charges received/ receivable RM	Advertising and promotion fees received/ receivable RM	Royalty fees received/ receivable RM	Others RM	Total RM
Transactions with related companies are as follows:										
Ultimate holding company										
Old Town International Sdn. Bhd.	23,671,020	–	–	153,469	1,356,000	–	–	–	4,800	**25,185,289**
Transactions with Associates										
OTK Eatery Sdn. Bhd.	–	17,162	–	–	–	–	176,892	294,820	147,810	**636,684**
OTK Singapore Pte. Ltd.	–	3,056,488	–	–	–	–	366,278	610,459	55,610	**4,088,835**
Plus One Solution Sdn. Bhd.	–	–	420,635	–	–	–	–	–	482,471	**903,106**
Transactions with related parties being companies in which certain directors and/or substantial shareholders of the Company and/or persons connected to any of these persons, are directors and/or have substantial financial interests, are as follows:										
AC Montage Marketing Sdn. Bhd.	–	–	–	–	1,900	–	–	–	2,400	**4,300**
Acadian Gourmet KK Sdn. Bhd.	–	422,015	–	–	–	–	37,073	61,789	3,130	**524,007**
Acadian Gourmet PB Sdn. Bhd.	–	425,124	–	–	–	–	37,634	62,723	2,610	**528,091**
Acadian L'Apparel Manufacturing Sdn. Bhd.	–	–	63,455	–	–	–	–	–	–	**63,455**
Best Priority Sdn. Bhd.	–	766,776	–	–	–	–	9,801	12,251	184,136	**972,964**
Carefree Avenue Sdn. Bhd.	–	794,344	–	–	–	14,000	70,495	117,491	2,870	**999,200**
Conneczone Puchong Sdn. Bhd.	–	485,974	–	–	–	14,400	21,269	34,670	16,460	**572,773**
CN Supplies Sdn. Bhd.	–	–	–	–	22,800	–	–	–	–	**22,800**
Fifth Evernew Sdn. Bhd.	–	–	–	–	7,132	–	–	–	72	**7,204**
GC Alamanda Sdn. Bhd.	–	9	–	–	–	–	–	–	–	**9**
GC Bangi Sdn. Bhd.	–	519,057	–	–	–	10,800	40,064	66,773	5,610	**642,304**
GC Bangsar Sdn. Bhd.	–	450,222	–	–	–	–	41,255	68,759	2,620	**562,856**

The Group 2017	Dividend paid/payable RM	Trade sales RM	Trade purchases RM	Purchase of property, plant and equipment RM	Rental paid/ payable RM	Secondment of staff charges received/ receivable RM	Advertising and promotion fees received/ receivable RM	Royalty fees received/ receivable RM	Others RM	Total RM
Transactions with related parties being companies in which certain directors and/or substantial shareholders of the Company and/or persons connected to any of these persons, are directors and/or have substantial financial interests, are as follows:										
GC Bangsar Two Sdn. Bhd.	–	438,973	–	–	–	–	42,756	71,260	4,110	**557,099**
GCBercham PLT	–	149,853	–	–	–	–	258	431	21,353	**171,895**
GC Brickfields Sdn. Bhd.*	–	36,611	–	–	–	–	3,361	5,602	–	**45,574**
GC Brinchang Sdn. Bhd.	–	546,366	–	–	–	–	60,956	101,593	4,110	**713,025**
GC Kapar Sdn. Bhd.	–	440,021	–	–	–	–	39,807	66,345	2,610	**548,783**
GC Selayang Sdn. Bhd.	–	601,402	–	–	–	–	43,951	73,251	6,910	**725,514**
GC Seremban Sdn. Bhd.*	–	55,716	–	–	–	–	5,167	8,611	–	**69,494**
GC Shamelin Sdn. Bhd.	–	283,419	–	–	–	–	25,924	43,207	11,460	**364,010**
GC South City Sdn. Bhd.	–	404,246	–	–	–	–	36,106	60,176	1,410	**501,938**
Gourmet Chef Sdn. Bhd.	–	111,695	–	–	–	–	9,861	16,435	–	**137,991**
Gourmet Chef Kinrara Sdn. Bhd.	–	698,171	–	–	–	–	47,513	79,189	13,910	**838,783**
Gourmet Corner Ipoh Sdn. Bhd.	–	821,188	–	–	–	–	73,526	122,543	5,520	**1,022,777**
Gourmet Corner KL Sdn. Bhd.	–	396,421	–	–	–	–	34,807	58,012	1,410	**490,650**
Gourmet Corner Sdn. Bhd.	–	615,971	–	–	–	–	54,509	90,849	4,820	**766,149**
Manifest Corporate Services Sdn. Bhd.	–	–	–	–	–	–	–	–	111,600	**111,600**
MBH Hotel Sdn. Bhd.	–	119	–	–	–	–	–	–	–	**119**
MBH Hotel (Kampar) Sdn. Bhd.	–	79	–	–	–	–	–	–	–	**79**
Myth Empire Sdn. Bhd.	–	435	2,184	–	171,600	–	–	–	5,353	**179,572**
Natural Marketing Sdn. Bhd.	–	–	64,484	–	–	–	–	–	–	**64,484**
OldTown Asia Pacific Limited	–	310	–	–	–	–	–	23,921	–	**24,231**

NOTES TO THE FINANCIAL STATEMENTS

The Group 2017	Dividend paid/payable RM	Trade sales RM	Trade purchases RM	Purchase of property, plant and equipment RM	Rental paid/ payable RM	Secondment of staff charges received/ receivable RM	Advertising and promotion fees received/ receivable RM	Royalty fees received/ receivable RM	Others RM	Total RM
Transactions with related parties being companies in which certain directors and/or substantial shareholders of the Company and/or persons connected to any of these persons, are directors and/or have substantial financial interests, are as follows:										
OTK (MBH) Sdn. Bhd.	–	307,818	–	–	–	–	34,037	56,728	4,110	**402,693**
OTK (Petaling Jaya) Sdn. Bhd.	–	578,231	–	–	–	–	49,857	83,095	1,410	**712,593**
OTK Kopitiam (KLCC) Sdn. Bhd.	–	524,021	–	–	–	14,300	31,491	47,236	1,410	**618,458**
OTK Logistics Sdn. Bhd.	–	2,391,589	–	–	–	–	–	–	–	**2,391,589**
OTK Megah Sdn. Bhd.	–	654,136	–	–	–	–	20,154	33,590	75,697	**783,577**
OTK Northern Sdn. Bhd.	–	503,441	–	–	–	–	35,310	58,851	1,910	**599,512**
OTK Sarawak Sdn. Bhd.	–	2,367	–	–	–	–	20,931	34,885	17,442	**75,625**
OTK Sunway Sdn. Bhd.	–	529,684	–	–	–	–	35,475	59,125	6,640	**630,924**
OTK USJ Sdn. Bhd.	–	250,159	–	–	–	–	23,255	38,758	1,510	**313,682**
Swiss Park Sdn. Bhd.[+]	–	619,520	–	–	–	71,600	44,034	70,965	250	**806,369**
Seven Evernew PLT	–	–	–	–	–	–	–	–	222	**222**
Transactions with persons connected with certain directors are as follows:										
Lee Siew Ming	–	–	–	–	21,360	–	–	–	–	**21,360**
Lim Khim Lan	–	–	–	–	60,000	–	–	–	–	**60,000**
Transactions with a director of the Company are as follows:										
Lee Siew Heng	–	–	–	–	16,900	–	–	–	200	**17,100**
Tan Say Yap	–	–	–	–	17,100	–	–	–	–	**17,100**

The Group 2016	Dividend paid/payable RM	Trade sales RM	Trade purchases RM	Purchase of property, plant and equipment RM	Rental paid/ payable RM	Secondment of staff charges received/ receivable RM	Advertising and promotion fees received/ receivable RM	Royalty fees received/ receivable RM	Others RM	Total RM
Transactions with related companies are as follows:										
Ultimate holding company										
Old Town International Sdn. Bhd.	11,835,510	–	–	–	1,356,000	–	–	–	4,800	**13,196,310**
Transactions with Associates										
OTK Eatery Sdn. Bhd.	–	17,666	–	–	–	–	190,780	317,967	190,760	**717,173**
OTK Singapore Pte. Ltd.	–	3,372,143	–	–	–	–	504,961	841,604	187,289	**4,905,997**
Plus One Solution Sdn. Bhd.	–	–	603,721	119,625	–	–	–	–	430,174	**1,153,520**
Transactions with related parties being companies in which certain directors and/or substantial shareholders of the Company and/or persons connected to any of these persons, are directors and/or have substantial financial interests, are as follows:										
AC Montage Marketing Sdn. Bhd.	–	–	–	–	11,400	–	–	–	–	**11,400**
Acadian Gourmet KK Sdn. Bhd.	–	458,608	–	–	–	–	38,944	64,906	11,979	**574,437**
Acadian Gourmet PB Sdn. Bhd.	–	626,508	–	–	–	–	38,767	64,611	11,928	**741,814**
Acadian L'Apparel Manufacturing Sdn. Bhd.	–	–	225,304	–	–	–	–	–	–	**225,304**
Carefree Avenue Sdn. Bhd.	–	1,063,568	–	–	–	–	91,472	152,454	5,228	**1,312,722**
Conneczone Puchong Sdn. Bhd.	–	304,818	–	–	–	14,005	25,853	43,088	1,528	**389,292**
CN Properties Sdn. Bhd.	–	–	–	–	16,200	–	–	–	–	**16,200**
CN Supplies Sdn. Bhd.	–	–	–	–	22,400	–	–	–	4,300	**26,700**
Fifth Evernew Sdn. Bhd.	–	–	–	–	8,486	–	–	–	–	**8,486**
GC Alamanda Sdn. Bhd.	–	435,878	–	–	–	–	39,322	65,537	11,889	**552,626**
GC Bangi Sdn. Bhd.	–	683,221	–	–	–	18,000	38,031	63,385	12,339	**814,976**
GC Bangsar Sdn. Bhd.	–	469,187	–	–	–	–	43,185	71,974	1,639	**585,985**
GC Bangsar Two Sdn. Bhd.	–	423,474	–	–	–	–	43,662	72,770	1,280	**541,186**

NOTES TO THE FINANCIAL STATEMENTS

The Group 2016	Dividend paid/payable RM	Trade sales RM	Trade purchases RM	Purchase of property, plant and equipment RM	Rental paid/ payable RM	Secondment of staff charges received/ receivable RM	Advertising and promotion fees received/ receivable RM	Royalty fees received/ receivable RM	Others RM	Total RM
Transactions with related parties being companies in which certain directors and/or substantial shareholders of the Company and/or persons connected to any of these persons, are directors and/or have substantial financial interests, are as follows:										
GC Brickfields Sdn. Bhd.[+]	–	289,149	–	–	–	–	25,750	42,917	1,780	**359,596**
GC Brinchang Sdn. Bhd.	–	478,928	–	–	–	–	52,138	86,897	1,780	**619,743**
GC Kapar Sdn. Bhd.	–	445,976	–	–	–	–	39,305	65,509	1,780	**552,570**
GC Selayang Sdn. Bhd.	–	468,231	–	–	–	–	43,773	72,954	1,639	**586,597**
GC Seremban Sdn. Bhd.	–	342,171	–	–	–	–	29,681	49,468	3,200	**424,520**
GC Shamelin Sdn. Bhd.	–	308,651	–	–	–	–	32,286	53,809	1,639	**396,385**
GC South City Sdn. Bhd.	–	388,338	–	–	–	–	34,623	57,705	1,639	**482,305**
Gourmet Chef Sdn. Bhd.	–	361,682	–	–	–	–	31,321	52,202	1,639	**446,844**
Gourmet Chef Kinrara Sdn. Bhd.	–	535,095	–	–	–	–	47,944	79,906	11,848	**674,793**
Gourmet Corner Ipoh Sdn. Bhd.	–	919,329	–	–	–	–	68,855	114,758	14,028	**1,116,970**
Gourmet Corner KL Sdn. Bhd.	–	501,364	–	–	–	–	44,660	74,433	1,639	**622,096**
Gourmet Corner Sdn. Bhd.	–	630,370	–	–	–	–	54,119	90,198	3,878	**778,565**
Jinbaomen (M) Sdn. Bhd.[#]	–	216,544	–	–	–	–	–	–	–	**216,544**
Manifest Corporate Services Sdn. Bhd.	–	–	–	–	–	–	–	–	130,200	**130,200**
MBH Hotel Sdn. Bhd.	–	130	–	–	–	–	–	–	–	**130**
Myth Empire Sdn. Bhd.	–	407	975	–	171,600	–	–	–	–	**172,982**
Natural Marketing Sdn. Bhd.	–	–	76,802	–	–	–	–	–	–	**76,802**
OldTown Asia Pacific Limited	–	–	–	–	–	–	–	–	10,752	**10,752**

The Group 2016	Dividend paid/payable RM	Trade sales RM	Trade purchases RM	Purchase of property, plant and equipment RM	Rental paid/ payable RM	Secondment of staff charges received/ receivable RM	Advertising and promotion fees received/ receivable RM	Royalty fees received/ receivable RM	Others RM	Total RM
Transactions with related parties being companies in which certain directors and/or substantial shareholders of the Company and/or persons connected to any of these persons, are directors and/or have substantial financial interests, are as follows:										
OTK (MBH) Sdn. Bhd.	–	363,579	–	–	–	–	38,175	63,626	1,780	**467,160**
OTK (Petaling Jaya) Sdn. Bhd.	–	584,903	–	–	–	–	49,089	81,814	1,280	**717,086**
OTK Kopitiam (KLCC) Sdn. Bhd.	–	507,109	–	–	–	7,200	29,531	44,296	6,330	**594,466**
OTK Logistics Sdn. Bhd.	–	2,204,163	–	–	–	–	–	–	–	**2,204,163**
OTK Megah Sdn. Bhd.	–	208,404	–	–	–	–	17,702	29,504	1,479	**257,089**
OTK Northern Sdn. Bhd.	–	550,375	–	–	–	–	36,759	61,266	32,129	**680,529**
OTK Sarawak Sdn. Bhd.	–	493	–	–	–	–	25,684	42,807	31,404	**100,388**
OTK Sunway Sdn. Bhd.	–	487,114	–	–	–	–	38,581	64,302	1,330	**591,327**
OTK USJ Sdn. Bhd.	–	221,051	–	–	–	–	19,693	32,822	1,569	**275,135**
Swiss Park Sdn. Bhd.[+]	–	915,982	–	–	–	17,619	65,376	105,543	3,605	**1,108,125**
Transactions with persons connected with certain directors are as follows:										
Lee Siew Ming	–	–	–	–	20,640	–	–	–	320	**20,960**
Lim Khim Lan	–	–	–	–	60,000	–	–	–	–	**60,000**
Transactions with a director of the Company are as follows:										
Lee Siew Heng	–	–	–	–	31,650	–	–	–	–	**31,650**
Tan Say Yap	–	–	–	–	16,800	–	–	–	–	**16,800**

NOTES TO THE FINANCIAL STATEMENTS

Related Party Transactions

The Company 2017	Dividend paid/payable RM	Dividend received/ receivable RM	Interest received RM	Acquisition of shares in subsidiary RM	Rental paid/ payable RM	Rental received/ receivable RM	Sale of property, plant and equipment RM	Others RM	Total RM
Transactions with related companies are as follows:									
Ultimate holding company									
Old Town International Sdn. Bhd.	23,671,020	–	–	–	–	–	–	–	**23,671,020**
Subsidiaries									
Conneczone Sdn. Bhd.	–	48,000	–	–	–	–	–	–	**48,000**
Dynasty Confectionery Sdn. Bhd.	–	1,600,000	–	–	–	–	–	–	**1,600,000**
Emperor's Kitchen Sdn. Bhd.	–	5,600,056	–	–	–	–	–	–	**5,600,056**
Esquire Chef Sdn. Bhd.	–	2,000,000	–	–	–	–	–	–	**2,000,000**
Gongga Food Sdn. Bhd.	–	12,600,000	–	–	–	–	–	–	**12,600,000**
Kopitiam Asia Pacific Sdn. Bhd.	–	10,000,000	48,613	–	–	–	–	–	**10,048,613**
Old Town Kopitiam Sdn. Bhd.	–	–	91,545	–	–	449,160	–	–	**540,705**
Old Town Kopitiam Butterworth Sdn. Bhd.	–	–	75,786	–	–	–	–	–	**75,786**
Old Town Kopitiam Cheras Sdn. Bhd.	–	–	31,764	–	–	–	–	–	**31,764**
Old Town (M) Sdn. Bhd.	–	6,000,000	–	–	–	–	–	–	**6,000,000**
Oldtown White Coffee Limited (formerly known as Advance City Limited)	–	5,241,960	–	–	–	–	–	–	**5,241,960**
White Cafe Sdn. Bhd.	–	32,000,000	1,457,210	–	4,800	–	–	4,277	**33,466,287**
Transactions with Associate									
Plus One Solution Sdn. Bhd.	–	100,000	–	–	–	–	–	–	**100,000**

The Company 2016	Dividend paid/payable RM	Dividend received/ receivable RM	Interest received RM	Acquisition of shares in subsidiary RM	Rental paid/ payable RM	Rental received/ receivable RM	Sale of property, plant and equipment RM	Others RM	Total RM
Transactions with related companies are as follows:									
Ultimate holding company									
Old Town International Sdn. Bhd.	11,835,510	–	–	–	–	–	–	–	**11,835,510**
Subsidiaries									
Conneczone Sdn. Bhd.	–	176,000	8	–	–	–	–	–	**176,008**
Dynasty Confectionery Sdn. Bhd.	–	400,000	24,409	–	–	–	–	–	**424,409**
Emperor's Kitchen Sdn. Bhd.	–	1,200,012	62,093	–	–	–	–	–	**1,262,105**
Esquire Chef Sdn. Bhd.	–	400,000	580	–	–	–	–	–	**400,580**
Gongga Food Sdn. Bhd.	–	3,600,000	395,156	–	–	–	–	–	**3,995,156**
Kopitiam Asia Pacific Sdn. Bhd.	–	6,000,000	452,498	–	–	–	61,575	2,176	**6,516,249**
Old Town Kopitiam Sdn. Bhd.	–	–	155,691	–	–	449,160	–	40,000	**644,851**
Old Town Kopitiam Butterworth Sdn. Bhd.	–	1,500,000	113,046	–	–	–	–	–	**1,613,046**
Old Town Kopitiam Cheras Sdn. Bhd.	–	–	70,378	–	–	–	–	–	**70,378**
Old Town Singapore Pte. Ltd.	–	–	25	2,153,600	–	–	–	–	**2,153,625**
Oldtown White Coffee Limited (formerly known as Advance City Limited)	–	2,688,215	–	–	–	–	–	–	**2,688,215**
White Cafe Sdn. Bhd.	–	7,000,000	2,110,967	–	4,800	–	–	4,234	**9,120,001**
White Cafe Marketing Sdn. Bhd.	–	1,700,000	–	–	–	–	–	–	**1,700,000**
Transactions with Associate									
Plus One Solution Sdn. Bhd.	–	30,000	–	–	–	–	–	–	**30,000**

** Ceased to be related parties with effective from May 27, 2016.*
+ Ceased to be related parties with effective from November 21, 2016.
 # Ceased to be related parties with effective from January 27, 2017.

NOTES TO THE FINANCIAL STATEMENTS

Compensation of key management personnel

The remuneration of directors is disclosed in Note 10. The remuneration of other members of key management personnel of the Group during the financial year are as follows:

	The Group 2017 RM	The Group 2016 RM
Salaries, incentive, bonus and allowances	**2,134,821**	1,518,154
EPF contributions	**256,140**	173,268
	2,390,961	1,691,422

The estimated monetary value of benefits-in-kind received and receivable by the key management personnel otherwise than in cash from the Group amounted to RM45,425 (2016: RM50,577).

26. CASH AND CASH EQUIVALENTS

	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
Fixed deposits with licensed banks	**1,668,038**	1,612,855	**–**	–
Short-term investment funds	**31,296,836**	40,476,144	**3,708,188**	14,988,593
Cash and bank balances	**66,862,956**	55,961,581	**18,376**	11,752
Other cash equivalents	**71,029,251**	71,351,526	**70,412,039**	39,169,895
	170,857,081	169,402,106	**74,138,603**	54,170,240

The effective interest rates per annum are as follows:

	The Group 2017 %	The Group 2016 %	The Company 2017 %	The Company 2016 %
Fixed deposits	**2.95 - 4.20**	3.15 - 4.20	**–**	–
Short-term investment funds	**2.39 - 3.24**	2.68 - 3.58	**2.39 - 3.24**	2.68 - 3.58

The fixed deposits of the Group have maturity period of 365 days (2016: 365 days).

Other cash equivalents of the Group and of the Company comprised available-for-sale quoted money market funds in Malaysia carried at fair value. The fair value hierarchy for other cash equivalents is classified as Level 1. There was no transfers between Level 1 and Level 2 in both 2017 and 2016.

The currency profile of fixed deposits and other cash and cash equivalents is as follows:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Ringgit Malaysia	**114,138,069**	120,237,202	**74,138,603**	54,170,240
Hong Kong Dollar	**24,348,201**	24,923,601	**–**	–
United States Dollar	**16,699,364**	5,773,989	**–**	–
Chinese Renminbi	**13,550,525**	6,130,903	**–**	–
Singapore Dollar	**2,120,922**	12,336,411	**–**	–
	170,857,081	169,402,106	**74,138,603**	54,170,240

The fixed deposits of the Group with carrying amounts of RM1,293,818 (2016: RM1,612,855) are on lien to local licensed banks as security for banking facilities granted to the Group and to franchisees to finance renovation costs as disclosed in Note 31.

27. SHARE CAPITAL AND TREASURY SHARES

(a) Share Capital

	The Group and The Company			
	2017 Number of ordinary shares	2016 Number of ordinary shares	2017 RM	2016 RM
Authorised:				
Ordinary shares	**–**	500,000,000	**–**	500,000,000
Issued and fully paid:				
Ordinary shares				
At beginning of year	**463,239,101**	453,597,242	**463,239,101**	453,597,242
Transfer from share premium	**–**	–	**9,435,179**	–
Allotment of shares	**–**	9,641,859	**–**	9,641,859
At end of year	**463,239,101**	463,239,101	**472,674,280**	463,239,101

The Group's and the Company's issued and fully paid-up share capital comprises ordinary shares with a par value of RM1 each. The new Companies Act, 2016, which came into operation on January 31, 2017, introduces the "no par value" regime. Accordingly, the concepts of "authorised share capital" and "par value" have been abolished.

In accordance with the transitional provision of the Act, the amount standing to the credit of the Group's and of the Company's share premium account has become part of the Company's share capital. These changes do not have an impact on the number of shares in issue or the related entitlement of any of the shareholders. However, the Company has a period of 24 months from the effective date of the Act to use the existing balances credited in the share premium in a manner as specified by the Act.

(b) Treasury Shares

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting ("AGM") held on September 8, 2016, granted the approval for the Company to repurchase its own shares. The directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company.

NOTES TO THE FINANCIAL STATEMENTS

Details of the shares repurchased and held as Treasury Shares of the Group and of the Company are as follows:

Month	No. of shares repurchased	Lowest price paid per share RM	Highest price paid per share RM	Average price paid per share (including incidental costs) RM	Total consideration RM
As of April 1, 2016	11,768,200	1.28	2.90	1.83	**21,545,499**
May 2016	1,000	1.60	1.60	1.64	**1,643**
November 2016	10,000	1.88	1.88	1.89	**18,937**
As of March 31, 2017	11,779,200				**21,566,079**

During the current financial year, the Company purchased 11,000 units of its own shares. The total amount paid for the acquisition of the shares was RM20,580 (2016: RM396,535) and it has been deducted from equity. The repurchase transactions were financed by internally generated funds and the average price paid for the shares was RM1.87 (2016: RM1.29) per share. The repurchased shares are held as treasury shares in accordance with Section 127(4)(b) of the Companies Act, 2016.

As of March 31, 2017, 11,779,200 (2016: 11,768,200) out of the total issued and paid-up ordinary shares of 463,239,101 (2016: 463,239,101), are held as Treasury Shares by the Company. The number of ordinary shares in issue and paid-up as of March 31, 2017 after excluding the Treasury Shares is 451,459,901 (2016: 451,470,901).

The mandate given by the shareholders will expire at the forthcoming AGM and an ordinary resolution will be tabled at the AGM for shareholders to grant a fresh mandate for another year.

28. RESERVES

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Share premium	**–**	9,435,179	**–**	9,435,179
Reserve arising from restructuring	**(222,653,894)**	(222,653,894)	**–**	–
Foreign currency translation reserve	**6,556,130**	3,655,716	**–**	–
Investment revaluation reserve	**2,439,253**	1,907,547	**2,422,041**	1,225,913
Other reserves	**115,722**	–	**–**	–
	(213,542,789)	(207,655,452)	**2,422,041**	10,661,092

Foreign currency translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Ringgit Malaysia) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating the net assets of foreign operations) are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

Investment revaluation reserve

The investment revaluation reserve represents accumulated gains and losses arising from the changes in fair values of available-for-sale quoted investments that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

Other reserves

Other reserves represent an account where a percentage of the retained earnings is transferred as required by the laws and regulations of the domicile country where the subsidiaries are incorporated.

29. RETAINED EARNINGS

The entire retained earnings of the Company as of March 31, 2017 is available for distribution as single tier dividends to the shareholders of the Company.

30. HIRE-PURCHASE PAYABLES

The Group	Minimum hire-purchase payments		Present value of minimum hire-purchase payments	
	2017 RM	2016 RM	2017 RM	2016 RM
Amounts payable under hire-purchase arrangements:				
Within one year	**5,388**	51,648	**4,594**	49,799
In the second to fifth year inclusive	**8,427**	13,815	**7,921**	12,516
	13,815	65,463	**12,515**	62,315
Less: Future finance charges	**(1,300)**	(3,148)	**–**	–
Present value of hire-purchase payables	**12,515**	62,315	**12,515**	62,315
Less: Amount due within 12 months (shown under current liabilities)			**(4,594)**	(49,799)
Non-current portion			**7,921**	12,516

The non-current portion is repayable as follows:

	The Group	
	2017 RM	2016 RM
Financial years ending March 31:		
2018	**–**	4,594
2019	**4,956**	4,956
2020	**2,965**	2,966
	7,921	12,516

It is the Group's policy to acquire certain of its property, plant and equipment under hire-purchase arrangements. The terms for hire-purchase of the Group ranged from 5 to 9 years (2016: 5 to 9 years). For the financial year ended March 31, 2017, the effective hire-purchase interest rates of the Group ranged from 4.25% to 6.91% (2016: 4.25% to 6.91%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

The hire-purchase payables of the Group are secured by the assets under hire-purchase and are also guaranteed by certain directors of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31. BORROWINGS

	The Group 2017 RM	The Group 2016 RM
Secured:		
Term loans	**10,609,411**	15,869,661
Less: Amount due within 12 months (shown under current liabilities)	**(2,382,140)**	(3,754,366)
Non-current portion	**8,227,271**	12,115,295

The non-current portion is repayable as follows:

	The Group 2017 RM	The Group 2016 RM
Financial years ending March 31:		
2018	**–**	3,857,851
2019	**2,484,787**	2,483,423
2020	**2,591,859**	2,596,636
2021	**2,302,616**	2,308,186
2022	**344,209**	339,091
2023 and above	**503,800**	530,108
	8,227,271	12,115,295

The Group's term loans and other banking facilities with licensed banks amounting to RM29,382,219 (2016: RM40,665,759) are secured by:

i) Fixed legal charge over the leasehold buildings, freehold land, factory buildings, shop-office buildings, capital work-in-progress and leasehold land of the Group as mentioned in Notes 14 and 15;
ii) Fixed deposits placed under lien as disclosed in Note 26; and
iii) A stamped facility agreement of RM24.545 million (2016: RM25.145 million).

Term loans and other banking facilities to the extent of RM9,037,789 (2016: RM14,100,108) are also guaranteed by the Company, the directors of the Company and the ultimate holding company jointly and severally.

The Group has five (5) term loans:

(a) an eight (8) year term loan of RM8,000,000 (2016: RM8,000,000) which is repayable by 95 monthly instalments of RM99,868 (2016: RM100,487) each commencing January 2013;

(b) an eight (8) year term loan of RM9,000,000 (2016: RM9,000,000) which is repayable by 96 monthly instalments of RM110,565 (2016: RM111,302) each commencing May 2013;

(c) a five (5) year term loan of USD1,710,000 (2016: USD1,710,000) which is repayable by 20 quarterly principal instalments of USD95,001 (2016: USD95,001) each commencing November 2013. The term loan has been fully settled during the year;

(d) a ten (10) year term loan of RM765,000 (2016: RM765,000) which is repayable by 120 monthly instalments of RM7,892 (2016: RM7,892) each commencing May 2014; and

(e) a ten (10) year term loan of RM1,349,800 (2016: RM1,349,800) which is repayable by 120 monthly instalments of RM13,924 (2016: RM13,924) each commencing May 2014.

The fair values of the term loans have been estimated using discounted cash flow analysis based on the current borrowing rates for similar types of borrowing arrangements and approximate their carrying amounts.

The effective interest rates for term loans range from 2.34% to 3.79% (2016: 2.28% to 3.87%) per annum.

The currency profile of the borrowings are as follows:

	The Group	
	2017 RM	2016 RM
Ringgit Malaysia	**10,609,411**	12,904,180
United States Dollar	**–**	2,965,481
	10,609,411	15,869,661

NOTES TO THE FINANCIAL STATEMENTS

32. DEFERRED INCOME

	The Group	
	2017 RM	2016 RM
Non-current portion:		
Deferred franchise fees	**2,206,191**	1,921,197
Current portion:		
Deferred franchise fees	**873,477**	918,472
Others	**318,474**	295,814
	1,191,951	1,214,286
Total	**3,398,142**	3,135,483

Deferred franchise fees represent franchise fees received in advance from franchisees. The revenue is recognised in profit or loss on a straight-line basis over the term of the franchise agreement of 5 years (2016: 5 years).

Others represent income from provision of information technology related services, secondment of staff charges received in advance and foreign workers training fees received in advance which are recognised in profit or loss on a straight-line basis over the term of the agreement of 1 year (2016: 1 year).

33. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade payables	**18,496,714**	21,069,973	**–**	–
Other payables	**20,040,820**	16,112,245	**7,666,941**	7,664,313
Accrued expenses	**14,135,273**	14,502,088	**98,534**	84,500
	52,672,807	51,684,306	**7,765,475**	7,748,813
Refundable deposits received	**4,593,464**	4,122,504	**124,960**	124,960
Goods and Services Tax payable	**741,881**	468,736	**7,060**	9,592
	58,008,152	56,275,546	**7,897,495**	7,883,365

Trade and other payables of the Group comprise amounts outstanding for trade purchases and ongoing costs. The terms granted to the Group for trade purchases ranged from cash to a credit period of 90 days (2016: cash to a credit period of 90 days). These amounts are non-interest bearing. The Group and the Company have financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

The amounts due in respect of other payables of the Group mainly consist of dividend payable and amounts outstanding arising from the purchase of property, plant and equipment. The amounts owing to other payables are unsecured, interest-free and are repayable upon demand.

The amounts due in respect of other payables of the Company mainly consist of dividend payable.

Included in trade and other payables of the Group are related party balances of RM58,537 (2016: RM83,957).

The currency profile of trade and other payables is as follows:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Ringgit Malaysia	**29,911,202**	31,409,707	**7,666,941**	7,664,313
Chinese Renminbi	**5,741,026**	1,475,219	**–**	–
Euro	**916,782**	1,802,320	**–**	–
Hong Kong Dollar	**730,517**	563,476	**–**	–
United States Dollar	**711,518**	468,240	**–**	–
Singapore Dollar	**526,489**	1,463,256	**–**	–
	38,537,534	37,182,218	**7,666,941**	7,664,313

Transactions with related parties are disclosed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS

34. DIVIDENDS

	The Group and The Company	
	2017 RM	2016 RM
Final dividend of 3.0 sen per share and special dividend of 3.0 sen per share, single tier for 2016 (2016: Final dividend of 3.0 sen per share, single tier for 2015)	**27,088,195**	13,544,427
First interim dividend of 3.0 sen per share, single tier for 2017 (2016: 3.0 sen per share, single tier for 2016)	**13,543,797**	13,544,127
Second interim dividend of 3.0 sen per share, single tier for 2017 (2016: Nil)	**13,543,797**	–
	54,175,789	27,088,554

A final single tier dividend of 3.0 sen per share and a special single tier dividend of 3.0 sen per share declared in respect of the financial year ended March 31, 2016, amounting to RM27,088,195 was paid on October 11, 2016.

A first interim dividend declared in respect of the current financial year under the single tier tax system of 3.0 sen per share, amounting to RM13,543,797 was paid on February 16, 2017.

A second interim dividend declared in respect of the current financial year under the single tier tax system of 3.0 sen per share, amounting to RM13,543,797 was paid on April 26, 2017.

The directors proposed a final single tier dividend of 1.0 sen per share and a special single tier dividend of 3.0 sen per share in respect of the financial year ended March 31, 2017. Both dividends are subject to shareholders' approval at the forthcoming Annual General Meeting of the Company and have not been included as liabilities in the financial statements. Upon approval by the shareholders, the dividend payments will be accounted for in equity as an appropriation of retained earnings during the financial year ending March 31, 2018. The payment date and entitlement date of the final and special dividends will be determined at a later date.

35. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

Categories of financial instruments

The Group 2017	Loans and receivables at amortised cost RM	Available-for-sale financial assets RM	Other Financial liabilities at amortised cost RM	Total RM
Financial assets				
Trade and other receivables	59,393,187	–	–	**59,393,187**
Amount owing by associates	2,745,276	–	–	**2,745,276**
Cash and cash equivalents	99,827,830	71,029,251	–	**170,857,081**
Other investments - unquoted shares	–	1,057,567	–	**1,057,567**
Other investments - quoted unit trusts	–	10,937,121	–	**10,937,121**
Financial liabilities				
Trade and other payables	–	–	57,266,271	**57,266,271**
Amount owing to ultimate holding company	–	–	6,018,365	**6,018,365**
Hire-purchase payables	–	–	12,515	**12,515**
Borrowings	–	–	10,609,411	**10,609,411**

The Group 2016				
Financial assets				
Trade and other receivables	59,831,180	–	–	**59,831,180**
Amount owing by associates	6,529,013	–	–	**6,529,013**
Cash and cash equivalents	98,050,580	71,351,526	–	**169,402,106**
Other investments - unquoted shares	–	1,057,567	–	**1,057,567**
Other investments - quoted unit trusts	–	10,049,153	–	**10,049,153**
Financial liabilities				
Trade and other payables	–	–	55,806,810	**55,806,810**
Amount owing to ultimate holding company	–	–	6,034,281	**6,034,281**
Hire-purchase payables	–	–	62,315	**62,315**
Borrowings	–	–	15,869,661	**15,869,661**

NOTES TO THE FINANCIAL STATEMENTS

The Company 2017	Loans and receivables at amortised cost RM	Available-for-sale financial assets RM	Other Financial liabilities at amortised cost RM	Total RM
Financial assets				
Trade and other receivables	6,211	–	–	**6,211**
Amount owing by subsidiaries	72,196,127	–	–	**72,196,127**
Amount owing by associates	100,000	–	–	**100,000**
Cash and cash equivalents	3,726,564	70,412,039	–	**74,138,603**
Other investments - quoted unit trusts	–	10,937,121	–	**10,937,121**
Financial liabilities				
Trade and other payables	–	–	7,890,435	**7,890,435**
Amount owing to ultimate holding company	–	–	5,917,755	**5,917,755**
The Company 2016				
Financial assets				
Trade and other receivables	6,396	–	–	**6,396**
Amount owing by subsidiaries	79,767,311	–	–	**79,767,311**
Amount owing by associates	30,000	–	–	**30,000**
Cash and cash equivalents	15,000,345	39,169,895	–	**54,170,240**
Other investments - quoted unit trusts	–	10,049,153	–	**10,049,153**
Financial liabilities				
Trade and other payables	–	–	7,873,773	**7,873,773**
Amount owing to ultimate holding company	–	–	5,917,755	**5,917,755**

Financial Risk Management Objectives and Policies

Risk management is integral to the whole business of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's and the Company's activities.

There have been no changes to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

(a) Market risk management

The Group's and the Company's activities expose them primarily to the financial risks of changes in foreign currency exchange rates, interest rates and prices of equity.

There have been no changes to the Group's and the Company's exposure to market risks or the manner in which these risks are managed and measured.

(i) Foreign currency risk management

The Group is exposed to the effects of foreign currency exchange rate fluctuation primarily in relation to the United States Dollar ("USD"), Singapore Dollar ("SGD"), Thai Baht ("BAHT"), Chinese Renminbi ("RMB"), Euro ("EUR") and Hong Kong Dollar ("HKD") arising from normal trading, investing and financing activities. Exposure to foreign currency risk is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are disclosed in Notes 24, 25, 26, 31 and 33.

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 2% (2016: 2%) increase and decrease in RM against the relevant foreign currencies. 2% (2016: 2%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates in next 12 months.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% (2016: 2%) change in foreign currency rates. A positive/(negative) number below indicates an increase/(decrease) in profit after tax and equity, where relevant currencies strengthen 2% (2016: 2%) against RM. For a 2% (2016: 2%) weakening of relevant currencies against RM, there would be a comparable reversed impact on the profit after tax and equity, and the balances below would be negative.

	Profit or Loss		Equity	
	2017 RM	2016 RM	2017 RM	2016 RM
USD	**303,937**	65,084	**1,477**	1,273
SGD	**89,409**	170,388	**51,973**	118,862
HKD	**44,086**	81,068	**408,189**	410,662
RMB	**41,786**	(4,068)	**120,255**	131,891
BAHT	**2,602**	2,253	**–**	–
EUR	**(13,935)**	(24,835)	**–**	–

The above potential impacts are mainly attributable to the exposure on relevant currencies for receivables, bank balances, payables, borrowings and amounts owing by associates of the Group outstanding at the end of the reporting period. In the opinion of the management, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the full exposure of the Group during the year.

(ii) Interest rate risk management

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

Interest rate sensitivity analysis

At the end of the reporting date, if interest rates had been 100 (2016: 100) basis points lower/higher, with all other variables held constant, the Group's profit after tax would have been RM81,000 (2016: RM120,000) higher/lower arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(iii) Equity Price Risk Management

The Group and the Company are exposed to price risk arising from equity investments. Equity investments are held for strategic rather than trading purposes.

Equity price sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 1% higher/lower, the Group's:

- profit for the year would not be affected as the equity investments are classified as available-for-sale and there are no plans for disposal and no indications of impairment; and
- other comprehensive income for the year would increase/decrease by RM820,000 (2016: RM813,000) as a result of the changes in fair value of available-for-sale unit trusts.

The Group's sensitivity to equity prices has not changed significantly from the prior period.

If equity prices had been 1% higher/lower, the Company's:

- profit for the year would not be affected as the equity investments are classified as available-for-sale and there are no plans for disposal and no indications of impairment; and
- other comprehensive income for the year would increase/decrease by RM813,000 (2016: RM492,000) as a result of the changes in fair value of available-for-sale unit trusts.

The Company's sensitivity to equity prices has not changed significantly from the prior period.

NOTES TO THE FINANCIAL STATEMENTS

(b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The exposure of the Group to credit risk arises principally from its receivables and other financial assets while the exposure of the Company to credit risk arises from its receivables, intercompany balances, financial guarantees given to licensed banks for credit facilities granted to subsidiaries and other financial assets.

Receivables

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

As the Group does not hold any collateral, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

A significant portion of trade receivables are regular customers of the Group. The Group uses aging analysis to monitor the credit quality of the trade receivables.

For other receivables, management does not foresee any credit risk due to the nature of other receivables which comprise mainly advances granted which are repayable upon demand.

The aging of trade receivables that are past due is disclosed in Note 24.

Intercompany Balances

The Company provided unsecured advances to its subsidiaries. There is no fixed repayment terms imposed on intercompany balances as the credit risk is managed on a group basis by the management of the Company to ensure that risk of losses incurred by the Company due to non-repayment by subsidiaries, is minimal.

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

At the end of the reporting period, there was no indication that the balances due from subsidiaries are not recoverable.

Financial Guarantee

The Company provides unsecured financial guarantees to licensed banks in respect of credit facilities granted to subsidiaries. The Company monitors on an ongoing basis the trend of repayments made by the subsidiaries.

The maximum exposure to credit risk amounts to RM9,037,789 (2016: RM14,100,108) representing the outstanding balances of credit facilities of subsidiaries in which financial guarantees are given as of the end of the reporting period.

At the end of the reporting period, there was no indication that the subsidiaries would default on repayment.

Other Financial Assets

The credit risk on liquid funds are limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(c) Liquidity and cash flow risks management

Ultimate responsibility for liquidity and cash flow risk management rests with the Board of Directors, which has established an appropriate liquidity and cash flow risk management framework for the management of the Group's and of the Company's short, medium and long-term funding and liquidity and cash flow management requirements. The Group and the Company manage liquidity and cash flow risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

The Group and the Company expect that the cash generated from its operations, its existing credit facilities and the trade terms provided by its suppliers will be sufficient to meet the Group's and the Company's currently anticipated capital expenditure and working capital needs for at least the next 12 months.

The Group has credit facilities of approximately RM5,633,000 (2016: RM5,633,000) which are unused at the end of the reporting period. The Group expects to meet its financial obligations from its operating cash flows and proceeds from maturing financial assets.

The maturity profile for the non-derivative financial assets/liabilities of the Group and of the Company at the end of the reporting period based on the undiscounted cash flows of the respective financial assets/liabilities representing the earliest date on which the Group and the Company are entitled to receive/required to pay, is as follows:

The Group 2017	On demand or within 1 year RM	1 year to 5 years RM	Over 5 years RM	Total RM
Non-derivative financial assets:				
Other investments	10,937,121	–	1,057,567	**11,994,688**
Trade and other receivables	59,393,187	–	–	**59,393,187**
Amount owing by associates	2,745,276	–	–	**2,745,276**
Cash and cash equivalents	171,775,887	–	–	**171,775,887**
Total undiscounted non-derivative financial assets	244,851,471	–	1,057,567	**245,909,038**
Non-derivative financial liabilities:				
Trade and other payables	57,266,271	–	–	**57,266,271**
Amount owing to ultimate holding company	6,018,365	–	–	**6,018,365**
Hire-purchase payables	5,388	8,427	–	**13,815**
Borrowings	2,786,989	8,073,471	789,974	**11,650,434**
Total undiscounted non-derivative financial liabilities	66,077,013	8,081,898	789,974	**74,948,885**
Net undiscounted non-derivative financial assets/(liabilities)	178,774,458	(8,081,898)	267,593	**170,960,153**

The Group 2016				
Non-derivative financial assets:				
Other investments	10,049,153	–	1,057,567	**11,106,720**
Trade and other receivables	59,831,180	–	–	**59,831,180**
Amount owing by associates	6,529,013	–	–	**6,529,013**
Cash and cash equivalents	170,718,278	–	–	**170,718,278**
Total undiscounted non-derivative financial assets	247,127,624	–	1,057,567	**248,185,191**
Non-derivative financial liabilities:				
Trade and other payables	55,806,810	–	–	**55,806,810**
Amount owing to ultimate holding company	6,034,281	–	–	**6,034,281**
Hire-purchase payables	51,648	13,815	–	**65,463**
Borrowings	4,356,326	12,688,302	566,541	**17,611,169**
Total undiscounted non-derivative financial liabilities	66,249,065	12,702,117	566,541	**79,517,723**
Net undiscounted non-derivative financial assets/(liabilities)	180,878,559	(12,702,117)	491,026	**168,667,468**

NOTES TO THE FINANCIAL STATEMENTS

The Company 2017	On demand or within 1 year RM	1 year to 5 years RM	Over 5 years RM	Total RM
Non-derivative financial assets:				
Other investments	10,937,121	–	–	**10,937,121**
Trade and other receivables	6,211	–	–	**6,211**
Amount owing by subsidiaries	72,196,127	–	–	**72,196,127**
Amount owing by associates	100,000	–	–	**100,000**
Cash and cash equivalents	74,242,989	–	–	**74,242,989**
Total undiscounted non-derivative financial assets	157,482,448	–	–	**157,482,448**
Non-derivative financial liabilities:				
Trade and other payables	7,890,435	–	–	**7,890,435**
Amount owing to ultimate holding company	5,917,755	–	–	**5,917,755**
Total undiscounted non-derivative financial liabilities	13,808,190	–	–	**13,808,190**
Net undiscounted non-derivative financial assets	143,674,258	–	–	**143,674,258**

The Company 2016				
Non-derivative financial assets:				
Other investments	10,049,153	–	–	**10,049,153**
Trade and other receivables	6,396	–	–	**6,396**
Amount owing by subsidiaries	79,767,311	–	–	**79,767,311**
Amount owing by associates	30,000	–	–	**30,000**
Cash and cash equivalents	54,639,383	–	–	**54,639,383**
Total undiscounted non-derivative financial assets	144,492,243	–	–	**144,492,243**
Non-derivative financial liabilities:				
Trade and other payables	7,873,773	–	–	**7,873,773**
Amount owing to ultimate holding company	5,917,755	–	–	**5,917,755**
Total undiscounted non-derivative financial liabilities	13,791,528	–	–	**13,791,528**
Net undiscounted non-derivative financial assets	130,700,715	–	–	**130,700,715**

(d) Capital risk management

The Group and the Company manage their capital to ensure the Group and the Company will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remain unchanged from 2016.

The capital structure of the Group and of the Company consists of net debt and equity of the Group and of the Company.

Fair Values of Financial Assets and Financial Liabilities

Financial instruments carried at amortised cost

The carrying amounts of short-term financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair values of investments on unquoted shares are not established as it cannot be measured reliably without incurring excessive cost. Investment in unquoted shares is measured at cost. The Group intends to hold the unquoted investment on a long-term basis.

The fair values of hire-purchase payables and borrowings have been estimated using discounted cash flow analysis based on the current borrowing rates for similar types of hire-purchase and borrowings arrangements and approximate their carrying amounts.

The fair values of other classes of financial assets and financial liabilities are disclosed in the respective notes to the financial statements.

36. STATEMENTS OF CASH FLOWS

(a) Purchase of property, plant and equipment

Property, plant and equipment were acquired by the following means:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash purchase	**22,317,583**	10,561,469	**369,576**	13,941
Amount owing to other payables	**228,727**	1,562,940	**–**	–
Advance payment for acquisition of property, plant and equipment in previous year	**–**	2,684,209	**–**	–
	22,546,310	14,808,618	**369,576**	13,941

(b) Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include fixed deposits, short-term investment funds and cash and bank balances. Cash and cash equivalents at the end of the reporting period as shown in the statements of cash flows can be reconciled to the related items in the statements of financial position as follows:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Fixed deposits	**1,668,038**	1,612,855	**–**	–
Short-term investment funds	**31,296,836**	40,476,144	**3,708,188**	14,988,593
Cash and bank balances	**66,862,956**	55,961,581	**18,376**	11,752
Other cash equivalents	**71,029,251**	71,351,526	**70,412,039**	39,169,895
	170,857,081	169,402,106	**74,138,603**	54,170,240
Less: Fixed deposits held on lien to local licensed banks	**(1,293,818)**	(1,612,855)	**–**	–
	169,563,263	167,789,251	**74,138,603**	54,170,240

NOTES TO THE FINANCIAL STATEMENTS

37. OPERATING LEASE ARRANGEMENTS

Operating lease for the Group relates to leases of shops, outlets, hostels, stores, kitchen and office equipment with average term of 1 to 3 years (2016: 1 to 3 years).

All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew.

The lessee does not have an option to purchase the leased offices, outlets, billboards, factory, warehouses, hostels and kitchen equipment at the expiry of the lease period.

Payment recognised as an expense:

	The Group	
	2017 RM	2016 RM
Minimum lease payments	**11,732,210**	11,947,474

Non-cancellable operating lease commitments are as follows:

	The Group	
	2017 RM	2016 RM
Within one year	**8,754,270**	8,089,707
In the second to fifth year inclusive	**4,457,443**	5,479,996
	13,211,713	13,569,703

38. CAPITAL COMMITMENTS

As of March 31, 2017, the Group and the Company have the following capital expenditure commitments in respect of property, plant and equipment:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Approved and contracted for	**1,896,629**	788,774	**–**	116,598

SUPPLEMENTARY INFORMATIONS

39. SUPPLEMENTARY INFORMATION - DISCLOSURE ON REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as of March 31, 2017, into realised and unrealised profits or losses, pursuant to the directive issued by Bursa Malaysia Securities Berhad on March 25, 2010, is as follows:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Total retained earnings of the Company and its subsidiaries				
Realised	**159,516,264**	177,543,997	**17,540,554**	12,513,649
Unrealised	**2,695,362**	(6,112,976)	**–**	–
Total share of retained earnings from associates				
Realised	**(171,494)**	(41,278)	**–**	–
Unrealised	**8,800**	19,100	**–**	–
	162,048,932	171,408,843	**17,540,554**	12,513,649
Add: Consolidation adjustments	**(27,506,119)**	(43,342,225)	**–**	–
Total retained earnings as per statements of financial position	**134,542,813**	128,066,618	**17,540,554**	12,513,649

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

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directives of Bursa Malaysia Securities Berhad and is not made for any other purposes.

STATEMENT BY DIRECTORS

The directors of **OLDTOWN BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of March 31, 2017 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 39, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the Directors,

DATUK DR. AHMED TASIR BIN LOPE PIHIE,
PJN, PMP, JSM, FASc

MR. LEE SIEW HENG

July 12,2017

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **MS. CHAO KAR PO (IC No. 700629-08-5628)**, the officer primarily responsible for the financial management of **OLDTOWN BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

MS. CHAO KAR PO
Subscribed and solemnly declared by the abovenamed
MS. CHAO KAR PO at **IPOH** this 12 day of July, 2017.

Before me,

COMMISSIONER FOR OATHS

LIST OF PROPERTIES OWNED BY OLDTOWN GROUP

as at 31 March 2017

No	Title/Location	Description and Existing Use / Number of storey	Approximate Land Area / Built up Area (Sq feet)	Tenure	Approximate Age of Building (Years) as at 31.03.2017	Audited Net Book Value as at 31.03.2017 (RM)	Date of Revaluation/ *Date of Acquisition
1	A-5-4, Fairville Apartment, Jalan USJ 22/1, 47630 UEP Subang Jaya, Selangor Darul Ehsan. This apartment is held under strata title Geran 52283/M1/5/154, Lot No. 49175, District of Petaling, Town of Subang Jaya, State of Selangor.	Apartment used as accommodation for factory staff	Built-up area : 818	Freehold	16 years	129,500	07.01.2011*
2	B-4-4, Fairville Apartment, Jalan USJ 22/1, 47630 UEP Subang Jaya, Selangor Darul Ehsan. This apartment is held under strata title Geran 52283/M1/4/131, Lot No. 49175, District of Petaling, Town of Subang Jaya, State of Selangor.	Apartment used as accommodation for factory staff	Built-up area : 818	Freehold	16 years	133,875	03.01.2011*
3	C-3-7, Fairville Apartment, Jalan USJ 22/1, 47630 UEP Subang Jaya, Selangor Darul Ehsan. This apartment is held under strata title Geran 52283/M1/3/108, Lot No. 49175, District of Petaling, Town of Subang Jaya, State of Selangor.	Apartment used as accommodation for factory staff	Built-up area : 818	Freehold	16 years	144,375	25.01.2011*
4	C-5-3, Fairville Apartment, Jalan USJ 22/1, 47630 UEP Subang Jaya, Selangor Darul Ehsan. This apartment is held under strata title Geran 52283/M1/5/186, Lot No. 49175, District of Petaling, Town of Subang Jaya, State of Selangor.	Apartment used as accommodation for factory staff	Built-up area : 818	Freehold	16 years	188,942	06.12.2012*
5	C-8-8, Fairville Apartment, Jalan USJ 22/1, 47630 UEP Subang Jaya, Selangor Darul Ehsan. This apartment is held under strata title Geran 52283/M1-B/8/229, Lot No. 49175, District of Petaling, Town of Subang Jaya, State of Selangor.	Apartment used as accommodation for factory staff	Built- up area : 818	Freehold	16 years	135,625	04.01.2011*
6	C-8-10, Fairville Apartment, Jalan USJ 22/1, 47630 UEP Subang Jaya, Selangor Darul Ehsan. This apartment is held under strata title Geran 52283/M1-B/8/231, Lot No. 49175, District of Petaling, Town of Subang Jaya, State of Selangor.	Apartment used as accommodation for factory staff	Built-up area: 818	Freehold	16 years	135,625	04.01.2011*

No	Title/Location	Description and Existing Use / Number of storey	Approximate Land Area / Built up Area (Sq feet)	Tenure	Approximate Age of Building (Years) as at 31.03.2017	Audited Net Book Value as at 31.03.2017 (RM)	Date of Revaluation/ *Date of Acquisition
7	No. 21, Lebuh Bercham (S) 2/8, Kawasan Perindustrian Bercham, 31400 Ipoh, Perak Darul Ridzuan. The 1 storey factory and office is held under individual title PN 287301, Lot 195649 (previously held under H.S.(D) 70419 PT 115157) in the Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan.	Factory and office / 1 storey	2,399 / 2,400	Leasehold of 60 years, expiring on 29.03.2052	20 years	209,717	10.02.2009*
8	No. 19, Lebuh Bercham (S) 2/8, Kawasan Perindustrian Bercham, 31400 Ipoh, Perak Darul Ridzuan. The 1 storey factory and office is held under individual title PN 287302, Lot 195650 (previously held under H.S.(D) 70420 PT115158) in the Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan.	Factory and office / 1 storey	2,399 / 2,400	Leasehold of 60 years, expiring on 29.03.2052	20 years	194,293	04.05.2006*
9	Lot 212152 (previously known as PT 126279), Persiaran Tasek Timur 7, Taman Medan Bercham, 31400 Ipoh, Perak Darul Ridzuan. The vacant land is held under individual title PN346134 Lot 212152 (previously held under H.S.(D) 33231, PT 126279) in the Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan.	The land is vacant. A portion of the land was leased to Tenaga Nasional Berhad for a period of 30 years expiring on 14.02.2026	Land area: 21,466	Leasehold of 99 years, expiring on 17.04.2093	N/A	353,664	18.08.2006*
10	PT77647, Kampung Batu 13 1/2, Puchong, 47150 Puchong, Selangor Darul Ehsan. This property which is held under individual title H.S.(M) 30242, PT 77647 Kampung Batu 13 Puchong in the Mukim and District of Petaling, State of Selangor Darul Ehsan.	This land is vacant	Land area: 59,656	Leasehold of 99 years, expiring on 09.12.2107	N/A	5,866,921	18.05.2010*
11	No. 166, Jalan Labrooy, Taman Merdeka, 30100 Ipoh, Perak. The double-storey bungalow is held under land issue document of title described as Pajakan Negeri No. Hakmilik 145225 for Lot 8053U in Bandar Ipoh (U), Daerah Kinta, Negeri Perak.	A double storey bungalow rented to a Children Home for RM1 per month / 2 storeys	5,595 / 3,333	Leasehold of 999 years, expiring on 28.09.2894	11 years	650,000	31.03.2017
12	No. 248, 248A and 248B, Jalan Raja Dr Nazrin Shah, 31350 Ipoh. The 3-storey business premises is held under individual title described PN 399528, Lot 524123 (previously held under H.S.(D) 170294 PT218065), in the Mukim of Hulu Kinta, Daerah Kinta, State of Perak.	The ground floor of the 3 storey shop office is used to operate an OLDTOWN WHITE COFFEE cafe outlet. The first and second floors of the 3 storey shop office are rented to a private entity /3 storeys	3,972 / 12,207	999 years expiring on 06.10.2896	9 years	3,930,000	31.3.2017

LIST OF PROPERTIES OWNED BY OLDTOWN GROUP

as at 31 March 2017

No	Title/Location	Description and Existing Use / Number of storey	Approximate Land Area / Built up Area (Sq feet)	Tenure	Approximate Age of Building (Years) as at 31.03.2017	Audited Net Book Value as at 31.03.2017 (RM)	Date of Revaluation/ *Date of Acquisition
13	No.72, Solok Pendamar Indah 1, Tmn Pendamar Indah, 42000 Port Klang, Selangor Darul Ehsan. The 3 storey shop office is held under individual title GRN 279149, Lot 123298 (previously held under H.S.(D) 113157, PT 114925), in the Mukim of Klang, District of Klang, State of Selangor Darul Ehsan.	The ground floor of the 3 storey shop office is used to operate an OLDTOWN WHITE COFFEE cafe outlet. The first and second floors of the 3 storey shop office are rented to a private entity / 3 storeys	2,830 / 8,365	Freehold	8 years	2,200,000	31.03.2017
14	No. 70, Solok Pendamar Indah 1, Tmn Pendamar Indah, 42000 Port Klang, Selangor Darul Ehsan. The 3 storey shop office is held under individual title GRN 279150, Lot 123299 (previously held under H.S (D) 113158, PT 114926), in the Mukim of Klang, District of Klang, State of Selangor Darul Ehsan.	The ground, first and second floors of the 3 storey shop office are rented to private entities / 3 storeys	1,399 / 4,168	Freehold	8 years	1,050,000	31.03.2017
15	No. 55, 55-1, and 55-2, Jalan Rampai Niaga 5, Medan Niaga Rampai, 53300 Kuala Lumpur. The 3 storey shop office is held under individual title Pajakan Negeri (WP) No. Hakmilik : 49982 Lot 200210 (formerly known as H.S.(D) 117765 PT No 9138) in the Mukim of Setapak, District of Kuala Lumpur, Negeri Wilayah Persekutuan KL.	The ground and first floors of the 3-storey shop office are used to operate an OLDTOWN WHITE COFFEE cafe outlet. The second floor is for general use and storage purposes in relation to the operation of the cafe/ 3 storeys	4,767/ 14,304	Leasehold of 99 years expiring on 28.03.2106	8 years	6,700,000	31.03.2017
16	Plot 14-1, Kampung Batu 13 1/2, 47150 Puchong, Selangor Darul Ehsan. The vacant land is held under Pajakan Milik No. Hakmilik 11468, Lot 66235, Tempat Kampung Batu 13 Puchong in the Mukim and District of Petaling, Selangor Darul Ehsan.	This Land is vacant	111,087	Leasehold of 99 years expiring on 11.09.2100	N/A	11,867,724	19.09.2016*
17	No. 34 & 34A, Persiaran Kuala Kangsar 1, Taman Wing Onn, Kuala Kangsar Road, 30010 Ipoh, Perak. The double storey shoplot forms part of a shop/commercial building development which is situated under the master titles PN 286717 Lot 6102U; PN 286720 Lot 6103U; PN 286721 Lot 6104U; PN 286723 Lot 6105U; PN 286725 Lot 6106U; PN 286731 Lot 6107U; PN 286733 Lot 6108U; PN 286991 Lot 6142U; PN 286992 Lot 6143U; PN 286993 Lot 6144U; Part of PN 286735 Lot 6109U and Part of PN 286994 Lot 6145U all in Bandar Ipoh (U) Daerah Kinta, Negeri Perak. The property has yet to be issued with an individual strata title.	The ground floor of the double-storey shop office is used to operate an OLDTOWN WHITE COFFEE cafe outlet. The 2nd floor is vacant and is for rent / 2 storeys	Built-up area : 4,147	Leasehold of 999 years, expiring on 30.12.2896	3 years	1,514,533	21.09.2012*

No	Title/Location	Description and Existing Use / Number of storey	Approximate Land Area / Built up Area (Sq feet)	Tenure	Approximate Age of Building (Years) as at 31.03.2017	Audited Net Book Value as at 31.03.2017 (RM)	Date of Revaluation/ *Date of Acquisition
18	No. 32 & 32A, Persiaran Kuala Kangsar 1, Taman Wing Onn, Kuala Kangsar Road, 30010 Ipoh, Perak. The double storey shoplot forms part of a shop/commercial building development which is situated under the master titles PN 286717 Lot 6102U; PN 286720 Lot 6103U; PN 286721 Lot 6104U; PN 286723 Lot 6105U; PN 286725 Lot 6106U; PN 286731 Lot 6107U; PN 286733 Lot 6108U; PN 286991 Lot 6142U; PN 286992 Lot 6143U; PN 286993 Lot 6144U; Part of PN 286735 Lot 6109U and Part of PN 286994 Lot 6145U all in Bandar Ipoh (U) Daerah Kinta, Negeri Perak. The property has yet to be issued with an individual strata title.	The ground floor of the double-storey shop office is rented to a private entity. The second floor is for general use and storage purposes in relation to the operation of cafe / 2 storeys	Built-up area: 3,160	Leasehold of 999 years, expiring on 30.12.2896	3 years	859,676	21.09.2012*
19	No. 2, Jalan Portland, Kawasan Perindustrian Tasek, 31400 Ipoh, Perak Darul Ridzuan. The Industrial Complex consisting of a 3-storey detached office, a 2 storey recreation block and canteen, a 2½ storey detached factory, a single storey detached warehouse and some ancillary structures, is held under individual title Pajakan Negeri No. Hakmilik 2864, Lot No. 60178 in the Mukim of Hulu Kinta, State of Perak Darul Ridzuan.	Office, recreation block and canteen, factory, warehouse / 3 storeys 2 storeys 2½ storeys 1 storey	391,923 / 207,549	Leasehold of 99 years expiring on 01.07.2072	4 years	47,720,133	09.01.2013
20	No. 11, Persiaran Industri Rapat 2, Kawasan Perindustrian Sri Rapat, 31350 Ipoh, Perak Darul Ridzuan. The 1½ storey semi-detached factory and office is held under individual title PN 350435 Lot 221579 (formerly known as H.S(D) 41503, PT 132753), in the Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan.	Factory and office / 1½ storeys	10,491 / 9,816	Leasehold of 99 years, expiring on 04.07.2094	20 years	820,000	31.03.2017
21	No. 13, Persiaran Industri Rapat 2, Kawasan Perindustrian Sri Rapat, 31350 Ipoh, Perak Darul Ridzuan. The 1½ storey semi-detached factory and office is held under individual title PN 350434 Lot 221578 (formerly known as H.S(D) 41502, PT 132752), in the Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan.	Factory and office / 1½ storeys	10,491 / 7,916	Leasehold of 99 years, expiring on 04.07.2094	20 years	800,000	31.03.2017

LIST OF PROPERTIES OWNED BY OLDTOWN GROUP

as at 31 March 2017

No	Title/Location	Description and Existing Use / Number of storey	Approximate Land Area / Built up Area (Sq feet)	Tenure	Approximate Age of Building (Years) as at 31.03.2017	Audited Net Book Value as at 31.03.2017 (RM)	Date of Revaluation/ *Date of Acquisition

22	No. 1, Persiaran Tasek Timur 6, Taman Medan Bercham, 31400 Ipoh, Perak Darul Ridzuan.
	The 4 storey factory and office is held under the following individual titles:
	a) PN 296889, Lot 179748 (previously held under H.S(D) 3733);
	b) PN 296887, Lot 179747 (previously held under H.S(D) 3732);
	c) PN 296890, Lot 179749 (previously held under H.S(D) 3734);
	d) PN 296891, Lot 179750 (previously held under H.S(D) 3735); and
	e) PN 296892, Lot 179751 (previously held under H.S(D) 3736)
	All in the Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan.
		The factory was vacant wef April 2014 since relocation of all its operation to the new Factory in Tasek Ipoh and has since been used for storage of machinery / 4 storeys	10,168 / 40,507	Leasehold of 99 years, expiring on 27.04.2088	25 years	1,168,127	27.07.2005*

23	No. 1, Jalan Tasek Lama, Taman Tasek, 31400 Ipoh, Perak Darul Ridzuan. This double storey terrace house is held under individual title Pajakan Negeri 127284, Lot 177851, in the Mukim of Hulu Kinta, Daerah Kinta, Negeri Perak Darul Ridzuan.	Used as staff accommodation / 2 storeys	2,830 / 2,482	Leasehold of 99 years, expiring on 22.05.2089	5 years	236,167	28.06.2012*
24	No. 3, Jalan Tasek Lama, Taman Tasek, 31400 Ipoh, Perak Darul Ridzuan. This double storey terrace house is held under individual title Pajakan Negeri 127285, Lot 177852, in the Mukim of Hulu Kinta, Daerah Kinta, Negeri Perak Darul Ridzuan.	Used as staff accommodation / 2 storeys	1,539 / 1,859	Leasehold of 99 years, expiring on 22.05.2089	5 years	183,677	16.01.2012*
25	No. 5, Jalan Tasek Lama, Taman Tasek, 31400 Ipoh, Perak Darul Ridzuan. This double storey terrace house is held under individual title Pajakan Negeri 127286, Lot 177853, in the Mukim of Hulu Kinta, Daerah Kinta, Negeri Perak Darul Ridzuan.	Used as staff accommodation / 2 storeys	1,539 / 1,859	Leasehold of 99 years, expiring on 22.05.2089	5 years	183,677	16.01.2012*
26	No. 7, Jalan Tasek Lama, Taman Tasek, 31400 Ipoh, Perak Darul Ridzuan. This double storey terrace house is held under individual title Pajakan Negeri 127287, Lot 177854, in the Mukim of Hulu Kinta, Daerah Kinta, Negeri Perak Darul Ridzuan.	Used as staff accommodation / 2 storeys	1,539 / 1,859	Leasehold of 99 years, expiring on 22.05.2089	5 years	183,677	16.01.2012*
27	No. 2, Jalan Panglima, 30000 Ipoh, Perak Darul Ridzuan. The double-storey shop office is held under Geran No. Hakmilik 61772, Lot No 147 N, Bandar Ipoh (U), Daerah Kinta, Negeri Perak Darul Ridzuan.	The building will be renovated & converted to an Oldtown Museam / 2 storeys	2,400 / 4,800	Freehold	Pre-war shophouse	3,055,254	07.11.2016*

LIST OF PROPERTIES OWNED BY OLDTOWN GROUP

as at 31 March 2017

No	Title/Location	Description and Existing Use / Number of storey	Approximate Land Area / Built up Area (Sq feet)	Tenure	Approximate Age of Building (Years) as at 31.03.2017	Audited Net Book Value as at 31.03.2017 (RM)	Date of Revaluation/ *Date of Acquisition
28	Lot No. 3A-G-26, Kompleks Bukit Jambul, Jalan Rumbia, 11900 Bayan Lepas, Penang. The 1 storey shop lot, forms part of a complex known as 3A-G-26, Jalan Rumbia, Kompleks Bukit Jambul, 11900 Penang which is situated under parent lot title GRN 61275, Lot 9954 in the Mukim 13, District of Timor Laut, State of Penang. The property has yet to be issued with an individual strata title.	The shop lot is rented out to a private entity / 1 storey	Built up area: 600	Freehold	20 years	750,000	31.03.2017

ANALYSIS OF SHAREHOLDINGS

as at 21 June 2017

SHARE CAPITAL

Total Number of Issued Shares	463,239,101
Class of Shares	Ordinary shares
Voting rights	One (1) vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No of Shareholders	%	No of Shares	% of Issued Share Capital
Less than 100	293	7.37	12,183	0.00
100 to 1,000	780	19.62	477,694	0.10
1,001 to 10,000	2,147	54.00	8,984,325	1.94
10,001 to 100,000	590	14.84	17,173,623	3.71
100,001 to 23,161,954 (less than 5% of the issued share capital)	164	4.12	211,747,285	45.71
23,161,955 and above (5% of the issued shares capital and above)	2	0.05	224,843,991	48.54
Total	**3,976**	**100.00**	**463,239,101**	**100.00**

ANALYSIS OF SHAREHOLDINGS

as at 21 June 2017

SUBSTANTIAL SHAREHOLDERS

As per the Register of Substantial Shareholders

Name	Direct Interest		Indirect Interest	
	No of Shares Held	% of Issued Share Capital	No of Shares Held	% of Issued Share Capital
Old Town International Sdn Bhd	197,258,500	42.58	–	–
Lee Siew Heng	6,250,000	1.35	197,258,500 (1)	42.58
Goh Ching Mun	110,000	0.02	197,258,500 (1)	42.58
Franklin Resources, Inc	27,427,825	5.92	–	–
Mawer Investment Management Ltd.	42,605,550	9.20	–	–

DIRECTORS' INTEREST IN SHARES

As per the Register of Directors' Shareholdings

Name	Direct Interest		Indirect Interest	
	No of Shares Held	% of Issued Share Capital	No of Shares Held	% of Issued Share Capital
Datuk Dr. Ahmed Tasir bin Lope Pihie, PJN, PMP, JSM, FASc	25,000	0.01	–	0.00
Lee Siew Heng	6,250,000	1.35	197,258,500 (1)	42.58
Dato' Wong Guang Seng	–	0.00	–	0.00
Tan Chon Ing @ Tan Chong Ling	–	0.00	–	0.00
Chuah Seong Meng	50,000	0.01	–	0.00
Clarence D'Silva A/L Leon D'Silva	–	0.00	–	0.00
Goh Ching Mun	110,000	0.02	197,258,500 (1)	42.58
Tan Say Yap	–	0.00	-	0.00

Notes:-

(1) Deemed interested by virtue of his shareholdings in Old Town International Sdn Bhd, pursuant to Section 8 of the Companies Act, 2016

TOP THIRTY SECURITY ACCOUNT HOLDERS

(without aggregating the securities from different securities accounts belonging to the same Depositor)

No	Name	No of Shares Held	% of Issued Share Capital
1	OLD TOWN INTERNATIONAL SDN BHD	189,886,000	40.99
2	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND MMGN FOR MAWER GLOBAL SMALL CAP FUND	34,957,991	7.55
3	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR TEMPLETON GLOBAL INVESTMENT TRUST-TEMPLETON EMERGING MARKETS SMALL CAP FUND	15,124,025	3.27
4	HSBC NOMINEES (ASING) SDN BHD JPMBL SA FOR FRANKLIN TEMPLETON INVESTMENT FUNDS	10,167,200	2.19
5	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR HANDELSBANKEN TILLVAXTMARKNAD TEMA	10,000,000	2.16
6	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	9,571,100	2.07
7	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 9)	9,519,375	2.05
8	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	7,927,575	1.71
9	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR RBC INVESTOR SERVICES TRUST (CLIENTS ACCOUNT)	7,647,559	1.65
10	OLD TOWN INTERNATIONAL SDN BHD	7,372,500	1.59
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	7,308,400	1.58
12	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND	7,152,700	1.54
13	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 12)	6,845,400	1.48
14	LEE SIEW HENG	6,250,000	1.35
15	AMANAHRAYA TRUSTEES BERHAD PB SMALLCAP GROWTH FUND	6,075,100	1.31

ANALYSIS OF SHAREHOLDINGS

as at 21 June 2017

No	Name	No of Shares Held	% of Issued Share Capital
16	UOBM NOMINEES (ASING) SDN BHD BANQUE DE LUXEMBOURG FOR BL EMERGING MARKETS	5,811,800	1.25
17	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR AMB VALUE TRUST FUND (4249)	5,400,000	1.17
18	AMANAHRAYA TRUSTEES BERHAD PUBLIC DIVIDEND SELECT FUND	4,223,700	0.91
19	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOK CHEW LENG	3,135,000	0.68
20	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	2,812,025	0.61
21	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (UOB AMM6939-406)	2,380,000	0.51
22	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR AMB ETHICAL TRUST FUND (4256)	2,300,000	0.50
23	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD-AMB SMALLCAP TRUST FUND	1,930,000	0.42
24	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,917,750	0.41
25	AMANAHRAYA TRUSTEES BERHAD PUBLIC SELECT TREASURES EQUITY FUND	1,892,600	0.41
26	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	1,827,650	0.39
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM KENANGA)	1,600,300	0.35
28	AMANAHRAYA TRUSTEES BERHAD PB DIVIDEND BUILDER EQUITY FUND	1,528,300	0.33
29	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RONIE TAN CHOO SENG (8058147)	1,500,000	0.32
30	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FOCUS FUND	1,484,400	0.32
	Total	**375,548,450**	**81.07**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Ninth ("9th") Annual General Meeting of Oldtown Berhad ("Oldtown" or "the Company") will be held at **M Ballroom, Level 2, M Roof Hotel & Residences, Pusat Perniagaan Taman Ipoh, Jalan Dato Lau Pak Kuan, 31400 Ipoh, Perak Darul Ridzuan** on **Thursday, 7 September 2017 at 10.30 a.m.** to transact the following businesses:-

Agenda

As Ordinary Business

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2017 together with the Reports of the Directors and Independent Auditors thereon. (Please refer to Explanatory Note 1)

2. To approve the payment of a final single-tier dividend of 1.0 sen per share in respect of the financial year ended 31 March 2017. Ordinary Resolution 1

3. To approve the payment of a special single-tier dividend of 3.0 sen per share in respect of the financial year ended 31 March 2017. Ordinary Resolution 2

4. To approve the payment of Directors' fees of RM204,000 for the financial year ended 31 March 2017. Ordinary Resolution 3

5. To approve Directors' benefits of up to RM106,600 for the period from 31 January 2017 until the next Annual General Meeting of the Company. Ordinary Resolution 4 (Please refer to Explanatory Note 2)

6. To re-elect the following Directors who retire pursuant to Article 84 of the Constitution of the Company:

   (a) Datuk Dr. Ahmed Tasir Bin Lope Pihie — Ordinary Resolution 5*

   (b) Lee Siew Heng — Ordinary Resolution 6*

   (c) Chuah Seong Meng — Ordinary Resolution 7*

   *(Please refer to Explanatory Note 3)

7. To re-appoint Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. Ordinary Resolution 8 (Please refer to Explanatory Note 4)

As Special Business:

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

8. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

   Ordinary Resolution 9 (Please refer to Explanatory Note 5)

   "**THAT** subject always to the Companies Act, 2016 ("the Act"), the Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory authorities, where such approval is necessary, authority be and is hereby given to the Directors of the Company, pursuant to Sections 75 and 76 of the Act, to allot shares in the Company from time to time, at such price upon such terms and conditions and for such purposes and to such persons whomsoever as the Directors of the Company may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors of the Company be and are hereby empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting."

NOTICE OF ANNUAL GENERAL MEETING

9. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR THE COMPANY AND/ OR ITS SUBSIDIARIES TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH RELATED PARTIES ("PROPOSED RRPT MANDATES")**

"**THAT** pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or subsidiaries to enter into and give effect to the recurrent related party transactions ("RRPT") of a revenue or trading nature with the Related Parties as set out in Appendix II and Appendix III of the Circular to Shareholders dated 31 July 2017, provided that such transactions and/or arrangements are:

Ordinary Resolution 10
(Please refer to Explanatory Note 6)

(a) necessary for the day-to-day operations;

(b) undertaken in the ordinary course of business and at arm's length basis and are on terms not more favourable to the related parties than those generally available to the public; and

(c) not detrimental to the minority shareholders of the Company.

AND THAT the Proposed RRPT Mandates is subject to annual renewal and will continue to be in full force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such Proposed RRPT Mandates was passed, at which time it will lapse, unless by a resolution passed at the AGM, the authority is renewed; or

(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the 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 earlier.

AND THAT the Directors of the Company be authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing all such documents as may be required) to give effect to the RRPT contemplated and/or authorised by this resolution."

10. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR THE AUTHORITY TO THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PER CENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES ("PROPOSED SBB RENEWAL")**

"**THAT** subject to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authority, approval be and is hereby given to the Company, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities, upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that:

Ordinary Resolution 11
(Please refer to Explanatory Note 7)

(i) the aggregate number of shares to be purchased and/or held by the Company as treasury shares shall not exceed ten per cent (10%) of the total number of issued shares of the Company at the point of purchase; and

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase.

THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares purchased in their absolute discretion in the following manner:

(i) cancel all the shares so purchased; and/or

(ii) retain the shares so purchased in treasury shares for distribution as dividends to the shareholders and/or resell the treasury shares on the stock market of Bursa Securities in accordance with the relevant rules of Bursa Securities; and/or;

(iii) retain part of the shares so purchased thereof as treasury shares and cancel the remainder of the shares so purchased; or

be dealt with in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Listing Requirements of Bursa Securities and any other relevant authority for the time being in force.

THAT such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM after that date is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements of Bursa Securities or any other relevant authorities.

AND THAT the Directors of the Company be authorised to give effect to the Proposed SBB Renewal with full power to assent to any modifications and/or amendments as may be required by the relevant authorities."

11. To consider any other business of which due notice shall have been given in accordance with the Act.

BY ORDER OF THE BOARD

WONG WAI FOONG (MAICSA 7001358)
TAN BEE HWEE (MAICSA 7021024)

Company Secretaries

Kuala Lumpur
31 July 2017

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one (1) proxy or more proxies to attend and vote in his/her stead at the same meeting. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of its attorney duly authorised.
6. The instrument appointing a proxy shall be deposited at the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.
7. For the purpose of determining a member who shall be entitled to attend the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 60(c) of the Constitution of the Company and Section 34(1) of the SICDA to issue a General Meeting Record of Depositors as at 28 August 2017. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint proxies to attend and/or vote in his/her stead.

EXPLANATORY NOTES

1. **Item 1 of the Agenda - The Audited Financial Statements for the financial year ended 31 March 2017 and the Reports of the Directors and Independent Auditors thereon**

   This agenda item is meant for discussion only, as the provisions of Sections 248(2) and 340(1)(a) of the Companies Act 2016 ("the Act") do not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. **Ordinary Resolution 4 - Directors' benefits**

   Pursuant to Section 230(1) of the Act, fees and benefits payable to the Directors of the Company will have to be approved by the shareholders at a general meeting. The Company is seeking shareholders' approval for the payment of Directors' benefits such as meeting allowances as well as for the provision of a Company Car and Directors' & Officers' Liability Insurance to the **Independent Directors** for the period from 31 January 2017 until the next Annual General Meeting ("AGM") of the Company in accordance with the benefits structure set out below:

   • Payment of Meeting Allowances

Description	Allowance per Meeting
Board Meeting	RM1,000
Board Committee Meetings	RM500
General Meeting	RM1,000

   - Provision of benefits-in-kind such as a company car and petrol card (to be valued at estimated amount of RM38,200) to the Chairman of the Company.
   - Provision of Directors' & Officers' Liability Insurance.

3. **Ordinary Resolution 5, 6 and 7 – Re-election of Directors**

   Datuk Dr. Ahmed Tasir Bin Lope Pihie, Lee Siew Heng and Chuah Seong Meng are standing for re-election as Directors of the Company. The Nomination Committee and Board of Directors of the Company ("Board") have considered the assessment of the three Directors and collectively agree that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors, as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"). The profiles of these Directors are set out on pages 6 to 8 of the Annual Report 2017. The Nomination Committee and the Board had carried out an assessment of the independence of Datuk Dr. Ahmed Tasir Bin Lope Pihie pursuant to criteria as prescribed by the Listing Requirements and Malaysian Code of Corporate Governance 2012 and are satisfied that they meet the criteria for independence. Datuk Dr. Ahmed Tasir Bin Lope Pihie was appointed as Director on 10 November 2009 and do not exceed the tenure of nine years.

4. **Ordinary Resolution 8 – Re-appointment of Auditors**

   Deloitte had converted its legal entity status from unlimited liability partnership pursuant to Partnership Act 1961 to limited liability partnership under the Limited Liability Partnerships Act 2012 on 3 January 2017. Accordingly, Deloitte had been registered in the name of Deloitte PLT. PLT means "Perkongsian Liabiliti Terhad".

   In any event, pursuant to the Limited Liability Partnerships Act 2012, any agreements/engagements already made between the Company and its Group and Deloitte will continue to be in force as if Deloitte PLT were a party to the agreements. Accordingly, all engagement letters signed with Deloitte continue to be in force until these are superseded.

NOTICE OF ANNUAL GENERAL MEETING

5. **Ordinary Resolution 9 - Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Act**

   The proposed Ordinary Resolution 9 is a renewal of the previous year's general mandate for issuance of shares by the Company under Sections 75 and 76 of the Act. The Ordinary Resolution, if passed, will empower the Directors of the Company, from the date of the Ninth AGM, to issue and allot new shares of the Company up to ten percent (10%) of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless earlier revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

   The authority to issue shares pursuant to Sections 75 and 76 of the Act will provide flexibility and expediency to the Company for any possible fund raising activities involving the issuance or placement of shares to facilitate business expansion or strategic merger and acquisition opportunities involving equity deals or part equity or to fund future investment project(s) or for working capital requirements, which the Directors of the Company consider to be in the best interest of the Company. The approval is sought to avoid any delay and cost in convening a general meeting to approve such issuance of shares.

   As at the date of this Notice, the Company did not issue any new shares pursuant to the general mandate granted to the Directors at the Eighth AGM of the Company held on 8 September 2016 and the mandate will lapse at the conclusion of the Ninth AGM. A renewal of this authority is being sought at the Ninth AGM.

6. **Ordinary Resolution 10 - Proposed RRPT Mandates**

   The proposed Ordinary Resolution 10, if passed, will provide the Company and/or its subsidiaries a mandate to enter into RRPT of a revenue or trading nature with the Related Parties in compliance with the Listing Requirements. The mandate, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

   Detailed information of the Proposed RRPT Mandates is set out in Appendix II and Appendix III of the Circular to Shareholders dated 31 July 2017 circulated together with this Annual Report.

7. **Ordinary Resolution 11 - Proposed SBB Renewal**

   The proposed Ordinary Resolution 11, if passed, will give the Directors of the Company the authority to purchase the Company's own shares up to ten per cent (10%) of its total number of issued shares at any point in time upon such terms and conditions as the Directors may deem fit in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

   Further information on the Proposed SBB Renewal is set out in Section 3 of the Circular to Shareholders dated 31 July 2017 circulated together with this Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

There were no Directors standing for election at the Ninth Annual General Meeting.

OLDTOWN WHITE COFFEE™

CDS Account No. of authorised nominee

OLDTOWN BERHAD (797771-M)
(Incorporated in Malaysia)

PROXY FORM

NINTH ("9TH") ANNUAL GENERAL MEETING

I/We, ____
(Full name in block capitals)

NRIC No./Company No. ________________ of ____
(Address)

being a Member of **OLDTOWN BERHAD**, hereby appoint____
(Full name in block capitals)

NRIC No. ________________ of ____
(Address)

or failing him/her, ____
(Full name in block capitals)

NRIC No. ________________ of ____
(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 9th Annual General Meeting of the Company, to be held at the M Ballroom, Level 2, M Roof Hotel & Residences, Pusat Perniagaan Taman Ipoh, Jalan Dato Lau Pak Kuan, 31400 Ipoh, Perak Darul Ridzuan on Thursday, 7 September 2017, at 10.30 a.m. and, at any adjournment thereof.

*My/Our proxy is to vote as indicated below:

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1- Payment of a final single-tier dividend		
Ordinary Resolution 2 - Payment of a special single-tier dividend		
Ordinary Resolution 3 - Payment of Directors' fees		
Ordinary Resolution 4 - Payment of Directors' benefits		
Ordinary Resolution 5 - Re-election of Datuk Dr. Ahmed Tasir Bin Lope Pihie as Director		
Ordinary Resolution 6 - Re-election of Lee Siew Heng as Director		
Ordinary Resolution 7 - Re-election of Chuah Seong Meng as Director		
Ordinary Resolution 8 - Re-appointment of Auditors		
Ordinary Resolution 9 - Authority to issue and allot shares		
Ordinary Resolution 10 - Proposed renewal and new RRPT mandate		
Ordinary Resolution 11 - Proposed renewal of share buy-back mandate		

Please indicate with an "X" in the spaces provided above how you wish your vote to be casted.
If no specific direction as to the voting is given, the proxy will vote or abstain from voting at his/her discretion.

*(* Strike out whichever is not desired)*

The proportions of shareholdings to be represented by *my/*our proxies are as follows:-

	No. of shares	Percentage
Total shares held		100%
Proxy 1		
Proxy 2		

Signed this ______ day of _________ 2017

____
Signature/Common Seal of Member

____
Telephone Number of Member

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one (1) proxy or more proxies to attend and vote in his/her stead at the same meeting. A proxy may but need not be a member of the Company.

2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.

3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of its attorney duly authorised.

6. The instrument appointing a proxy shall be deposited at the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

7. For the purpose of determining a member who shall be entitled to attend the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 60(c) of the Constitution of the Company and Section 34(1) of the SICDA to issue a General Meeting Record of Depositors as at 28 August 2017. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint proxies to attend and/or vote in his/her stead.

2. PLEASE FOLD THIS FLAP TO SEAL

Affix
Stamp

The Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

1. FOLD HERE

Looking forward to 2018...

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