

on the financial statements the reason for not causing the financial statements for such one or more subsidiaries to be consolidated.

(3) In the case of a subsidiary incorporated in a country outside Malaysia, whether it has or has not established a place of business in Malaysia, which country has been declared by the Minister by notification published in the *Gazette* to be a country to which this section applies, it shall be sufficient if the separate profit and loss account or balance sheet, as the case may require, of the subsidiary is in such form and is so reported upon by auditors and contains such particulars and includes such documents, if any, as the company is required to make out and lay before the company in a general meeting in accordance with the law for the time being applicable to the company in the place where it is incorporated.

(4) For the purposes of subsection (1), the holding company shall have the power to request all relevant information from its subsidiaries to secure compliance under this section.

(5) Any director who fails to take all reasonable steps to secure compliance under subsection (1) commits an offence.

Financial statements to be approved by the Board

251. (1) Financial statements shall be—

- (a) approved by the Board; and
- (b) accompanied with a statutory declaration by a director or where the director is not primarily responsible for the financial management of the company, by the person responsible in setting forth his opinion as to the correctness or otherwise of the financial statements and where applicable, the consolidated financial statements.

(2) The directors shall make a statement in accordance with the resolution of the Board stating whether in their opinion the financial statements or where applicable the consolidated financial statements is or are drawn up, in accordance with the applicable accounting

standards, to give a true and fair view of the financial position and financial performance of the company and of the group.

(3) The statement referred to in subsection (2) shall be signed by at least two directors and in the case of a sole director, by that director, and to be attached to the financial statements for circulation in accordance with section 257.

(4) In respect of any financial statements a copy of which is circulated, published or issued by a company, the company and every officer who contravene this section commit an offence and shall, on conviction, be liable to a fine not exceeding five hundred thousand ringgit or imprisonment not exceeding one year or to both.

Directors shall prepare directors' report

252. (1) The directors of a company shall prepare for each financial year a report and such report shall be attached to the financial statements prepared under section 248.

(2) A directors' report—

(a) shall be approved by the Board; and

(b) shall be signed on the directors' behalf by at least two directors, or in the case of a single director, that director.

(3) Every copy of directors' report laid before a company in an annual general meeting under section 340, or sent to a member under section 257 or otherwise circulated, published or issued by the company shall state the name of the person who signed the report on the directors' behalf.

(4) Any director who fails to take all reasonable steps to secure compliance under subsection (1) commits an offence and shall, on conviction, be liable to a fine not exceeding five hundred thousand ringgit or imprisonment not exceeding one year or to both.

(5) The company and every officer who contravene subsection (2) commit an offence and shall, on conviction, be liable to a fine not exceeding twenty thousand ringgit.

Contents of directors' report

253. (1) A directors' report for a financial year in relation to a company shall contain—

- (a) the name of every person who was a director of the company—
 - (i) during the financial year; and
 - (ii) during the period commencing from the end of the financial year and ending on the date of the report;
- (b) the principal activities of the company in the course of the financial year including its subsidiaries; and
- (c) the matters set out in the Fifth Schedule.

(2) This section shall have effect in relation to a directors' report required to be prepared under section 252 as if a reference to the company in subsection (1) is a reference to—

- (a) the company; and
- (b) the subsidiary undertakings included in the consolidated financial statements for the financial year.

(3) The directors' report prepared under section 252 may include a business review as set out in Part II of Fifth Schedule or any other reporting as prescribed.