LBI CAPITAL BERHAD (41412-x)

ANNUAL REPORT 2016

7. EFFECTS OF THE PROPOSED SHARE BUY-BACK AUTHORITY (Cont'd)

7.3 NTA, NA, Working Capital and gearing of the LBI Group

The Proposed Share Buy-Back Authority may increase or decrease the NTA and NA per LBI Share depending on the purchase price(s) of LBI Shares bought-back pursuant to the Proposed Share Buy-Back Authority. The NTA and NA per LBI Share will increase if the purchase price is less than the NTA and NA per LBI Share and will decrease if the purchase price exceeds the NTA and NA per LBI Share at the time when the LBI Shares are purchased.

In the event the Purchased LBI Shares which are retained as treasury shares are resold, the NTA and NA of the LBI Group will increase or decrease depending on whether a gain or loss is realized upon the resale. The quantum of the increase or decrease in NTA and NA will depend on the actual disposal price and the number of the Purchased LBI Shares, retained as treasury shares, which are resold.

The Proposed Share Buy-Back will reduce the working capital of the LBI, the quantum of which will depend on the purchase price and the number of LBI Shares that are purchased in the open market pursuant to the Proposed Share Buy-Back.

7.4 Earnings

The effect of the Proposed Share Buy-Back Authority on the EPS of LBI Shares will depend on, inter-alia, the number of LBI Shares purchased and the purchase price(s) of the LBI Shares.

8. APPROVAL REQUIRED

The Proposed Share Buy-Back Authority is subject to the approval of the shareholders of LBI at the forthcoming AGM to be convened on 25 May 2017 .

9. IMPLICATIONS OF THE PROPOSED SHARE BUY-BACK AUTHORITY IN RELATION TO THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 1998 ("CODE")

In the event that the Proposed Share Buy-Back Authority is carried out in full, the collective shareholdings of Ng Tiong Seng Corporation Sdn. Bhd. ("NTSSB"), Ng C.H. Holdings Sdn. Bhd. ("NCHHSB") and the persons acting in concert namely Dato' Ng Tiong Seng, Dato' Ng Chin Heng, Ng Chin Loong, Datin Low Wee Chin, Raymond Ng Yew Foong, Ng Pooi Yee, Ng Pooi Mun, Ng Pooi Cheng and Datin Chan Lai Har ("PAIC") will increase from 55.73% to 56.83%, assuming that the shares purchased pursuant to the Proposed Share Buy-Back Authority are cancelled.

The Board does not anticipate any implication relating to the Code on LBI and its shareholders in the event the Share Buy-back Mandate of up to ten percent (10%) of the issued and paid-up capital of the Company is carried out in full (subject to the compliance of public shareholding spread requirement).

10. PUBLIC SHAREHOLDING SPREAD

The Proposed Share Buy-Back Authority shall be in compliance with Section 127 of the Companies Act, 2016 and any prevailing laws, orders, requirements, guidelines, rules and regulations issued by the relevant authorities at the time of purchase including compliance with the twenty five percent (25%) public shareholding as required by Bursa Malaysia Securities Berhad. The public shareholding spread of LBI as at 13 April 2017 is 31.57%. The Board of Directors will ensure that prior to any share buy-back exercise, the Required Public Shareholding Spread of at least twenty five (25%) is maintained at all times.

11. PURCHASES AND RESALE OF LBI SHARES MADE IN THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

During the financial year ended 31 December 2016, LBI bought-back a total of 2,988,000 LBI Shares. The details of the LBI shares bought-back during the said financial year are set out in the Directors' Report of LBI.

None of the shares bought-back by LBI since it commenced its share buy-back has been cancelled or resold.

As at 31 December 2016, LBI held a total of 6,490,491 treasury shares.

12. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

None of the Directors and substantial shareholders of LBI and persons connected to them has any interest, direct or indirect, in the Proposed Share Buy-Back Authority.

13. DIRECTORS' RECOMMENDATION

The Board of Directors, having considered all aspects of the Proposed Share Buy-Back Authority, is of the opinion that the Proposed Share Buy-Back Authority is in the best interest of LBI.

The Board of Directors recommends that you vote in favour of the Ordinary Resolution on the Proposed Share Buy-Back Authority to be tabled at the LBI 39th AGM to be held on 25 May 2017.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Khor Ah Hua
Chairman
Independent Non-Executive

Dato' Ng Chin Heng
Managing Director
Non-independent Executive

Datin Low Wee Chin
Non-independent Executive

Kong Sau Kian
Executive

Raymond Ng Yew Foong
Non-independent Executive

Khoo Siang Hsi @ Khoo Chen Nan
Independent Non-Executive

Azlan Bin Arshad
Independent Non-Executive

AUDIT COMMITTEE

Khoo Siang Hsi @ Khoo Chen Nan
Chairman
Independent Non-Executive Director

Dato' Khor Ah Hua
Independent Non-Executive Director

Azlan Bin Arshad
Independent Non-Executive Director

NOMINATION COMMITTEE

Dato' Khor Ah Hua
Chairman
Independent Non-Executive

Azlan Bin Arshad
Independent Non-Executive

Khoo Siang Hsi @ Khoo Chen Nan
Independent Non-Executive

REMUNERATION COMMITTEE

Dato' Khor Ah Hua
Chairman
Independent Non-Executive

Dato' Ng Chin Heng
Managing Director

Khoo Siang Hsi
Independent Non-Executive

SECRETARY

Mr Ng Say Or
Ms. Yew Ing Chuo

AUDITORS

UHY
Suite 11.05, Level 11,
The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur

REGISTRARS

Bina Management & Consultants
Lot 10, The Highway Centre
Jalan 51/205, 46050 Petaling Jaya
Selangor Darul Ehsan
Tel : 603-7784 3922
Fax : 603-7784 1988

REGISTERED OFFICE

Lot 1282, Jalan Bukit Kemuning
Seksyen 32,
40460 Shah Alam,
Selangor Darul Ehsan
Tel : 603-51225128
Fax : 603-51225118
Company website:lbi-captial.com.my

PRINCIPAL BANKERS

Public Bank Berhad
Public Invesment Bank Berhad

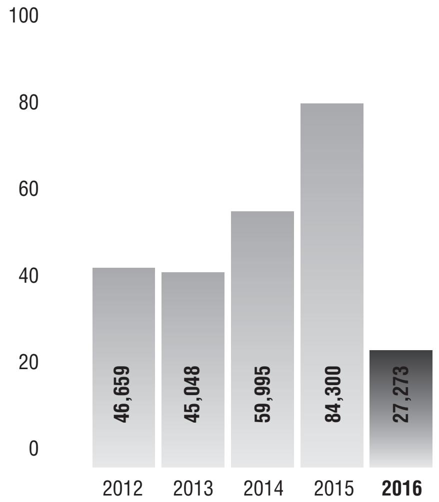
STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

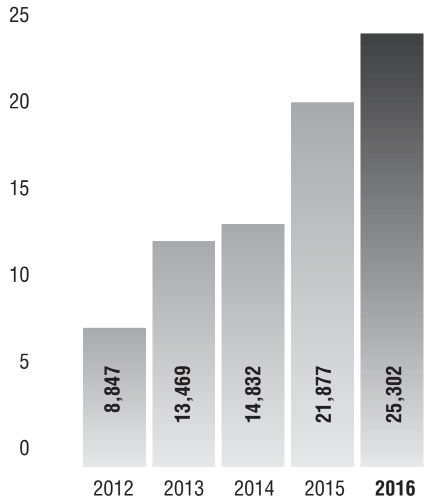
FINANCIAL HIGHLIGHTS

	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000
Revenue	46,659	45,048	59,995	84,300	27,273
Profit Before Taxation	8,847	13,469	14,832	21,877	25,302
Profit Attributable to Equity Holders	6,751	9,554	10,518	15,610	21,572
Earning Per Share (Sen)	10.89	15.20	14.70	21.72	30.46
Dividend Per Share (Sen)	5.0	5.0	5.0	5.0	7.0
Return on Equity (%)	8.3	10.5	9.8	13.3	16.2
Net Gearing Ratio (%)	34.3	17.4	38.9	17.3	0
Shareholder's Equity	81,815	91,194	107,782	117,698	133,319
Net Asset Per Share (RM)	1.31	1.42	1.49	1.57	1.70

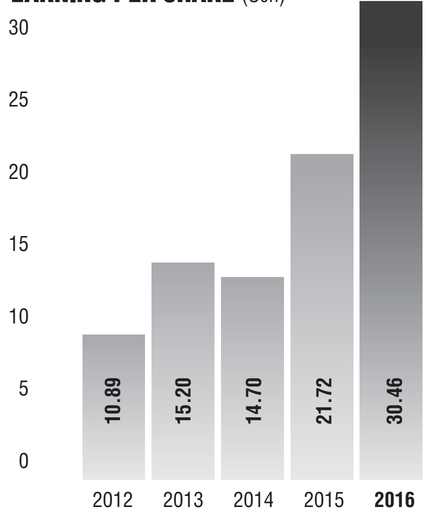
REVENUE (RM Million)



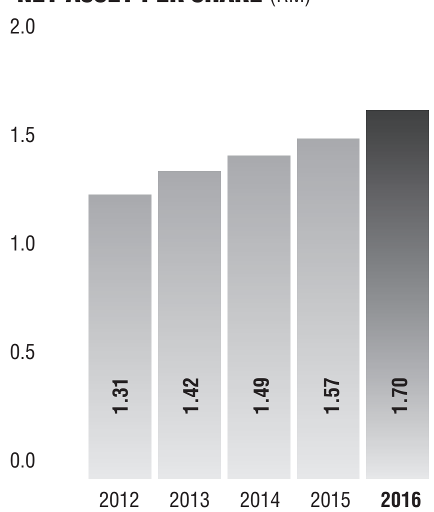
PROFIT BEFORE TAX (RM Million)



EARNING PER SHARE (Sen)



NET ASSET PER SHARE (RM)



On behalf of the Board of Directors, I am pleased to present the Annual Report, the Financial Statements of LBI Capital Bhd ("the Company") and its subsidiaries ("the Group) and the management discussion and analysis for the financial year ended 31 December 2016.

FINANCIAL PERFORMANCE

The Group recorded an improved profit before tax of RM25.3 million as compared to previous year of RM21.9 million, representing an increase of 16%. However, its revenue declined from RM84.3 million to RM27.3 million in the financial year. The higher profit was achieved despite a lower revenue was mainly due to profit contribution from its Penang land sale. The lower revenue for the year was due to completion of its townhouse development, Desa Saujana 2 at Bandar Saujana Putra and the delay in launching new projects due to regulatory hurdles.

The Group's financial position remains healthy with shareholders' funds increased from RM117.7 million to RM133.3 million, representing an increase of 13% despite the Company's repurchased of a total of RM4.1 million worth of its own shares and had paid RM5.0 million of dividend during the financial year. The Group's net asset per share had increased from RM1.56 to RM1.70.

DIVIDENDS.

The Board has declared and paid a first interim single tier dividend of 7% amounting to RM4,971,085 in respect of the financial year ended 31 December 2016 which was 2% higher than the dividend rate declared in the previous financial year.

CORPORATE DEVELOPMENT

During the financial year, the Company increased its issued and paid-up capital from RM75,109,888 to RM78,220,288 through the creation of 3,110,400 ordinary shares arising from its conversion of warrant.

The Company has also completed the proposed share premium reduction of RM86,953,182 involving the reduction of the share premium account of the Company pursuant to the Companies Act, 1965 and such credit will be utilized to fully eliminate the accumulated losses at the Company level as at 31 December 2015 on 20 March 2017. This proposal is necessary as part of its on-going efforts to strengthen the Company's financial flexibility and to enhance its capacity to declare dividend in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

The aim of the management discussion and analysis is to provide shareholders with an overview of the business operations of the Group, its challenges and the management's expectation of the business moving forward.

PROPERTY MARKET OUTLOOK & CHALLENGES

The property sector is envisaged to remain sluggish in the near future mainly due to the selective lending by financier and depressed consumer sentiments especially in the high-end property market segment. The segments of the property market which are still currently active are in the mid and low end or affordable market segment. However the management recognized that the low end market segment is likely to be bogged down with low profit margin and high loan rejection due to poor credit quality of these buyers. The management would like to focus on the mid- market segment which it has been doing in the past. From our past experience with premium property segment, it is a challenge to generate high investment return.

The other challenges faced by the industry are the increasing construction cost, statutory contribution cost and the general operational expenses. These increases are expected to price the property beyond affordability in our target market segment.

The availability of reasonable priced land at good location become more difficult to come by, more so if its intended for landed property development. This will continue to be the greatest challenge in property development business.

STRATEGIC FOCUS

The management would like to focus on the mid-market segment with preference for landed properties instead of high-rise stratified properties. High-rise stratified properties are capital intensive, and normally carries high risk as well.

WORKING CAPITAL AND LIQUIDITY

The management understands that the property development business is a very capital intensive. Substantial working capital is required from the sale of property during construction stage to ensure successful completion of the project.

The management has also pared down the Company debts in view of the current challenging property market environment by selling our land in Penang. As a result of the sale, our debt is minimized and has improved our net cash position of RM27.7 million. This places the Company in good financial position to capture any future opportunities.

During the year, the management has started to invest in real estate property trust (Reits) listed in Singapore Stock Exchange. This decision is made to broaden and improve the Company's recurring income and liquidity of its financial position.

CURRENT DEVELOPMENT PROJECTS

Following the completion of its townhouse project in Bandar Saujana Putra known as Desa Saujana 2, comprising 259 units of townhouse with a gross development value of approximately RM114 million in May 2016, which was completed ahead of schedule with 99% of the units sold, the Group is working on a few more smaller projects in view of the anticipated challenging property market in the near future.

During the financial year, we would be working on the following development projects which are at the final stage of authorities approvals:

a) 24 units of double/three storey shopoffice in Taman Mewah, Johor Bahru with an estimated gross development value (GDV) of RM20.0 million

b) 58 units of double storey terrace house in Jalan Sg, Jati, Klang with an estimate GDV of RM30.0 million.

c) Turnkey management project for I-Hub 2 comprising 8 units of demi-detached factory and 15 units of terrace factory with an estimated GDV of RM30.0 million.

Besides the above development projects, we are also actively selling of Midhills@ Genting entitlement units, a joint venture development with Equal Sign Sdn Bhd.

The management will have to scale up with more the development projects in the near future when the market has a more positive outlook.

PROSPECTS

Looking ahead to 2017, we remain concerned about the challenging property market. This market continues to be weighed down by availability of financing, slowing global growth, increasing cost of labour and building material.

The Group continues to be guided by conservative management of its resources to deliver long-term growth and sustainable returns to its shareholders.

ACKNOWLEDGEMENT

We would like to express our appreciation to the members of the Board for their stewardship and contribution throughout the years. We would like to thank our management and staff for their dedication and hard work.

Finally, we would like to thank our shareholders, financiers, government authorities and business associates for their continued support.

Dato' Khor Ah Hua
Chairman
17 April, 2017

DIRECTORS' PROFILE

DATO' KHOR AH HUA

Dato' Khor Ah Hua, Malaysian, aged 69, was appointed as an Independent Non-Executive Director of the Company on 26 November 2013, subsequently Chairman on 24 November 2014. He is a businessman with vast experience in the Motor Vehicle Industry. He completed the Management Development Programme at the Asian Institute of Management, Philippines and Senior Management Development Programme of Harvard Business School.

At present, he is actively involved in the dealership and retail management of motor vehicles. He has previously served in various senior positions including the position of an Executive Director in Daihatsu (M) Sdn Bhd, Board member of Hino Motors (Malaysia) Sdn Berhad and Chairman of Federal Auto Holdings Berhad.

He currently on the Board of Ewein Berhad and several private companies.

He attended four out of four Board meetings held during the financial year ended 31 December 2016. He has no family relationship with any Director of the Company, no conflict of interest with the Company and has never been charged for any offence within the past 10 years.

DATO' NG CHIN HENG

Dato' Ng Chin Heng, aged 59, Malaysian, Managing Director of the Company. He was first appointed to the Board on 21 November 1979. He is a specialist in rubber technology having studied in Japan and Germany. He also attended the management programme of Tsinghua University, Beijing, China.

He attended four out of four Board meetings held during the financial year ended 31 December 2016. He is the spouse of Datin Low Wee Chin and father of Raymond Ng Yew Foong and has no conflict of interest with the Company and has never been charged for any offence within the past 10 years.

DATIN LOW WEE CHIN

Datin Low Wee Chin, aged 58, Malaysian, Executive Director of the Company. Sh--e was appointed to the board on 5 September 2008. She has extensive experience in administration, corporate restructuring and finance works.

She attended four out of four Board meetings held during the financial year ended 31 December 2016. She is the spouse of Dato' Ng Chin Heng and mother of Raymond Ng Yew Foong and has no conflict of interest with the Company and has never been charged for any offence within the past 10 years.

RAYMOND NG YEW FOONG

Raymond Ng Yew Foong, aged 34, Malaysian, Executive Director. He started his career with the Company after graduated with a Diploma in Business Management and subsequently went on to earn a Master In Business Administration (MBA). Currently he in charge of Sales and Marketing Division for the Group.

He attended four out of four Board meetings held during the financial year ended 31 December 2016. He is the son to Dato' Ng Chin Heng and Datin Low Wee Chin. He does not have any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offence within the past 10 years.

KONG SAU KIAN

Kong Sau Kian, aged 53, Malaysian, Executive Director. He is a member of the Malaysian Institute of Accountants. He graduated with a Bachelor of Accounting (Honours) degree from University of Malaya in 1988. Subsequently, he joined KPMG Peat Marwick, an international accounting firm until 1992 where his exposure include audit of wide range of industries, corporate restructuring, acquisition audit and other special assignments.

He also sits on the Board of Asia Brands Corporation Bhd.

He attended four out of four Board meetings held during the financial year ended 31 December 2016. He has no family relationship with any Director of the Company, no conflict of interest with the Company and has never been charged for any offence within the past 10 years.

KHOO SIANG HSI @ KHOO CHEN NAN

Khoo Siang Hsi @ Khoo Chen Nan, aged 51, Independent Non-Executive Director. He was first appointed as a director on 1 August 2012. He graduated from the University of Malaya and a Chartered Accountant with the Malaysian Institute of Accountants with more than 20 years of experience in audit, corporate finance and consultancy.

He sits on the Board of ES Ceramics Technology Bhd.

He attended four out of four Board meetings held during the financial year ended 31 December 2015. He has no family relationship with any Director of the Company, no conflict of interest with the Company and has never been charged for any offence within the past 10 years.

AZLAN BIN ARSHAD

Azlan Bin Arshad, aged 53, Independent Non-Executive Director. He was first appointed as a director on 5 January 2015. He graduated with a Diploma of Accounting (Honours) from Institute Technology Mara 1986. He went on to join Plessey Electronics, UK followed by KPMG and Tongkah Holding Berhad before operating his own businesses.

He attended four out of four Board meetings held during the financial year ended 31 December 2016. He has no family relationship with any Director of the Company, no conflict of interest with the Company and has never been charged for any offence within the past 10 years.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors recognizes the importance of the enhancement of corporate governance and fully supports the high standard of corporate behavior and accountability. The Board has been managing the business and affairs of the Group in the manner which is consistent with the Principles (“the Principles”) and Best Practices (“the Best Practices”) of the Malaysian Code on Corporate Governance (“the Code”).

A. BOARD OF DIRECTORS

(i) The Board

The Board consists of persons of various professional backgrounds, business and commercial experiences relevant for the effective management of the Group. The wealth of experience possessed by members of the Board had been helpful in meeting the company’s corporate objective through strategic business initiatives. The daily operation of the Group is under the supervision of the executive directors, and is fully supported by the management team.

The Board has seven (7) members comprising four (4) executive directors and three (3) independent non-executive directors. The independent Non-Executive Directors are independent of management, and free from any business which could interfere with their independent judgment and their ability to act in the Group's best interest. Their backgrounds are briefly described director profile in this Annual Report 2016.

(ii) Board Responsibilities

The Board retains full and effective control of the Group, the primarily responsibilities of the Board are as follows:

- Reviewing and adopting a strategic plan for the Group
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed
- Identifying principal risks and ensure the implementation of appropriate systems to manage these risks
- Succession planning, including appointing, training, fixing the compensation and where appropriate, replacing senior management
- Developing and implementing an investor relations program or shareholder communications policy for the company
- Reviewing the adequacy and the integrity of the company’s internal control systems and management information systems for compliance with applicable laws, regulations, rules, directives and guidelines

The Board of Directors has delegated certain responsibilities to other Board committees which function within approved terms of reference. The other Board committees include the Audit Committee, the Nomination Committee and the Remuneration Committee.

(iii) Appointments of the Board and Re-election

The Board has formed a Nomination Committee comprising all Non-Executive Directors. The members of the Nomination Committee consist of:-

1. Dato’ Khor Ah Hua @ Khor Choo Fong (Chairman)
2. Khoo Siang Hsi @ Khoo Chen Nan
3. Azlan Bin Arshad

In assessing the independence of the Independent Directors, the Nomination Committee notes that the respective Independent Directors have met the definition of “ Independent Director” as set out in the Main Market Listing Requirement of Bursa Malaysia Securities Berhad

Currently the Company does not have a tenure limit for the Independent Director to serve on the Board as the Board is of the view that the years of experience and knowledge gained through the years in invaluable to the Company.

A. BOARD OF DIRECTORS (Cont'd)

(iii) Appointments of the Board and Re-election (Cont'd)

The function of the Nomination Committee amongst others, is to recommend to the Board suitable candidates for all directorships or Board Committee of the Group. In addition, the Committee reviews the profile of the required skills and experience of each individual director and assist in implementing the assessment programme to assess the effectiveness of the Board as a whole. An orientation and education programme for newly appointed Directors is part of the function of Nomination Committee. This is to ensure that the Board has an appropriate balance of experience and abilities.

In accordance with the Company's Articles of Association, one third of the Board members are required to retire at every Annual General Meeting ("AGM") and be subject to re-election by shareholders. Newly appointed Directors shall hold office until the following AGM and shall then be eligible for re-election by shareholders. All Directors, including the Managing Director shall retire from office at least once in every three years and shall be eligible for re-election.

(iv) Board Meeting and Supply of Information

The Board has at least four regular scheduled meetings each year to review and monitor the development of the Group. The agenda for each Meeting is circulated to all the Directors for their perusal well in advance of the Board meeting date. They are given sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed before the meeting. The quarterly financial results and business review, including the financial performance to-date against the previous year has been tabled at each scheduled meeting for discussion.

Four (4) Board meetings were held during the financial year ended 31 December 2015. The attendance record of each Director since the last financial year is as follows:

	No. of Meeting Attended
Dato' Khor Ah Hua @ Khor Choo Fong	4 of 4
Dato' Ng Chin Heng	4 of 4
Datin Low Wee Chin	4 of 4
Kong Sau Kian	4 of 4
Raymond Ng Yew Foong	4 of 4
Khoo Siang Hsi @ Khoo Chen Nan	4 of 4
Azlan Bin Arshad	4 of 4

All Directors have full and complete access to all information within the Company. The Board also has direct access to the advice and services of the Company Secretary in discharging their duties competently.

Directors are empowered to seek independent professional advice as they may require, at the expenses of the Group, to enable them to form a decision.

(v) Directors' Training

The Directors of the Company have attended and successfully completed the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysis Malaysia and have completed the Continuing Education Programme. Amongst the training programmes attended by directors are sustainable development, post budget seminar, taxation conference, financial reporting standards and corporate governance seminars.

B. DIRECTORS' REMUNERATION

The majority members of the Remuneration Committee are made up of independent non-executive directors. The members of the Remuneration Committee consist of:-

1. Dato' Khor Ah Hua @ Khor Choo Fong (Chairman)
2. Dato' Ng Chin Heng
3. Khoo Siang Hsi @ Khoo Chen Nan

The Remuneration Committee reviews the salaries, incentive and service arrangement of all Executive Directors on an annual basis. The Committee also established a formal and transparent procedure on executive remuneration and recommends to the Board the remuneration package of the Executive and Non-Executive Directors. The Directors concerned would abstain from participating in decisions regarding their own remuneration package.

The remuneration of Executive Director is linked to their corporate and individual performance. The remuneration of Non-Executive Director is related to their experience and level of responsibilities. The reviews and recommendation of the Committee would be subject to the approval of the Board.

For the financial year ended 31 December 2016, the details of Directors' remuneration of the Group are as follows:

	Fees RM'000	Salaries and other emoluments* RM'000	Total RM'000
Executive Directors	–	2,355	2,355
Non-Executive Directors	60	0	60
Total	60	2,355	2,415

* Other emoluments include contribution to Employees' Provident Fund, bonus and benefits in-kind.

The number of Directors of the Company whose total remuneration falls within the following bands:

Range of remuneration	Number of Directors Executive	Number of Directors Non-Executive
Below RM50,000	–	3
RM200,001 to RM250,000	1	–
RM450,001 to RM500,000	1	–
RM500,001 to RM550,000	1	–
RM1,100,001 to RM1,150,000	1	–

C. ACCOUNTABILITY AND AUDIT

(i) Internal Control

The Internal Control Statement in respect of the state of internal control of the Company pursuant to paragraph 15.27 (b) of the Listing Requirements.

The Board acknowledges its responsibilities for establishing a sound system of internal control to safeguard shareholders' investment and the Group's assets, and to provide reasonable assurance on the reliability of the financial statements. However, any such system can only provide reasonable but not absolute assurance against material misstatement or loss. The components of the Group's internal financial control include:-

- Business system
  The information systems operated within the Group have been developed with controls to safeguard the integrity of financial data.

C. ACCOUNTABILITY AND AUDIT (Cont'd)

(i) Internal Control (cont'd)

- Financial and operational reporting
  Financial and operations reports are reported monthly to the Executive Directors and to the Board on a quarterly basis

- Authorisation limits
  The Group well-defined organisation structure with a clear line of accountability, segregation of duties and strict authorisation, approval and control procedures within which senior management operate.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place for the year under review and up to date approval of the Annual Report. The Company had engaged an internal audit firm to undertake internal audit function for the financial year ended 31 December 2016.

(ii) Financial Reporting

Directors' Responsibility statement in respect of Audited Financial Statements pursuant to Paragraph 15.27 (a) of the Listing Requirements.

The Board of Directors is responsible for financial statements for each financial year which gives a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and the results and cash flows of the Group and of the Company for the year then ended. The Board of Directors is also responsible in ensuring that the financial statements of the Group and the Company are drawn up in accordance with applicable approved accounting standards in Malaysia, consistently applied and with reasonable and prudent judgments and estimates.

In presenting the annual financial statements and quarterly announcements of its results, the Board has ensured that the financial statements present a fair assessment of the Group's position and prospects.

(iii) Relationship with Internal and External Auditors

The Company maintained a transparent relationship with internal and external auditors in seeking their professional advice and towards ensuring compliance with accounting standards in Malaysia.

D. RELATIONSHIP WITH SHAREHOLDERS

The annual reports and the quarterly announcements are the primary modes of communication to report on the Group's business activities and financial performance.

The Annual General Meeting is the principal forum for dialogue with shareholders. Notice of the Annual General Meeting together with a copy of the Company's Annual Reports are sent out to the shareholders at least 14 days before the meeting. At each Annual General Meeting, shareholders are given ample time and opportunity to raise more questions pertaining to the business activities of the Group, without limiting of the type of queries asked and they do not seek prior approval from the major shareholders. During the meeting, the Managing Director and the Executive Directors are prepared to provide responses to queries and to receive feedback from the shareholders during the meeting. The external auditors are also present to provide their professional and independent clarification on issue of concern raised by the shareholders. Until the date of this report, we have not received any complaint from any shareholder.

E. OTHER INFORMATION

The following information is provided in compliance with the listing requirement of Bursa Malaysia Securities Berhad.

a) Corporate fund raising exercise undertaken by the Company.

A total 3,110,400 new ordinary shares of RM1.00 each were issued from the conversion of warrant at par value.

b) Share Buy Back

During the financial year ended 31 December 2016, the Company repurchased 2,988,000 (2015:3,502,000) of its issued shares from open market at an average purchase price of RM1.37 per share.

c) Option, warrants or convertible securities.

As at 31 December 2016, there is a total of 22,011,267 (2015: 25,121,667) warrants in the Company.

During the financial year ended 31 December 2016, there were no:-

(a) American Depository Receipts or Global Depository Receipts programme sponsored by the Company;
(b) Sanctions and / or penalties imposed on the Company or its subsidiary companies;
(c) Non-audit fee paid to the external auditors of the Company
(d) Variance of results which differs by 10% or more from any profit estimate / forecast / projection / unaudited results announced;
(e) Profit guarantee given by the Company;
(f) Material contracts of the Company and its subsidiary companies involving directors and substantial shareholders;
(g) Recurrent related party transactions of revenue nature during the year involving revenue of more than RM1 million and hence shareholders' mandate is not required;
(h) Contract relating to loan by the Company and
(i) Revaluation policy on landed property during the financial year.

AUDIT COMMITTEE REPORT

TERMS OF REFERENCE

The main objective of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities relating to accounting and reporting practices of the Company and its subsidiary companies. In particular, the Audit Committee shall:

- oversee and appraise the quality of the audits conducted by the Company's external auditors;
- maintain open line of communication between the Board of Directors and the external and internal auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and
- Determine the adequacy of the Group's administrative, operating and accounting controls.

COMPOSITION

a) The Committee members shall be appointed by the Board of Director from amongst the Directors of the Company
b) The Committee shall comprise not less than three audit committee members, a majority of whom shall be Independent and all shall be Non-Executive Directors. All the members are independent and non-executive directors.
c) At least one of the Committee members:
    i) must be a member of the Malaysian Institute of Accountants; or
    ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three years working experience and:-
        1. he must have passed the examinations specified in part I of the 1st Schedule of the Accountants Act 1967; or
        2. he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
d) No Alternate Director shall be appointed as a member of the Committee.
e) The members of the Committee shall elect a Chairman from among their members who shall be an independent Non-Executive Director.
f) If a member of the Committee resigns, dies or for any other reason ceases to be member which resulted that the number of members is reduced to below three, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number.

SECRETARY

The Company Secretary or his assistant shall be the Secretary of the Committee.

FUNCTIONS

The function of the Audit Committee are as follows:

- Review the audit plan with the external auditors;
- Review the system of internal accounting controls with external auditors;
- Review the audit report with external auditors;
- Review the assistance given by the Company's officers to the external auditors;
- Review the Balance Sheets and Profit and Loss Accounts of the Company and the Group;
- Review any related party transactions that may arise within the Company or the Group;
- Recommend to the Board the appointment of external auditor;
- Identify and direct any special project or investigations deemed necessary;
- Carry out any other related activities and duties in relation to the function of the Audit Committee.

AUTHORITY

The Committee shall, whenever necessary and reasonable for the performance of its duties at the Company's cost:-

a) have authority to investigate any activity within its term of reference
b) have the resources which are required to perform its duties
c) have unrestricted authority to access to any information pertaining to the Group
d) have direct communication with the external auditors.
e) have authority to obtain external legal or other independent professional advice
f) have the power to convene meetings with external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

MEETING

a) The quorum for any meeting of the Committee shall be two and the majority of members present shall be independent Directors.
b) Apart from the members of the Committee who will be present at the meetings, the Committee may invite any member of the Chief Executive, the head of finance, the head of project and representatives of the external auditors to present at meetings of the Committee.
c) The Committee shall meet at least four times a year and such additional meetings as the Chairman shall decide in order to fulfill its duties.
d) Upon request by the external auditors, the Chairman may call for a meetings of the Committee to consider any matter the external auditors believe should be brought to the attention of the directors or shareholders of the Company. The committee met the external auditors twice in the year without the presence of the executive directors.
e) If at any meeting the Chairman is not present at the time appointed for holding meeting, or is unwilling to act, the members present may choose one of their members other than an Executive Director to chair the meeting.

MINUTES

Minutes of each Committee meeting are to be prepared and sent to Committee members and the Company's directors who are non-members of the Committee. If the Company Secretary had not taken the minutes, a copy of the minutes should be sent to him or her for permanent filing.

AUDIT COMMITTEE REPORT

The members of the Audit Committee comprises the following:

Members of The Committee	Designation in The Company
Khoo Siang Hsi @Khoo Chen Nan	Chairman /Independent Non-Executive Director
Dato' Khor Ah Hua @ Khor Choo Fong	Independent Non-Executive Director
Azlan Bin Arshad	Independent Non-Executive Director

The summary of attendance at Audit Committee meetings for the financial year ended 31 December 2016.

Member	No. of Meetings Attended
Khoo Siang Hsi @Khoo Chen Nan	4 of 4
Dato' Khor Ah Hua @ Khor Choo Fong	4 of 4
Azlan Bin Arshad	4 of 4

ACTIVITIES OF AUDIT COMMITTEE

The activities carried out by the Audit Committee during the financial year ended 31 December 2016 were as follows:

a) Reviewed the Group's quarterly financial results and annual audited accounts before submission for the Board's approval and announcements to Bursa Malaysia.
b) Reviewed with the external auditors their audit plan and significant audit issues.
c) Reviewed the adequacy and effectiveness of the internal audit process and assessed the performance, effectiveness and efficiency of its function.
d) Reviewed the adequacy of provision for doubtful debts and bad debts written off.
e) Reviewed the related party transactions within the Company and the Group.
f) Reviewed the audit reports and assessed the recommendations on the audit issues prepared by the external auditors.
g) Reviewed the internal audit report with the internal auditors, evaluating the adequacy of the approach and work performed via the internal audit programmes and results thereon.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place for the year under review and up to date approval of the Annual Report.

However the Company had engaged an internal audit firm, Bizsery Corporate Management Sdn Bhd to undertake internal audit function for the financial year ending 31 December 2016. The total cost incurred in outsourcing of the internal audit function to an independent professional firm during the financial year amounted to approximately RM32,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors is committed and is taking appropriate steps to strengthen the system of internal control and risk management within the Group. The system of internal control and risk management is designed to manage the inherent business risks and risk of failure to achieve the business objectives. As such, it can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

The Group has in place a risk management process to identify, evaluate and manage significant risks impacting the Group. The process is supported by procedures, methodologies and evaluation criteria requirements to ensure clarity and consistency of application across the Group.

The Board has delegated its authority to the Management to review and determine the level of risk tolerance. The process requires management to comprehensively identify and assess all types of risks in terms of likelihood, velocity and magnitude of impact as well as to identify and evaluate the adequacy and application of mechanisms in place to manage, mitigate, avoid or eliminate these risks. The process encompasses assessments and evaluations at business unit process level before being examined on a Group perspective.

A briefing is presented to the Audit Committee on the significant risks impacting the Group and the measures taken by the management to address and manage such risks. It also highlights exposures along with an appropriate management action plan to manage or mitigate such exposures. Any internal or external change that may significantly impact the risks and controls spectrum is also highlighted. The Board reviews and discussed with management at Board meetings, the risk tolerance and additional internal controls to be implemented (if any).

INTERNAL CONTROL SYSTEM

The key processes that the directors have established in reviewing the adequacy and integrity of the system of internal controls are as follows:

- The Audit Committee, on behalf of the Board, regularly reviews and holds discussion with management on the action taken on internal control issues identified by the management and issues highlighted by the external auditors and internal auditors in the course of their work as statutory auditors and internal auditors. The Audit Committee meets regularly and as and when needed.

- The Board receives and reviews regularly reports from the Management on the key operating statistics, legal and regulatory matters. The Board approves appropriate responses to regulatory authorities' queries.

- There are internal audit visits and if the need arises, other specific assignments to monitor compliance with policies and procedures, to assess effectiveness of the internal control system and to highlight any significant findings in respect of non-compliance.

The Group had outsourced its internal audit function to an independent party who assists the Audit Committee as well as the Board of Directors to discharge their responsibility by providing an independent, objective assurance and advisory services that add value and improve the Group operation. The internal audit function has focused on high priority activities determined by risk assessment and in accordance with the audit planning memorandum approved by the Audit Committee.

The Board also acknowledged that internal controls and self-control assessment are integral self-regulatory mechanisms in enhancing corporate governance and the organization's performance. For the year under review the on going review process was facilitated with the establishment of internal control procedures with clear line of authority, responsibilities, policies and procedures laid down by the Board. A close involvement of the Executive Directors in the daily activities has reduced the operational risk of the Group.

MONITORING AND REVIEW

The Board is committed in its responsibilities and accountability for the Group's system of internal controls and risk management. The controls not only cover the areas of financial, operating and administration but also compliance with statutory requirements and organization's policies and procedures.

The Board recognizes the importance of risk management, as such the control processes are reviewed by the Board on an ongoing basis for identification and mitigation of the major risks within the Group. Besides this, the participation of the Executive Directors in the daily activities has also reduced the business and operational risks of the Group. The Executives Directors and senior management regularly organized informal meetings for purpose of identifying and managing the business risk of the Group.

The Directors are of the opinion that the existing system of internal control was satisfactory and has not resulted in significant losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

REVIEW OF THIS STATEMENT

The External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide ("RPG") 5 issued by Malaysian Institute of Accountants. 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 process the Board has adopted in the review of the adequacy and integrity of internal control and risk management of the Group. RPG 5 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

CONCLUSION

For the financial year under review and up to the date of issuance of the Financial Statements, the Board has received assurance from the CEO and Chief Financial Officer and are satisfied with the adequacy, integrity and effectiveness of the Group's systems of internal controls and risk management. No material losses, contingencies or uncertainties have arisen form any inadequacy or failure of the Group's system of internal controls and risk management that would require separate disclosure in the Annual Report.

SUSTAINABILITY STATEMENT

The Board of Directors is fully aware and committed to integrate our social responsibilities into our business strategies for the sustainable growth of the Group. As the Group work to increase stakeholders value through our core business, it will not neglect our responsibilities and will strive for the betterment of the community and our employees.

EMPLOYEE WELFARE

Recognising that employees are important asset for the Group, the Group shall continue to care for the welfare of all its employees and shall constantly upgrade employee skills to meet changing requirements. Constant education and guidance are given to all employees to ensure high level of job satisfaction at all levels. Staff funds and advances were provided in instances of unexpected hardship.

Workplace Diversity as at 31 December 2016

Category	Executive	Non Executive	
	54%	46%	
Gender	Male	Female	
	62%	38%	
Age Group	30 to <40	40 to <50	50 & Above
	38%	8%	54%
Diversity	Malay	Chinese	Indian
	7%	85%	8%

COMMUNITY WELFARE

The Group encourages and supports employee participation in community activities. Support given is in the form of mainly cash donation by the Group to deserving welfare and charity organizations, religion organizations, schools and the supports for culture and arts performances during the financial year. Certain directors in their personal capacity are actively involved in school and charity organizations such Alzheimer's Disease Foundation Malaysia and Khe Beng School, Bkt Kemuning, Shah Alam. They have been putting a lot of efforts by holding positions and contributing donation to these welfare and charity organization as part of the efforts of giving back to the society where the Group operates.

BUSINESS PRACTICES

Our business practices of engaging sub-contractors, consultants and workers in carry out our business activities. This practice would help in the wealth distribution and employment creation in the community and the industry where it operates.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of management services to its subsidiary companies. The principal activities of the subsidiary companies are disclosed in Notes 5 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the financial year	21,570,149	45,057,257
Attributable to:		
Owners of the parent	21,572,478	
Non-controlling interests	(2,329)	
	21,570,149	

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.

DIVIDENDS

Since the end of the previous financial year, an interim single tier dividend of 7% on ordinary shares of RM1.00 each, amounting to a total dividend of RM4,971,085 in respect of the financial year ended 31 December 2016 was paid on 30 September 2016.

The Board of Directors does not recommend any final dividend in respect of current financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM75,109,888 to RM78,220,288 through the creation of 3,110,400 ordinary shares of RM1.00 each for cash arising from the conversion of warrants.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There were no debentures issued during the financial year.

TREASURY SHARES

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 26 May 2016, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

The repurchase transactions were financed by internally generated funds. The repurchased shares are being held as treasury shares in accordance with the requirements of section 67A of the Companies Act 1965. Treasury shares had no rights to voting, dividends and participation in other distribution. There has been no cancellation of such shares to date.

During the financial year, the Company repurchased 2,988,000 of its issued shares capital from the open market. The average price paid for the share repurchased was RM 1.37 (2015: RM 1.36) per share. The total consideration paid for the repurchase, including transaction costs RM4,091,122. The repurchased transactions were financed by internal generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2016, the total number of treasury shares held by the Company is 6,490,491 (2015: 3,502,491) of its issued ordinary shares and further relevant details are disclosed in Note 20 to the financial statements.

WARRANT RESERVES

The Warrants 2008/2018 were constituted under the Deed Poll dated 4 February 2008.

As at 31 December 2016, the total numbers of warrants that remain unexercised were 22,011,267 (2015: 25,121,667).

The salient terms of the warrants are disclosed in Note 19(b) to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The Directors in office since the date of the last report are as follows:

Dato' Khor Ah Hua @ Khor Choo Fong
Dato' Ng Chin Heng
Datin Low Wee Chin
Kong Sau Kian
Raymond Ng Yew Foong
Khoo Siang Hsi @ Khoo Chen Nan
Azlan Bin Arshad

DIRECTORS' INTERESTS

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

	No. of ordinary shares of RM1.00 each			
	At 1.1.2016	Acquired	Disposed	At 31.12.2016
LBI Capital Berhad				
Direct interests				
Kong Sau Kian	800,000	–	–	800,000
Indirect interests				
Dato' Ng Chin Heng [1]	40,714,529	3,085,371	(4,817,600)	38,982,300
Datin Low Wee Chin [1]	40,714,529	3,085,371	(4,817,600)	38,982,300
Raymond Ng Yew Foong [1]	40,714,529	3,085,371	(4,817,600)	38,982,300
Azlan Bin Arshad [2]	1,016,966	–	–	1,016,966

	Number of warrants 2008/2018			
	At 1.1.2016	Acquired	Disposed	At 31.12.2016
LBI Capital Berhad				
Indirect interests				
Dato' Ng Chin Heng [3]	3,878,000	420,900	(1,075,200)	3,223,700
Datin Low Wee Chin [3]	3,878,000	420,900	(1,075,200)	3,223,700
Raymond Ng Yew Foong [3]	3,878,000	420,900	(1,075,200)	3,223,700

Note:

1. *Deemed interest through Section 6A of the Companies Act 1965 in Ng C.H. Holdings Sdn. Bhd., Ng Tiong Seng Corporation Sdn. Bhd. and Datin Chan Soon @ Chan Lai Har by virtue of section 122A of The Companies Act 1965.*

2. *Deemed interest through Section 6A of the Companies Act 1965 in Zalaraz Sdn. Bhd.*

3. *Deemed interest through warrants held by Ng Tiong Seng Corporation Sdn. Bhd. and Datin Chan Soon @ Chan Lai Har by virtue of Section 122A of the Companies Act 1965.*

By virtue of their interests in the share capital of the Company, Dato' Ng Chin Heng, Datin Low Wee Chin and Raymond Ng Yew Foong are also deemed to have interests in the shares of all the subsidiary companies to the extent the Company has an interest under Section 6A of the Companies Act 1965.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in 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 the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than those arising from warrants as disclosed in the financial statements.

Other Statutory Information

(a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:

    (i) to ascertain that 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 there were no bad debts to be written off and no allowance for doubtful debts was required; and

    (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

    (i) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Group and of the Company; or

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

    (iii) 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; or

    (iv) 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.

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

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

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

(d) In the opinion of the Directors:

    (i) no contingent liability 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 will or may affect the ability of the Group and of the Company to meet their obligations when they fall due;

    (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

HOLDING COMPANY

The holding Company is Ng C.H. Holdings Sdn. Bhd. ("NCHHSB"), a company incorporated and domiciled in Malaysia.

AUDITORS

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

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

DATO' NG CHIN HENG

DATIN LOW WEE CHIN

KUALA LUMPUR

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 40 to 107 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 43 to the financial statements on page 108 have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 17 April 2017

DATO' NG CHIN HENG

DATIN LOW WEE CHIN

KUALA LUMPUR

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Kong Sau Kian, being the Director primarily responsible for the financial management of LBI Capital Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 40 to 108 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur)
the Federal Territory on 17 April 2017

KONG SAU KIAN

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LBI CAPITAL BERHAD

(COMPANY NO: 41412-X) (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of LBI Capital Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 40 to 107.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Basis of 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 Matter

Key audit matter is those matter that, in our professional judgement, was of most significance in our audit of the financial statements of the Group and of the Company for the current year. This matter was 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 this matter.

Key Audit Matter	*How we addressed the key audit matter*
Property development costs	
The Group recognises property development revenue and expenses in the statements of profit or loss and other comprehensive income by using the stage of completion method, that is determined by the proportion of the costs incurred, for the work performed to date bear to the estimated total costs and significant judgement is required in determining the above.	• Assessed the reasonableness of management's assumptions used in estimating costs to complete for each project to supporting evidence. • Tested the calculation of stage of completion including testing the costs incurred and recorded for occurrence and accuracy, and re-performed the percentage of completion calculations. • Agreed gross development revenue/budgeted costs to the original signed contracts, letter of awards and variation orders.

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

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the 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 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.

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- 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 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 43 on page 108 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

UHY
Firm Number: AF 1411
Chartered Accountants

CHONG HOU NIAN
Approved Number: 03105/11/2018 J
Chartered Accountant

KUALA LUMPUR
17 April 2017

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

		Group		Company	
		2016	**2015**	**2016**	**2015**
	Note	**RM**	**RM**	**RM**	**RM**
Non-Current Assets					
Property, plant and equipment	4	**1,116,922**	1,612,267	**432,411**	696,198
Investment in subsidiary companies	5	**–**	–	**25,877,304**	7,217,684
Investment in an associate company	6	**1**	25,870	**1**	50,000
Investment properties	7	**28,128,723**	28,128,723	**26,000,000**	26,000,000
Other investments	8	**–**	968,820	**–**	486,420
Land and property development costs	9	**22,974,426**	22,655,865	**–**	–
		52,220,072	53,391,545	**52,309,716**	34,450,302
Current Assets					
Other Investments	8	**3,043,189**	–	**3,043,189**	–
Land and property development costs	9	**49,373,839**	58,555,284	**–**	–
Inventories	10	**2,072,641**	2,072,641	**–**	–
Trade receivables	11	**5,701,106**	1,790,165	**–**	55,544
Accrued billings in respect of property development costs		**4,085,944**	17,802,640	**–**	–
Other receivables	12	**1,426,288**	2,060,071	**855,400**	855,400
Tax recoverable		**352,525**	486,032	**237,998**	397,005
Amounts owing by subsidiary companies	13	**–**	–	**58,600,569**	50,272,234
Amount owing by an associate company	14	**6,100,000**	6,060,000	**6,100,000**	6,060,000
Cash held under Housing Development Account	15	**264,852**	1,487,676	**–**	–
Deposits, cash and bank balances	16	**36,054,285**	4,109,389	**33,842,816**	932,710
		108,474,669	94,423,898	**102,679,972**	58,572,893
Non-current assets classified as held for sale	17	**–**	27,126,703	**–**	–
Total Assets		**160,694,741**	174,942,146	**154,989,688**	93,023,195

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Equity					
Share capital	18	**78,220,288**	75,109,888	**78,220,288**	75,109,888
Reserves	19	**63,981,995**	47,380,602	**61,734,983**	21,648,811
Treasury shares	20	**(8,883,512)**	(4,792,390)	**(8,883,512)**	(4,792,390)
Equity attributable to owners of the parent		**133,318,771**	117,698,100	**131,071,759**	91,966,309
Non-controlling interests		**237,422**	239,751	**–**	–
Total Equity		**133,556,193**	117,937,851	**131,071,759**	91,966,309
Non-Current Liabilities					
Bank borrowings	21	**7,612,875**	16,727,549	**–**	–
Deferred tax liabilities	22	**138,073**	142,590	**125,851**	125,851
		7,750,948	16,870,139	**125,851**	125,851
Current Liabilities					
Trade payables	23	**2,269,603**	4,719,687	**–**	–
Progress billings in respect of property development costs		**8,402,591**	6,519,529	**–**	–
Other payables	24	**7,293,594**	18,421,865	**345,264**	391,035
Amounts owing to subsidiary companies	13	**–**	–	**23,446,814**	540,000
Bank borrowings	21	**860,858**	9,060,407	**–**	–
Tax payables		**560,954**	1,412,668	**–**	–
		19,387,600	40,134,156	**23,792,078**	931,035
Total Liabilities		**27,138,548**	57,004,295	**23,917,929**	1,056,886
Total Equity and Liabilities		**160,694,741**	174,942,146	**154,989,688**	93,023,195

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Revenue	25	27,273,124	84,299,600	27,027,975	8,124,560
Cost of sales	26	(18,092,781)	(50,862,610)	–	–
Gross profit		9,180,343	33,436,990	27,027,975	8,124,560
Other operating income		23,779,218	596,165	20,351,805	1,564,945
Other operating expenses		(6,848,782)	(10,815,520)	(1,665,518)	(3,793,932)
Finance costs	27	(783,149)	(1,319,367)	–	(301,058)
Share of results of associate		(25,869)	(21,734)	–	–
Profit before taxation	28	25,301,761	21,876,534	45,714,262	5,594,515
Taxation	29	(3,731,612)	(6,268,009)	(657,005)	(187,922)
Net profit for the financial year, representing total comprehensive income for the financial year		21,570,149	15,608,525	45,057,257	5,406,593
Net profit for the financial year attributable to:					
Owners of the parent		21,572,478	15,610,496	45,057,257	5,406,593
Non-controlling interests		(2,329)	(1,971)	–	–
		21,570,149	15,608,525	45,057,257	5,406,593
Total comprehensive income attributable to:					
Owners of the parent		21,572,478	15,610,496	45,057,257	5,406,593
Non-controlling interests		(2,329)	(1,971)	–	–
		21,570,149	15,608,525	45,057,257	5,406,593
Earning per share attributable owners of the parent (sen):					
Basic	30(a)	30.46	21.72		
Fully diluted	30(b)	28.57	19.82		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Group	Note	Share Capital RM	Share Premium RM	Warrant Reserves RM	Treasury Shares RM	Accumulated Losses RM	Total RM	Non-Controlling Interest RM	Total Equity RM
		Attributable to Holders of the Parent							
		< ------------Non-Distributable------------------>				Distributable			
At 1 January 2016		75,109,888	107,798,206	803,787	(4,792,390)	(61,221,391)	117,698,100	239,751	117,937,851
Net profit for the financial year, representing total comprehensive income for the financial year		–	–	–	–	21,572,478	21,572,478	(2,329)	21,570,149
Transactions with owners:									
Issuance of ordinary shares:									
- Conversion of warrants	18,19	3,110,400	155,520	(155,520)	–	–	3,110,400	–	3,110,400
Shares repurchased	20	–	–	–	(4,091,122)	–	(4,091,122)	–	(4,091,122)
Dividend paid	31	–	–	–	–	(4,971,085)	(4,971,085)	–	(4,971,085)
		3,110,400	155,520	(155,520)	(4,091,122)	(4,971,085)	(5,951,807)	–	(5,951,807)
At 31 December 2016		78,220,288	107,953,726	648,267	(8,883,512)	(44,619,998)	133,318,771	237,422	133,556,193

		Attributable to Holders of the Parent							
		< ------------Non-Distributable------------------>				Distributable			
Group	**Note**	**Share Capital RM**	**Share Premium RM**	**Warrant Reserves RM**	**Treasury Shares RM**	**Accumulated Losses RM**	**Total RM**	**Non-Controlling Interest RM**	**Total Equity RM**
At 1 January 2015		72,484,034	107,659,938	900,202	(646)	(73,261,589)	107,781,939	241,722	108,023,661
Net profit for the financial year, representing total comprehensive income for the financial year		–	–	–	–	15,610,496	15,610,496	(1,971)	15,608,525
Transactions with owners:									
Issuance of ordinary shares:									
- Conversion of warrants	18,19	1,928,300	96,415	(96,415)	–	–	1,928,300	–	1,928,300
- Private Placement	18,19	697,554	41,853	–	–	–	739,407	–	739,407
Shares repurchased		–	–	–	(4,791,744)		(4,791,744)		(4,791,744)
Dividend paid	31	–	–	–	–	(3,570,298)	(3,570,298)	–	(3,570,298)
		2,625,854	138,268	(96,415)	(4,791,744)	(3,570,298)	(5,694,335)	–	(5,694,335)
At 31 December 2015		75,109,888	107,798,206	803,787	(4,792,390)	(61,221,391)	117,698,100	239,751	117,937,851

		<------------Non-Distributable		------------>			
		Share Capital	Share Premium	Warrant Reserves	Treasury Shares	Accumulated Losses	Total
Company	**Note**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
At 1 January 2016		75,109,888	107,798,206	803,787	(4,792,390)	(86,953,182)	91,966,309
Net profit for the financial year representing total comprehensive income for the financial year		–	–	–	–	45,057,257	45,057,257
Transactions with owners:							
Issuance of ordinary shares:							
- Conversion of warrants	18,19	3,110,400	155,520	(155,520)	–	–	3,110,400
Shares repurchased	20	–	–	–	(4,091,122)	–	(4,091,122)
Dividend paid	31	–	–	–	–	(4,971,085)	(4,971,085)
		3,110,400	155,520	(155,520)	(4,091,122)	(4,971,085)	(5,951,807)
At 31 December 2016		78,220,288	107,953,726	648,267	(8,883,512)	(46,867,010)	131,071,759

Company	Note	Share Capital RM	Share Premium RM	Warrant Reserves RM	Treasury Shares RM	Accumulated Losses RM	Total RM
		<--------------------	Non-Distributable	--------------------	-------------------->		
At 1 January 2015		72,484,034	107,659,938	900,202	(646)	(88,789,477)	92,254,051
Net profit for the financial year, representing total comprehensive income for the financial year		–	–	–	–	5,406,593	5,406,593
Transactions with owners:							
Issuance of ordinary shares:							
- Conversion of warrants	18,19	1,928,300	96,415	(96,415)	–	–	1,928,300
- Private Placement	18,19	697,554	41,853	–	–	–	739,407
Shares repurchased		–	–		(4,791,744)	–	(4,791,744)
Dividend paid	31	–	–	–	–	(3,570,298)	(3,570,298)
		2,625,854	138,268	(96,415)	(4,791,744)	(3,570,298)	(5,694,335)
At 31 December 2015		75,109,888	107,798,206	803,787	(4,792,390)	(86,953,182)	91,966,309

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Cash Flows From Operating Activities				
Profit before taxation	**25,301,761**	21,876,534	**45,714,262**	5,594,515
Adjustments for:				
Impairment loss on trade receivables	**–**	205,991	**–**	–
Depreciation of property, plant and equipment	**821,955**	785,386	**263,787**	274,870
Fair value adjustment on other investments	**(172,080)**	627,420	**(172,080)**	407,384
Impairment on investment in subsidiary companies	**–**	–	**492,643**	99,999
Impairment on investment in associated companies	**–**	–	**49,999**	–
Interest expenses	**783,149**	1,319,367	**–**	301,058
Share of results of associate	**25,869**	21,734	**–**	–
Deposits written off	**–**	(6,471)	**–**	–
Interest income	**(964,264)**	(159,658)	**(913,117)**	(1,421,954)
Dividend income	**(101,115)**	(7,260)	**(26,101,115)**	(6,747,260)
(Gain)/loss on disposal of other investments	**(161,876)**	28,675	**(100,626)**	–
Gain on disposal of property, plant and equipment	**–**	(20,000)	**–**	–
Gain on disposal of land	**(21,960,746)**	–	**–**	–
Trade payables written off	**–**	(5,105)	**–**	–
Reversal of impairment on investment in subsidiary companies	**–**	–	**(19,152,263)**	–
Unrealised gain on foreign exchange	**(13,720)**	–	**(13,720)**	–
Operating profit/(loss) before working capital changes	**3,558,933**	24,666,613	**67,770**	(1,491,388)
Changes in working capital:				
Property development costs	**9,425,479**	4,811,871	**–**	–
Trade receivables	**(3,910,941)**	14,707,878	**55,544**	(55,544)
Other receivables	**633,783**	3,269,262	**–**	2,709,200
Trade payables	**(2,450,084)**	(8,545,951)	**–**	–
Other payables	**(2,628,271)**	9,301,682	**(45,771)**	30,261
Accrued/Progress billings in respect of property development costs	**15,599,758**	(14,331,512)	**–**	–
Amount owing by an associate company	**(40,000)**	(1,200,000)	**(40,000)**	(1,200,000)
Amount owing by/to subsidiary companies	**–**	–	**18,578,479**	3,031,826
Amount owing to holding company	**–**	(1,000,000)	**–**	(1,000,000)
	16,629,724	7,013,230	**18,548,252**	3,515,743
Cash generated from operations	**20,188,657**	31,679,843	**18,616,022**	2,024,355
Interest received	**964,264**	159,658	**913,117**	1,421,954
Interest paid	**(1,222,231)**	(1,319,367)	**–**	(301,058)
Tax paid	**(4,454,336)**	(6,228,310)	**(497,998)**	(704,950)
Tax refund	**–**	318,739	**–**	–
	(4,712,303)	(7,069,280)	**415,119**	415,946
Net cash from operating activities	**15,476,354**	24,610,563	**19,031,141**	2,440,301

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Cash Flows From Investing Activities				
Purchase of property, plant and equipment	**(326,610)**	(261,204)	**–**	(244,363)
Purchase of other investments	**(3,614,847)**	(308,940)	**(3,614,847)**	(158,504)
Proceeds from disposal of property, plant and equipment	–	20,000	**–**	–
Proceeds from disposal of land	**40,587,449**	–	**–**	–
Proceeds from disposal of other investments	**1,874,434**	61,325	**1,330,784**	–
Acquisition of a subsidiary company	**–**	–	**–**	(2)
Dividend received	**101,115**	7,260	**22,101,115**	6,747,260
Net cash from/(used) in investing activities	**38,621,541**	(481,559)	**19,817,052**	6,344,391
Cash Flows From Financing Activities				
Decrease in fixed deposit pledged	**15,314**	58,412	**–**	–
Interest paid	**(123,513)**	–	**–**	–
Proceed from issuance of share	**3,110,400**	2,667,707	**3,110,400**	2,667,707
Purchase of treasury shares	**(4,091,122)**	(4,791,744)	**(4,091,122)**	(4,791,744)
Dividend paid	**(4,971,085)**	(3,570,298)	**(4,971,085)**	(3,570,298)
Repayment of term loan	**(13,314,223)**	(15,402,861)	**–**	–
Net movement on revolving credits	**(4,000,000)**	–	**–**	(2,500,000)
Net cash used in financing activities	**(23,374,229)**	(21,038,784)	**(5,951,807)**	(8,194,335)
Net increase in cash and cash equivalents	**30,723,666**	3,090,220	**32,896,386**	590,357
Cash and cash equivalents at beginning of the financial year	**5,494,789**	2,404,569	**932,710**	342,353
Effect of exchange translation differences on cash and cash equivalents	**13,720**	–	**13,720**	–
Cash and cash equivalents at end of the financial year	**36,232,175**	5,494,789	**33,842,816**	932,710
Cash and cash equivalents at end of financial year comprises:				
Deposits, cash and bank balances (Note 16)	**36,054,285**	4,109,389	**33,842,816**	932,710
Cash held under Housing Development Account	**264,852**	1,487,676	–	–
	36,319,137	5,597,065	**33,842,816**	932,710
Less: Fixed deposits pledged to licensed banks	**(86,962)**	(102,276)	–	–
	36,232,175	5,494,789	**33,842,816**	932,710

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

The principal place of business is at Lot 1282, Jalan Bukit Kemuning, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan.

The registered office of the Company is located at No. 52A, Lebuh Enggang, 41150 Klang, Selangor Darul Ehsan.

The principal activities of the Company are those of investment holding and provision of management services to its subsidiary companies. The principal activities of its subsidiary companies are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

The holding Company of the Company is Ng C.H. Holdings Sdn. Bhd. ("NCHHSB"), a company incorporated and domiciled in Malaysia.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to FRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for the current financial year:

FRS 14	Regulatory Deferral Accounts
Amendments to FRS 11	Accounting for Acquisitions of interests in Joint Operations
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 127	Equity Method in Separate Financial Statements
Annual Improvements to FRSs 2012–2014 Cycle	

The adoption of the above amendments to FRSs did not have any significant impact on the financial statements of the Group and the Company.

2. BASIS OF PREPARATION (cont'd)

(a) Statement of Compliance (cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new FRSs, interpretation and amendments to FRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to FRS 107	Disclosure Initiative	1 January 2017
Amendments to FRS 112	Recognition of Deferred Tax Asset for Unrealised losses	1 January 2017
Annual Improvements to FRs 2014-2016 Cycle		
• Amendments to FRS 12		1 January 2017
• Amendments to FRS 1		1 January 2018
• Amendments to FRS 128		1 January 2018
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 2	Classification and measurement of Share-based payment Transactions	1 January 2018
Amendments to FRS 140	Transfers of Investment Property	1 January 2018*
Amendments to FRS 4	Applying FRS 9 *Financial Instruments* with FRS 4 *Insurance Contracts*	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

Note:

* *Entities that meet the specific criteria in FRS 4, paragraph 20B, may choose to defer the application of FRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

The Group and the Company intend to adopt the above FRSs when they become effective.

The initial application of the abovementioned FRSs are not expected to have any significant impact on the financial statements of the Group and of the Company except as mentioned below:

FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

FRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of FRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. FRS 9 when effective will replace FRS *139 Financial Instruments: Recognition and Measurement.*

2. BASIS OF PREPARATION (cont'd)

(a) Statement of Compliance (cont'd)

Standards issued but not yet effective (cont'd)

FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) (Cont'd)

FRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investment in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. FRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 139.

The adoption of FRS 9 will result in a change in accounting policy. The Group and the Company are currently examining the financial impact of adopting FRS 9.

New Malaysian Financial Reporting Standards ("MFRS Framework") issued but not yet effective

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* and IC Interpretation 15 *Agreements for Construction of Real Estate*, including its parent, significant investor and venturer (hereinafter called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the financial year ending 31 December 2018. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group and the Company have not completed its assessment of the financial effects of the differences between FRSs and accounting standards under the MFRS Framework. Accordingly, the consolidated and separate financial performance and financial position as disclosed in these financial statements for the financial year ended 31 December 2016 could be different if prepared under the MFRS Framework.

2. BASIS OF PREPARATION (cont'd)

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

<u>Money market instruments as cash and cash equivalents</u>

FRS107 Statement of Cash Flows defines the criterion on what constitutes cash and cash equivalents. Generally, cash and cash equivalents are short-term, highly liquid, readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. In determining whether an investment into a specific money market fund constitutes cash and cash equivalents, the management assesses each investment against the said criterions. Generally, money market instruments that do not have a maturity date, but are readily convertible into an amount of cash that is known at inception are subject to an insignificant risk of future changes in value. Such investments, are thus in substance cash equivalents.

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 and liabilities within the next financial year are set out below:

(i) Useful lives of property, plant and equipment

The Group regularly reviews the estimated useful lives of property, plant and equipment 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.

(ii) Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. For investment properties, a valuation methodology based on sales comparison approach was used. The key assumptions used to determine the fair value of properties are provided in Note 7.

2. BASIS OF PREPARATION (cont'd)

(c) Significant accounting judgements, estimates and assumptions (cont'd)

Key sources of estimation uncertainty (cont'd)

(iii) Property development costs

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

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The carrying amount of the Group's property development costs at the reporting date is disclosed in Note 9.

(iv) Impairment of loans and receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics. The carrying amount at the reporting date for loan and receivables are disclosed in Notes 11, 12, 13 and 14 respectively.

(v) Impairment of investment in associates

The Group reviews its investments in associates when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. The Group evaluates the recoverable amounts based on market performance, economic and political situation of the country in which the joint ventures and associates operate. The carrying amounts at the reporting date for investments in associates are disclosed in Notes 6.

(vi) Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 10.

2. BASIS OF PREPARATION (cont'd)

(c) Significant accounting judgements, estimates and assumptions (cont'd)

Key sources of estimation uncertainty (cont'd)

(vii) Impairment of investment in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 5.

(viii) Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2016, the Group has tax recoverable and tax payable of RM352,525 and RM560,954 (2015: RM486,032 and RM1,412,668) respectively, and as of that date, the Company has tax recoverable of RM237,998 (2015: RM397,005).

(ix) Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting internal and external experts to the Group, for matters in the ordinary course of business. Details of contingent liabilities are disclosed in Note 36.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of consolidation (cont'd)

(i) Subsidiary companies (cont'd)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interests in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of FRS 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m) to the financial statements on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of consolidation (cont'd)

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3 (m) on impairment of non-financial assets.

(b) Investments in associates

An associate is an entity over which the Group and the Company have significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds the carrying amount of the investment, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies FRS 139 to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with FRS 136 *Impairment of Assets* as a single assets, by comparing its recoverable amount (higher of value-in-use and fair value less costs of disposal) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Investments in associates (cont'd)

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m) to the financial statements on impairment of non-financial assets.

(c) Foreign currency

Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on 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 arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy for the recognition and measurement of impairment is in accordance with Note 3(m).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

3. **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

(d) Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of property, plant and equipment.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Furniture and fittings	5 - 10 years
Renovation	10 years
Office equipment	10 years
Motor vehicles	5 years
Computer equipment	5 years

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(e) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Leases (cont'd)

As lessee

(i) Finance lease

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

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

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

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(f) Land and Property development costs

(i) Land held for property development

Land held for property development consists of cost of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Land held for property development is classified as non-current asset and carried at cost less accumulated impairment losses, if any.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Land and Property development costs (cont'd)

(i) Land held for property development (cont'd)

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

When the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Property development costs not recognised as an expense are recognised as an asset, whichis measured at the lower of cost and net realisable value.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

(g) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the reporting period of retirement or disposal under property, plant and equipment up to the date of change in use.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) Investment properties (cont'd)

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(h) Financial assets

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

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

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

Financial assets at fair value through profit or loss include financial assets
held for trading, contingent consideration in a business combination or financial assets that are designated into this category upon initial recognition. A financial asset is classified in this category if it is acquired principally for the purpose of selling it in the near term. Derivatives, including separated embedded derivatives, are also categorised as held for trading unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

After initial recognition, financial assets in this category are measured at fair value with any gains or losses arising from changes in the fair values recognised in profit or loss in the period in which the changes arise.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Financial assets (cont'd)

(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. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

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

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

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

A financial asset is derecognised when the contractual rights to receive cash flows from the financial assets has expired or have been transferred and the Group and the Company has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company classify their financial liabilities at initial recognition into the following categories:

(i) Financial liabilities measured at amortised cost

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

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

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

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(ii) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

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

3. **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

(j) Offsetting of financial instruments

Financial assets and a financial liabilities is offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(k) Inventories

Properties held for sale are stated at the lower of cost and net realisable value.

The cost of completed properties includes costs of land and related development cost or its purchase costs and incidental cost of acquisition.

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

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of pledged deposits.

(m) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, investment property measured at fair value and non-current assets classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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

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

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Impairment of assets (cont'd)

(i) Non-financial assets (cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

All financial assets, other than those categorised as fair value through profit or loss, investment in subsidiary companies and investment in associated companies, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

<u>Financial assets carried at amortised cost</u>

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

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in the profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

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 (such as an improvement in the receivable's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Impairment of financial assets (cont'd)

(ii) Financial assets (cont'd)

Available-for-sale financial assets

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

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised. When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value of equity instrument, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(n) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the nominal value of shares issued. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(ii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares in the statement of changes in equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied as a reduction of the share premium account or the distributable retained profits, or both.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) Employee benefits

(i) 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 compensation absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(p) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Property development

Revenue derived from property development activities is recognised based on the stage of completion method. The stage of completion is determined based on the total actual costs incurred to date over the estimated total property development costs.

(ii) Rendering of services

Revenue from services rendered is recognised in profit or loss based on the value of services performed and invoiced to customers during the period.

(iii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iv) Dividend income

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

(v) Interest income

Interest income is recognised on accruals basis using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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

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

(r) Income taxes

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

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

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

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model.

Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(r) Income taxes (cont'd)

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

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

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(t) Contingencies

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

(v) Non-current assets held for sale and discontinued operation

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

4. PROPERTY, PLANT AND EQUIPMENT

Group RM	Furniture and fittings RM	Renovation RM	Office equipment	Motor vehicles RM	Computer equipment RM	Total RM
Cost						
At 1 January 2016	**244,924**	**1,260,915**	**346,047**	**4,078,712**	**64,872**	**5,995,470**
Additions	**2,035**	**–**	**18,257**	**302,770**	**3,548**	**326,610**
At 31 December 2016	**246,959**	**1,260,915**	**364,304**	**4,381,482**	**68,420**	**6,322,080**
Accumulated depreciation						
At 1 January 2016	**236,887**	**1,260,915**	**250,257**	**2,584,222**	**50,922**	**4,383,203**
Charge for the financial year	**8,206**	**–**	**25,205**	**776,737**	**11,807**	**821,955**
At 31 December 2016	**245,093**	**1,260,915**	**275,462**	**3,360,959**	**62,729**	**5,205,158**
Net carrying amount						
At 31 December 2016	**1,866**	**–**	**88,842**	**1,020,523**	**5,691**	**1,116,922**

4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group RM	Furniture and fittings RM	Renovation RM	Office equipment	Motor vehicles RM	Computer equipment RM	Total RM
Cost						
At 1 January 2015	244,924	1,260,915	329,206	3,916,849	64,872	5,816,766
Additions	–	–	16,841	244,363	–	261,204
Disposals	–	–	–	(82,500)	–	(82,500)
At 31 December 2015	244,924	1,260,915	346,047	4,078,712	64,872	5,995,470
Accumulated depreciation						
At 1 January 2015	234,198	1,260,915	204,919	1,929,363	50,922	3,680,317
Charge for the financial year	2,689	–	45,338	737,359	–	785,386
Disposals	–	–	–	(82,500)	–	(82,500)
At 31 December 2015	236,887	1,260,915	250,257	2,584,222	50,922	4,383,203
Net carrying amount						
At 31 December 2015	8,037	–	95,790	1,494,490	13,950	1,612,267

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Furniture and fittings RM	Renovation RM	Office equipment RM	Motor vehicles RM	Total RM
Company					
Cost					
At 1 January/ 31 December 2016	**188,029**	**1,260,915**	**18,571**	**1,543,602**	**3,011,117**
Accumulated depreciation					
At 1 January 2016	**188,029**	**1,260,915**	**16,973**	**849,002**	**2,314,919**
Charge for the financial year	**–**	**–**	**533**	**263,254**	**263,787**
At 31 December 2016	**188,029**	**1,260,915**	**17,506**	**1,112,256**	**2,578,706**
Net carrying amount					
At 31 December 2016	**–**	**–**	**1,065**	**431,346**	**432,411**
Cost					
At 1 January 2015	188,029	1,260,915	18,571	1,299,239	2,766,754
Additions	–	–	–	244,363	244,363
At 31 December 2015	188,029	1,260,915	18,571	1,543,602	3,011,117
Accumulated depreciation					
At 1 January 2015	188,029	1,260,915	16,440	574,665	2,040,049
Charge for the financial year	–	–	533	274,337	274,870
At 31 December 2015	188,029	1,260,915	16,973	849,002	2,314,919
Net carrying amount					
At 31 December 2015	–	–	1,598	694,600	696,198

5. INVESTMENT IN SUBSIDIARY COMPANIES

(a) Investment in subsidiary companies

	Company 2016 RM	Company 2015 RM
Unquoted shares, at cost		
In Malaysia	**27,405,004**	27,405,004
Less: Accumulated impairment	**(1,527,700)**	(20,187,320)
	25,877,304	7,217,684

Movements in impairment of investment in subsidiary companies are as follows:

	Company 2016 RM	Company 2015 RM
At the beginning of financial year	**20,187,320**	20,087,321
Impairment loss recognised	**492,643**	99,999
Impairment loss reversed	**(19,152,263)**	–
At end of the financial year	**1,527,700**	20,187,320

(b) Details of the subsidiary companies and shareholdings therein are as follows:

Name of the company	Country of incorporation	Effective interest 2016 %	Effective interest 2015 %	Principal activities
Direct holding:				
LBR Industries Sdn. Bhd.	Malaysia	**100**	100	Dormant
Goldmount Resources Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Indamont Development Sdn. Bhd.	Malaysia	100	100	Property development
Triple Equity Sdn. Bhd.	Malaysia	100	100	Property development
Milestones Development Sdn. Bhd.	Malaysia	100	100	Dormant

5. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

(b) Details of the subsidiary companies and shareholdings therein are as follows: (cont'd)

Name of the company	Country of incorporation	Effective 2016 %	interest 2015 %	Principal activities
Direct holding:				
Priority Galaxy Sdn. Bhd.	Malaysia	**100**	100	Property development and project management
LBI Management Sdn. Bhd.	Malaysia	**100**	100	Dormant
Haba Equity Sdn. Bhd.	Malaysia	**51**	51	Property development
Wittee Trading Sdn. Bhd.	Malaysia	**100**	100	Property development

(c) The Group's subsidiary companies which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group.

6. INVESTMENT IN AN ASSOCIATE COMPANY

(a) Investment in an associate company

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
In Malaysia				
Unquoted shares, at cost	**50,000**	50,000	**50,000**	50,000
In Malaysia				
Unquoted shares, at cost	**50,000**	50,000	**50,000**	50,000
Share of post-acquisition reserve	**(49,999)**	(24,130)	**–**	–
	1	25,870	**50,000**	
Accumulated impairment loss				
At 1 January	**–**	–	**–**	–
Impairment loss during the financial year	**–**	–	**49,999**	–
	–	–	**49,999**	–
	1	25,870	**1**	50,000

6. **INVESTMENT IN AN ASSOCIATE COMPANY (Cont'd)**

(b) Details of the associate company and shareholdings therein are as follows:

Name of the company	Country of incorporation	Effective 2016 %	interest 2015 %	Principal activities
Direct holding:				
^Nine Avenue Development Sdn. Bhd.	Malaysia	40	40	Property development.

^ Associate company not audited by UHY. The consolidation is based on audited financial statements for the financial year ended 30 June 2016 as the Company's financial year end is 30 June.

(c) The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group 2016 RM	Group 2015 RM
Total assets	**18,823,838**	19,371,410
Total liabilities	**19,905,643**	19,306,735
Loss for the financial year	**(563,111)**	(60,325)

There are no significant restrictions on the ability of the associated company to transfer funds to the Group in the form of cash dividends.

7. **INVESTMENT PROPERTIES**

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
At 1 January/31 December	**28,128,723**	28,128,723	**26,000,000**	26,000,000
Included in the above are:				
At fair value				
Freehold land and building	**26,000,000**	26,000,000	**26,000,000**	26,000,000
Leasehold building	**2,128,723**	2,128,723	**–**	–
	28,128,723	28,128,723	**26,000,000**	26,000,000

7. INVESTMENT PROPERTIES (Cont'd)

(a) Investment properties under leases

Investment properties comprise of leasehold building and freehold land and building. The freehold building is leased to third parties. Each of the leases contains cancellable periods range from two to three years. Subsequent renewals are negotiated with the lessee on renewal periods range from two to three years.

(b) Fair value basis of investment properties

The investment properties are valued at fair value based on market values determined by independent qualified valuer amounting to RM28,128,723 (2015:RM28,128,723). The fair values are within level 2 of the fair value hierarchy. The fair value have been derived using the sales comparison approach.

(c) Income and expenses recognised in profit or loss

The rental income earned by the Group and by the Company from its investment properties are amounted to RM926,860 and RM926,860 (2015: RM1,486,040 and RM1,377,300) respectively.

(d) Investment properties pledged as securities to financial institutions

An investment property of the Group and of the Company with carrying amount of RM26,000,000 (2015: RM26,000,000) are being pledged to a licensed bank for credit facilities granted to a subsidiary company as disclosed in Note 21.

(e) An investment property of the Group with carrying amount of RM2,128,723 (2015: RM2,128,723) has remaining leasehold period of 85 years (2015: 86 years).

8. OTHER INVESTMENTS

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Non Current				
Financial assets at fair value through profit or loss				
- held for trading				
Quoted shares at fair value				
- Quoted shares in Malaysia	–	968,820	–	486,420
Current				
Financial assets at fair value through profit or loss				
- Real Estate Investment Trust outside Malaysia	**3,043,189**	–	**3,043,189**	–
Market Value of quoted Investments	**3,043,189**	968,820	**3,043,189**	486,420

The fair value of the listed equity securities was determined by reference to the quoted prices in an active market.

9. LAND AND PROPERTY DEVELOPMENT COSTS

	Group 2016 RM	Group 2015 RM
Non-Current		
Freehold land, at cost		
At 1 January	**17,865,679**	28,410,056
Additions	**317,847**	19,050,929
Transfer to non-current assets held for sale (Note 17)	**–**	(27,126,703)
Transfer to property development costs	**–**	(2,468,603)
At 31 December	**18,183,526**	17,865,679
Leasehold land, at cost		
At 1 January	**4,790,186**	4,789,565
Additions	**714**	621
At 31 December	**4,790,900**	4,790,186
Total non-current land and property development costs	**22,974,426**	22,655,865
Current		
Leasehold land, at cost		
At 1 January	**11,322,932**	7,282,563
Additions	5,400,530	1,571,766
Transfer from non-current asset held for development	**–**	2,468,603
At 31 December	**16,723,462**	11,322,932
Property development costs		
At 1 January	**157,609,053**	131,041,138
Additions	**3,510,806**	26,567,915
At 31 December	**161,119,859**	157,609,053
Less: Costs recognised in profit or loss		
At 1 January	**110,376,701**	59,514,091
Recognised during the financial year	**16,948,902**	50,862,610
Provision for foreseeable loss	**1,143,879**	–
At 31 December	**128,469,482**	110,376,701
Total current land and property development costs	**49,373,839**	58,555,284
Total land and property development costs	**72,348,265**	81,211,149

9. LAND AND PROPERTY DEVELOPMENT COSTS (Cont'd)

(a) Certain subsidiary companies have entered into several agreements with third parties (the landowners) to jointly develop their leasehold land. The subsidiary companies will solely be responsible for the development at the leasehold land and development cost incurred thereon. Based on the joint development agreements between the subsidiary companies and the respective landowners, the landowners are entitled to the following:

(i) an agreed contract sum as specified in the agreement with the respective landowners; or

(ii) ownership to certain completed intermediate units of shops and houses erected on the leasehold land thereon, free from all encumbrances as the case may be.

(b) Certain parcels of the land and property development costs of the subsidiary companies have been pledged to a licensed bank as security for credit facilities granted to the subsidiary companies as disclosed in Note 21.

(c) Included in the property development costs for the financial year is finance costs capitalised amounting to RM562,595 (2015: RM859,343) as disclosed in Note27.

10. INVENTORIES

	Group	
	2016	**2015**
	RM	**RM**
At cost:		
Unsold units of completed properties	**2,072,641**	2,072,641

11. TRADE RECEIVABLES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Trade receivables	**3,289,790**	1,790,165	**–**	55,544
Stakeholder funds	**3,217,307**	805,991	**–**	–
	6,507,097	2,596,156	**–**	55,544
Less: Accumulated impairment loss	**(805,991)**	(805,991)	–	–
	5,701,106	1,790,165	–	55,544

The Group's normal trade credit terms range from 14 to 120 days (2015: 14 to 120 days). Other credit terms are assessed and approved on a case to case basis.

11. TRADE RECEIVABLES (Cont'd)

Trade receivables are recognised at their original invoices which represent their fair value on initial recognition.

The movements in the allowance for impairment losses (individually assessed) during the financial year are as follows:

	Group	
	2016	**2015**
	RM	**RM**
At 1 January	**805,991**	600,000
Impairment for doubtful debts	**–**	205,991
At 31 December	**805,991**	805,991

Analysis of the trade receivables ageing is as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Neither past due nor impaired	**–**	1,497,569	**–**	45,580
Past due less than 30 days not impaired	**–**	9,964	**–**	9,964
Past due for 31 to 60 days not impaired	**46,035**	–	**–**	–
Past due for 61 to 90 days not impaired	**–**	–	**–**	–
Past due for more than 90 days not impaired	**5,655,071**	282,632	**–**	–
	5,701,106	292,596	**–**	9,964
	5,701,106	1,790,165	**–**	55,544
Impaired	**805,991**	805,991	**–**	–
	6,507,097	2,596,156	**–**	55,544

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

As at 31 December 2016, trade receivables of the group amounting to RM5,701,106 (2015: RM292,596) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

12. OTHER RECEIVABLES

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Other receivables	**5,522**	34,001	**–**	–
Deposits	**6,415,882**	7,031,186	**3,680,516**	3,680,516
	6,421,404	7,065,187	**3,680,516**	3,680,516
Less: Accumulated impairment loss	**(4,995,116)**	(5,005,116)	**(2,825,116)**	(2,825,116)
	1,426,288	2,060,071	**855,400**	855,400

The movements in the allowance for impairment losses (individually assessed) during the financial year are as follows:

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
At 1 January	**5,005,116**	5,005,116	**2,825,116**	2,825,116
Reversal of impairment	**(10,000)**	–	**–**	–
At 31 December	**4,995,116**	5,005,116	**2,825,116**	2,825,116

13. AMOUNTS OWING BY/(TO) SUBSIDIARY COMPANIES

The amounts owing by subsidiary companies are unsecured, interest free advance and repayable on demand except for the amounts of RM32,149,762 (2015: RM39,544,759) that bear interest rate at 3% (2015: 3%) per annum.

The amounts owing to subsidiary companies are unsecured, interest free advances and repayable on demand.

14. AMOUNT OWING BY AN ASSOCIATE COMPANY

This represents unsecured, interest free advances and repayable on demand.

15. CASH HELD UNDER HOUSING DEVELOPMENT ACCOUNT

Cash held under Housing Development Account represents monies received from purchasers of residential properties less payments or withdrawals in accordance with the Housing Development (Control and Licensing) Act, 1966, which are restricted for certain usage as prescribed by the relevant authorities.

The interest rates of cash held under Housing Development Accounts at the reporting date are 2 % (2015: 2.20%) per annum.

16. DEPOSITS, CASH AND BANK BALANCES

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Cash and bank balances	**3,681,820**	3,948,701	**2,217,544**	932,710
Deposits with licensed banks	**147,193**	160,688	**–**	–
Deposits with financial institutions	**32,225,272**	–	**31,625,272**	–
	36,054,285	4,109,389	**33,842,816**	932,710

16. DEPOSITS, CASH AND BANK BALANCES (Cont'd)

Including in deposits with licensed banks are fixed deposits of RM86,962 (2015: RM102,276) pledged as securities for bank guarantee granted to subsidiary companies and the fixed deposit of RM86,962 (2015: RM84,336) is held in trust by a Director of the Company.

Deposits with financial institutions are held in short-term money market.

The interest rates of fixed deposits during the financial year is 2.95%-3.15% (2015: 3.00%) per annum and the maturities of deposits are overnight to 90 days (2015: 30 days to 365 days).

17. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Land held for development in property development segment is expected to be recovered primarily through sale rather than through development is classified as held for sale.

The sale was completed during the financial year on 15 June 2016.

18. SHARE CAPITAL

	Group/Company			
	Number of Shares		Amount	
	2016 Unit	2015 Unit	2016 RM	2015 RM
Ordinary Shares of RM1.00 each				
Authorised				
At 1 January/ 31 December	**500,000,000**	500,000,000	**500,000,000**	500,000,000
Issued and fully paid				
At 1 January	**75,109,888**	72,484,034	**75,109,888**	72,484,034
Issuance of shares:				
Conversion of warrants	**3,110,400**	1,928,300	**3,110,400**	1,928,300
Private Placement	**–**	697,554	**–**	697,554
At 31 December	**78,220,288**	75,109,888	**78,220,288**	75,109,888

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

During the financial year, the Company increased its issued and paid-up share capital from 75,109,888 to 78,220,288 through the creation of 3,110,400 ordinary shares of RM1.00 each for cash arising from the conversion of warrants.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

19. RESERVES

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Non-distributable:					
Share premium	a	**107,953,726**	107,798,206	**107,953,726**	107,798,206
Warrant reserves	b	**648,267**	803,787	**648,267**	803,787
		108,601,993	108,601,993	**108,601,993**	108,601,993
Accumulated losses		**(44,619,998)**	(61,221,391)	**(46,867,010)**	(86,953,182)
		63,981,995	47,380,602	**61,734,983**	21,648,811

a) Share Premium

	Group/Company 2016 RM	Group/Company 2015 RM
Non-distributable		
At 1 January	**107,798,206**	107,659,938
Conversion of warrants	**155,520**	96,415
Private Placement	–	41,853
At 31 December	**107,953,726**	107,798,206

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

b) Warrant Reserves

	Group/Company Number of shares 2016 RM	Number of shares 2015 RM	Amount 2016 RM	Amount 2015 RM
Non-distributable				
At 1 January	**25,121,667**	27,049,967	**803,787**	900,202
Exercise of warrant	**(3,110,400)**	(1,928,300)	**(155,520)**	(96,415)
At 31 December	**22,011,267**	25,121,667	**648,267**	803,787

On 18 April 2008, the Company issued renounceable rights issue of up to 32,937,167 warrants on the basis of one (1) warrant for every two (2) existing shares in the Company at an issue price of RM0.05 per warrant. This exercise price is subject to adjustment in accordance with the basis set out in the Deed Poll.

The warrants may be exercised at any time commencing on the date of issue of warrants on 18 April 2008 but not later than 17 April 2018. Any warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose.

The new ordinary shares allotted and issued upon exercise of the warrants shall be fully paid and rank pari passu with the then existing ordinary shares of the Company. The warrant holders will not have any voting rights in any general meeting of the Company unless the warrants are exercised into new ordinary shares and registered prior to the date of the general meeting of the Company.

As at 31 December 2016, the total numbers of warrants that remain unexercised were 22,011,267 (2015: 25,121,667).

20. TREASURY SHARES

	Group/Company			
	Number of shares		Amount	
	2016	2015	2016	2015
	RM	RM	RM	RM
Non-distributable				
At 1 January	**3,502,491**	491	**4,792,390**	646
Own shares acquired	**2,988,000**	3,502,000	**4,091,122**	4,791,744
At 31 December	**6,490,491**	3,502,491	**8,883,512**	4,792,390

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 26 May 2016, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

The repurchase transactions were financed by internally generated funds. The repurchased shares were being held as treasury shares in accordance with the requirements of section 67A of the Companies Act 1965. Treasury shares had no rights to voting, dividends and participation in other distribution. There has been no cancellation of such shares to date.

During the financial year, the Company repurchased 2,988,000 of its issued shares from open market. The average price paid for the shares repurchased was RM1.37 (2015: RM1.36) per share. The total consideration paid for the repurchase including transaction costs was RM4,091,122.

21. BANK BORROWINGS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Secured				
Floating rates				
Term loans	**8,473,733**	21,787,956	**–**	–
Revolving credits	**–**	4,000,000	**–**	–
Total bank borrowings	**8,473,733**	25,787,956	**–**	–
Analysed as:				
Repayable within twelve months				
Term loans	**860,858**	5,060,407	**–**	–
Revolving credits	**–**	4,000,000	**–**	–
	860,858	9,060,407	**–**	–
Repayable after twelve months				
Term loans	**7,612,875**	16,727,549	**–**	–
	8,473,733	25,787,956	**–**	–

The above credit facilities of the Group and of the Company obtained from the licensed banks are secured on the followings:

(a) legal charge over the Company's investment properties as disclosed in Note 7;
(b) first party charge over freehold land and leasehold land of the subsidiary companies as disclosed in Note 9; and
(c) corporate guarantee by the Company : and
(d) third legal charge over the former holding company's property land.

Maturities of bank borrowings are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Within one year	**860,858**	9,060,407	**–**	–
Between one to two years	**3,662,875**	7,287,496	**–**	–
Between two to five years	**–**	9,440,053	**–**	–
After five years	**3,950,000**	–	**–**	–
	8,473,733	25,787,956	**–**	–

21. BANK BORROWINGS (Cont'd)

The ranges of interest rates at the reporting date are as follows:

	Group		Company	
	2016	2015	2016	2015
	%	%	%	%
Bank overdrafts	**6.10-7.22**	7.35 - 8.10	**–**	8.10
Term loans	**6.72-6.95**	5.85 - 6.85	**–**	–
Revolving credits	–	5.38 - 8.10	**–**	8.10

22. DEFERRED TAX LIABILITIES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
At 1 January	**142,590**	136,135	**125,851**	118,475
Recognised in profit or loss	**(4,517)**	7,268	**–**	7,907
Over provision in prior year	**–**	(813)	**–**	(531)
At 31 December	**138,073**	142,590	**125,851**	125,851

The net deferred tax assets and liabilities shown on the statement of financial position after appropriate offsetting are as follow:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Deferred tax assets	**(6,939)**	(12,409)	**–**	–
Deferred tax liabilities	**145,012**	154,999	**125,851**	125,851
	138,073	142,590	**125,851**	125,851

22. DEFERRED TAX LIABILITIES (CONT'D)

The components and movements of deferred tax assets and liabilities are as follows:

	Unused tax losses RM
Group	
Deferred tax assets	
At 1 Jan 2016	**(12,409)**
Recognised in profit or loss	**5,470**
At 31 Dec 2016	**(6,939)**
At 1 Jan 2015	(8,228)
Recognised in profit or loss	(4,181)
At 31 Dec 2015	(12,409)

	Accelarated capital allowance RM
Group	
Deferred tax liabilities	
At 1 Jan 2016	**154,999**
Recognised in profit or loss	**(9,987)**
At 31 Dec 2016	**145,012**
At 1 Jan 2015	144,363
Recognised in profit or loss	11,449
Under provision in prior year	(813)
At 31 Dec 2015	154,999
Company	
Deferred tax liabilities	
At 1 Jan 2016/31 Dec 2016/At 1 Jan 2015/31 Dec 2015	125,851

22. DEFERRED TAX LIABILITIES (Cont'd)

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

	Group	
	2016	**2015**
	RM	**RM**
Unabsorbed tax losses	**13,634,443**	11,804,619
Unutilised capital allowances	**71,780**	30,496
	13,706,223	11,835,115

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

23. TRADE PAYABLES

	Group	
	2016	**2015**
	RM	**RM**
Trade payables		
- Third parties	**2,269,603**	4,719,687

The normal trade credit terms granted to the Group range from 30 to 90 days (2015: 30 to 90 days). Other credit terms are assessed and approved on a case to case basis.

24. OTHER PAYABLES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Other payables	**2,843,736**	2,226,686	**7,922**	18,548
Accruals	**1,398,754**	14,065,223	**112,375**	115,807
Deposits received	**3,051,104**	2,129,956	**224,967**	256,680
	7,293,594	18,421,865	**345,264**	391,035

25. REVENUE

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Sales of development properties	**26,245,149**	82,913,713	**–**	–
Service suites operations	–	1,327	**–**	–
Rental income	**926,860**	1,377,300	**926,860**	1,377,300
Dividend from				
- Quoted shares	**101,115**	7,260	**101,115**	7,260
- Subsidiary companies	**–**	–	**26,000,000**	6,740,000
	27,273,124	84,299,600	**27,027,975**	8,124,560

26. COST OF SALES

	Group	
	2016	**2015**
	RM	**RM**
Sales of development properties	**18,092,781**	50,862,610

27. FINANCE COSTS

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Interest expenses on:				
Bank overdrafts	**13,967**	30,450	**–**	–
Revolving credits	**146,429**	505,483	**–**	17,754
Term loans	**1,185,348**	1,359,473	**–**	–
Loan interest	**–**	283,304	**–**	283,304
	1,345,744	2,779,442	**–**	301,058
Less: Finance costs capitalised in property development costs (Note 9)	**(562,595)**	(859,343)	**–**	–
	783,149	1,319,367	**–**	301,058

28. PROFIT BEFORE TAXATION

Profit before taxation is derived after charging/(crediting):

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Auditors' remuneration				
-Statutory audits	**69,000**	69,000	**30,000**	25,000
-(Over) provision in prior year	**–**	(8,000)	**–**	–
-Non-audit services	**5,000**	–	**5,000**	5,000
-Under provision in prior year	**5,000**	–	**–**	–
Bad debt recovered	**(293,983)**	–	**–**	–
Impairment loss on trade receivables	**–**	205,991	**–**	–
Directors' remuneration (Note a)	**2,319,148**	2,277,463	**60,000**	194,400
Depreciation of property, plant and equipment	**821,955**	785,386	**263,787**	274,870
Impairment on investment in subsidiary companies	**–**	–	**492,643**	99,999
Impairment loss on investment in associated company	**–**	–	**49,999**	–
Fair value adjustment on other investments	**(172,080)**	627,420	**(172,080)**	407,384
Liquidation of action damage	**–**	131,446	**–**	–
Deposits written off	**–**	(6,471)	**–**	–
Dividend income				
- Subsidiary company	**–**	–	**(26,000,000)**	(6,740,000)
- Third parties	**–**	(7,260)	**–**	(7,260)
Loss/(Gain) on disposal of other investments	**(161,876)**	28,675	**(100,626)**	–
Gain on disposal of property, plant and equipment	**–**	(20,000)	**–**	–
Gain on disposal of land	**(21,960,746)**	–	**–**	–
Interest income from money market	**(625,272)**	–	**(625,272)**	–
Interest income	**(338,992)**	(159,658)	**(287,845)**	(1,421,954)
Trade payables written-off	**–**	(5,105)	**–**	–
Rental income				
- third parties	**(111,580)**	(108,740)	**–**	–
Reversal of impairment on deposits	**(10,000)**	–	**–**	–
Reversal of impairment loss on investment in a subsidiary company	**–**	–	**(19,152,263)**	–
Unrealised gain on foreign exchange	**(13,720)**	–	**(13,720)**	–

28. PROFIT BEFORE TAXATION (Cont'd)

(a) Directors' Remuneration

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Company's Directors				
Executive Directors				
Salaries and other emoluments	**1,927,216**	1,774,500	**–**	120,000
EPF	**331,932**	213,084	**–**	14,400
Non Executive Directors				
Fees	**60,000**	60,000	**60,000**	60,000
	2,319,148	2,047,584	**60,000**	194,400

29. TAXATION

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Current tax provision	**1,470,000**	6,308,914	**260,000**	191,700
Under/(Over) provision of taxation in prior year	**544,569**	(47,360)	**397,005**	(11,154)
Real Property Gains Tax	**1,721,560**	–	**–**	–
	3,736,129	6,261,554	**657,005**	180,546
Deferred tax (Note 22):				
Relating to origination and reversal of temporary differences	**(4,517)**	7,268	**–**	7,907
Over provision of prior year	**–**	(813)	**–**	(531)
Tax expense	**3,731,612**	6,268,009	**657,005**	187,922

Income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the financial year.

29. TAXATION (CONT'D)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit before taxation	25,301,761	21,876,534	45,714,262	5,594,515
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	**6,072,422**	5,469,134	**10,971,423**	1,398,629
Expenses not deductible purposes	**488,149**	2,269,491	**310,776**	485,978
Income not subject to tax	**(5,544,154)**	(1,683,575)	**(11,022,199)**	(1,685,000)
Deferred tax assets not recognised	**449,066**	116,176	**–**	–
Untilisation of previously unrecognised capital allowance in prior years	**–**	(10,016)	**–**	–
Effect of changes in tax on opening balance of deferred tax	**–**	154,972	**–**	–
Under/(Over) provision of taxation in prior year	**544,569**	(47,360)	**397,005**	(11,154)
Over provision of deferred taxation in prior year	**–**	(813)	**–**	(531)
Real Property Gains Tax	**1,721,560**	–	**–**	–
Tax expense	**3,731,612**	6,268,009	**657,005**	187,922

The Group has unabsorbed tax losses and unutilised capital allowances amounting to approximately RM13,639,149 and RM95,985 (2015: RM11,813,619 and RM82,201) respectively available for carry forward to set-off against future taxable profits. The said amounts are subject to approval by the tax authorities.

30. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share has been calculated by dividing the consolidated profit for the financial year attributable to the owners of the parent by the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2016 RM	2015 RM
Net profit for the financial year attributable to the owners of the parent (RM)	**21,572,478**	15,610,496
Weighted average number of ordinary shares in issue as at 1 January	**75,109,888**	72,484,034
Effect of ordinary shares issued during the year	**1,110,802**	966,333
Effect of treasury shares held	**(5,392,046)**	(1,573,841)
Weighted average number of ordinary shares as at 31 December	**70,828,644**	71,876,526
Basic earnings per share (sen)	**30.46**	21.72

30. EARNINGS PER SHARE (CONT'D)

(b) Diluted earnings per share

Diluted earnings per share has been calculated by dividing the consolidated profit for the financial year attributable to the owners of the parent by the adjusted weighted average number of ordinary shares issued and issuable during the year as follows:

	Group 2016 RM	Group 2015 RM
Net profit for the financial year attributable to the owners of the parent (RM)	**21,572,478**	15,610,496
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**70,828,644**	71,876,526
Adjusted for:		
Assumed conversion of warrants	**4,679,561**	6,904,492
Weighted average number of ordinary shares as at 31 December (Diluted)	**75,508,205**	78,781,018
Diluted earnings per share (sen)	**28.57**	19.82

31. DIVIDENDS

	Group/Company 2016 RM	Group/Company 2015 RM
Dividend recognised an distribution to ordinary shareholders of the Company:		
First interim single tier dividend of 5% on 71,389,497 ordinary shares of RM1.00 each in respect of the financial year ended 31 December 2015	**–**	3,570,298
First interim single tier dividend of 7% on 71,015,497 ordinary shares of RM1.00 each in respect of the financial year ended 31 December 2016	**4,971,085**	–

32. STAFF COSTS

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Salaries, wages and other emoluments	**499,534**	391,382	**25,900**	22,727
Bonus	**54,600**	225,000	**–**	–
Social security contributions	**6,393**	5,698	**436**	382
Defined contribution plans	**77,283**	73,544	**3,367**	2,957
Other benefits	**390,922**	283,945	**449**	360
	1,028,732	979,569	**30,152**	26,426

33. RELATED PARTY DISCLOSURES

(a) Identity of related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and/or the Company either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly. The Group and the Company have related party relationship with its subsidiary companies, key management personnel and directors' related companies.

(b) Significant related party transactions

In addition to related party balances disclosed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year.

	2016 RM	2015 RM
Company		
Dividend income received from subsidiary companies	**26,000,000**	6,740,000
Loan interest paid by holding company	**–**	283,304
Loan interest received/receivable from subsidiary companies	**287,498**	1,421,954

33. RELATED PARTY DISCLOSURES (Cont'd)

(c) Compensation of key management personnel are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Short-term employee benefits				
- Fee	**60,000**	60,000	**60,000**	59,500
- Salaries and other emoluments	**2,259,148**	2,217,463	**–**	134,400
	2,319,148	2,277,463	**60,000**	193,900

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entity, including any Director of the Company.

34. SEGMENT INFORMATION

The Group has two reporting segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different approaches and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Investment holdings and management	Investment holding and provision of management services
Property development	Development of residential and commercial properties
Others	Dormant

The accounting policies of the segments are consistent with the accounting policies of the Group.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets
The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities
The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer.

Geographical information
No geographical segment reporting was made as the Group's activities were carried out within Malaysia.

Information about major customers
There is no significant concentration of revenue from any major customers as the Group sells its development properties to individual purchasers.

34. SEGMENT INFORMATION (Cont'd)

2016	Investment holdings and management RM	Property Development RM	Others RM	Adjustments and Eliminations RM	Consolidated RM
Revenue					
Sales	1,027,975	26,245,149	–	–	27,273,124
Inter-segment sales	26,000,000	–	–	(26,000,000)	–
Total revenue	27,027,975	26,245,149	–	(26,000,000)	27,273,124
Results					
Segment results	44,622,693	2,983,482	21,977,881	(44,609,621)	24,974,435
Interest income	913,116	329,429	9,216	(287,497)	964,264
Finance cost	–	(732,770)	(187,433)	137,054	(783,149)
Fair value adjustment on other investments	172,080	–	–	–	172,080
Share of results of associate	–	–	–	(25,869)	(25,869)
Profit before taxation	45,707,889	2,580,141	21,799,664	(44,785,933)	25,301,761
Taxation	(657,005)	(1,353,047)	(1,721,560)	–	(3,731,612)
Net profit for the financial year	45,050,884	1,227,094	20,078,104	(44,785,933)	21,570,149
2016					
Assets:					
Segment assets	120,908,873	91,227,724	22,758,429	(110,871,948)	124,023,078
Investment in associate					1
Unallocated assets					36,671,662
Total assets					160,694,741
Liabilities:					
Segment liabilities	26,978,113	83,698,238	8,589	(84,245,419)	26,439,521
Unallocated liabilities					699,027
Total liabilities					27,138,548
Non-cash expenses/(income)					
Depreciation of property, plant and equipment	263,787	557,878	290	–	821,955
Fair value adjustment on other investments	(172,080)	-	–	–	(172,080)
Gain on disposal of land	-	-	(21,960,746)	–	(21,960,746)
Gain on disposal of other investments	(100,626)	-	(61,250)	–	(161,876)
Impairment loss on investment in associate	49,999	–	–	(49,999)	–
Impairment loss on investment in subsidiary	492,643	–	–	(492,643)	–
Reversal of impairment loss on investment	–				–
in subsidiary	(19,152,263)	–	–	19,152,263	–
Share of loss in associate	–			25,869	25,869
Unrealised gain on foreign exchange	(13,720)	–	–	–	(13,720)
Capital expenditure	–	326,610	–	–	326,610

34. SEGMENT INFORMATION (Cont'd)

2015	Investment holdings and management RM	Property Development RM	Others RM	Adjustment and Elimination RM	Consolidated RM
Revenue					
Sales	1,385,887	82,913,713	–	–	84,299,600
Inter-segment sales	6,740,000	–	–	(6,740,000)	–
Total revenue	8,125,887	82,913,713	–	(6,740,000)	84,299,600
Results					
Segment results	4,919,180	25,121,520	(48,421)	(6,306,882)	3,685,397
Interest income	1,421,954	49,921	1,809	(1,314,026)	159,658
Finance cost	(301,057)	(1,829,162)	(293,673)	1,104,525	(1,319,367)
Fair value adjustment on other investments	(386,074)	–	(241,346)	–	(627,420)
Share of results of associate	–	–	–	(21,734)	(21,734)
Profit before taxation	5,654,003	23,342,279	(581,631)	(6,538,117)	21,876,534
Taxation	(183,507)	(6,084,502)	–	–	(6,268,009)
Net profit/(loss) for the financial year	5,470,496	17,257,777	(581,631)	(6,538,117)	15,608,525
Assets:					
Segment assets	91,643,480	110,366,947	27,649,487	(60,826,735)	168,833,179
Investment in associate					25,870
Unallocated assets					6,083,097
Total assets					174,942,146
Liabilities:					
Segment liabilities	4,110,697	79,492,923	24,855,686	(53,010,269)	55,449,037
Unallocated liabilities					1,555,258
Total liabilities					57,004,295
Non-cash expenses/(incomes)					
Depreciation of property, plant and equipment	274,870	510,226	290	–	785,386
Impairment loss on trade receivables	–	205,991	–	–	205,991
Fair value adjustment on other investments	386,074	–	241,346	–	627,420
Loss on disposal of other investments	–	–	28,675	–	28,675
Deposit written off	(6,471)	–	–	–	(6,471)
Gain on disposal of property, plant and equipment	–	–	(20,000)	–	(20,000)
Trade payables written off	(5,105)	–	–	–	(5,105)
Capital expenditure	244,363	16,841	–	–	261,204

35. COMMITMENTS

	Group	
	2016	2015
	RM	RM
Approved and contracted for:		
Purchase of land	–	4,320,000

36. CONTINGENT LIABILITIES

	Company	
	2016	2015
	RM	RM
Limit of guarantee		
Corporate guarantee for banking facilities granted to subsidiary companies	**21,250,000**	50,812,924
Amount utilised		
Corporate guarantee for banking facilities granted to subsidiary companies	**8,473,733**	25,787,956

37. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis eitherat fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how incomeand expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

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37. FINANCIAL INSTRUMENTS (Cont'd)

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

	Loans and receivables RM	Fair value through profit or loss - held for trading RM	Financial liabilities at amortiesed cost RM	Total RM
Group				
2016				
Financial Assets				
Other investments		**3,043,189**	**–**	**3,043,189**
Trade and other receivables	**7,127,394**	**–**	**–**	**7,127,394**
Amount owing by an associate company	**6,100,000**	**–**	**–**	**6,100,000**
Cash held under Housing Development Account	**264,852**	**–**	**–**	**264,852**
Cash and bank balances	**36,054,285**	**–**	**–**	**36,054,285**
Total financial assets	**49,546,531**	**3,043,189**	**–**	**52,589,720**
Financial Liabilities				
Trade and other payables	**–**	**–**	**9,563,197**	**9,563,197**
Bank borrowings	**–**	**–**	**8,473,733**	**8,473,733**
Total financial liabilities	**–**	**–**	**18,036,930**	**18,036,930**
Group				
2015				
Financial Assets				
Other investments	–	968,820	–	968,820
Trade and other receivables	3,850,236	–	–	3,850,236
Amount owing by an associate company	6,060,000	–	–	6,060,000
Cash held under Housing Development Account	1,487,676	–	–	1,487,676
Cash and bank balances	4,109,389	–	–	4,109,389
Total financial assets	15,507,301	968,820	–	16,476,121
Financial Liabilities				
Trade and other payables	–	–	23,141,552	23,141,552
Bank borrowings	–	–	25,787,956	25,787,956
Total financial liabilities	–	–	48,929,508	48,929,508

37. FINANCIAL INSTRUMENTS (Cont'd)

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

	Loans and receivables RM	Fair value through profit or loss - held for trading RM	Financial liabilities at amortiesed cost RM	Total RM
Company				
2016				
Financial Assets				
Other investments	**–**	**3,043,189**	**–**	**3,043,189**
Trade and other receivables	**855,400**	**–**	**–**	**855,400**
Amounts owing by subsidiary companies	**58,600,569**	**–**	**–**	**58,600,569**
Amounts owing by an associate company	**6,100,000**	**–**	**–**	**6,100,000**
Cash and bank balances	**33,842,816**	**–**	**–**	**33,842,816**
Total financial assets	**99,398,785**	**3,043,189**	**–**	**102,441,974**
Financial Liabilities				
Trade and other payables	**–**	**–**	**345,264**	**345,264**
Amounts owing to subsidiary companies	**–**	**–**	**23,446,814**	**23,446,814**
Total financial liabilities	**–**	**–**	**23,792,078**	**23,792,078**
Company				
2015				
Financial Assets				
Other investments	–	486,420	–	486,420
Trade and other receivables	910,944	–	–	910,944
Amounts owing by subsidiary companies	50,272,234	–	–	50,272,234
Amounts owing by an associate company	6,060,000	–	–	6,060,000
Cash and bank balances	932,710	–	–	932,710
Total financial assets	58,175,888	486,420	–	58,662,308
Financial Liabilities				
Trade and other payables	–	–	391,035	391,035
Amounts owing to subsidiary companies	–	–	540,000	540,000
Total financial liabilities	–	–	931,035	931,035

37. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and the Company's operations whilst managing its financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity risk and cash flows risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks:

(i) Credit risk

Credit risk is the risk of a financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its trade and other receivables, fixed deposits with licensed bank, cash held under Housing Development Accounts and cash at bank. Fixed deposits with licensed banks, Cash held under Housing Development Account and cash at banks are placed with credit worthy financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies, associate company and financial guarantees given to banks for credit facilities granted to subsidiary companies.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Receivables are monitored on an ongoing basis via Company's management reporting procedures and action will be taken for long outstanding debts. Majority of the receivables are from property development segment. The credit risk is limited as the ownership and rights to the properties revert to the Group in the event of default.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks and non-financial institution for banking facilities and supply of goods and services granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM8,473,733 (2015: RM25,787,956), representing the outstanding banking facilities and for supply for of goods and services to the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credits risks except for loans to its subsidiary companies and an associate company where risks of default have been assessed to be low.

37. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risks are managed with the objective of meeting business obligations on a timely basis. The Group and the Company monitors its cash flows and ensures that sufficient funding is in place to meet the obligations as and when they fall due.

The following table analyses the remaining contractual maturity for nonderivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

38. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk (cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cashflows RM	Carrying amount RM
Group						
2016						
Trade and other payables	**9,563,197**	**–**	**–**	**–**	**9,563,197**	**9,563,197**
Bank borrrowings	**1,179,142**	**1,491,513**	**3,670,246**	**4,713,060**	**11,053,961**	**8,473,733**
	10,742,339	**1,491,513**	**3,670,246**	**4,713,060**	**20,617,158**	**18,036,930**
2015						
Trade and other payables	23,141,552	–	–	–	23,141,552	23,141,552
Bank borrrowings	12,110,849	5,342,748	10,075,947	–	27,529,544	25,787,956
	35,252,401	5,342,748	10,075,947	–	50,671,096	48,929,508
Company						
2016						
Other payables	**345,264**	**–**	**–**	**–**	**345,264**	**345,264**
Amounts owing to subsidiary companies	**23,446,814**	**–**	**–**	**–**	**23,446,814**	**23,446,814**
	23,792,078	**–**	**–**	**–**	**23,792,078**	**23,792,078**
2015						
Other payables	391,035	–	–	–	391,035	391,035
Amounts owing to subsidiary companies	540,000	–	–	–	540,000	540,000
	931,035	–	–	–	931,035	931,035

37. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risks

Foreign currency exchange risk

The Group and the Company does not have foreign currency denominated financial assets and financial liabilities at the end of the reporting date.

Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2016 **RM**	**2015** **RM**
Group		
Fixed rate instruments		
Financial asset	**147,193**	160,688
Floating rate instruments		
Financial asset	**32,225,272**	–
Financial liabilities	**(8,473,733)**	(25,787,956)
	23,751,539	(25,787,956)
Company		
Fixed rate instruments		
Financial asset	**32,149,762**	39,544,759
Floating rate instruments		
Financial asset	31,625,272	–

37. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risks (cont'd)

Interest rate risk (cont'd)

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The Group and the Company are exposed to interest rate risk arising from its short and long term debts obligations, and its fixed deposits. Fixed deposits interest rate is insignificant and any fluctuations in the rate would have no material impact on the results of the Group and of the Company.

Interest rate risk sensitivity

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's and the Company's profit before tax by RM237,515 and RM 316,253 (2015: (RM257,880) and RM Nil) respectively, arising mainly as a result of lower or higher interest expense on floating rate loans and borrowings.

This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(iv) Market price risk

Market price 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 prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted instruments. These investments are listed on Singapore Stock Exchange and are classified as fair value through profit or loss or available-for-sale financial assets.

Management of the Group monitors investments in quoted instruments on a portfolio basis and material investments within the portfolio are managed on an individual basis.

Market price risk sensitivity analysis

At the reporting date, if the various stock indices had been 1% higher/ lower, with all other variables held constant, the Group's profit before tax and available for sales reserve would have been RM30,432 (2015: RM9,688) higher/lower, arising as a result of higher / lower fair value gains on held for trading investments in equity instruments.

(c) Fair values of financial assets and financial liabilities

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and/or insignificant impact of discounting.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

37. FINANCIAL INSTRUMENTS (Cont'd)

(c) Fair values of financial assets and financial liabilities (Cont'd)

	Fair value of financial instruments carried at fair value			Carrying amount
	Level 1	Level 2	Total	
	RM	RM	RM	RM
2016				
Group				
Financial asset				
Real Estate Investment Trust outside Malaysia	**3,043,189**	**–**	**3,043,189**	**3,043,189**
Financial liabilities				
Term Loan	**–**	**8,473,733**	**8,473,733**	**8,473,733**
Company				
Financial asset				
Other investments	**968,820**	**–**	**968,820**	**968,820**
2015				
Group				
Non-current asset				
Financial asset				
Quoted shares	486,420	–	486,420	486,420
Financial liability				
Term Loan	–	21,787,956	21,787,956	21,787,956
Company				
Financial asset				
Quoted shares	486,420	–	486,420	486,420

37. FINANCIAL INSTRUMENTS (Cont'd)

(c) Fair values of financial assets and financial liabilities (cont'd)

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

38. CAPITAL MANAGEMENT

The Group's management manage its capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern and maintains an optimal capital structure, so as to maximise shareholders value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital managed of the Group and the Company comprises shareholders' funds, cash and cash equivalents, bank borrowings.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Total loan and borrowings	**8,473,733**	25,787,956	**–**	–
Less: Cash and cash equivalents	**(36,232,175)**	(5,494,789)	**(33,842,816)**	(932,710)
Net debt	**(27,758,442)**	20,293,167	**(33,842,816)**	(932,710)
Total equity	**133,318,771**	117,698,100	**131,071,759**	91,966,309
Gearing ratio	**-21%**	17%	**-26%**	-1%

There were no changes in the Group's approach to capital management during the financial year.

39. COMPARATIVE INFORMATION

The following reclassifications were made to the financial statements of prior year to be consistent with current year presentation.

	As previously stated RM	Reclassifications RM	As restated RM
Group			
Statements of Financial Position			
Land and property development costs			
- non-current	20,459,780	2,196,085	22,655,865
- current	62,048,902	(3,493,618)	58,555,284
	82,508,682	(1,297,533)	81,211,149
Accrued billings in respect of property development costs	9,985,578	7,817,062	17,802,640
Progress billings in respect of property development costs	–	6,519,529	6,519,529
Group			
Statements of Cash Flows			
Property development costs	3,514,338	1,297,533	4,811,871
Accrued/Progress billings in respect of property development costs	(13,033,979)	(1,297,533)	(14,331,512)

40. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 15 June 2016, LBR Industries Sdn. Bhd, a wholly- owned subsidiary of LBI Capital Berhad had disposal of 4 adjoining parcels of vacant freehold development land in Seksyen 1, Bandar Batu Ferringgi, Dearah Timor Laut , Pulau Pinang to Crimson Legend (M) Sdn. Bhd. for a total cash consideration of RM 50 million.

41. SUBSEQUENT EVENT

The Company has completed the proposed share premium reduction of RM86,953,182 involving the reduction of the share premium account of the Company pursuant to the Companies Act, 1965 and such credit will be utilised to fully eliminate the accumulated losses at the Company level as at 31 December 2015 on 20 March 2017.

This proposal is necessary as part of its on-going efforts to strengthen the Company's financial flexibility and to enhance its capacity to declare dividend in the future.

42. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 17 April 2017.

43. SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised retained profits/ (accumulated losses) of the Group and of the Company at 31 December 2016 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") dated 25 March 2010 and prepared 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.

The retained profits/(accumulated losses) of the Group and of the Company as at 31 December 2016 is analysed as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
(Accumulated losses)/ Retained profits				
- Realised	**(55,136,224)**	(84,415,994)	**(58,359,405)**	(92,314,305)
- Unrealised	**11,480,173**	5,374,945	**11,492,395**	5,361,123
	(43,656,051)	(79,041,049)	**(46,867,010)**	(86,953,182)
Less: Consolidation adjustment	**(963,947)**	17,819,658	**–**	–
Total accumulated losses	**(44,619,998)**	(61,221,391)	**(46,867,010)**	(86,953,182)

The disclosure of realised and unrealised profits and losses is solely for the purpose of disclosure requirements of Bursa Malaysia Securities Berhad Listing Requirements and should not be applied for any other purposes.

STATISTICS OF SHAREHOLDINGS

AS PER RECORD OF DEPOSITORS AS AT 13 APRIL 2017

Issued and Paid-up Share Capital : RM 78,903,188.00
Class of Shares : Ordinary shares
Voting Rights : One vote per ordinary share

Analysis of Shareholdings

Size of Holdings	No. of Holders	No. of Shares	%
1 - 99	473	6,790	0.01
100 - 1,000	188	74,468	0.10
1,001 - 10,000	3,141	7,574,710	10.46
10,001 - 100,000	235	5,440,191	7.51
100,001 - below 5%	19	12,620,138	17.43
5% and above	3	46,696,400	64.49
Total	4,059	72,412,697*	100.00

* Excluding a total of 6,490,491 shares bought-back by LBI and retained as treasury shares

Directors' Direct and Indirect Interest in the Company

Other than as disclosed below, there is no other Director of the Company who has interest, direct or indirect, in the Company

	Direct No of Shares	%	Indirect No of Shares	%
Dato' Ng Chin Heng	–	–	40,356,900^	55.73
Datin Low Wee Chin	–	–	40,356,900^	55.73
Raymond Ng Yew Foong	–	–	40,356,900^	55.73
Kong Sau Kian	800,000	1.10	–	–
Azlan Bin Arshad	–	–	1,016,966#	1.40

Notes:

^ *Deemed interest through Ng Tiong Sing Corporation Sdn Bhd, Ng C.H. Holdings Sdn Bhd and person connected to.*

\# *Deemed interest through Zalaraz Sdn Bhd and person connected to.*

Substantial Shareholders as Per Register of Substantial Shareholders

	Direct No of Shares	%	Indirect No of Shares	%
Ng Tiong Seng Corporation Sdn. Bhd.	13,065,100	18.04	–	–
Ng C. H. Holdings Sdn. Bhd.	25,645,900	35.42	–	–
Galaksi Sejati Sdn. Bhd.	7,985,400	11.03	–	–
Datin Chan Lai Har	1,645,900	2.27	38,711,000	53.46
Dato' Ng Tiong Seng	–	–	40,356,900	55.73
Dato' Ng Chin Heng	–	–	40,356,900	55.73
Datin Low Wee Chin	–	–	40,356,900	55.73
Ng Chin Loong	–	–	40,356,900	55.73
Raymond Ng Yew Foong	–	–	40,356,900	55.73
Ng Pooi Yee	–	–	40,356,900	55.73
Ng Pooi Mun	–	–	40,356,900	55.73
Ng Pooi Cheng	–	–	40,356,900	55.73

Top Thirty Securities Account Holders as at 13 April 2017
(without aggregating the securities from different securities accounts belonging to the same Depositor)

NO.	NAME	SHAREHOLDINGS	%
1	NG C.H. HOLDINGS SDN. BHD.	25,645,900	35.42
2	NG TIONG SENG CORPORATION SDN. BHD.	13,065,100	18.04
3	GALAKSI SEJATI SDN. BHD.	7,985,400	11.03
4	CHROME ASSET SDN. BHD.	2,910,100	4.02
5	LEONG SIEW SENG	2,326,700	3.21
6	CHAN SOON @ CHAN LAI HAR	1,645,900	2.27
7	YEOH PHEK LENG	1,305,925	1.80
8	ZALARAZ SDN. BHD.	1,000,000	1.38
9	KONG SAU KIAN	800,000	1.10
10	YAP POI HOON	661,500	0.91
11	LOH KOK SEONG @ LOH YOON SENG	358,100	0.49
12	LOW SWEE LEE	210,000	0.29
13	TAN LAN DIANG	194,150	0.27
14	WONG YING HO	194,000	0.27
15	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. Beneficiary : Pledged Securities Account for Li Cheng Thong @ Lee Chen Thung	193,000	0.27
16	TEH KAY WAH	144,700	0.20
17	CH'NG SIEW SUAN	127,563	0.18
18	LIM THIAM SANG	114,000	0.16
19	KHOR KAR HOR	110,250	0.15
20	LOW WAI CHG	110,250	0.15
21	LIM KHUAN ENG	109,000	0.15

NO.	NAME	SHAREHOLDINGS	%
22	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. Beneficiary : Pledged Securities Account for WONG CHUN UING	105,000	0.15
23	RHB NOMINEES (TEMPATAN) SDN. BHD. Beneficiary : Pledged Securities Account for LEE NGEE MOI	100,000	0.14
24	GAN SOOK AI	90,600	0.13
25	WONG WAI LUM	86,600	0.12
26	CHING CHOOI KUAN	83,000	0.11
27	LEE CHING CHIK @ LEE SEE KEW	80,000	0.11
28	CHIA KOK CHOR	77,175	0.11
29	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. Beneficiary : Pledged Securities Account for TAN LIAN HONG	76,300	0.11
30	CHONG KIM LIAN	75,000	0.10
		59,985,213	82.84

STATISTICS OF WARRANT HOLDINGS

AS PER RECORD OF DEPOSITORS AS AT 13 APRIL 2017

Analysis of Warrant Holdings

Size of Holdings	No. of Holders	No. of Shares	%
1 - 99	3	119	0.00
100 - 1,000	233	199,922	0.94
1,001 - 10,000	348	1,706,626	8.00
10,001 - 100,000	190	6,534,700	30.64
100,001 - below 5%	27	7,195,500	33.74
5% and above	2	5,691,500	26.69
Total	803	21,328,367	100.00

Directors' Direct and Indirect Interest in the Company

Other than as disclosed below, there is no other Director of the Company who has interest, direct or indirect, in the Company

	Direct No. of Shares	%	Indirect No. of Shares	%
Dato' Ng Chin Heng	–	–	2,097,600	9.83
Datin Low Wee Chin	–	–	2,097,600	9.83
Raymond Ng Yew Foong	–	–	2,097,600	9.83

Top Thirty Registered Warrant Holders as at 13 April 2016
(without aggregating the warrants from different warrant accounts belonging to the same Depositor)

NO.	NAME	WARRANT HOLDINGS	%
1	UOB KAY HIAN NOMINEES (TEMPATAN) SDN. BHD. Beneficiary: Exempt an for UOB Kay Hian Pte. Ltd. (A/C Clients)	4,191,500	19.65
2	NG TIONG SENG CORPORATION SDN. BHD.	1,500,000	7.03
3	CHOO CHEE HIN	960,000	4.50
4	AMBANK (M) BERHAD Beneficiary: Pledged Securities Account for Wong Ah Yong	500,000	2.34
5	YEO KIAN HUAT	477,000	2.24
6	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. Beneficiary : CIMB Bank for Wong Ah Yong	450,000	2.11
7	WONG AH YONG	400,000	1.88

NO.	NAME	WARRANT HOLDINGS	%
8	KHOO TEW CHOON	305,400	1.43
9	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. Beneficiary : Pledged Securities Account for Wong Ah Yong	300,000	1.41
10	TA NOMINEES (TEMPATAN) SDN. BHD. Beneficiary : Pledged Securities Account for Chong Kai Whye	300,000	1.41
11	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. Beneficiary : Pledged Securities Account for KWAN WING HUNG	280,000	1.31
12	WONG YING HO	275,600	1.29
13	LOW YOKE CHOO	273,300	1.28
14	TA NOMINEES (TEMPATAN) SDN. BHD. Beneficiary : Pledged Securities Account for Choo Chee Hin	243,000	1.14
15	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. Beneficiary : Exempt an for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	223,000	1.05
16	LEE SOON KIAT	209,000	0.98
17	MICHAEL HENG CHUN HONG	208,300	0.98
18	LIM TUCK CHEE	207,000	0.97
19	LOH KOK SEONG @ LOH YOON SENG	191,500	0.90
20	CHOO JIUN HORNG	170,000	0.80
21	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. Beneficiary : Pledged Securities Account for Lai Ee Fong	165,600	0.78
22	TA NOMINEES (TEMPATAN) SDN. BHD. Beneficiary : Pledged Securities Account for Lee Yun Kiew	155,500	0.73
23	SOH KAN TEE	150,000	0.70
24	HLIB NOMINEES (TEMPATAN) SDN. BHD. Beneficiary : Pledged Securities Account for CHUA ENG KIAT	144,900	0.68
25	ONG KEE SUN	130,200	0.61

NO.	NAME	WARRANT HOLDINGS	%
26	NG SENG BOO	130,000	0.61
27	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. Beneficiary : Pledged Securities Account for Tan Lian Hong	125,400	0.59
28	LEE KOK HOONG	118,700	0.56
29	KENANGA NOMINEES (TEMPATAN) SDN. BHD. Beneficiary : Pledged Securities Account for Loo Mei Peng	102,100	0.48
30	KOT PIT SING	100,000	0.47
		12,987,000	60.91

LIST OF PROPERTY
FOR THE YEAR ENDED 31 DECEMBER 2016

Owner	Location/ Address	Description & Existing Use	Valuation/Cost at Year Ended (RM)	Land Area/ Built –up Area (sq ft)	Tenure & Expiry	Age of Building (Years)
LBI Capital Bhd	Lot 1282, Jalan Bukit Kemuning, Seksyen 32, 40460 Shah Alam	Factory and Office For Investment	26,000,000	189,044 / 143,035	Freehold	36
Triple Equity Sdn Bhd	PM 1174, Lot 11844, Tempat Genting Highland, Mukim Bentong, Daerah Bentong, Pahang	Development Land	5,982,721	233,046	Leasehold expiring 2089	N/A
	CL 025331499, CL 025331506 & CL025331515, Kg Sibabau, District of Papar, Sabah	Vacant Land	3,406,614	260,913	Leasehold expiring 2082	N/A
Goldmount Resources Sdn Bhd	CL015486647, CL015486656, CL015486674 and CL015179496 , District of Kota Kinabalu, Sabah	Development Land	4,790,185	156,816	Leasehold expiring 2909	N/A
	Hakmilik No. 480, Lot 537 and Hakmilik No. 582, Lot 535, both of Mukim Telok Panglima Garang & Daerah Kuala Langat, Negeri Selangor	Development Land	7,321,965	435,000	Freehold	N/A
	GM No. 19301-19365, Lot No PT 120383-120449, Mukim & District of Klang, Selangor	Development Land	5,078,575	88,145	Freehold	N/A

LIST OF PROPERTY (cont'd)

Owner	Location/ Address	Description & Existing Use	Valuation/Cost at Year Ended (RM)	Land Area/ Built –up Area (sq ft)	Tenure & Expiry	Age of Building (Years)
Haba Equity Sdn Bhd	Hakmilik No. PM1350, Lot 8587 and Hakmilik No. PM1351, Lot 4992, both of Mukim Bukit Baru & Daerah Melaka Tengah, Negeri Melaka.	Development Land	7,534,420	189,921	Leasehold expiring 2096 & 2099	N/A
Wittee Trading Sdn Bhd	CL 015093491, Jalan Sukang/Mabpai, Bukit Padang, District Kota Kinabalu, Sabah.	Development Land	7,454,946	89,570	Leasehold expiring 2930	N/A

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CDS Account No.	:	
Total number of ordinary shares held	:	
Total number of proxy(ies) appointed	:	
Proportion of shareholding to be represented by each proxy	:	

FORM OF PROXY

LBI CAPITAL BHD.

(41412-X) (Incorporated in Malaysia)

*I / We ______________________________ NRIC No. ______________________

of ____

being a member of **LBI CAPITAL BHD**. hereby appoint ______________________________

______________________________ NRIC No. ______________________

of ____

or failing whom ______________________________ NRIC No. ______________________

of ____

as my/our proxy to vote for me/us on my/our behalf at the Thirty-Ninth Annual General Meeting of the Company to be held at the Company's office, Lot 1282, Jalan Bukit Kemuning, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan on Thursday, 25 May 2017 at 10.00 a.m. and at every adjournment thereof for/against the resolutions to be proposed thereat.

NO.	RESOLUTIONS	FOR	AGAINST
1	To approve the payment of Directors' fees		
2	To re-elect Dato' Khor Ah Hua as director		
3	To re-elect Datin Low Wee Chin as director		
4	To re-appoint Auditors of the Company		
5	To authorise directors to issue shares pursuant to Section 75 of the Companies Act, 2016		
6	To approve the proposed renewal of authority for the purchase of own shares by the Company		

(Please indicate with an X in the spaces provided on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this __________ .day of __________ 2017

______________________________ ______________________________

Signature of Member(s)

Affix Company's Common Seal
(if applicable)

Notes:-

1. The members whose names appear in the Record of Depositors on 13 April 2017 shall be entitled to attend and vote at this Thirty-Ninth Annual General Meeting.
2. A member entitled to attend and vote at this meeting is entitled to appoint at least one proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member is an exempt authorised nominee (EAN) as defined under the Securities Industry (Central Depositories) Act 1991 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 EAN may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, under its Common Seal or the hand of its attorney duly authorised.
7. The instrument appointing a proxy must be deposited at the Company's registered office at Lot 1282, Jalan Bukit Kemuning, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

Audited Financial Statements for financial year ended 31 December 2016

8. The audited financial statements are for discussion only under Agenda 1, as it does not require shareholders' approval under the provisions of Section 340(1)(a) of the Companies Act, 2016. Hence, it shall not be put for voting.

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STAMP

LBI CAPITAL BHD. (41412-X)
(Incorperated in Malaysia)

Lot 1282, Jalan Bukit Kemuning,
Seksyen 32, 40460 Shah Alam,
Selangor Darul Ehsan

Fold along this line

LBI CAPITAL BERHAD (41412-X)
Lot 1282, Jalan Bukit Kemuning,
Seksyen 32, 40460 Shah Alam,
Selangor
Tel : 03 5122 5128
Fax : 03 5122 5188