FINANCIAL STATEMENTS

MALAYSIA'S LANDMARK BUILDER SINCE 1975

DIRECTORS' REPORT

DIRECTORS' REPORT

The directors hereby submit 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 contractor for earthworks and building, project management services and investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year	13,355	(11,881)
Attributable to:		
Owners of the Company	1,070	(11,881)
Non-controlling interests	12,285	–
	13,355	(11,881)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2016.

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps 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 had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

DIRECTORS' REPORT (Cont'd)

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year, other than as disclosed in Note 40 to the financial statements.

In the opinion of the directors, no contingent or other liability of the Group or of the Company 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 or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company:

(i) issued 8,684,800 new ordinary shares of RM0.50 each at a price of RM0.50 per ordinary share for cash pursuant to the private placement exercise for working capital purpose; and

(ii) issued 3,550,000 new ordinary shares of RM0.50 each at average exercise price of RM0.50 per ordinary share for cash pursuant to the Employee's Share Option Scheme ("ESOS") of the Company.

DIRECTORS' REPORT (Cont'd)

ISSUE OF SHARES AND DEBENTURES (CONT'D)

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

During the financial year, no new issue of debentures were made by the Company.

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 67A of the Companies Act 1965 in Malaysia.

During the financial year, the Company had sold all of its treasury shares to the open market at an average price of RM0.49 per share. The was no repurchase, cancellation or distribution of treasury shares during the financial year.
As at 31 December 2016, the Company does not hold any treasury shares. Further details are disclosed in Note 22 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year other than the issue of options pursuant to the Employee's Share Option Scheme ("ESOS").

EMPLOYEE'S SHARE OPTION SCHEME

On 1 June 2012, the Company granted share options to eligible employees including executive directors of the Group to subscribe up to 15% of the issued and paid-up share capital of the Company under the Employee's Share Option Scheme ("ESOS") approved by the shareholders of the Company at the Annual General Meeting. The effective date of the ESOS is on 7 June 2011 for a period of five years and the share options may be exercised between 7 June 2011 and 6 June 2016 on the terms and conditions as set out in the ESOS By-Laws of the Company.

The option price for each share shall be at a discount of not more than ten percent (10%) from the weighted average market price of the shares of the five (5) market days immediately preceding the date of offer or the par value of the shares, whichever is higher.

The consideration is payable in full on application and the share options granted do not confer any rights to participate in any share issue of any other companies of the Group.

On 15 May 2015, the ESOS Committee has made decision to grant 16,864,700 additional options under the existing ESOS, at an exercise price of RM0.51 each.

On 12 April 2016, the Company announced the extension of Employee's Share Option Scheme ("ESOS") which will be expiring on 6 June 2016 for another five (5) years until 6 June 2021. The extension is in accordance with the terms of the ESOS By-Laws.

On 30 June 2016, the ESOS Committee has made decision to grant 3,250,000 additional options under the existing ESOS, at an exercise price of RM0.50 each.

The names of persons who have been granted options to subcribe ordinary shares during the financial year are as follows:

	Excercise	Grant	Expiry	Number of options	
Name	Price	Date	Date	Granted	Excercise
Tan Sri Datuk Tee Hock Seng, JP	RM0.50	30June 2016	6 June 2021	1,690,000	1,690,000
Datuk Matthew Tee Kai Woon	RM0.50	30 June 2016	6 June 2021	1,560,000	1,560,000

The options offered for the subscription of unissued ordinary shares of RM0.50 each and the respective exercise prices are as follows:

Grant Date	Excercise Price	1 January 2016	Granted	Excercise	Forfeited	31 December 2016
24 June 2011	RM0.54	7,493,600	–	(300,000)	(513,550)	6,680,050
15 May 2015	RM0.51	11,763,200	–	–	(977,550)	10,785,650
30 June 2016	RM0.50	–	3,250,000	(3,250,000)	–	–
		19,256,800	3,250,000	(3,550,000)	(1,491,100)	17,465,700

DIRECTORS' REPORT (Cont'd)

DIRECTORS

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

Tan Sri Dato' Ir. Wong Foon Meng
Tan Sri Datuk Tee Hock Seng, JP
Dr. Tan Cheng Kiat
Datuk Tee Hock Hin
Datuk Matthew Tee Kai Woon
Datuk Tan Kwe Hee (retired on 28 June 2016)
Tay Hock Lee
Dato' Yeow Wah Chin
Ir. Ghazali Bin Bujang
Mohd Najib Bin Abdul Aziz
Dato' Tan Seng Hu (alternate to Dr. Tan Cheng Kiat)
We Her Ching (alternate to Datuk Tee Hock Hin)

In accordance with the Company's Articles of Association, Tan Sri Dato' Ir. Wong Foon Meng, Tan Sri Datuk Tee Hock Seng, JP and Dr. Tan Cheng Kiat retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings required to be kept by the Company under Section 134 of the Companies Act 1965 in Malaysia, the interests of directors in office at the end of the financial year in shares and options in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM0.50 each			
	At 1 January 2016	**Bought**	**Sold**	**At 31 December 2016**
The Company				
Bina Puri Holdings Bhd.				
Direct interests:				
Tan Sri Datuk Tee Hock Seng, JP	17,199,778	1,690,000 ^	–	18,889,778 *
Dr. Tan Cheng Kiat	9,368,902	300,000 ^	–	9,668,902 **
Datuk Tee Hock Hin	5,594,668	–	–	5,594,668
Datuk Matthew Tee Kai Woon	2,778,925	1,710,000 ^^	–	4,488,925
Tay Hock Lee	1,807,707	–	–	1,807,707
We Her Ching	104,900	–	–	104,900

	Number of ordinary shares of RM1 each			
	At 1 January 2016	**Bought**	**Sold**	**At 31 December 2016**
The subsidiary				
Sungai Long Industries Sdn. Bhd.				
Indirect interest				
Tan Sri Datuk Tee Hock Seng, JP	1,820,000	–	–	1,820,000 @

DIRECTORS' REPORT (Cont'd)

DIRECTORS' INTERESTS (CONT'D)

	Number of options over ordinary shares of RM0.50 each			
	At 1 January 2016	**Granted**	**Exercised**	**At 31 December 2016**
The Company				
Bina Puri Holdings Bhd.				
Tan Sri Datuk Tee Hock Seng, JP	–	1,690,000	1,690,000	–
Dr. Tan Cheng Kiat	1,429,000	–	300,000	1,129,000
Datuk Tee Hock Hin	1,029,000	–	–	1,029,000
Datuk Matthew Tee Kai Woon	–	1,560,000	1,560,000	–
Tay Hock Lee	714,500	–	–	714,500
We Her Ching	829,000	–	–	829,000

* Including shares held through nominee company, 340,000 shares held through nominee company for Tee Hock Seng Holdings Sdn. Bhd. and 60,000 shares held through Tee Hock Seng Holdings Sdn. Bhd.

** Including shares held through nominee company.

^ Share options exercised under ESOS.

^^ Including 1,560,000 share options exercised under ESOS.

@ Deemed interested by virtue of his indirect substantial shareholding in the subsidiary.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares and options of the Company and 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 any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 38 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which 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 arrangements where the object is 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 the share options granted under the ESOS.

DIRECTORS' REPORT (Cont'd)

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 43 to the financial statements.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

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

....
TAN SRI DATUK TEE HOCK SENG, JP
Director

....
DATUK MATTHEW TEE KAI WOON
Director

Date: 26 April 2017

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**190,968**	175,182	**17,740**	18,409
Investment properties	6	**205,112**	205,112	**–**	–
Goodwill	7	**14,585**	14,585	**–**	–
Investment in subsidiaries	8	**–**	–	**108,192**	105,018
Investment in associates	9	**9,179**	10,306	**35,155**	34,905
Other investments	11	**4,001**	7,069	**3,342**	6,342
Land held for property development	12	**8,679**	5,394	**–**	–
Trade receivables	13	**53,005**	68,155	**9,857**	15,008
Deferred tax assets	14	**113**	–	**–**	–
Total non-current assets		**485,142**	485,803	**174,286**	179,682
Current assets					
Property development costs	12	**233,226**	205,467	**–**	–
Inventories	15	**1,518**	27,427	**–**	–
Trade and other receivables	13	**624,705**	649,785	**19,292**	25,999
Amount due from contract customers	16	**240,284**	296,841	**14,801**	15,683
Amount owing by subsidiaries	17	**–**	–	**108,783**	116,546
Amount owing by associates	18	**36,649**	33,292	**35,435**	32,548
Fixed deposits placed with licensed banks	19	**12,036**	7,589	**2,506**	54
Cash and bank balances	20	**59,798**	81,006	**31,924**	930
Current tax assets		**837**	1,356	**–**	–
Total current assets		**1,209,053**	1,302,763	**212,741**	191,760
TOTAL ASSETS		**1,694,095**	1,788,511	**387,027**	371,442

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016 (Cont'd)

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	21	**121,437**	115,319	**121,437**	115,319
Treasury shares	22	**–**	(404)	**–**	(404)
Reserves	23	**101,555**	101,564	**85,534**	97,571
		222,992	216,479	**206,971**	212,486
Non-controlling interests		**81,429**	74,985	**–**	–
TOTAL EQUITY		**304,421**	291,464	**206,971**	212,486
Non-current liabilities					
Bank borrowings	24	**204,812**	183,417	**–**	–
Hire purchase payables	25	**5,429**	8,643	**222**	359
Trade and other payables	26	**60,997**	68,536	**8,802**	11,263
Deferred tax liabilities	14	**12,793**	12,446	**900**	900
Total non-current liabilities		**284,031**	273,042	**9,924**	12,522
Current liabilities					
Bank borrowings	24	**438,121**	458,501	**52,094**	50,726
Hire purchase payables	25	**5,316**	6,489	**153**	194
Trade and other payables	26	**634,490**	716,615	**71,425**	48,412
Amount due to contract customers	16	**3,685**	20,511	**–**	667
Amount owing to subsidiaries	17	**–**	–	**45,391**	45,868
Amount owing to associates	18	**7,494**	9,536	**6**	6
Amount owing to a joint venture	27	**34**	34	**34**	34
Tax payables		**17,103**	12,374	**1,029**	527
Total current liabilities		**1,106,243**	1,224,060	**170,132**	146,434
TOTAL LIABILITIES		**1,390,274**	1,497,102	**186,056**	158,956
TOTAL EQUITY AND LIABILITIES		**1,694,695**	1,788,566	**387,027**	371,442

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

STATEMENTS OF COMPREHENSIVE INCOME

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Revenue	28	**1,035,297**	1 ,227,939	**180,383**	98,787
Cost of sales	29	**(960,914)**	(1,123,760)	**(161,643)**	(88,181)
Gross profit		**89,383**	104,179	**18,740**	10,606
Other income		**19,528**	19,124	**2,301**	5,710
Investment income		**8,760**	23,982	**–**	5,007
Administrative expenses		**(59,036)**	(84,604)	**(22,688)**	(23,460)
Operating profit/(loss)		**58,635**	66,861	**(1,640)**	(2,137)
Finance costs		**(19,972)**	(15,913)	**(7,609)**	(6,408)
Share of results of associates, net of tax		**(7,534)**	(11,030)	**–**	–
Profit/(Loss) before tax	30	**26,763**	35,738	**(9,444)**	(8,545)
Income tax expense	31	**(13,408)**	(12,867)	**(2,437)**	(1,036)
Profit/(Loss) for the financial year		**13,355**	22,871	**(11,881)**	(9,581)
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		**(682)**	(3,489)	**–**	–
Other comprehensive loss for the financial year		**(682)**	(3,489)	**–**	–
Total comprehensive income/(loss) for the financial year		**12,673**	19,382	**(11,881)**	(9,581)
Profit/(Loss) attributable to:					
Owners of the Company		**1,070**	3,373	**(11,881)**	(9,581)
Non-controlling interests		**12,285**	19,498	**–**	–
		13,355	22,871	**(11,881)**	(9,581)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		**147**	(177)	**(11,881)**	(9,581)
Non-controlling interests		**12,526**	19,559	**–**	–
		12,673	19,382	**(11,881)**	(9,581)
Earnings per share (sen)	32				
- basic		**0.45**	1.60		
- diluted		**0.45**	1.60		

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

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

Group	Note	Share capital RM'000	Share premium RM'000	Other capital reserves RM'000	Exchange reserve RM'000	Share option reserve RM'000	Treasury shares RM'000	Distributable Retained earnings/ (Accumulated losses) RM'000	Attributable to owners of the Company RM'000	Non-Controlling interests RM'000	Total Equity RM'000
At 1 January 2015		88,956	4,714	15,682	(4,603)	2,105	–	86,897	193,751	55,306	249,057
Total comprehensive income for the financial year											
Profit for the financial year		–	–	–	–	–	–	3,373	3,373	19,498	22,871
Other comprehensive income for the financial year		–	–	–	(3,550)	–	–	–	(3,550)	61	(3,489)
Total comprehensive income		–	–	–	(3,550)	–	–	3,373	(177)	19,559	19,382
Transactions with owners:											
Changes in ownership interests in a subsidiary		–	–	–	–	–	–	–	–	120	120
Dividends paid on shares	33	–	–	–	–	–	–	(4,346)	(4,346)	–	(4,346)
Issue of ordinary shares	21, 23	24,264	227	–	–	–	–	–	24,491	–	24,491
Exercised of employee share options	21, 23	2,099	349	–	–	–	–	–	2,144	–	2,144
Transaction costs of shares issue	23	–	(257)	–	–	(304)	–	–	(257)	–	(257)
Grant of equity-settled share options to employees		–	–	–	–	1,277	–	–	1,277	–	1,277
Share repurchased		–	–	–	–	–	(404)	–	(404)	–	(404)
Total transactions with owners		26,363	319	–	–	973	(404)	(4,346)	22,905	120	23,025
At 31 December 2015		115,319	5,033	15,682	(8,153)	3,078	(404)	85,924	216,479	74,985	291,464

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

Group	Note	Share capital RM'000	Share premium RM'000	Other capital reserves RM'000	Exchange reserve RM'000	Share option reserve RM'000	Treasury shares RM'000	Distributable Retained earnings/ (Accumulated losses) RM'000	Attributable to owners of the Company RM'000	Non-Controlling interests RM'000	Total Equity RM'000
At 1 January 2016		115,319	5,033	15,682	(8,153)	3,078	(404)	85,924	216,479	74,985	291,464
Total comprehensive income for the financial year											
Profit for the financial year		–	–	–	–	–	–	1,070	1,070	12,285	13,355
Other comprehensive income for the financial year		–	–	–	(923)	–	–	–	(923)	241	(682)
Total comprehensive income		–	–	–	(923)	–	–	1,070	147	12,526	12,673
Transactions with owners:											
Changes in ownership interests in a subsidiary		–	–	–	–	–	–	–	–	(5,300)	(5,300)
Liquidation of subsidiaries		–	–	–	–	–	–	–	–	(782)	(782)
Issue of ordinary shares	21, 23	4,343	–	–	–	–	–	–	4,343	–	4,343
Exercise of employee share options	21, 23	1 ,775	12	–	–	–	–	–	1,787	–	1,787
Transaction costs of shares issue	23	–	(168)	–	–	–	–	–	(168)	–	(168)
Disposals of treasury shares		–	–	–	–	–	404	–	404	–	404
Total transactions with owners		6 ,118	(156)	–	–	–	404	–	6,366	(6,082)	284
At 31 December 2016		121,437	4,877	15,682	(9,076)	3,078	–	86,994	222,992	81,429	304,421

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

Company	Note	Share capital RM'000	Share premium RM'000	Exchange reserve RM'000	Share option reserve RM'000	Treasury shares RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 January 2015		88,956	4,714	54	2,105	–	103,333	199,162
Total comprehensive loss for the financial year		–	–	–	–	–	(9,581)	(9,581)
Transactions with owners								
Dividends paid on shares	32	–	–	–	–	–	(4,346)	(4,346)
Issue of ordinary shares	19	24,264	227	–	–	–	–	24,491
Exercise of employee share options	19	2,099	349	–	(304)	–	–	2,144
Transaction costs of shares issue	21	–	(257)	–	–	–	–	(257)
Grant of equity-settled share options to employees		–	–	–	1,277	–	–	1,277
Shares repurchased	20	–	–	–	–	(404)	–	(404)
Total transactions with owners		26,363	319	–	973	(404)	(4,346)	22,905
At 31 December 2015		115,319	5,033	54	3,078	(404)	89,406	212,486
At 1 January 2016		115,319	5,033	54	3,078	(404)	89,406	212,486
Total comprehensive loss for the financial year		–	–	–	–	–	(11,881)	(11,881)
Transactions with owners								
Issue of ordinary shares	19	4,343	–	–	–	–	–	4,343
Exercise of employee share options	19	1,775	12	–	–	–	–	1,787
Disposals of treasury shares	20	–	–	–	–	404	–	404
Transaction costs of shares issue		–	(168)	–	–	–	–	(168)
Total transactions with owners		6,118	(156)	–	–	404	(16)	6,350
At 31 December 2016		121,437	4,877	54	3,078	–	77,525	206,971

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax		**26,763**	35,738	**(9,444)**	(8,545)
Adjustments for:-					
Allowance for impairment on amount owing by subsidiaries		**–**	–	**–**	2,181
Allowance for impairment on amount owing by an associate		**1,743**	1,575	**1,743**	1,575
Allowance for impairment on other receivables		**–**	3,753	**–**	3,753
Allowance for impairment on investment in subsidiaries		**–**	–	**3,986**	1,250
Allowance for impairment on investment in an associate		**–**	461	**–**	461
Allowance for impairment on goodwill		**–**	1,273	**–**	–
Allowance for impairment on other investments		**3,000**	–	**3,000**	–
Change in fair value of investment properties		**–**	(23,494)	**–**	–
Depreciation of property, plant and equipment		**15,299**	13,818	**843**	871
Dividend income		**(200)**	(207)	**–**	–
Gain/Loss on disposal of:-					
- property, plant and equipment		**(2,668)**	(901)	**6**	39
- investment properties		**–**	(374)	**–**	–
- other investments		**(8)**	76	**–**	(38)
- treasury shares		**17**	–	**17**	–
Finance costs		**38,141**	38,292	**7,609**	7,805
Finance income		**(3,505)**	(4,463)	**(546)**	(1,568)
Net effect of unwinding of interest from discounting		**2,080**	(702)	**(246)**	(1,212)
Property, plant and equipment written off		**15**	17	**–**	–
Reversal of allowance for impairment on amount owing by a subsidiary no longer required		**–**	–	**(280)**	(19)
Remeasurement of previous stakes to fair value		**–**	733	**–**	–
Impact of changes from associate to subsidiary		**–**	(243)	**–**	–
Share of results of associates		**7,534**	11,030	**–**	–
Share options granted under ESOS		**–**	1,277	**–**	429
Unrealised loss on foreign exchange		**286**	645	**–**	–
		88,497	78,304	**6,688**	6,982
Changes in working capital:					
Inventories		**25,909**	(10,884)	**–**	–
Amount due from contract customers		**39,731**	–	**–**	–
Property development costs		**(45,928)**	(46,711)	**–**	–
Land held for development		**(3,285)**	–	**–**	–
Receivables		**78,320**	(196,632)	**13,181**	6,381
Payables		**(126,400)**	235,158	**19,690**	(4,565)
Subsidiaries		**–**	–	**(2,574)**	1,525
Associates		**(7,142)**	1,125	**–**	–
		49,702	60,360	**36,985**	10,323
Interest paid		**(19,272)**	(37,380)	**(7,588)**	(7,774)
Income tax paid		**(7,926)**	(5,375)	**(1,935)**	(415)
Net cash flows from operating activities		**22,504**	17,605	**27,462**	2,134

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of:					
- a subsidiary	34	**–**	(495)	**–**	(1,075)
- an associate	9(g)	**–**	(900)	**–**	–
- other investments		**(4)**	–	**–**	–
Acquisition of lands for property development activities		**–**	(5,240)	**–**	–
Advances to associates		**–**	(1,551)	**(4,630)**	(2,065)
Advances to subsidiaries		**–**	–	**(6,367)**	(20,267)
Dividend received		**200**	207	**–**	–
Interest received		**3,505**	4,463	**546**	1,568
Subscription of shares by non-controlling interest		**(6,082)**	120	**–**	–
Proceeds from disposal of:					
- investments in subsidiaries		**–**	–	**250**	–
- investments in associates		**–**	–	**–**	490
- investment properties		**–**	661	**–**	–
- other investments		**80**	129	**–**	73
- property, plant and equipment		**7,838**	5,637	**3**	152
Purchase of:					
- property, plant and equipment	35	**(29,645)**	(13,015)	**(183)**	(1,095)
- investment properties		**–**	(1,793)	**–**	–
Withdrawal of fixed deposits		**–**	4,253	**(2,452)**	–
Net cash flows used in investing actitives		**(24,128)**	**(7,524)**	**(12,833)**	(22,219)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Advances from/(Repayment to) subsidiaries		**–**	–	**8,847**	(12,171)
Dividends paid to shareholders of the Company		**–**	(4,346)	**–**	(4,346)
Drawdown of bank borrowings		**1,015**	3,488	**–**	–
Purchase of treasury shares	22	**–**	(404)	**–**	(404)
Proceed from disposal of treasury shares		**387**	–	**387**	–
Increase in deposit pledged		**(4,969)**	–	**–**	–
Hire purchase interests paid		**(700)**	(912)	**(21)**	(31)
Payment of hire purchase obligations		**(4,387)**	(7,794)	**(178)**	(185)
Proceeds from issuance of shares					
- issuance of ordinary shares		**4,175**	24,234	**4,175**	24,234
- exercise of employee share options		**1,787**	2,144	**1,787**	2,144
Net cash flows (used in)/from financing actitives		**(2,692)**	16,410	**14,997**	9,241
Net (decrease)/ increase in cash and cash equivalents		**(4,296)**	26,491	**29,626**	(10,844)
Cash and cash equivalents at the beginning of the financial year		**1,924**	(10,539)	**(28,796)**	(17,952)
Effect of exchange rate changes on cash and cash equivalents		**(10,622)**	(14,028)	**–**	–
Cash and cash equivalents at end of the financial year		**(12,994)**	1,924	**830**	(28,796)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash And Cash Equivalents including in statements of cash flows comprise following amounts:					
Fixed deposits with licensed banks		**12,036**	7,589	**2,506**	54
Less: fixed deposits pledged to licensed banks	19	**(12,036)**	(7,062)	**(2,506)**	(54)
		–	527	**–**	–
Cash and bank balances		**59,798**	81,006	**31,924**	930
Bank overdrafts		**(72,792)**	(79,609)	**(31,094)**	(29,726)
		(12,994)	1,924	**830**	(28,796)

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Bina Puri Holdings Bhd. ("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 registered office and the principal place of business of the Company are located at Wisma Bina Puri, 88 Jalan Bukit Idaman 8/1, Bukit Idaman, 68100 Selayang, Selangor Darul Ehsan.

The principal activities of the Company are contractor for earthworks and building, project management services and investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 April 2017.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Adoption of amendments/improvements to FRSs

The Group and the Company have adopted the following amendments/improvements to FRSs that are mandatory for the current financial year:

Amendments/Improvements to FRSs	
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments: Disclosures
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 101	Presentation of Financial Statements
FRS 116	Property, Plant and Equipment
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investments in Associates and Joint Ventures
FRS 138	Intangible Assets

The adoption of the above amendments/improvements to FRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.3 New FRS, amendments/improvements to FRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective

The Group and the Company have not adopted the following new FRS, amendments/improvements to FRSs and new IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New FRS		
FRS 9	Financial Instruments	1 January 2018
Amendments/Improvements to FRSs		
FRS 1	First-time Adoption of FRSs	1 January 2018
FRS 2	Share-based Payment	1 January 2018
FRS 4	Insurance Contracts	1 January 2018
FRS 10	Consolidated Financial Statements	Deferred
FRS 12	Disclosure of Interests in Other Entities	1 January 2017
FRS 107	Statement of Cash Flows	1 January 2017
FRS 112	Income Taxes	1 January 2017
FRS 128	Investments in Associates and Joint Ventures	1 January 2018/ Deferred
FRS 140	Investment Property	1 January 2018
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

A brief discussion on the above significant new FRS, amendments/improvements to FRSs and new IC Int are summarised below. Due to the complexity of these new FRS, amendments/improvements to FRSs and new IC Int, the financial effects of their adoption are currently still being assessed by the Group and the Company.

FRS 9 Financial Instruments

Key requirements of FRS 9:

- FRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- FRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

2. BASIS OF PREPARATION (CONT'D)

2.3 New FRS, amendments/improvements to FRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (Cont'd)

FRS 9 Financial Instruments (Cont'd)

- FRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

Amendments to FRS 1 First-time Adoption of FRSs

Amendments to FRS 1 deleted the short-term exemptions that relate to FRS 7 Financial Instruments: Disclosure, FRS 119 Employee Benefits and FRS 10 Consolidated Financial Statements because they are no longer applicable.

Amendments to FRS 2 Share-based Payment

Amendments to FRS 2 provide specific guidance on the accounting for:

(a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
(b) share-based payment transactions with a net settlement feature for withholding tax obligations; and
(c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Amendments to FRS 4 Insurance Contracts

Amendments to FRS 4 introduce two additional voluntary options, namely an overlay approach and a deferral approach to be applied subject to certain criteria being met, which help to address temporary volatility in reported results of entities dealing with insurance contracts. The overlay approach involves option to recognise the possible volatility in other comprehensive income, instead of profit or loss, whilst the deferral approach provides temporary exemption from applying the Standard on Financial Instruments for entities whose activities are predominantly connected with insurance.

Amendments to FRS 12 Disclosure of Interests in Other Entities

Amendments to FRS 12 clarify that entities classified as held for sale are required to apply all the disclosure requirements of FRS 12 except for the disclosure requirements set out in paragraphs B10-B16.

Amendments to FRS 107 Statement of Cash Flows

Amendments to FRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statements of financial position for liabilities arising from financing activities.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.3 New FRS, amendments/improvements to FRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (Cont'd)

Amendments to FRS 112 Income Taxes

Amendments to FRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Amendments to FRS 128 Investments in Associates and Joint Ventures

Amendments to FRS 128 clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates or joint ventures at fair value through profit or loss.

Amendments to FRS 140 Investment Property

Amendments to FRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

Amendments to FRS 10 Consolidated Financial Statements and FRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in FRS 10 and those in FRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in FRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in FRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

<u>MASB Approved Accounting Standards, MFRSs</u>

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the MASB had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1 January 2012.

2. BASIS OF PREPARATION (CONT'D)

2.3 New FRS, amendments/improvements to FRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (Cont'd)

MASB Approved Accounting Standards, MFRSs (Cont'd)

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreements for the Construction of Real Estate ("Transitioning Entities"). The Transitioning Entities are given an option to defer the adoption of MFRSs Framework and shall apply MFRSs Framework for annual periods beginning on or after 1 January 2018. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of MFRSs Framework. As such, the Group and the Company will prepare their first MFRSs financial statements using MFRSs Framework for financial year ended 31 December 2018. The main effects arising from the transition to MFRSs Framework are discussed below.

The effect is based on the Group's and the Company's best estimates at the reporting date. The financial effects may change or additional effects may be identified, prior to the completion of the Group's and of the Company's first MFRSs based financial statements.

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The Group is currently assessing the impact of the adoption of this standard.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.3 New FRS, amendments/improvements to FRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (Cont'd)

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statements of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases. Due to the complexity of this new MFRS, the financial effects of its adoption are currently still being assessed by the Group and the Company.

MFRS 141 Agriculture

MFRS 141 requires a biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except where the fair value cannot be measured reliably. MFRS 141 also requires agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Gains or losses arising on initial recognition of a biological asset and the agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in the profit or loss for the period in which it arises.

The Group does not expect any impact on the financial statements arising from the adoption of this standard.

Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture

With the amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

The Group does not expect any impact on the financial statements arising from the adoption of this standard.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries, associates and joint ventures used in the preparation of the consolidated financial statements are prepared for the same reporting period as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.6 to the financial statements.

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

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

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(a) Subsidiaries and business combination (Cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

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

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

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

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

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

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. 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.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(d) Joint arrangements

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows:
- A joint arrangement is classified as a "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of the assets (including its share of any assets held jointly), the liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).
- A joint arrangement is classified as "joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with FRS 128 Investments in Associates and Joint Ventures.

The Group has assessed the nature of its joint arrangement and determined them to be a joint venture and accounted for its interest in the joint venture using the equity method.

(e) Transactions eliminated on consolidation

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

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

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries, joint ventures and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.10 to the financial statements.

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates when the fair value were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Foreign currency transactions and operations (Cont'd)

(a) Translation of foreign currency transactions (Cont'd)

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3.4 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10 to the financial statements.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.15 to the financial statements.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate item of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (Cont'd)

(b) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group or the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in- progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Power plant under construction is stated at cost and is transferred to the relevant category of assets and depreciated accordingly when it is completed and ready for commercial use.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. The depreciable amount is determined after deducting the residual value. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

	Rates
Freehold buildings	2%
Leasehold land and buildings	Between 15 and 50 years
Plant, machinery and equipment	5% - 50%
Truck and motor vehicles	5% - 20%
Renovations, electrical installation, furniture and fittings	10% - 20%
Office equipment	10%

Depreciation of property, plant and equipment which are used for a specific project will be charged to that particular project. Depreciation of other property, plant and equipment are charged to profit or loss accordingly.

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

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.5 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Investment properties (Cont'd)

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.15 to the financial statements.

Investment properties are derecognised when they have either been disposed off or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses arising from derecognition of the asset are recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

3.6 Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10 to the financial statements.

In respect of equity-accounted associates and joint ventures, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

3.7 Construction work-in-progress

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

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

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

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Property development work-in-progress

(a) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. Where land held for property development had previously been recorded at a revalued amount, the revalued amount is retained as its surrogate cost.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Pre-acquisition costs are charged to the profit or loss as incurred unless such costs are directly identifiable to the consequent property development activity.

Land held for property development is transferred to current asset at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) 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 the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where 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.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

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

The excess of revenue recognised in the 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 the profit or loss is classified as advance billings within trade payables.

3.9 Financial instruments

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

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (Cont'd)

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

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

Loan and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10 to the financial statements. Gains and losses are recognised in profit or loss through the amortisation process.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10 to the financial statements. Gains and losses are recognised in profit or loss through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available-for-sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

The Group and the Company categorise the financial instruments as follows (Cont'd):

(i) Financial assets (Cont'd)

Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10 to the financial statements.

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

(b) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, 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 initially recognised less cumulative amortisation.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (Cont'd)

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company themselves purchase or sell an asset). Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(d) Derecognition

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

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

(e) Offsetting of financial statements.

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

3.10 Impairment of assets

(a) Impairment and uncollectibility of financial assets

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries, associates and joint ventures) are assessed 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 financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables and held-to-maturity investments

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment of assets (Cont'd)

(a) Impairment and uncollectibility of financial assets (Cont'd)

Loans and receivables and held-to-maturity investments (Cont'd)

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

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

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

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from customers for contract work, deferred tax assets and investment properties measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment of assets (Cont'd)

(b) Impairment of non-financial assets (Cont'd)

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 non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs 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 CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes the cost of materials, labours and an appropriate proportion of production overheads.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

Property development in inventory

Inventories comprising properties held for sale are valued at the lower of cost and net realisable value.

Cost of unsold completed properties comprises costs associated with the acquisition of land, direct construction costs and appropriate proportions of common cost.

3.12 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, 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 assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group or the Company does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

(b) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3.14 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

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

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

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

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

3.16 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plans

As required by law, companies in Malaysia make contributes to the Employees Provident Fund ("EPF"), the national defined contribution plan. Some of the Group's foreign subsidiary companies make contributions to their respective countries'statutory pension scheme. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

(c) Share-based payments

At grant date, the fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest.

3.17 Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group or the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Revenue and other income (Cont'd)

(b) Property development

The Group recognises property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred to date bear to the estimated total property development costs and taking into consideration the actual sales made against the total estimated gross development value of the project.

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 property development costs. In making these judgements, the Group evaluates based on past experience and by relying on the work of specialists.

(c) Construction contracts

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

Significant judgements is required in determining the stage of completion, the extent of contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(d) Rendering of services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(e) Interest Income

Interest income is recognised using the effective interest method.

(f) Dividend income

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

(g) Rental income

Rental income is recognised on an accrual basis.

(h) Sale of land and completed unsold properties

Revenue from sale of land and completed unsold properties are measured at the fair value of the consideration receivable and are recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

(i) Sale of electricity

Revenue is recognised when electricity is consumed by customer based on meter reading of the customer.

3.18 Income tax

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Income tax (Cont'd)

(a) Current tax

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

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and interests in a joint venture, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3.5 to the financial statements, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Income tax (Cont'd)

(c) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of GST except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated inclusive of GST.

The net amount of GST refundable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.19 Operating segments

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

3.20 Share capital

(a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.21 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.22 Earning per share ("EPS")

The Group presents basic and diluted earnings per share data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares, which comprise of convertible notes, bonus issue and share options granted to employees.

3.23 Fair value measurements

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial year include the following:

(a) Classification of leasehold land (Note 5)

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, Management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, Management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(b) Classification between investment properties and property, plant, and equipment (Note 6)

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

(b) Classification between investment properties and property, plant, and equipment (Note 6) (Cont'd)

Certain properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(c) Assessment of significant influence on equity investment (Note 9)

Judgement is involved in determining whether the Group has any significant influence on equity investments. The directors considered the Group's power to participate in the financial and operating policy decisions. Where there is significant influence, the equity investment will be accounted for as an associate using the equity method.

(d) Depreciation and useful lives of property, plant and equipment (Note 5)

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

(e) Measurement of income taxes (Note 31)

Certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(f) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the Management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(g) Write-down of obsolete or slow moving inventories (Note 15)

Reviews are made periodically by Management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(h) Impairment of loans and receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. The Management specifically reviews its loans and receivables and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

(i) Impairment of available-for-sale financial assets (Note 11)

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(j) Impairment of goodwill (Note 7)

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires Management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(k) Share-based payments (Note 23)

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimation of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them.

(l) Property development (Note 12)

The Group recognises property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred to date bear to the estimated total property development costs and taking into consideration the actual sales made against the total estimated gross development value of the project.

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 property development costs. In making these judgements, the Group evaluates based on past experience and by relying on the work of specialists.

(m) Construction contract (Note 16)

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

Significant judgements is required in determining the stage of completion, the extent of contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(n) Impairment of investment in subsidiaries, associates and unquoted shares (Note 8, 9 and 11)

The Group and the Company carried out the impairment test based on a variety of estimation including the value-in-use of the cash-generating unit. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

(o) Classification of finance and operating leases

The Group and the Company classify a lease as a finance lease or an operating lease based on the criterion of the extent to which significant risks and rewards incident to ownership of the underlying asset lie. As a lessee, the Group and the Company recognise a lease as a finance lease if it is exposed to significant risks and rewards incident to ownership of the underlying asset. In applying judgements, the Group and the Company consider whether there is significant economic incentive to exercise a purchase option and any optional renewal periods. A lease is classified as a finance lease if the lease term is for at least 75% the remaining economic life of the underlying asset, the present value of lease payments is at least 90% of the fair value of the underlying asset, or the identified asset in the lease is specialised asset which can only be used by the lease without major modifications. All other leases that do not result in a significant transfer of risks and rewards are classified as operating leases.

(p) Provision

The Group and the Company use a "best estimate" as the basis for measuring a provision. Management evaluates the estimates based on the Group's and the Company's historical experience and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. In the case when a provision relates to large population of customers (such as a warranty provision), a probability-weighted estimate of the outflows required to settle the obligation is used. In the case of single estimate (such as a provision for site restoration costs), a reference contractor's price or market price is used as the best estimate. If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates made.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

Group 2016	Freehold land and buildings RM'000	Long leasehold land and buildings RM'000	Short leasehold land and buildings RM'000	Plant, machinery and equipment RM'000	Renovation, electrical installation, furniture and fittings RM'000	Office equipment RM'000	Truck and motor vehicles RM'000	Capital work-in-progress RM'000	Power plant under construction RM'000	Total RM'000
Cost										
At 1 January 2016	10,588	26,465	2,108	101,320	32,845	16,778	58,606	1,620	49,717	300,047
Additions	98	9,435	–	16,378	283	421	3,030	–	–	29,645
Disposals	(95)	–	(370)	(11,632)	(352)	(254)	(4,673)	(1,620)	–	(18,996)
Written off	–	–	–	(142)	(12)	(144)	(24)	–	–	(322)
Reclassification	–	33,411	–	15,716	–	273	–	–	(49,400)	–
Exchange differences	–	2,503	–	4,551	972	173	100	–	(317)	7,982
At 31 December 2016	10,591	71,814	1,738	126,191	33,736	17,247	57,039	–	–	318,356
Accumulated depreciation										
At 1 January 2016	313	4,687	1,221	49,820	12,597	11,845	44,382	–	–	124,865
Depreciation charge for the financial year	131	1,553	58	5,952	1,551	884	5,170	–	–	15,299
Disposals	(3)	–	(302)	(8,709)	(266)	(200)	(4,346)	–	–	(13,826)
Written off	–	–	–	(129)	(12)	(143)	(23)	–	–	(307)
Exchange differences	–	60	–	835	304	84	74	–	–	1,357
At 31 December 2016	441	6,300	977	47,769	14,174	12,470	45,257	–	–	127,388
Carrying amounts										
At 31 December 2016	10,150	65,514	761	78,422	19,562	4,777	11,782	–	–	190,968

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2015	Freehold land and buildings RM'000	Long leasehold land and buildings RM'000	Short leasehold land and buildings RM'000	Plant, machinery and equipment RM'000	Renovation, electrical installation, furniture and fittings RM'000	Office equipment RM'000	Truck and motor vehicles RM'000	Capital work-in-progress RM'000	Power plant under construction RM'000	Total RM'000
Cost										
At 1 January 2015	10,125	26,308	2,858	91,343	29,866	17,767	63,839	3,143	24,751	270,000
Additions	463	922	–	9,257	402	512	2,654	868	20,605	35,683
Disposals	–	(765)	(750)	(1,571)	(149)	(69)	(4,193)	(2,391)	–	(9,888)
Written off	–	–	–	(5,583)	(312)	(1,858)	–	–	–	(7,753)
Reclassification	–	–	–	3,995	–	–	(3,995)	–	–	–
Exchange differences	–	–	–	3,879	3,038	426	301	–	4,361	12,005
At 31 December 2015	10,588	26,465	2,108	101,320	32,845	16,778	58,606	1,620	49,717	300,047
Accumulated depreciation										
At 1 January 2015	184	4,102	1,905	50,211	10,803	12,627	41,938	11	–	121,781
Depreciation for the financial year	129	585	66	5,056	1 ,371	969	5,642	–	–	13,818
Disposals	–	(11)	(750)	(908)	(18)	(56)	(3,409)	–	–	(5,152)
Written off	–	–	–	(5,576)	(310)	(1,850)	–	–	–	(7,736)
Reclassification	–	11	–	42	–	–	(42)	(11)	–	–
Exchange differences	–	–	–	995	751	155	253	–	–	2,154
At 31 December 2015	313	4,687	1,221	49,820	12,597	11,845	44,382	–	–	124,865
Carrying amounts at 31 December 2015	10,275	21,778	887	51,500	20,248	4,933	14,224	1,620	49,717	175,182

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company 2016	Long leasehold land and building RM'000	Plant, machinery and equipment RM'000	Renovation, electrical installation, furniture and fittings RM'000	Office equipment RM'000	Truck and motor vehicles RM'000	Total RM'000
Cost						
At 1 January 2016	**21,482**	**74**	**3,629**	**1,604**	**1,177**	**27,966**
Additions	**–**	**–**	**6**	**26**	**151**	**183**
Disposals	**–**	**(74)**	**–**	**–**	**–**	**(74)**
At 31 December 2016	**21,482**	**–**	**3,635**	**1,630**	**1,328**	**28,075**
Accumulated depreciation						
At 1 January 2016	**4,250**	**60**	**3,337**	**1,374**	**536**	**9,557**
Depreciation for the financial year	**505**	**5**	**55**	**41**	**237**	**843**
Disposals	**–**	**(65)**	**–**	**–**	**–**	**(65)**
At 31 December 2016	**4,755**	**–**	**3,392**	**1,415**	**773**	**10,335**
Carrying amounts						
At 31 December 2016	**16,727**	**–**	**243**	**215**	**555**	**17,740**
Company 2015						
Cost						
At 1 January 2015	20,560	875	3,542	1,518	1,177	27,672
Additions	922	–	87	86	–	1,095
Disposals	–	(801)	–	–	–	(801)
At 31 December 2015	21,482	74	3,629	1,604	1,177	27,966
Accumulated depreciation						
At 1 January 2015	3,750	635	3,282	1,328	301	9,296
Depreciation for the financial year	500	35	55	46	235	871
Disposals	–	(610)	–	–	–	(610)
At 31 December 2015	4,250	60	3,337	1,374	536	9,557
Carrying amounts						
At 31 December 2015	17,232	14	292	230	641	18,409

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) **Asset held in trust**

Included in property, plant and equipment of the Group is a freehold land with a net book value of RM935,000 (2015: RM935,000) which is held in trust by a former director of the Company.

(b) **Assets pledged as security**

The carrying amount value of property, plant and equipment of the Group charged to licensed financial institutions for banking facilities granted to the Group are as follows:

	Group	
	2016 RM'000	**2015 RM'000**
Freehold land and buildings	**9,216**	9,342
Plant, machinery and equipment	**1,709**	3,044
Trucks and motor vehicles	**62**	81
Renovations, electrical installation and furniture and fittings	**504**	464
Office equipment	**487**	478
	11,978	13,409

(c) **Assets under hire purchase arrangements**

The carrying amount of property, plant and equipment acquired under hire purchase arrangements are as follows:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Plant, machinery and equipment	**998**	1,289	**–**	–
Trucks and motor vehicles	**8,658**	11,548	**553**	641
	9,656	12,837	**553**	641

(d) The power plant under construction represents construction costs incurred to date in respect of the mini hydro power plant which will be depreciated upon the completion of construction works and the commencement of operations. The construction was completed during the financial year.

(e) **Lease period for leasehold land**

Leasehold land consisting of land with unexpired lease period of more than 50 years.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. INVESTMENT PROPERTIES

	Group 2016 RM'000	Group 2015 RM'000
At fair value		
Leasehold land		
At 1 January	**205,112**	180,112
Additions	**–**	1,793
Net gain arising from fair value adjustment	**–**	23,494
Disposals	**–**	(287)
At 31 December	**205,112**	205,112

Included in the above are:

	Group 2016 RM'000	Group 2015 RM'000
At fair value		
Leasehold land	**112**	112
Shopping mall	**205,000**	205,000
	205,112	205,112

An investment property of a subsidiary with a carrying value of RM205,000,000 (2015: RM205,000,000) has been pledged as security for banking facilities granted to the Group and the Company as disclosed in Note 24 to the financial statements.

Fair value information

Fair value of investment properties are categorised as follow:

	Group Level 1 RM'000	Group Level 2 RM'000	Group Level 3 RM'000
2016			
Leasehold land	**–**	**–**	**112**
Shopping mall	**–**	**–**	**205,000**
	–	**–**	**205,112**
2015			
Leasehold land	–	–	112
Shopping mall	–	–	205,000
	–	–	205,112

6. INVESTMENT PROPERTIES (CONT'D)

Fair value information (Cont'd)

There are no Level 1 and Level 2 investment properties or transfers among Level 1 and Level 2 during the financial year ended 31 December 2016 or 31 December 2015.

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	Group	
	2016	2015
	RM'000	**RM'000**
At fair value		
At 1 January	**205,112**	180,112
Additions	**181**	1,793
Net gain arising from fair value adjustment	**8,760**	23,494
Disposals	**–**	(287)
Reversal of expenditure recognised	**(8,941)**	–
At 31 December	**205,112**	205,112

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Property category	**Valuation technique**	**Significant unobservable inputs**	**By the accredited valuers**	**Relationship of unobservable inputs to**
Leashold land	Information available through internal research and director' best estimation.	Estimated selling price of comparable properties in close proximity.	N/A	The higher the estimated selling price, the higher the fair value.
Shopping mall	Investment method	Term yield	6.50%	The higher the term yield, the higher the fair value.

Valuation processes applied by the Group

The Group's finance department includes a team that performs valuation analysis of land and buildings required for financial reporting purposes, including Level 3 fair values. This team reports directly to the chief financial officer.

The fair value of the shopping mall is determined by external independent property valuers, a member of the Institute of Valuers in Malaysia, with appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation company provides the fair value of the Group's investment property portfolio every year. Changes in Level 3 fair values are analysed by the management annually after obtaining the valuation report from the valuation company. There has been no change to the valuation technique during the financial year. The valuation company provides the fair value for the current financial year to be sane as the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. INVESTMENT PROPERTIES (CONT'D)

Fair value information (Cont'd)

Highest and best use

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The following are recognised in profit and loss in respect of investment properties:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Rental income	**19,912**	18,907
Direct operating expenses:		
- income generating investment properties	**12,104**	12,151

7. GOODWILL

	Group	
	2016	**2015**
	RM'000	**RM'000**
Cost		
At 1 January	**15,858**	14,585
Addition arising from business combination	**–**	1,273
At 31 December	**15,858**	15,858
Accumulated impairment losses		
At 1 January	**1,273**	–
Additions	**–**	1,273
At 31 December	**1,273**	1,273
Carrying amount at 31 December	**14,585**	14,585

In the previous financial year, the Group and the Company acquired additional interest in BP Energy Sdn. Bhd. ("BPESB") for a total cash consideration of RM510,000. The acquisition resulted in goodwill of RM1,273,000.

The management of the Company had made a full allowance for impairment of RM1,273,000 on the goodwill on consolidation arising from the acquisition of BPESB in view that the ability to generate any positive cash flows remained uncertain.

Impairment testing for cash generating units ("CGU") containing goodwill

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

7. GOODWILL (CONT'D)

Impairment testing for cash generating units ("CGU") containing goodwill (Cont'd)

The aggregate carrying amount of goodwill is allocated to each unit as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Power supply division	**350**	350
Property division	**14,235**	14,235
	14,585	14,585

Management has assessed the recoverable amounts of goodwill allocated to property division based on value-in-use calculations determined by discounting future cash flows generated from the continuing use of the CGU's covering a period of 5 years and considering the terminal value of the CGUs.

Management estimates that the CGUs will generate revenue based on its estimated capacity throughout the projected period.

The value assigned to the key assumptions (e.g. sales growth & gross margin) represent management's assessment of future trends of the two divisions and is based on both external and internal sources of information.

The cash flows projection for property division is derived from the most recent financial budgets for the next five year and budgeted property sales. Discount rate of 10% (2015: 10%) was estimated based on the industry weighted average cost of capital. The discount rate applied to the cash flow projections is pre-tax and reflects management's estimate of the risks specific to the CGU at the date of assessment.

Sensitivity to changes in assumptions

Management believes that while cash flows projections are subject to inherent uncertainty, any reasonably possible changes to the key assumptions utilised in assessing the recoverable amount have been considered. The Management is of the opinion that any such changes in any of the key assumptions would not cause the recoverable amount of the units to be materially below their carrying amount.

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2016	**2015**
	RM'000	**RM'000**
Unquoted shares - at cost		
At 1 January		
In Malaysia	**93,655**	92,580
Outside Malaysia	**1,845**	1,845
	95,500	94,425
Additions during the financial year:		
In Malaysia	**–**	1,075
Disposals during the financial year:		
In Malaysia	**(500)**	–
	95,000	95,500
Capital contribution to subsidiaries, at cost	**22,938**	15,278
Less: Accumulated impairment losses	**(9,746)**	(5,760)
At 31 December	**108,192**	105,018

Capital contributions repersent unsecured, interest free non-trade advances given to subsidiaries. The settlement of these advances is neither planned nor likely to occur in the foreseeable future as it is the Company's intention to treat them as a long term sources of capital to the subdiaries. As this advances are, in substances, a part of the Company's net investment in those subsidiaries, they are stated at cost less impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) **Details of the subsidiaries are as follows:**

Name of company	Principal place of business/ country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %	Principal activities
Held by the Company				
Bina Puri Sdn. Bhd.	Malaysia	**100**	100	Contractor of earthworks, buildings and road construction
Bina Puri Construction Sdn. Bhd.	Malaysia	**100**	100	Contractor of earthworks, buildings, road construction
Aksi Bina Puri Sdn. Bhd. ^	Malaysia	**60**	60	Investment holding
Bina Puri Ventures Sdn. Bhd.	Malaysia	**100**	100	Investment holding and contractor of earthworks, buildings and road construction
Bina Puri Infrastructure Pte. Ltd. *	India	**100**	100	Inactive
Bina Puri Amat Aramak Sdn. Bhd. @ (Formerly known as Bina Puri KL Sdn. Bhd.)	Malaysia	**–**	100	Inactive
Gugusan Murni Sdn. Bhd. ^	Malaysia	**100**	100	Property developer and management
Maskimi Venture Sdn. Bhd.	Malaysia	**100**	100	Commission agent
Bina Puri Power Sdn. Bhd.	Malaysia	**80**	80	Investment holding
DPBS-BPHB Sdn. Bhd. ^	Malaysia	**60**	60	Investment holding
Bina Puri Juara Sdn. Bhd.	Malaysia	**100**	100	Investment holding
Bina Puri Gah Sdn. Bhd. ^	Malaysia	**60**	60	Inactive
Bina Puri Pakistan (Private) Ltd. ^	Pakistan	**99.97**	99.97	Builder of motorway
Bina Puri Properties (B) Sdn. Bhd. ^	Brunei Darussalam	**100**	100	Renting of service apartment and property management
Bina Puri (B) Sdn. Bhd. ^	Brunei Darussalam	**80**	80	Contractor of earthworks, buildings and road construction
Karak Spring Sdn. Bhd.	Malaysia	**100**	100	Inactive

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) **Details of the subsidiaries are as follows: (Cont'd)**

Name of company	Principal place of business/ country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %	Principal activities
Held by the Company (Cont'd)				
Bina Puri Properties Sdn. Bhd. ^	Malaysia	**100**	100	Property developer and management
Bina Puri Amat Aramak Properties Sdn. Bhd. @ (Formerly known as Bina Puri Korea Sdn. Bhd.) ^	Malaysia	**–**	100	Inactive
Bina Puri Hong Kong Limited ^	Hong Kong	**100**	100	Inactive
BP Energy Sdn. Bhd.	Malaysia	**100**	100	Oil & gas and related business
Held through Bina Puri Properties Sdn. Bhd.				
Semarak Semerah Sdn. Bhd. ^	Malaysia	**100**	100	Investment holding
Ascotville Development Sdn. Bhd. ^	Malaysia	**100**	100	Property developer and management
Held through Bina Puri Sdn. Bhd.				
Konsortium Syarikat Bina Puri-TA3 JV Sdn. Bhd.	Malaysia	**70**	70	Contractor of earthworks, buildings and road construction
Bina Puri Builder Sdn. Bhd.	Malaysia	**100**	100	Contractor of earthworks, buildings and road construction
Held through Bina Puri Construction Sdn. Bhd.				
Latar Project Management Sdn. Bhd. ^	Malaysia	**60**	60	Inactive
Bina Puri Cambodia Ltd. *	Cambodia	**100**	100	Inactive
Bina Puri Development Sdn. Bhd. ^	Malaysia	**100**	100	Inactive
Held through Bina Puri Ventures Sdn. Bhd.				
Maskimi Polyol Sdn. Bhd.	Malaysia	**100**	90	Manufacturer of polyol

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) **Details of the subsidiaries are as follows: (Cont'd)**

Name of company	Principal place of business/ country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %	Principal activities
Held through DPBS-BPHB Sdn. Bhd.				
Konsortium DPBSH-BPHB-AGSB Sdn. Bhd. ^ **	Malaysia	**–**	55	Inactive
Held through Bina Puri Power Sdn. Bhd.				
PT Megapower Makmur ^	Republic of Indonesia	**80**	80	Power supply
Held through Bina Puri Properties (B) Sdn. Bhd.				
Bina Puri (B) Sdn. Bhd. ^	Brunei Darussalam	**10**	10	Contractor of earthworks, buildings and road construction
Held through Bina Puri Juara Sdn. Bhd.				
Bina Puri Mining Sdn. Bhd. ^	Malaysia	**100**	100	Quarry operator
Sungai Long Bricks Sdn. Bhd.	Malaysia	**100**	100	Manufacturer of bricks
Sungai Long Industries Sdn. Bhd.	Malaysia	**51**	51	Quarry operator and contractor of road paving projects
Easy Mix Sdn. Bhd. ^	Malaysia	**100**	100	Producer of ready mix concrete
KM Quarry Sdn. Bhd.	Malaysia	**70**	70	Quarry operator and contractor of road paving projects
Held through Aksi Bina Puri Sdn. Bhd.				
Sumbangan Lagenda Sdn. Bhd. ^	Malaysia	**60**	55	Property developer and management
Karak Land Sdn. Bhd.^	Malaysia	**70**	70	Property developer and management

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) **Details of the subsidiaries are as follows: (Cont'd)**

Name of company	Principal place of business/ country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %	Principal activities
Held through Semarak Semerah Sdn. Bhd.				
Star Effort Sdn. Bhd. ^	Malaysia	**95**	95	Property developer and management

^ Audited by auditors other than Baker Tilly Monteiro Heng.

* *Subsidiaries without audited financial statements and auditors' reports but the unaudited financial statements of the subsidiaries were reviewed for the purpose of the financial statements of the Group.*

** Wound up during the financial year

(b) **Acquisition of additional interest in Sumbangan Lagenda Sdn. Bhd.**

During the current financial year, the Group acquired an additional 5% equity interest in Sumbangan Lagenda Sdn. Bhd. ("SLSB") from its non-controlling interests for cash consideration of RM5,300,000. The Company's ownership in SLSB increased from 55% to 60% as a result of the additional shares purchased. No disclosure is made on the effects of the acquisition as there is no significant financial impact to the financial position of the Group as at 31 December 2016.

(c) **Acquisition of additional interest in Maskimi Polyol Sdn. Bhd.**

During the current financial year, the Group acquired an additional 10% equity interest in Maskimi Polyol Sdn. Bhd. ("MPSB") from its non-controlling interests for cash consideration of RM1. The Company's ownership in MPSB increased from 90% to 100% as a result of the additional shares purchased. No disclosure is made on the effects of the acquisition as there is no significant financial impact to the financial position of the Group as at 31 December 2016.

(d) **Disposal of ordinary shares on Bina Puri Amat Aramak Properties Sdn. Bhd. (formerly known as Bina Puri KL Sdn. Bhd.)**

During the current financial year, the Company disposed its 50% equity investment in Bina Puri Amat Aramak Sdn. Bhd. (formerly known as Bina Puri KL Sdn. Bhd.) for a total consideration of RM125,000. The Group classified its remaining 50% equity interest in Bina Puri Amat Aramak Sdn. Bhd. as an associate given that the Company having significant control over the financial and operating policy decisions on Bina Puri Amat Aramak Sdn. Bhd.
No disclosure is made on the effects of the disposal as there is no significant financial impact to the financial position of the Group as at 31 December 2016.

(e) **Disposal of ordinary shares on Bina Puri Amat Aramak Properties Sdn. Bhd. (formerly known as Bina Puri Korea Sdn. Bhd.)**

During the current financial year, the Company disposed its 50% equity investment in Bina Puri Amat Aramak Properties Sdn. Bhd. (formerly known as Bina Puri Korea Sdn. Bhd.) for a total consideration of RM125,000. The Group classified its remaining 50% equity interest in Bina Puri Amat Aramak PropertiesSdn. Bhd. as associate given that the Company having significant influence over the financial and operating policy decisions on Bina Puri Amat Aramak Properties Sdn. Bhd. No disclosure is made on the effects of the disposal as there is no significant financial impact to the financial position of the Group as at 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(f) Acquisition of a subsidiary

In the previous financial year, the Company acquired additional 51% equity interest in BP Energy Sdn. Bhd. ("BPESB") for a total consideration of RM510,000. As a result, BPESB became a 100% owned subsidiary of the Company.

Subsequent to the acquisition, the Management of the Company had made a full allowance for impairment of RM1,000,000 on the investment in BPESB in view that the ability to generate any positive cash flows remained uncertain.

(g) Acquisition of additional interest in Bina Puri Korea Sdn. Bhd.

In the previous financial year, the Company acquired an additional 30% equity interest in Bina Puri Korea Sdn. Bhd. ("BPKSB") from its non-controlling interests for cash consideration of RM2. The Company's ownership in BPKSB increased from 70% to 100% as a result of the additional shares purchased. No disclosure is made on the effects of the acquisition as there is no significant financial impact to the financial position of the Group as at 31 December 2015.

(h) Subscription of additional ordinary shares in Karak Land Sdn. Bhd.

In the previous financial year, the Company increased its investment in Karak Land Sdn. Bhd. ("KLSB") by subscribing additional 280,000 new ordinary shares for a total cash consideration of RM280,000 while retained its equity interest of 70% in KLSB. The acquisition has completed in the previous financial year and had no significant impact to the Group's financial position as at 31 December 2015.

(i) Non-controlling interests in subsidiaries

	Sumbangan Lagenda Sdn. Bhd. RM'000	Other individually immaterial subsidiary companies RM'000	Total RM'000
2016			
NCI percentage of ownership interest and voting interest	**64%**		
Carrying amount of NCI	**72,930**	**8,499**	**81,429**
Profit allocated to NCI	**9,901**	**2,384**	**12,285**
2015			
NCI percentage of ownership interest and voting interest	67%		
Carrying amount of NCI	66,447	8,538	74,985
Profit/(loss) allocated to NCI	20,693	(1,195)	19,498

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(i) Non-controlling interests in subsidiaries (Cont'd)

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material non-controlling interests are as follows:

Sumbangan Lagenda Sdn. Bhd.

	Group	
	2016 RM'000	**2015 RM'000**
Non-current assets	**205,707**	205,793
Current assets	**23,211**	13,720
Non-current liabilities	**(93,545)**	(58,046)
Current liabilities	**(21,420)**	(62,292)
Net assets	**113,953**	99,175
Revenue	**38,587**	35,371
Profit for the financial year	**14,778**	30,884
Total comprehensive income	**14,778**	30,884
Cash flows (used in)/from operating activities	**(37,430)**	5,373
Cash flows from/(used in) investing activities	**8,747**	(1,212)
Cash flows from/(used in) financing activities	**29,293**	(5,580)
Net increase/(decrease) in cash and cash equivalents	**610**	(1,419)
Dividend paid to NCI	**–**	–

9. INVESTMENT IN ASSOCIATES

		Group		Company	
	Note	**2016 RM'000**	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Unquoted shares - at cost					
In Malaysia		**32,960**	32,550	**31,450**	31,940
Outside Malaysia		**3,916**	3,916	**3,916**	3,916
		36,876	36,466	**35,366**	35,856
Addition during the financial year:					
In Malaysia		**250**	900	**250**	–
Disposal during the financial year:					
In Malaysia	7(e)	**–**	(490)	**–**	(490)
		37,126	36,876	**35,616**	35,366
Share of post-acquisition reserves		**(27,486)**	(26,109)	**–**	–
Less: Accumulated impairment losses		**(461)**	(461)	**(461)**	(461)
		9,179	10,306	**35,155**	34,905

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9. INVESTMENT IN ASSOCIATES (CONT'D)

The Group has provided corporate guarantee to an associate for banking facilities. Thus, the Group's share of the associate losses in excess of the cost of investment has been recognised as an obligation in the consolidated statements of financial positions as disclosed in Note 26 to the financial statements.

a) Details of associates are as follows

Name of company	Principal place of business/ country of incorporation	Ownership/ Interest 2016 %	2015 %	Nature of relationship
Held through the Company				
Bina Puri Holdings (Thailand) Ltd. ^	Thailand	**49**	49	Investment holding
Bina Puri (Thailand) Ltd. ^	Thailand	**49**	49	Contractor of earthworks, buildings and road construction
Bina Puri Norwest Sdn. Bhd. ^	Malaysia	**50**	50	Property development and management
Bina Puri Saudi Co. Ltd. *	Arab Saudi	**50**	50	Inactive
KL-Kuala Selangor Expressway Berhad ^	Malaysia	**50**	50	Builder and operator of an expressway
Bina Puri Amat Amarak Sdn. Bhd. @ (Formerly known as Bina Puri KL Sdn. Bhd.)	Malaysia	**50**	–	Inactive
Bina Puri Amat Aramak Properties Sdn. Bhd. @ (Formerly known as Bina Puri Korea Sdn. Bhd.)	Malaysia	**50**	–	Inactive
Held through Bina Puri Juara Sdn. Bhd.				
Dimara Building System Sdn. Bhd. ^	Malaysia	**30**	30	Contractor in steel engineering works
Rock Processors (Melaka) Sdn. Bhd. ^	Malaysia	**40**	40	Quarry operator and contractor of road paving project
Bina Puri Sentosa Venture Sdn. Bhd. ^	Malaysia	**–**	50	Inactive
Held through Bina Puri Power Sdn. Bhd.				
BP Power (Thailand) Ltd. ^	Thailand	**49**	49	Inactive
Held through Bina Puri Construction Sdn. Bhd.				
Prosperous Hectares Sdn. Bhd.	Malaysia	**30**	30	Property development and management

^ *Audited by auditors other than Baker Tilly Monteiro Heng.*

* *Associates without audited financial statements and auditors' reports but the unaudited financial statements of the associates were adopted by the Group for the purpose of the financial statements of the Group.*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9. INVESTMENT IN ASSOCIATES (CONT'D)

(b) The summarised financial information of the Group's material associates is as follow:

	KLKSE	
	2016 RM'000	**2015 RM'000**
Assets and liabilities		
Non-current assets	**1,025,789**	1,233,644
Current Assests	**162,010**	122,313
Non-current liabilities	**(1,237,601)**	(1,192,082)
Current liabilities	**(66,025)**	(65.630)
Net assets	**(115,827)**	(98,245)
Results		
Revenue	**41,287**	59,976
Profit for the financial year	**(14,072)**	(23,781)
Total comprehensive income	**(14,072)**	(23,781

(c) The reconciliation of net assets to carrying amount of the associate is as follows:

	KLKSE RM'000	**Other individually immaterial associates RM'000**	**Total RM'000**
Group's share of net assets	(11,764)		
Carrying amount in the consolidated statements of financial position	(11,764)	9,179	(2,585)
Group's share of results:			
Group's share of profit or loss	(7,036)	(498)	(7,534)
Group's share of other comprehensive income	–	–	–
Group's share of total comprehensive income	(7,036)	(498)	(7,534)
Group's share of net assets	(4,728)		
Carrying amount in the consolidated statements of financial position	(4,728)	10,306	5,578
Group's share of results:			
Group's share of profit or loss	(11,888)	858	(11,030)
Group's share of other comprehensive income	–	–	–
Group's share of total comprehensive income	(11,888)	858	(11,030)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9. INVESTMENT IN ASSOCIATES (CONT'D)

(d) During the financial year, the Company sold 50% equity interest in Bina Puri Sentosa Ventures Sdn. Bhd. for a total cash consideration of RM1. No disclosure is made on the effects of this acquisition as there is no significant financial impact to the financial position of the Group.

(e) In the previous financial year, Bina Puri Juara Sdn. Bhd. acquired 50% equity interest in Bina Puri Sentosa Ventures Sdn. Bhd. for a total cash consideration of RM1. No disclosure is made on the effects of this acquisition as there is no significant financial impact to the financial position of the Group.

(f) In the previous financial year, Bina Puri Construction Sdn. Bhd. acquired 30% equity interest in Prosperous Hectares Sdn. Bhd. for a total cash consideration of RM900,000. No disclosure is made on the effects of this acquisition as there is no significant financial impact to the financial position of the Group.

10. INVESTMENT IN A JOINT VENTURE

(a) Details of the Group's joint operations are as follow:

Name of company	Principal place of business/ country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %	Principal activities
SPK-Bina Puri Joint Venture *	United Arab Emirates	30	30	Builder and contractor for general engineering and construction works
UEMC-Bina Puri Joint Venture	Malaysia	40	40	Builder and contractor for general engineering and construction works

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

11. OTHER INVESTMENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At cost				
Available-for-sale				
Unquoted shares in Malaysia	**7,088**	7,084	**6,646**	6,646
Transferable corporate membership in golf and country resort	**217**	422	**–**	35
Less: Accummulated impairment losses	**(3,304)**	(304)	**(3,304)**	(304)
	4,001	7,202	**3,342**	6,377
Less:				
Disposal of transferable corporate membership in golf and country resort	**–**	(205)	**–**	(35)
	4,001	6,997	**3,342**	6,342
At fair value				
Quoted shares outside Malaysia	**–**	72	**–**	–
	4,001	7,069	**3,342**	6,342

Investments in unquoted shares of the Group and of the Company which were designated as available-for-sale financial assets are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the unquoted shares.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

	Group 2016 RM'000	Group 2015 RM'000
At the beginning of the financial year		
- freehold land	**–**	35,415
- leasehold land	**5,240**	12,105
- development costs	**154**	14,977
	5,394	62,497
Add: Costs incurred during the financial year		
- leasehold land	**–**	5,240
- development costs	**3,285**	154
	3,285	5,394
Transfer to property development costs (Note 12(b))		
- freehold land	**–**	(35,415)
- leasehold land	**–**	(12,105)
- development costs	**–**	(14,977)
	–	(62,497)
At the end of the financial year		
- freehold land	**–**	–
- leasehold land	**5,240**	5,240
- development costs	**3,439**	154
	8,679	5,394

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

(b) **Property development costs**

	Group 2016 RM'000	Group 2015 RM'000
At 1 January		
- freehold land	**68,998**	33,583
- leasehold land	**29,498**	17,393
- development costs	**106,971**	45,437
	205,467	96,413
Add: Costs incurred during the financial year		
- freehold land	**–**	–
- leasehold land	**–**	–
- development costs	**60,602**	75,775
	60,602	75,775
Transfer from land held for property development (Note 12(a))		
- freehold land	**–**	35,415
- leasehold land	**–**	12,105
- development costs	**–**	14,977
	–	62,497
Less: Costs recognised in profit or loss during the financial year		
- freehold land	**–**	–
- development costs	**(32,843)**	(28,799)
	(32,843)	(28,799)
Transfer to inventories		
- freehold land	**–**	–
- development costs	**–**	(419)
	–	(419)
At 31 December		
- freehold land	**68,998**	68,998
- leasehold land	**29,498**	29,498
- development costs	**134,730**	106,971
Property development costs as at 31 December	**233,226**	205,467

Included in the property development costs incurred during the financial year are:

	Group 2016 RM'000	Group 2015 RM'000
Depreciation	–	17
Finance costs	**5,152**	5,056

The land and development costs of the Group amounting to RM194,594,000 (2015: RM72,212,000) were charged to a licensed bank to secure a banking facility granted to the Group as stated in Note 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current				
Trade receivables				
Retention sums	**53,005**	68,155	**9,857**	15,008
Current				
Trade receivables				
Third parties	**407,486**	435,822	**15,179**	15,798
A related party	**263**	263	**–**	–
	407,749	436,085	**15,179**	15,798
	–	–	**–**	–
	407,749	436,085	**15,179**	15,798
Total trade receivables, net	**460,754**	504,240	**25,036**	30,806
Other receivables				
Other receivables				
- third parties	**145,039**	161,049	**7,334**	7,588
- a related party	**590**	590	**–**	–
	145,629	161,639	**7,334**	7,588
Less: Allowance for impairment losses	**(4,406)**	(4,406)	**(4,371)**	(4,371)
Other receivables, net	**141,223**	157,233	**2,963**	3,217
Advance to sub-contractors	**44,589**	27,186	**677**	6,500
Deposits	**8,881**	7,692	**438**	362
Prepayments	**10,192**	13,981	**35**	122
Total other receivables, net	**204,885**	206,092	**4,113**	10,201
Accrued billings in respect of property development costs	**12,071**	7,608	**–**	–
	624,705	649,785	**19,292**	25,999
Total trade and other receivables	**677,710**	717,940	**29,149**	41,007

(a) **Trade receivables**

Trade receivables are non-interest bearing normal credit terms 30 to 90 days (2015: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

As at the end of the reporting period, the Company has significant concentration of credit risk in the form of outstanding balances owing by 2 (2015: 2) customers represents 99.96% (2015: 99.96%) of the total trade receivables.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) **Trade receivables (Cont'd)**

Ageing analysis of trade receivables

The ageing analysis of the Group's and of the Company's trade receivables are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Neither past due nor impaired	**223,513**	260,576	**20,883**	24,040
Past due but not impaired				
1 to 30 days past due but not impaired	**13,665**	68,379	**–**	–
31 to 60 days past due but not impaired	**14,529**	65,135	**–**	–
61 to 90 days past due but not impaired	**12,883**	4,994	**–**	–
91 to 120 days past due but not impaired	**97,735**	9,660	**–**	–
More than 121 days past due but not impaired	**98,429**	95,496	**4,153**	6,766
	237,241	243,664	**4,153**	6,766
	460,754	504,240	**25,036**	30,806

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group and the Company. The Group and the Company monitor the credit quality of the trade receivables through ageing analysis. Any receivables having significant balances past due or more than 120 days, which are deemed to have higher credit risk, are monitored individually.

Trade receivables that are past due but not impaired

The Group and the Company believe that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

In the previous financial year, included in the Group's trade receivables is an amount of RM 3,346,000 receivable from a contract customer of a joint venture project which the Group is in the process of finalising the financial settlement accounts.

During the financial year, an agreement to the mediation had beed reached with the customer and the final settlement accounts were finalised as disclosed in Note 40(b)(ii) to the financial statements.

(b) **Other receivables**

The Group's and the Company's amounts owing by other receivables are non-trade, unsecured, interest-free and are repayable on demand.

The Group's amount owing by related parties represents interest receivable from companies in which certain directors have interests. The amount is non-trade, unsecured, interest-free and is repayable on demand and is expected to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) **Other receivables (Cont'd)**

Other receivables that are impaired

The Group's and the Company's other receivables that are impaired at the end of the reporting period are as follows:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Individually impaired				
Other receivables, nominal value	**4,406**	4,406	**4,371**	4,371
Less: Accumulated impairment losses	**(4,406)**	(4,406)	**(4,371)**	(4,371)
	–	–	**–**	–

The movement in the Group's and the Company's allowance accounts are as follows:-

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
At 1 January	**4,406**	653	**4,371**	618
Additions	**–**	3,753	**–**	3,753
At 31 December	**4,406**	4,406	**4,371**	4,371

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

In the previous financial year, included in the Group's other receivable is an amount of RM 3,407,000 receivable from a contract customer of a joint venture project which the Group is in the process of finalising the final settlement accounts.

During the financial year, an agreement to the mediation had beed reached with the customer and the final settlement accounts were finalised as disclosed in Note 40(b)(ii) to the financial statements.

14. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
At 1 January	**(12,446)**	(10,060)	**(900)**	(900)
Recognised in profit or loss (Note 31)	**(183)**	(2,272)	**–**	–
Foreign exchange	**(51)**	(114)	**–**	–
At 31 December	**(12,680)**	(12,446)	**(900)**	(900)
Presented after appropriate offsetting:				
Deferred tax assets	**113**	–	**–**	–
Deferred tax liabilities	**(12,793)**	(12,446)	**(900)**	(900)
	(12,680)	(12,446)	**(900)**	(900)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

(a) **Deferred tax assets**

	Group	
	2016 RM'000	**2015 RM'000**
At 1 January	**–**	654
Recognised in profit or loss	**113**	(654)
At 31 December	**113**	–

Deferred tax assets are attributable to the following items:

	Group	
	2016 RM'000	**2015 RM'000**
Unutilised tax losses	**148**	–
Unabsprbed capital allowances	**–**	–
Others	**(35)**	–
	113	–

During the financial year, deferred tax assets are recognised by a subsidiary based on the expected probable future taxable profit generated by the said subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

14. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

(b) Deferred tax liabilities

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**12,446**	10,714	**900**	900
Recognised in profit or loss	**296**	1,618	**–**	–
Foreign exchange	**51**	114	**–**	–
At 31 December	**12,793**	12,446	**900**	900
Representing tax effect of:				
- property, plant and equipment	**8,513**	8,166	**900**	900
- arising from business combination	**4,280**	4,280	**–**	–
	12,793	12,446	**900**	900

(c) Unrecognised deferred tax assets

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

	Group	
	2016	**2015**
	RM'000	**RM'000**
Unutilised tax losses	**12,201**	12,197
Unabsorbed capital allowances	**9,883**	9,468
	22,084	21,665

The availability of the unutilised tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset against taxable profits of other subsidiaries in the Group.

15. INVENTORIES

	Group	
	2016	**2015**
	RM'000	**RM'000**
At cost:		
Completed development units	**576**	25,217
Raw materials and consumables	**929**	1,271
Finished goods	**13**	939
	1,518	27,427

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group is RM78,828,000 (2015: RM77,378,000).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Aggregate of costs incurred to date	**5,077,480**	4,400,416	**729,160**	567,282
Add: Attributable profits	**278,091**	251,190	**20,986**	12,938
	5,355,571	4,651,606	**750,146**	580,220
Less: Progress billings	**(5,118,972)**	(4,375,276)	**(735,345)**	(565,204)
	236,599	276,330	**14,801**	15,016
Represented by gross amount:				
- due from contract customers	**240,284**	296,841	**14,801**	15,683
- due to contract customers	**(3,685)**	(20,511)	**–**	(667)
	236,599	276,330	**14,801**	15,016

(a) Included in the Group's and the Company's gross amount due from contract customers is an amount of RM17,909,000 (2015: RM17,909,000) which relates to the construction costs incurred on a project related to the project as disclosed in Note 17(b)(i) to the financial statements. The Group and the Company are currently engaged in an arbitration process to recover the said amounts from the Government of Pakistan. The recoverability of the said amounts is dependent on the successful outcome of the arbitration process which, based on the advice of the Group's and the Company's solicitors, the directors are of the opinion that there is a reasonable likelihood of success in the arbitration process. Hence, no allowance for impairment is required.

(b) In the previous financial year, included in the Group's gross amount due from contract customers is an amount of RM49,264,000 in which the Group is in the process of finalising the final settlement accounts in relation to the joint venture project. The final settlement had been offered by the customer and accepted by the Group. The details of the settlement of the said joint venture project are as disclosed in Note 40(b)(ii) to the financial statements.

17. AMOUNT OWING BY/(TO) SUBSIDIARIES

	Company	
	2016 RM'000	2015 RM'000
Current		
Amount owing by subsidiaries		
- Trade	**11,520**	18,270
- Non-trade	**129,132**	130,425
	140,652	148,695
Less: Accumulated impairment losses		
- Trade	**(11,520)**	(11,520)
- Non-trade	**(20,349)**	(20,629)
	(31,869)	(32,149)
	108,783	116,546

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

17. AMOUNT OWING BY/(TO) SUBSIDIARIES (CONT'D)

Amount owing to subsidiaries

- Trade	**–**	(2,574)
- Non-trade	**(45,391)**	(43,294)
	(45,931)	(45,868)

(a) **Trade amounts owing**

The trade amounts owing are subject to the normal trade credit terms ranging from 30 to 60 days (2015: 30 to 60 days). The amounts owing are to be settled in cash.

<u>Ageing analysis of the Company's trade-related amount owing by subsidiaries</u>

The ageing analysis of the Company's trade-related amount owing by subsidiaries is as follows:

	Company	
	2016 RM'000	**2015 RM'000**
Neither past due nor impaired	–	6,750
Past due but not impaired		
1 to 30 days past due but not impaired	**–**	–
31 to 60 days past due but not impaired	**–**	–
61 to 90 days past due but not impaired	**–**	–
91 to 120 days past due but not impaired	**–**	–
More than 120 days past due not impaired	–	–
	–	–
Impaired	**11,520**	11,520
	11,520	18,270

Trade-related amount owing by subsidiaries that are neither past due nor impaired

The Company monitors the credit quality of the trade-related amount owing by subsidiaries through ageing analysis. Any subsidiaries having significant balances past due or more than 121 days, which are deemed to have higher credit risk, are monitored individually.

Trade amount owing by subsidiaries that are impaired

The Company's trade amount owing by subsidiaries that are impaired at the end of the reporting period are as follows:

	Company	
	2016 RM'000	**2015 RM'000**
Individually impaired		
Trade amount owing by subsidiaries, nominal value	**11,520**	11,520
Less: Accumulated impairment losses	**(11,520)**	(11,520)
	–	–

17. AMOUNT OWING BY/(TO) SUBSIDIARIES (CONT'D)

Amount owing to subsidiaries (Cont'd)

(a) **Trade amounts owing (Cont'd)**

The movement in the Company's allowance accounts are as follows:

	Company	
	2016 RM'000	2015 RM'000
At 1 January/31 December	**11,520**	11,520

Trade amount owing by subsidiaries that are individually impaired at the end of the reporting period relate to a subsidiary that is in significant financial difficulties and have defaulted on payments. The receivables are not secured by any collateral or credit enhancements.

(b) **Non-trade amounts owing**

The non-trade amounts owing represent unsecured interest-free advances and payments made on behalf. The amounts owing are receivable/(repayable) on demand and are to be settled in cash.

Non-trade amount owing by subsidiaries that are impaired

The Company's non-trade amount owing by subsidiaries that are impaired at the end of the reporting period are as follows:

	Company	
	2016 RM'000	2015 RM'000
Individually impaired		
Non-trade amount owing by subsidiaries, nominal value	**32,515**	32,795
Less: Accumulated impairment losses	**(20,349)**	(20,629)
	12,166	12,166

The movement in the Company's allowance accounts are as follows:

	Company	
	2016 RM'000	2015 RM'000
At 1 January	**20,629**	18,467
Addition	**–**	2,181
Reversal	**(280)**	(19)
At 31 December	**20,349**	20,629

Non-trade amount owing by subsidiaries that are individually impaired at the end of the reporting period relate to subsidiaries that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(i) Included in the Company's amount owing by subsidiaries is an advance of RM17,347,000 (2015: RM16,650,000) to a foreign subsidiary to undertake a project awarded by the Government of Pakistan. The project had been subsequently terminated by the Government of Pakistan. As disclosed in Note 16(a) to the financial statements, included in the Group's and the Company's gross amount due from contract customers is an amount of RM17,909,000 (2015: RM17,909,000) which relates to the construction costs incurred on the same project. The Group and the Company are currently engaged in an arbitration process to recover the said amounts from the Government of Pakistan. The details of the arbitration proceedings are as disclosed in Note 40(c)(i) to the financial statements. The recoverability of the said amounts is dependent on the successful outcome of the arbitration process which, based on the advice of the Group's and the Company's solicitors, the directors are of the opinion that there is a reasonable likelihood of success in the arbitration process. Hence, no allowance for impairment is required.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18. AMOUNT OWING BY/(TO) ASSOCIATES

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Amount owing by associates:				
- Trade	**9,283**	9,283	**9,283**	9,283
- Non-trade	**30,684**	25,584	**29,470**	24,840
	39,967	34,867	**38,753**	34,123
Less: Accumulated impairment losses				
- Trade	**–**	–	**–**	–
- Non-trade	**(3,318)**	(1,575)	**(3,318)**	(1,575)
	(3,318)	(1,575)	**(3,318)**	(1,575)
	36,649	33,292	**35,435**	32,548
Amount owing to associates:				
- Trade	**(6,676)**	(8,718)	**(6)**	(6)
- Non-trade	**(818)**	(818)	**–**	–
	(7,494)	(9,536)	**(6)**	(6)

(a) **Trade amounts owing**

The trade amounts owing are subject to the normal trade credit terms ranging from 30 to 60 days (2015: 30 to 60 days). The amounts owing are to be settled in cash.

Ageing analysis of the Group's and the Company's trade-related amount owing by associates

The ageing analysis of the Group's and the Company's trade-related amount owing by associates are as follows:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
More than 121 days past due but not impaired	**9,283**	9,283	**9,283**	9,283

Trade-related amount owing by associates that are past due but not impaired

The Group and the Company believe that no impairment allowance is necessary in respect of these associates. The directors are of the opinion that no impairment is required based on past experience and the likelihood of recoverability of these associates.

18. AMOUNT OWING BY/(TO) ASSOCIATES (CONT'D)

(b) **Non-trade amounts owing**

The non-trade amounts owing represent unsecured, interest-free advances and payments made on behalf. The amounts owing are receivable/(repayable) on demand and are to be settled in cash.

Non-trade related amount owing by associates that are impaired

The Group's and the Company's non-trade related amount owing by associates that are impaired at the end of the reporting period are as follows:

	Group and Company 2016 RM'000	2015 RM'000
Individually impaired		
Nominal value	**3,318**	1,575
Less: Accumulated impairment losses	**(3,318)**	(1,575)
	–	–

The movement in the Group's and the Company's allowance accounts are as follows:

	Group and Company 2016 RM'000	2015 RM'000
At 1 January	**1,575**	–
Additions	**1,743**	1,575
At 31 December	**3,318**	1,575

Non-trade related amount owing by associates that are individually impaired at the end of the reporting period relate to an associate that is in significant financial difficulties and have defaulted on payments. This receivable is not secured by any collateral or credit enhancements.

(c) Included in the Group's and the Company's amount owing by associates are amounts of RM26,224,000 (2015: RM25,497,000) owing by certain associates which have been long outstanding. The directors are of the opinion that the amounts due from these associates are recoverable as these associates have committed to the Group and the Company to repay the amounts owing when they have successfully recovered the performance bond from their customer. The recovery of the said amounts is also dependent on the successful outcome of the legal claims against the customer which, based on the advice of the Group's and the Company's Solicitor's, the directors are of the opnion that there is a reasonable likelihood of success in the arbitration process. Hence no allowance for impairment is required.

19. FIXED DEPOSITS PLACED WITH LICENSED BANKS

Included in fixed deposits placed with licensed banks of the Group and of the Company are:

(i) The fixed deposits placed with licensed banks of the Group and of the Company at the end of the reporting period bear effective interest rates ranging from 0.45% to 3.60% (2015: 0.50% to 3.40%) per annum. The deposits have maturity periods of not more than one year.

(ii) Included in fixed deposits placed with licensed banks of the Group and of the Company at the end of the reporting period were amounts of RM12,301,000 (2015: RM7,062,000) and RM2,506,000 (2015: RM54,000) respectively, which have been pledged to licensed banks as security for banking facilities granted to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

20. CASH AND BANK BALANCES

Included in cash and bank balances of the Group are:

(a) an amount of RM34,502,000 (2015: RM30,579,000) held in a special project's bank account from which withdrawals are restricted to contract expenditure incurred in respect of specific projects, and

(b) an amount of RM3,783,000 (2015: RM4,117,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations. Withdrawals from the Housing Development Account are restricted to property development expenditure incurred in respect of the specific development project.

21. SHARE CAPITAL

	Group and Company			
	2016		2015	
	Number of Shares Unit '000	RM'000	Number of Shares Unit '000	RM'000
Ordinary shares of RM0.50 each				
Authorised:				
At 1 January/At 31 December	**1,000,000**	500,000	**1,000,000**	500,000
Issued and fully paid:				
At 1 January	**230,639**	115,319	**177,913**	88,956
Issued during the financial year	**8,684**	4,343	**48,528**	24,264
Exercise of ESOS	**3,550**	1,775	**4,198**	2,099
At 31 December	**242,873**	121,437	**230,639**	115,319

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time.

During the financial year, the Company had completed the following corporate proposals:

(i) issued 8,684,800 new ordinary shares of RM0.50 each at a price of RM0.50 per ordinary share for cash pursuant to the private placement exercise for working capital purpose; and

(ii) issued 3,550,000 new ordinary shares of RM0.50 each at exercise price of RM0.50 per ordinary share for cash pursuant to the Employee's Share Option Scheme ("ESOS") of the Company.

In the previous financial year, the Group and the Company had completed the following corporate proposals:

(i) the Company increased its issued and paid-up share capital from RM88.956 million to RM115.319 million by the issuance of 48,528,000 new ordinary shares of RM0.50 each pursuant to the private placement exercise at price of RM0.50 to RM0.515 per share; and

(ii) 4,198,000 new ordinary shares of RM0.50 each for cash pursuant to the Employees' Share Option Scheme ("ESOS") of the Company at exercise price of RM0.51 to RM0.54 per share.

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

22. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The Company's share buyback scheme was approved by the Company's shareholders in the Annual General Meeting held on 17 June 2015 for the Company to repurchase 10% of its issued and paid-up ordinary shares at any one time. The directors of the Company believe that the repurchase plan are applied in the best interests of the Company and its shareholders. The maximum amount of funds to be allocated for the purchased shares shall not exceed the aggregate of the retained profits and/or share premium of the Company. The share repurchases made to date were financed by internally generated funds and are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia.

During the financial year, the Company had sold all of its treasury shares to the open market at an average price of RM0.49 per share. The was no repurchase, cancellation or distribution of treasury shares during the financial year.

As at 31 December 2016, the Company does not hold any treasury shares.

The details of treasury shares sold in the current financial year are as follows:

Month	No. of shares repurchased	Price per share RM	Total consideration RM
2016			
October 2016	790,000	0.49	387,100

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23. RESERVES

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Share premium	**4,877**	5,033	**4,877**	5,033
Other capital reserves	**15,682**	15,682	**–**	–
Translation reserve	**(9,076)**	(8,153)	**54**	54
Employee share option reserve	**3,078**	3,078	**3,078**	3,078
Retained earnings	**86,994**	85,924	**77,525**	89,406
Total reserves	**101,555**	101,564	**85,534**	97,571

(a) Share premium

	Group and Company	
	2016 RM'000	**2015 RM'000**
At 1 January	**5,033**	4,714
Issuance of ordinary shares	–	227
Exercise of employee share options	**12**	349
Share issuance expenses	**(168)**	(257)
At 31 December	**4,877**	5,033

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. The share premium may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965 in Malaysia.

(b) Other capital reserve

The capital reserve represents the capitalisation of subsidiaries' retained earnings upon their bonus issue of shares in the previous financial years.

(c) Exchange reserve

The translation reserve arose from the translation of the financial statements of foreign subsidiaries or foreign operation and is not distributable by way of dividends.

(d) Share option reserve

On 1 June 2012, the Company granted options to eligible employees including executive directors of the Group to subscribe up to 15% of the issued and paid-up share capital of the Company under the Executives' Share Option Scheme (ESOS) approved by the shareholders of the Company at the Annual General Meeting. The effective date of the ESOS is on 7 June 2011 for a period of five years and the options may be exercised between 7 June 2011 and 6 June 2016 on the terms and conditions as set out in the ESOS By-Laws of the Company.

On 12 April 2016, the Company announced the extension of Executives' Share Option Scheme ("ESOS") which will be expiring on 6 June 2016 for another five (5) years until 6 June 2021. The extension is in accordance with the terms of the ESOS By-Laws.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23. RESERVES (CONT'D)

(d) Share option reserve (Cont'd)

The salient features of the New ESOS are as follows:

(a) The maximum number of shares to be offered and allotted under the New ESOS shall not exceed 15% of the issued and paid-up share capital of the Company at any point in time during the duration of the ESOS.

(b) Any employee of the Group who meets the following criteria as at the Date of Offer shall be eligible to participate in the New ESOS:

i. If he has attained the age of eighteen (18) years of age and is not an undischarged bankrupt;

ii. (i) If he has been employed for a continuous period of at least twelve (12) months in the Group and his employment must have been confirmed on the Date of Offer; or

(ii) If he is employed on a contractual basis for a continuous period of twelve (12) months in the Group and his employment must have been confirmed on the Date of Offer;

iii. If he fulfils any other criteria and/or falls within such category as may be set by the ESOS Committee from time to time;

iv. An employee who during the tenure of the New ESOS becomes an Eligible Person may be eligible to a grant of an Option under the New ESOS which shall be decided by the ESOS Committee;

(c) Any director of the Group who holds a directorship and/or management position, and/or is involved in the day-to-day operations of any subsidiary within the Group and who meets the following criteria as at the Date of Offer shall be eligible to participate in the New ESOS:

i. If he has attained the age of eighteen (18) years of age and is not an undischarged bankrupt;

ii. If he has been appointed as a director of a subsidiary within the Group for a continuous period of at least three (3) months; and

iii. Approved by the shareholders of the Company in a general meeting.

(d) No more than 50% of the total number of shares to be issued under the New ESOS shall be granted to the director and senior management of the Group and no more than 10% of the number of shares to be issued to any individual Eligible Person who, either singly or collectively through person connected with him (as defined in the Listing Requirements), hold 20% or more of the issued and paid-up share capital of the Company;

(e) The Option price will be determined by the ESOS Committee, and which shall be the higher of the following:

i. At a discount not more than 10% of the five (5) days weighted average market price of the Company's share price as quoted on the Bursa Securities immediately preceding the Date of Offer; or

ii. The par value of the Company's share price.

(f) An offer shall be valid for a period of sixty (60) days from the date of offer or such longer period as may be determined by the ESOS Committee on a case-by-case basis at its discretion. An offer shall be accepted by an Eligible Employee within the offer period by written notice to the ESOS Committee accompanied by a non-refundable sum of RM1 as consideration. If the offer is not accepted in the manner aforesaid, such offer shall automatically lapse upon the expiry of the offer period and become null and void and be of no further force and effect.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23. RESERVES (CONT'D)

(d) Share option reserve (Cont'd)

The salient features of the New ESOS are as follows (Cont'd):

(g) The new ordinary shares to be allotted upon any exercise of Options under the ESOS shall, upon allotment and issue, rank pari passu in all respects with the then existing ordinary shares. However, the new ordinary shares so issued shall not be entitled to any dividend or other distributions declared, made or paid prior to the date of exercise of the Options.

(h) The ESOS shall be in force for a period of up to five (5) years commencing from the Effective Date. Upon the expiry of the ESOS, all unexercised Options shall become null and void unless the ESOS is extended for a further five (5) years upon recommendation of the ESOS Committee.

(i) These Options may be exercised at any date during the Option Period not later than 6 June 2016 subject to a maximum limit of 20% per year over the exercise period of five (5) years. Any such exercise of these Options of more than 20% in a year shall subject to the review and approval by the ESOS Committee.

Options which are exercisable in a particular year but are not exercised may be carried forward to subsequent years but not later than 6 June 2016. All unexercised Options shall be exercisable in the last year of the Option Period. Any Options which remain unexercised at the expiry of the Option Period shall be automatically terminated.

An Eligible Employee serving under an employment contract may exercise any remaining Options exercisable in the year (the particular year of which his contract is expiring) within sixty (60) days before the expiry of the employment contract if the remaining duration of the contract as at the date on which the Options are granted is less than the Option Period.

During the financial year, the ESOS Committee has made decision to grant 3,250,000 additional Options under the existing ESOS, at an exercise price of RM0.50 each.

The movement in the Options during the financial year to take up the unissued new ordinary shares of RM0.50 (2015: RM0.50) each in the Company were as follows:-

	2016		2015	
	Number of of Options Over Ordinary Shares Unit '000	RM'000	Number of of Options Over Ordinary Shares Unit '000	RM'000
At 1 January	**19,257**	**9,629**	8,891	4,446
Granted	**3,550**	**1,775**	16,865	8,433
Exercised	**(3,250)**	**(1,625)**	(4,198)	(2,099)
Lapsed	**(1,491)**	**(746)**	(2,301)	(1,151)
At 31 December	**18,066**	**9,033**	19,257	9,629

23. RESERVES (CONT'D)

(d) Share option reserve (Cont'd)

The salient features of the New ESOS are as follows (Cont'd):

The fair value of the share options granted on 1 June 2012, under the new ESOS was estimated using Black-Scholes Options Pricing Model, taking into account the terms and conditions upon which the options were granted. The fair value of the shares options are as follows:

Fair value of share options granted (RM)	0.18

Weighted average share price (RM)	0.60
Estimated exercise price (RM)	0.54
Expected volatility (%)	20
Expected exercise period (years)	1
Risk free rate (%)	3.60

The fair value of share options granted during the financial year was estimated using the Binomial Option Pricing Model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

Fair value of share options granted (RM)	0.073

Weighted average share price (RM)	0.55
Estimated exercise price (RM)	0.51
Expected volatility (%)	24.72
Expected exercise period (years)	1.06
Expected dividend (%)	3.64
Risk free rate (%)	3.17

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

24. BANK BORROWINGS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current				
Secured				
Term loans	**204,812**	183,417	**–**	–
Current				
Secured				
Bank overdrafts	**14,121**	60,752	**–**	–
Revolving credit	**18,097**	105,726	**–**	–
Term loans	**49,325**	60,706	**–**	–
Bridging loan	**39,545**	17,051	**–**	–
Trust receipt	**96,300**	68,625	**–**	–
	217,388	312,860	**–**	–
Unsecured				
Bank overdrafts	**58,671**	18,857	**31,094**	29,726
Bankers acceptance	**13,330**	13,635	–	–
Revolving credit	**148,732**	113,149	**21,000**	21,000
	220,733	145,641	**52,094**	50,726
	438,121	458,501	**52,094**	50,726
Total bank borrowings	**642,933**	641,918	**52,094**	50,726

Term loans

The term loans are secured by:

(i) a fixed charge over the property, plant and equipment of the subsidiaries;

(ii) floating charges over the entire assets of certain subsidiaries;

(iii) deeds of assignment over the proceeds of the contracts awarded to the Group;

(iv) deeds of assignment over the power supply rental agreement with the grantor;

(v) corporate guarantee provided by the Company; and

(vi) negative pledge over the assets of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

24. BANK BORROWINGS (CONT'D)

Term loans (Cont'd)

The repayment terms of the term loans are as follows:

(i) Term loan at an effective interest rate of 7.10% per annum is repayable in 72 monthly instalments of RM4,000 effective from April 2010.

(ii) Term loan at an effective interest rate of 6.00% per annum repayable in 117 monthly instalments of Brunei Dollar 73,041 effective from October 2012.

(iii) Term loan at an effective interest rate of 7.10% per annum repayable in 144 monthly instalments of RM124,047 effective from September 2013.

(iv) Term loan at an effective interest rate of 7.10% per annum is repayable in 96 monthly instalments of RM12,500 effective from May 2013.

(v) Term loan at an effective interest rate of 4.10% per annum repayable in 83 monthly instalments of US Dollar 91,000 and final repayment of US Dollar 115,000 effective from May 2015.

(vi) Term loan at an effective interest rate of 7.35% per annum repayable by way of redemption settlement of sold units effective from December 2013.

(vii) Term loan at an effective rate of 5.85% per annum repayable in 60 monthly instalments of RM577,893 effective from June 2014.

(viii) Term loan at an effective rate of 4.95% per annum repayable in 240 monthly instalments of RM13,147 effective from January 2015.

(ix) Term loan at an effective rate of 5.25% per annum repayable in 9 monthly instalments of RM407,708, 17 monthly instalments of RM158,007 and 93 monthly instalments of RM469,442 effective from December 2014.

(x) Term loan at an effective rate of 3.90% per annum repayable in 6 monthly instalments of US Dollar 25,000 effective for month of 1-6, US Dollar 50,000 for month 7-12, US Dollar 55,000 for month 13-23 and final repayment of US Dollar 30,000 effective from January 2015.

(xi) Term loan at an effective rate of 3.90% per annum repayable in 24 monthly instalments of US Dollar 25,000 effective for month 1-6, US Dollar 50,000 for month 7-12, US Dollar 40,000 for month 13-30, US Dollar 100,000 for month 31-37 and final repayment of US Dollar 97,460 effective from July 2014.

(xii) Term loan at an effective rate of 7.60% per annum repayable in 84 monthly instalments of RM120,000 effective from October 2014.

(xiii) Term loan at an effective rate of 4.10% per annum repayable in 36 monthly instalments of US Dollar 73,000 and a final repayment of US Dollar 75,000 effective from January 2015.

(xiv) Term loan at an effective rate of 4.10% per annum repayable in 84 monthly instalments of US Dollar 36,000 and final repayment of US Dollar 12,000 effective from November 2015.

(xv) Term loan at an effective rate of 4.52% per annum repayable in 120 monthly instalments of RM6,412 effective from July 2015.

(xvi) Term loan at an effective rate of 7.15% per annum repayable in 120 monthly instalments of RM32,079 effective from March 2015.

(xvii) Term loan at an effective rate of 5.75% per annum repayable in 120 monthly instalments between RM100,000 to RM830,000 effective from January 2017.

(xviii) Term loan at an effective rate of 5.75% per annum repayable in 117 monthly instalments between RM25,000 to RM500,000 effective from January 2017.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

24. BANK BORROWINGS (CONT'D)

Term loans (Cont'd)

The repayment terms of the term loans are as follows (Cont'd):

(xix) Term loan at an effective rate of 5.59% per annum repayable in 120 monthly instalments of RM100,000 for month 1-12, RM420,000 for month 13-24, RM450,000 for month 25-36, RM500,000 from month 37-48, RM520,000 from month 49-60, RM570,000 for month 61-72, RM620,000 for month 73-84, RM670,000 for month 85-96, RM770,000 for month 97-108, RM830,000 for month 109-119, and final repayment of RM430,000 effective from December 2016.

(xx) Term loan at an effective rate of 5.75% per annum repayable in 120 monthly instalments of RM11,280 effective from January 2015.

(xxi) Term loan at an effective interest rate of 7.35% per annum repayable by way of redemption settlement of sold units effective from December 2016.

(xxii) Term loan of an effective interest rate of 12% per annum repayable in 36 monthly instalments of RM329,110 effective from February 2017.

Other bank borrowings

The Group's and the Company's other bank borrowings bear effective interest rates ranging from 3.20% to 10.35% (2015: 3.75% to 8.75%) and 3.20% to 8.35% (2015: 4.70% to 8.35%) per annum respectively.

The other bank borrowings are secured by:

(i) Fixed charges over the property, plant and equipment and floating charges over the entire assets of certain subsidiaries;

(ii) A negative pledge over the assets of the Company; and

(iii) Deeds of assignment over the proceeds of contracts awarded to the Group.

The unsecured bank borrowings of the Group are guaranteed by the Company.

25. HIRE PURCHASE PAYABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Minimum hire purchase payables:				
- not later than one year	**5,640**	7,324	**158**	216
- later than one year but not later than five years	**5,912**	9,038	**239**	382
	11,552	16,362	**397**	598
Less: Future finance charges	**(807)**	(1,230)	**(22)**	(45)
Present value of hire purchase payables	**10,745**	15,132	**375**	553
Represented by:				
Current				
- not later than one year	**5,316**	6,489	**153**	194
Non-current				
- later than one year but not later than five years	**5,429**	8,643	**222**	359
	10,745	15,132	**375**	553

The Group's and the Company's hire purchase payables bear effective interest rates ranging from 2.36% to 12.32% (2015: 2.36% to 12.32%) and 2.36% to 3.20% (2015: 2.36% to 3.20%) per annum respectively.

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current				
Retention sums	**60,997**	68,536	**8,802**	11,263
Current				
Trade payables	**425,740**	561,860	**56,789**	44,066
Other payables				
Other payables	**135,063**	106,485	**8,018**	3,309
Sundry deposits	**17,990**	13,108	**107**	107
Accruals	**15,433**	16,844	**6,511**	930
Progress billings	**28,500**	13,590	**–**	–
Obligations under associates (Note 9)	**11,764**	4,728	**–**	–
Total other payables	**208,750**	154,755	**14,636**	4,346
	634,490	716,615	**71,425**	48,412
Total trade and other payables	**695,487**	785,151	**80,227**	59,675

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group and the Company ranging from 30 to 90 days (2015: 30 to 90 days). Whereas, retention sums are payable upon the expiry of the defect liability periods of the respective construction contracts. The defect liability periods of the construction contracts are between 12 and 24 months.

(b) Other payables

The Group's and the Company's amounts owing to other payables are non-trade unsecured, interest free and repayable on demand.

Included in other payables is advances received for contract work yet to performed amounting to RM47,181,000 (2015: RM27,374,000).

27. AMOUNT OWING TO JOINT VENTURE

The amount owing to joint venture represents non-trade unsecured interest-free advances which is repayable on demand. The amount owing is to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28. REVENUE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Contract revenue (Note 16)	**852,038**	1,024,687	**171,488**	93,697
Sales of goods	**89,650**	106,240	**–**	–
Sales of electricity	**18,494**	15,704	**–**	–
Management fees	–	768	**8,895**	5,090
Rental income	**24,981**	25,570	**–**	–
Sales of development properties	**65,134**	54,970	**–**	–
	1,050,297	1,227,939	**180,383**	98,787

29. COST OF SALES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Contract costs (Note 16)	**804,416**	965,618	**161,643**	88,181
Costs of goods sold	**88,170**	101,462	**–**	–
Costs of electricity sold	**10,924**	5,665	**–**	–
Property development costs	**39,274**	33,719	**–**	–
Operation costs for rental income	**18,130**	17,296	**–**	–
	960,914	1,123,760	**161,643**	88,181

30. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
After charging:				
Impairment loss on:				
- goodwill	**–**	1,273	**–**	–
- amount owing by subsidiaries	**–**	–	**–**	2,181
- amount owing by an associate	**1,743**	1,575	**1,743**	1,575
- other receivables	**–**	3,753	**–**	3,753
- investment in an associate	**–**	461	**–**	461
- investment in subsidiaries	–	–	**3,986**	1,250
- other investments	**3,000**	–	**3,000**	–
Auditors' remuneration:				
- current year	**512**	512	**164**	164
- prior year	**(12)**	41	**–**	59
Depreciation of property, plant and equipment	**15,299**	13,818	**843**	871
Directors' fee:-				
- directors of the Company (Note 36)	**462**	462	**462**	462
Directors' non-fee emoluments:				
- directors of the Company (Note 36)	**3,861**	4,301	**1,967**	2,273
- directors of the subsidiaries (Note 38)	**1,546**	2,773	**–**	–
Interest expense:				
- bank borrowings	**37,232**	37,377	**6,067**	7,255
- hire purchase	**700**	912	**21**	31
- others	**209**	3	**1,521**	519
Loss on disposal of:				
- property, plant and equipment	**–**	–	**6**	39
- other investments	**–**	76	**–**	–
Net effect of unwinding of interest from discounting	**4,366**	4,180	**195**	855
Property, plant and equipment written down	**15**	17	**–**	–
Other investment written down	**–**	–	**–**	–
Rental expense on:				
- land and premises	**325**	2,440	**–**	156
- machinery and equipment	**471**	912	**–**	12
- motor vehicles	**151**	341	**–**	–

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30. PROFIT/(LOSS) BEFORE TAX (CONT'D)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax (Cont'd):

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
After charging: (Cont'd)				
Research and development expenditure	**8**	8	**–**	–
Share of result of associates	**7,534**	11,030	**–**	–
Staff costs:				
- salaries, wages, bonuses and allowances	**46,636**	51,753	**5,693**	4,719
- Employee Provident Fund	**5,596**	5,859	**843**	587
- SOCSO	**–**	–	**–**	37
- share options granted under ESOS	**–**	1,277	**–**	429
- other benefits	**2,058**	5,867	**349**	544
Net unrealised foreign exchange loss	**286**	645	**–**	–
And crediting:				
Change in fair value of investment property	**–**	23,494	**–**	–
Dividend income	**200**	207	**–**	–
Gain on disposal of:				
- property, plant and equipment	**2,668**	901	**–**	–
- investment properties	**–**	374	**–**	–
- other investments	**8**	–	**–**	38
Gain on foreign exchange, net:				
- realised	**–**	–	**–**	506
Interest income:				
- fixed deposits	**160**	161	**–**	–
- others	**3,345**	4,302	**546**	1,568
Net effect of unwinding interest from discounting	**2,286**	4,882	**441**	2,067
Rental income of:				
- machinery and motor vehicles	**411**	359	**481**	50
- others	**257**	514	**–**	476
Reversal of allowance for impairment on amount owing by a subsidiary no longer required	**–**	–	**280**	19

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 December 2016 and 31 December 2015 are as follows:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Income tax				
- current year				
- Malaysian income tax	**8,274**	7,418	**–**	–
- Foreign income tax	**1,061**	734	**–**	–
- prior year				
- Malaysian income tax	**3,547**	2,443	**2,437**	1,036
- Foreign income tax	**343**	–	**–**	–
	13,225	10,595	**2,437**	1,036
Deferred taxation (Note 14)				
- current year	**417**	2,272	**–**	–
- prior years	**(234)**	–	**–**	–
	183	2,272	**–**	–
	13,408	12,867	**2,437**	1,036

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

Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdiction.

The reconciliation from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Profit/(Loss) before tax	**26,763**	35,738	**(9,444)**	(8,545)
Tax at applicable statutory tax rate of 24% (2015: 25%)	**6,423**	8,935	**(2,267)**	(2,136)
Tax effects arising from:				
- non-taxable income	**(589)**	(950)	**(910)**	(1,250)
- non-deductible expenses	**3,818**	1,944	**3,177**	3,386
- deferred tax asset not recognised	**161**	1,727	**–**	–
- utilisation of deferred tax assets not previously recognised	**(61)**	(1,232)	**–**	–
- under provision of tax in prior year	**3,656**	2,443	**2,437**	1,036
Income tax expense	**13,408**	12,867	**2,437**	1,036

32. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

Basic earnings per share

	Group	
	2016	**2015**
	'000	**'000**
Profit after tax (RM)	**13,355**	22,871
Profit after tax attributable to owners of the Company (RM)	**1,070**	3,373
Weighted average number of ordinary shares (unit):		
Issued ordinary shares at 1 January	**230,639**	177,913
Effect of issuance of ordinary shares	**6,336**	30,411
Effect of shares issued from ESOS	**1,500**	2,442
Weighted average number of ordinary shares at 31 December	**238,475**	210,766
Basic earnings per ordinary share (sen)	**0.45**	1.60

(b) Diluted earnings per ordinary share

The diluted earnings per ordinary share is equivalent to the basic earnings per ordinary share as the potential ordinary shares arising from the exercise of options under the ESOS have anti-dilutive effect.

33. DIVIDENDS

	Group and Company	
	2016	**2015**
	RM'000	**RM'000**
Final dividend for the financial year ended:		
- 31 December 2014 (2 sen per share)	–	4,346

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

34. ACQUISITION OF SUBSIDIARIES

2016

During the current financial year, the Group acquired an additional 5% equity interest in Sumbangan Lagenda Sdn. Bhd. ("SLSB") from its non-controlling interests for cash consideration of RM5,300,000. The Group's ownership in SLSB increased from 55% to 60% as a result of the additional shares purchased.

Effect of the increase in the Company's ownership interest is as follows:

	RM'000
Fair value of consideration transferred	5,300
Increase in share of net assets	(5,300)
Excess charged directly to equity	–

2015

In the previous financial year, the Company acquired additional 51% equity interest in BP Energy Sdn. Bhd. ("BPESB") for a total consideration of RM510,000. As a result, BPESB became a 100% owned subsidiary of the Company.

The fair value of the identifiable assets and liabilities of the above subsidiary at the date of acquisition were as follows:

	At date of aquisition	
	Carrying amount RM'000	Fair value recognised RM'000
Total assets	26	26
Total liabilities	(1,522)	(1,522)
Net identifiable assets and liabilities	(1,496)	(1,496)
Less:		
Remeasurement of previously stakes to fair value		733
Purchase consideration for the acquisition		(510)
Goodwill		(1,273)

	Group At carrying amount RM'000
Total cost of business combination	(510)
Less: Cash and cash equivalents of subsidiaries acquired	15
Net cash outflow from the acquisition	(495)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Purchase of property, plant and equipment	**29,645**	35,683	**183**	1,095
Financed by:				
- hire purchase	**–**	(5,780)	**–**	–
- term loan	**–**	(16,888)	**–**	–
Cash payments on purchase of property, plant and equipment	**29,645**	13,015	**183**	1,095

36. DIRECTORS' REMUNERATION

(a) The aggregate amounts of emoluments received and receivable by directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Executive directors				
Fees	**48**	48	**48**	48
Non-fee emoluments	**3,601**	4,086	**1,967**	2,273
Non-executive directors				
Fees	**414**	414	**414**	414
Non-fee emoluments	**215**	215	**–**	–
	4,278	4,763	**2,429**	2,735
Benefits-in-kind	**45**	55	**–**	–

(b) The number of directors of the Group and of the Company whose total remuneration during the financial year fall within the following bands is analysed below:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Executive directors				
Below RM50,000	–	–	2	2
RM250,001 - RM300,000	–	–	–	–
RM300,001 - RM350,000	–	1	–	1
RM350,001 - RM400,000	–	–	–	–
RM400,001 - RM450,000	–	–	–	–
RM600,001 - RM650,000	1	–	–	–
RM650,001 - RM700,000	–	1	1	1
RM700,001 - RM750,000	1	1	–	–
RM1,100,001 - RM1,200,000	1	1	–	–
RM1,250,001 - RM1,300,000	–	–	–	–
RM1,300,001 - RM1,350,000	1	1	1	1
Non-executive directors				
Below RM50,000	1	1	2	2
RM50,001 - RM100,000	2	2	2	2
RM200,001 - RM250,000	2	2	1	1
RM250,001 - RM300,000	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. SEGMENT INFORMATION

The information reported to the Group Executive Committee, as the Group's chief operating decision maker, in making decisions to allocate resources to segments and to assess their performance is based on the nature of the industry (business segments) and operational location (geographical segments) of the Group.

Measurement of reportable segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Transactions between reportable segments are measured on the basis that is similar to those external customers.

Segment statements of comprehensive income are profit earned or loss incurred by each segment without allocation of central administrative costs, non-operating investment revenue, finance costs and income tax expense. There are no significant changes from previous financial year in the measurement methods used to determine reported segment statements of comprehensive income.

All the Group's assets are allocated to reportable segments other than assets used centrally for the Group, current and deferred tax assets. Jointly used assets are allocated on the basis of the revenues earned by individual segments.

All the Group's liabilities are allocated to reportable segments other than liabilities incurred centrally for the Group, current and deferred tax liabilities. Jointly incurred liabilities are allocated in proportion to the segment assets.

Business segments

For management purposes, the Group is organised into business units based on their products and services provided. The Group is organised into five (5) main business segments as follows:

(i) Construction segment – involved in construction of earthworks, building and road;

(ii) Property development segment – involved in property development;

(iii) Quarry and readymix concrete segment – involved in quarry operation and production of readymix concrete;

(iv) Polyol manufacturing segment – involved in the manufacturing of polyol; and

(v) Power supply segment – involved in the generation and supply of electricity.

Geographical information

The Group's five (5) major business segments are operating in two (2) principal geographical areas, namely Malaysia and other Asian countries. The other Asian countries include Brunei, Hong Kong, Indonesia, Thailand, Vietnam, Abu Dhabi, Pakistan, Cambodia and India.

37. SEGMENT REPORTING (CONT'D)

(a) Business Segments

2016	Construction RM'000	Property Development RM'000	Quarry and Readymix Concrete RM'000	Polyol RM'000	Power Supply RM'000	Others* RM'000	Group RM'000
Revenue:							
External customer	852,037	90,116	88,205	1,445	18,494	–	1,050,297
Inter-segment revenue	10,914	–	13	–	–	–	10,927
	862,951	90,116	88,218	1,445	18,494	–	1,061,224
Adjustments and eliminations							(10,927)
Consolidated revenue							1,050,297
Results:							
Segment results	21,416	23,710	(3,584)	(1,105)	9,928	(87)	50,278
Adjustments and eliminations							(403)
							49,875
Investment income	–	8,767	–	–	–	–	8,767
Adjustments and eliminations							(7)
							8,760
Share of results of associates	(953)	461	(3)	–	–	(7,039)	(7,534)
Finance costs	(14,087)	(8,887)	(728)	(101)	(2,701)	–	(26,504)
Adjustments and eliminations							2,166
							(24,338)
Segment profit/(loss)	6,376	24,051	(4,315)	(1,206)	7,227	(7,126)	26,763
Income tax expense							(13,408)
Profit for the financial year							13,355
Additions to property, plant and equipment	11,974	413	2,208	–	15,050	–	29,645
Additions to land held for property development	–	3,285	–	–	–	–	3,285
Depreciation of property, plant and equipment	7,056	1,628	1,903	237	4,474	1	15,299

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. SEGMENT REPORTING (CONT'D)

(a) Business Segments (Cont'd)

2016	Construction RM'000	Property Development RM'000	Quarry and Readymix Concrete RM'000	Polyol RM'000	Power Supply RM'000	Others* RM'000	Group RM'000
Other non-cash expenses/(income)							
Allowance for impairment on:							
- other investment	3,000	–	–	–	–	–	3,000
(Gain)/loss on disposal of:							
- property, plant and equipment	(553)	–	(1,785)	–	54	–	(2,284)
Property, plant and equipment written off	15	–	–	–	–	–	15
Net effect of unwinding of interest from discounting	(246)	–	–	–	–	–	(246)
Unrealised (gain)/loss on foreign exchange	–	(2)	–	–	288	–	286
Share of results of associates	955	(461)	4	–	–	7,036	7,534

* *Others – involved as commission agent.*

37. SEGMENT REPORTING (CONT'D)

(a) Business Segments (Cont'd)

2016	Construction RM'000	Property Development RM'000	Quarry and Readymix Concrete RM'000	Polyol RM'000	Power Supply RM'000	Others* RM'000	Elimination RM'000	Group RM'000
Assets								
Segment assets	1,102,890	594,581	96,838	4,179	105,092	1,332	(238,819)	1,666,093
Investment in associates	46,392	1,944	3,385	–	–	–	(42,244)	9,477
Other investments	3,562	545	–	–	–	–	(106)	4,001
Goodwill	–	14,235	–	–	350	–	–	14,585
Tax recoverable	406	1	430	–	–	–	–	837
Total assets	1,153,250	611,306	100,653	4,179	105,442	1,332	(281,169)	1,694,993
Liabilities								
Segment liabilities	597,556	208,722	46,395	2,322	25,531	685	(174,213)	706,998
Borrowings	328,234	218,812	43,731	833	62,068	–	–	653,678
Deferred tax liabilities	1,115	9,328	1,475	–	875	–	–	12,793
Tax payable	9,193	6,354	232	–	1,319	5	–	17,103
Total liabilities	936,098	443,216	91,833	3,155	89,793	690	(174,213)	1,390,572

* *Others – involved as commission agent.*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. SEGMENT REPORTING (CONT'D)

(a) Business Segments (Cont'd)

2015	Construction RM'000	Property Development RM'000	Quarry and Readymix Concrete RM'000	Polyol RM'000	Power Supply RM'000	Others* RM'000	Group RM'000
Revenue							
External customer	1,025,455	80,540	94,844	11,396	15,704	–	1,227,939
Inter-segment revenue	5,767	–	9,186	–	–		14,953
	1,031,222	80,540	104,030	11,396	15,704	–	1,242,892
Adjustments and eliminations							(14,953)
Consolidated revenue							1,227,939
Results							
Segment results	18,008	22,229	(1,245)	(252)	4,976	(29)	43,687
Adjustments and eliminations							(4,988)
							38,699
Investment income	115	23,867	–	–	–	–	23,982
Adjustments and eliminations							–
							23,982
Share of results in associates	(220)	712	366	–	–	(11,888)	(11,030)
Finance costs	(10,380)	(9,693)	(686)	(171)	(788)	–	(21,718)
Adjustments and eliminations							5,805
							(15,913)
Segment profit/(loss)	7,523	37,115	(1,565)	(423)	4,188	(11,917)	35,738
Income tax expense							(12,867)
Profit for the financial year							22,871
Capital expenditures	5,263	165	5,216	485	24,554	–	35,683
Capital expenditures	–	5,394	–	–	–	–	5,394
Depreciation of property, plant and equipment	7,696	1,520	2,076	248	2,277	1	13,818

37. SEGMENT REPORTING (CONT'D)

(a) Business Segments (Cont'd)

2015	Construction RM'000	Property Development RM'000	Quarry and Readymix Concrete RM'000	Polyol RM'000	Power Supply RM'000	Others* RM'000	Group RM'000
Other non-cash expenses/(income)							
Allowance for impairment on:-							
- goodwill	1,273	–	–	–	–	–	1,273
- amount owing by an associate	1,575	–	–	–	–	–	1,575
- other receivables	3,753	–	–	–	–	–	3,753
- investment in an associate	461	–	–	–	–	–	461
(Gain)/loss on disposal of:-							
- property, plant and equipment	(938)	(15)	44	–	8	–	(901)
- investment properties	–	(374)	–	–	–	–	(374)
- other investment	76	–	–	–	–	–	76
Property, plant and equipment written off	9	–	–	8	–	–	17
Share option granted under ESOS	1,223	–	60	(48)	–	42	1,277
Net effect of unwinding of interest from discounting	(702)	–	–	–	–	–	(702)
Unrealised (gain)/loss on foreign exchange	(2,250)	–	–	–	2,895	–	645
Share of results in associates	220	(712)	(366)	–	–	11,888	11,030
Change in fair value of investment properties	–	(23,494)	–	–	–		(23,494)

** Others – involved as commission agent.*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. SEGMENT REPORTING (CONT'D)

(a) Business Segments (Cont'd)

2015	Construction RM'000	Property Development RM'000	Quarry and Readymix Concrete RM'000	Polyol RM'000	Power Supply RM'000	Others* RM'000	Elimination RM'000	Group RM'000
Assets								
Segment assets	1,261,392	526,967	123,699	6,272	160,734	2,479	(326,293)	1,755,250
Investment in associates	40,321	1,483	3,374	–	–	–	(34,730)	10,448
Other investments	6,630	545	–	–	–	–	(106)	7,069
Goodwill	–	14,235	–	–	350	–	–	14,585
Tax recoverable	368	–	972	–	–	16	–	1,356
Total assets	1,308,711	543,230	128,045	6,272	161,084	2,495	(361,129)	1,788,708
Liabilities								
Segment liabilities	727,724	242,008	55,586	1,845	91,211	3,358	(306,358)	815,374
Borrowings	356,940	180,847	55,653	2,198	61,412	–	–	657,050
Deferred tax liabilities	1,116	8,950	1,298	–	1,082	–	–	12,446
Tax payable	7,464	3,531	6	–	1,373	–	–	12,374
Total liabilities	1,093,244	435,336	112,543	4,043	155,078	3,358	(306,358)	1,497,244

* *Others – involved as commission agent.*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. SEGMENT REPORTING (CONT'D)

(b) Reconciliation of reportable segment revenue, profit and loss, assets, liabilities and other material items are as follows:

	Segment results	
	2016	**2015**
	RM'000	**RM'000**
Total segment results	**50,278**	43,687
Elimination of inter-segment profit	**(403)**	(4,988)
Consolidated total	**49,875**	38,699

	Segment assets	
	2016	**2015**
	RM'000	**RM'000**
Total reportable segments	**1,976,162**	2,149,837
Elimination of inter-segment transactions or balances	**(281,169)**	(361,129)
Consolidated total	**1,694,993**	1,788,708

	Segment liabilities	
	2016	**2015**
	RM'000	**RM'000**
Total reportable segments	**1,564,785**	1,803,602
Elimination of inter-segment transactions or balances	**(174,213)**	(306,358)
Consolidated total	**1,390,572**	1,497,244

(c) Geographical Information

The Group's business segments operate substantially from Malaysia. In determining the geographical segments of the Group, revenue are based on the country in which the customer is located.
Revenue, assets and liabilities information based on the geographical location of customers are as follows:

	Malaysia RM'000	Other Asian countries RM'000	Consolidated RM'000
2016			
Revenue from external customers	**902,499**	**147,798**	**1,050,297**
Non-current assets (exclude deferred tax assets)	**367,841**	**117,986**	**485,827**
Segment assets	**1,495,910**	**199,083**	**1,694,993**
Segment liabilities	**1,155,980**	**234,592**	**1,390,572**
2015			
Revenue from external customers	1,031,885	196,054	1,227,939
Non-current assets (exclude deferred tax assets)	385,568	100,377	485,945
Segment assets	1,535,138	253,570	1,788,708
Segment liabilities	1,217,143	280,101	1,497,244

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. SEGMENT REPORTING (CONT'D)

(d) Information about a major customer

Revenue from a major customer amounting to RM166,311,000 (2015: RM302,482,000) arising from the construction segment.

38. RELATED PARTIES

(a) Identification of related parties

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

Related parties of the Group include:

(i) Subsidiaries;
(ii) Associates;
(iii) A company in which directors of the Company have substantial financial interest;
(iv) A corporate shareholder of a subsidiary; and
(v) Key management personnel, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Transactions with: Subsidiaries				
Dividend income	**–**	–	**–**	5,000
Management fees	**–**	–	**5,042**	4,322
Project commission	**–**	–	**1,535**	1,535
Rental income	**–**	–	**465**	367
Secretarial fee	**–**	–	**61**	39
Security and safety fee	**–**	–	**–**	(216)
Associates				
Purchases of quarry product	**(16,613)**	(20,394)	**–**	–
Management fees	**720**	768	**720**	768
Secretarial fee	**4**	4	**4**	4
A company in which a director of the Company has interests in				
Project management fee	**(38)**	(887)	**(38)**	(887)
Purchase of:				
- air tickets	**(938)**	(1,112)	**(122)**	(414)

38. RELATED PARTIES (CONT'D)

(b) Significant related party transactions (Cont'd)

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows: (Cont'd)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
A corporate shareholder of a subsidiary				
Sales of quarry product	**2,659**	3,336	–	–
Construction works	**60,326**	75,053	–	–

(c) Compensation of key management personnel

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short-term employee benefits	**8,625**	12,372	**3,162**	3,417
Employee Provident Fund	**739**	1,089	**323**	358
Share-based payments	**–**	728	**–**	399
	9,364	14,189	**3,485**	4,174

Included in the key management personnel remuneration is:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors' remuneration:				
- directors of the Company (Note 36)	**4,278**	4,818	**2,429**	2,735
- directors of the subsidiaries (Note 30)	**1,546**	2,773	**–**	–
	5,824	7,591	**2,429**	2,735

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. CAPITAL COMMITMENTS

The Group has made commitments for the following capital expenditures:

	Group	
	2016 RM'000	2015 RM'000
Capital expenditure approved and contracted for but not provided in the financial statements:		
- property, plant and equipment	–	423
Capital expenditure approved and not contracted for:		
- construction of power plant	–	6,450

40. FINANCIAL GUARANTEES AND CONTINGENCIES

(a) Financial guarantees

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to:				
- subsidiaries	–	–	913,008	883,705
- associates	160,750	175,251	160,750	175,251
Guarantee given in favour of suppliers of goods for credit terms granted to subsidiaries	–	–	8,624	10,521
Guarantee given to secure hire purchase payables of subsidiaries	–	–	6,149	7,835

The fair value of financial guarantees is Nil in respect to the abovementioned contracts.

(b) Contingencies

(i) EP Engineering Sdn. Bhd. ("EP") v. Bina Puri Sdn. Bhd. ("BPSB") & Kris Heavy Engineering & Construction Sdn. Bhd. ("KH")

The nature of the proceeding is an Arbitration which has been instituted by EP against BPSB together with KH for an amount of RM16,834,000 together with interest thereon for loss and damages suffered by reason of KH's repudiation of a subcontract which was awarded by KH to EP for the execution and completion of a Chilled Water Loop System in respect of the KLIA MAS Cargo Complex. BPSB denies the claim on the ground that there is no contract in existence between EP and BPSB and the alleged amount of loss and damage suffered was by reason of KH's repudiation of the aforementioned subcontract.

EP has closed its case in the Arbitration proceeding. Directions have been given by the arbitrator to file written submissions. EP's submission has been forwarded and served. On 9 April 2013, BPSB has been informed that KH has been directed by the arbitrator to submit their counter claim by 15 August 2013.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40. FINANCIAL GUARANTEES AND CONTINGENCIES (CONT'D)

(b) Contingencies (Cont'd)

(i) EP Engineering Sdn. Bhd. ("EP") v. Bina Puri Sdn. Bhd. ("BPSB") & Kris Heavy Engineering & Construction Sdn. Bhd. ("KH")

The nature of the proceeding is an Arbitration which has been instituted by EP against BPSB together with KH for an amount of RM16,834,000 together with interest thereon for loss and damages suffered by reason of KH's repudiation of a subcontract which was awarded by KH to EP for the execution and completion of a Chilled Water Loop System in respect of the KLIA MAS Cargo Complex. BPSB denies the claim on the ground that there is no contract in existence between EP and BPSB and the alleged amount of loss and damage suffered was by reason of KH's repudiation of the aforementioned subcontract.

EP has closed its case in the Arbitration proceeding. Directions have been given by the arbitrator to file written submissions. EP's submission has been forwarded and served. On 9 April 2013, BPSB has been informed that KH has been directed by the arbitrator to submit their counter claim by 15 August 2013.

EP had duly filed their written submissions. KH requested for an extension of time to file their Reply and the Arbitration has granted KH's request up to 31 May 2016.

BPSB has also entered into a settlement agreement with EP wherein EP has agreed with BPSB not to enforce against BPSB any award, if any, which may be made by the arbitrator against BPSB.

(ii) In the previous financial year, one of the Group's projects was carried out by its wholly owned subsidiary together with a Joint Venture partner (JV). Due to, amongst others, the timing of variation orders and site instructions issued to the JV, the JV has submitted applications for extension of the completion date of the project. Included in the Group's trade receivables, other receivables and gross amount due from contract customers is an amount of RM3,346,000, RM3,407,000 and RM49,264,000 respectively owing from a customer for a joint venture project in which the recovery of the amount and the recognition of any potential liquidated and ascertained damages was pending the finalisation of the final settlement accounts in relation to a joint venture project.

During the current financial year, an agreement to the mediation had been reached with the customer and the final settlement accounts were finalised.

(iii) Bina Puri Pakistan (Private) Limited ("BPPPL") v. National Highway Authority of Pakistan ("NHA")

BPPPL had filed an application under Section 20 of the Arbitration Act, 1940 of Pakistan to refer the disputes out of the unlawful termination of the concession agreement by NHA to arbitration.

The Court in Pakistan had directed the parties to proceed with arbitration. First arbitration hearing of this matter has already taken place before the Hon'ble Arbitrators in Pakistan where BPPPL has claimed Pak Rupees 26,760,301,000, which is equivalent to RM892,010,000 from NHA as damages (including loss of profit), interest, cost and expenses.

Arbitration proceedings continue from 12 May 2014 until 16 May 2014 in Pakistan.

The hearing which was scheduled on 17 November 2014 was adjourned to another date to be fixed as one of the witnesses was unwell.

On 26 February 2015, 3 witnesses from the Group had given evidence but were not cross-examined by NHA's lawyers. The Arbitrators fixed 16 and 17 April 2015 for continue hearing. After that, the case shall be closing and the NHA will then call their witness to start their defense. No decision date had been fixed.

On 16 April 2015, NHA applied for adjournment and the proceedings on 16 and 17 April 2015 was adjourned to 18 August 2015 for continue hearing.

The hearing proceeded on 29 January 2016 and further fixed for continue hearing on 26 February 2016. Cross-examination of BPPPL's witnesses was concluded on 2 April 2016. The next hearing date is fixed on 22 April 2016. The Arbitrator directed parties on 22 April 2016 to submit both transcripts to the arbitrators by 25 May 2016 and follow by written arguments by 30 June 2016.

The estimated maximum exposure to liabilities is minimal as there is no counter-claim being filed by NHA against BPPPL. The exposure to liability would be in terms of costs and expenses incurred in bringing the matter to arbitration. There is also the commitment to the contractors and consultants engaged, both local and in Pakistan, for the project, to be settled.

Based on the facts of the case, BPPPL's Pakistan lawyer is of the opinion that BPPPL has a strong case with a reasonable likelihood of success upon conclusion of arbitration proceedings leading to an award in BPPPL's favour.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. FINANCIAL INSTRUMENTS

(a) Financial risk management and objectives

The Group and the Company seek to manage effectively the various risks namely credit, liquidity, interest rate, and foreign currency risks, to which the Group and the Company are exposed to in their daily operations.

(i) Credit risk

The Group's and the Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables, amount owing by subsidiaries and amount owing by associates. The Group and the Company manage their exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an on-going basis. For other financial assets (including other investments, fixed deposits placed with licensed banks and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company established an allowance account for impairment that represents its estimate of incurred losses in respect of the financial assets as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by Management based on prior experience and the current economic environment.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

(i) The carrying amounts of each class of financial assets recognised in the statements of financial position as disclosed in Note 11, Note 13, Note 16, Note 17, Note 18, Note 19 and Note 20 to the financial statements; and

(ii) The nominal amount of guarantees provided by the Group and the Company to banks on subsidiaries' and associates' credit facilities as disclosed in Note 40(a) to the financial statements.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country profile of its trade receivables (including trade-related amounts owing by subsidiaries and associates) on an on-going basis.

The credit risk concentration profile of the Group's and of the Company's trade receivables at the end of the reporting period are as follows:

	Group		Company	
	2016	2015	2016	2015
Countries	RM'000	RM'000	RM'000	RM'000
Brunei Darussalam	**33,290**	99,523	**–**	–
Pakistan	**19,376**	4,620	**–**	–
Indonesia	**1,870**	3,003	**–**	–
Malaysia	**415,500**	406,377	**41,069**	46,839
	470,036	513,523	**41,069**	46,839

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and objectives (Cont'd)

(i) Credit risk (Cont'd)

Financial assets that are neither past due nor impaired

Information regarding financial assets that are neither past due nor impaired are disclosed in Note 13, Note 17 and Note 18 to the financial statements. Fixed deposits placed with licensed banks and cash and bank balances are placed with reputable licensed financial institutions with high credit ratings.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13, Note 17 and Note 18 to the financial statements.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries and associates. The Company monitors the results of the subsidiaries and associates and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM1,079,907,000 (2015: RM1,066,791,000) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 40(a) to the financial statements. As at the reporting date, there was no indication that the subsidiary would default on repayment.

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

(ii) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from general funding and business activities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

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

Group	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	On demand or Within One Year RM'000	One to Five Years RM'000	Over Five Years RM'000
2016					
Financial liabilities					
Trade and other payables**	**648,306**	**652,914**	**578,445**	**74,469**	**–**
Amount owing to associates	**7,494**	**7,494**	**7,494**	**–**	**–**
Amount owing to a joint venture	**34**	**34**	**34**	**–**	**–**
Hire purchase payables	**10,745**	**11,552**	**5,640**	**5,912**	**–**
Bank borrowings	**642,933**	**700,650**	**443,883**	**131,743**	**125,024**
Corporate guarantee	**–**	**160,750**	**160,750**	**–**	**–**
	1,309,512	**1,533,394**	**1,196,246**	**212,124**	**125,024**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and objectives (Cont'd)

(ii) Liquidity Risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

Group	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	On demand or Within One Year RM'000	One to Five Years RM'000	Over Five Years RM'000
2015					
Financial liabilities					
Trade and other payables**	749,425	754,831	680,893	73,938	–
Amount owing to associates	9,536	9,536	9,536	–	–
Amount owing to a joint venture	34	34	34	–	–
Hire purchase payables	15,132	16,362	7,324	9,038	–
Bank borrowings	641,918	688,329	465,030	116,837	106,462
Corporate guarantee	–	175,251	175,251	–	–
	1,416,045	1,644,343	1,338,068	199,813	106,462
Company					
2016					
Financial liabilities					
Trade and other payables**	**80,227**	**81,272**	**71,428**	**9,844**	**–**
Amount owing to subsidiaries	**45,391**	**45,391**	**45,391**	**–**	**–**
Amount owing to associates	**6**	**6**	**6**	**–**	**–**
Amount owing to a joint venture	**34**	**34**	**34**	**–**	**–**
Hire purchase payables	**375**	**397**	**158**	**239**	**–**
Bank borrowings	**52,094**	**52,094**	**52,094**	**–**	**–**
Corporate guarantee	–	**1,088,531**	**1,088,531**	**–**	**–**
	178,127	**1,267,725**	**1,257,642**	**10,083**	**–**
Company					
2015					
Financial liabilities					
Trade and other payables**	59,675	60,913	48,412	12,501	–
Amount owing to subsidiaries	45,868	45,868	45,868	–	–
Amount owing to associates	6	6	6	–	–
Amount owing to joint venture	34	34	34	–	–
Hire purchase payables	553	598	216	382	–
Bank borrowings	50,726	50,726	50,726	–	–
Corporate guarantee	–	1,077,312	1,077,312	–	–
	156,862	1,235,457	1,222,574	12,883	–

** excludes advances received for contracts work not yet performed.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and objectives (Cont'd)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from interest-bearing financial assets and liabilities. The Group's and the Company's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group and of the Company will be placed with licensed financial institutions to generate interest income.

Interest rate profile

At the end of the reporting period, the interest rate profile of the interest-bearing financial instruments is as follows:

Group	Effective Interest Rate %	Within 1 Year RM'000	1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000
2016					
Financial asset					
Fixed deposits placed with licensed banks	**0.45 - 3.60**	**12,036**	**–**	**–**	**12,036**
Financial liabilities					
Hire purchase payables	**2.36 - 12.32**	**5,316**	**5,429**	**–**	**10,745**
Bank borrowings	**3.20 - 10.35**	**438,121**	**108,095**	**96,717**	**642,933**
2015					
Financial asset					
Fixed deposits placed with licensed banks	0.50 - 3.40	7,589	–	–	7,589
Financial liabilities					
Hire purchase payables	2.36 - 12.32	6,489	8,643	–	15,132
Bank borrowings	3.75 - 8.75	458,501	107,751	75,666	641,918
Company					
2016					
Financial asset					
Fixed deposits placed with licensed banks	**3.20**	**2,506**	**–**	**–**	**2,506**
Financial liabilities					
Hire purchase payables	**2.36 - 3.20**	**153**	**222**	**–**	**375**
Bank borrowings	**4.83 - 7.60**	**52,094**	**–**	**–**	**52,094**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and objectives (Cont'd)

(iii) Interest rate risk (Cont'd)

Interest rate profile (Cont'd)

Company	Effective Interest Rate %	Within 1 Year RM'000	1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000
2015					
Financial asset					
Fixed deposits placed with licensed banks	3.45	54	–	–	54
Financial liabilities					
Hire purchase payables	2.36 - 3.20	194	359	–	553
Bank borrowings	4.70 - 8.35	50,726	–	–	50,726

Interest rate risk sensitivity analysis

An increase in market interest rates by 5% on financial assets and financial liabilities of the Group and of the Company which have variable interest rates at the end of the reporting period would decrease the profit before tax by RM3,214,000 (2015: RM3,209,000) and RM260,000 (2015: RM253,000). This analysis assumes that all other variables remain unchanged.

A decrease in market interest rates by 5% on financial assets and financial liabilities of the Group and of the Company which have variable interest rates at the end of the reporting period would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged

(iv) Foreign currency risk

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

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the functional currencies of the Group entities. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entity are kept to an acceptable level.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Brunei, Hong Kong, Indonesia, Thailand, Vietnam, Abu Dhabi, Pakistan, Cambodia and India. The Group's investments in foreign operations are not hedged.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and objectives (Cont'd)

(iv) Foreign currency risk (Cont'd)

Foreign currency exposure profile

The foreign currency exposure profile of the financial instruments of the Group and of the Company is as follows:

Group	Brunei Dollar RM'000	Pakistan Rupee RM'000	Indo. Rupiah RM'000	US Dollar RM'000	Other Currency RM'000	Total RM'000
2016						
Financial assets						
Amount due from contract customers	**4,471**	**19,376**	**6,404**	**–**	**–**	**30,251**
Trade and other receivables *	**33,954**	**2**	**–**	**–**	**–**	**33,956**
Fixed deposits with licensed banks	**5,506**	**–**	**–**	**–**	**–**	**5,506**
Cash and bank balances	**1,995**	**9**	**1,744**	**–**	**1,126**	**4,874**
	45,926	**19,387**	**8,148**	**–**	**1,126**	**74,587**
Financial liabilities						
Trade and other payables**	**36,633**	**168**	**6,747**	**13**	**31**	**43,492**
Hire purchase payables	**–**	**–**	**60**	**–**	**–**	**60**
Bank borrowings	**4,038**	**–**	**–**	**–**	**–**	**14,494**
	40,671	**168**	**17,263**	**13**	**31**	**58,146**
Group						
2015						
Financial assets						
Amount due from contract customers	2,503	17,909	–	–	–	20,412
Trade and other receivables *	100,184	6,898	5,116	–	–	112,198
Fixed deposits with licensed banks	5,290	–	–	–	48	5,338
Cash and bank balances	1,441	16	702	–	12	2,171
	109,418	24,823	5,818	–	60	140,119
Financial liabilities						
Trade and other payables *	110,623	2,050	4,436	–	24	117,133
Hire purchase payables**	–	–	120	–	–	120
Term loans	14,080	–	–	–	–	14,080
Bank borrowings	13,745	–	–	–	–	13,745
	138,448	2,050	4,556	–	24	145,078

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and objectives (Cont'd)

(iv) Foreign currency risk (Cont'd)

Foreign currency exposure profile (Cont'd)

Company	United Arab Emirates Dirham 2016 RM'000	United Arab Emirates Dirham 2015 RM'000
Financial assets		
Fixed deposits placed with licensed banks	–	48
Cash and bank balances	–	1
	–	49

* *exclude prepayments and accrued billings.*
** *excludes advances received for contracts work not yet performed.*

(b) Classification of financial instruments

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

The following table analyses the financial statements in the statements of financial position by the classes of financial instruments to which they are assigned.

Group	Loans and receivables RM'000	Available for sales RM'000	Financial liabiilities at amortised cost RM'000	Total RM'000
2016				
Financial assets				
Quoted and unquoted shares	–	4,001	–	4,001
Gross amount due from contract customers	240,284	–	–	240,284
Trade and other receivables*	655,447	–	–	655,447
Amount owing by associates	36,649	–	–	36,649
Fixed deposits placed with licensed banks	12,036	–	–	12,036
Cash and bank balances	59,798	–	–	59,798
	1,004,214	4,001	–	1,008,215
Financial liabilities				
Trade and other payables**	–	–	648,306	648,306
Amount owing to associates	–	–	7,494	7,494
Amount owing to a joint venture	–	–	34	34
Hire purchase payables	–	–	10,745	10,745
Bank borrowings	–	–	642,933	642,933
	–	–	1,309,512	1,309,512

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. FINANCIAL INSTRUMENTS (CONT'D)

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

Group	Loans and receivables RM'000	Available-for-sales RM'000	Financial liabiilities at amortised cost RM'000	Total RM'000
2015				
Financial assets				
Quoted and unquoted shares	–	7,069	–	7,069
Amount due from contract customers	296,841	–	–	296,841
Trade and other receivables*	696,351	–	–	696,351
Amount owing by associates	33,292	–	–	33,292
Fixed deposits with licensed banks	7,589	–	–	7,589
Cash and bank balances	81,006	–	–	81,006
	1,115,079	7,069	–	1,122,148
Financial liabilities				
Trade and other payables**	–	–	749,425	749,425
Amount owing to associates	–	–	9,536	9,536
Amount owing to a joint venture	–	–	34	34
Hire purchase payables	–	–	15,132	15,132
Bank borrowings	–	–	641,918	641,918
	–	–	1,416,045	1,416,045
Company				
2016				
Financial assets				
Quoted and unquoted shares	**–**	**3,342**	**–**	**3,342**
Amount due from contract customers	**14,801**	**–**	**–**	**14,801**
Trade and other receivables*	**29,114**	**–**	**–**	**29,114**
Amount owing by subsidiaries	**108,783**	**–**	**–**	**108,783**
Amount owing by associates	**35,435**	**–**	**–**	**35,435**
Fixed deposits placed with licensed banks	**2,506**	**–**	**–**	**2,506**
Cash and bank balances	**31,924**	**–**	**–**	**31,924**
	222,563	**3,342**	**–**	**225,905**
Financial liabilities				
Trade and other payables	**–**	**–**	**80,227**	**80,227**
Amount owing to subsidiaries	**–**	**–**	**45,391**	**45,391**
Amount owing to associates	**–**	**–**	**6**	**6**
Amount owing to a joint venture	**–**	**–**	**34**	**34**
Hire purchase payables	**–**	**–**	**375**	**375**
Bank borrowings	**–**	**–**	**52,094**	**52,094**
	–	**–**	**178,127**	**178,127**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. FINANCIAL INSTRUMENTS (CONT'D)

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

Company	Loans and receivables RM'000	Available-for-sales RM'000	Financial liabiilities at amortised cost RM'000	Total RM'000
2015				
Financial assets				
Quoted and unquoted shares	–	6,342	–	6,342
Amount due from contract customers	15,683	–	–	15,683
Trade and other receivables*	40,885	–	–	40,885
Amount owing by subsidiaries	131,824	–	–	131,824
Amount owing by associates	32,548	–	–	32,548
Fixed deposits placed with licensed banks	54	–	–	54
Cash and bank balances	930	–	–	930
	221,924	6,342	–	228,266
Financial liabilities				
Trade and other payables**	–	–	59,675	59,675
Amount owing to subsidiaries	–	–	45,868	45,868
Amount owing to associates	–	–	6	6
Amount owing to joint venture	–	–	34	34
Hire purchase payables	–	–	553	553
Bank borrowings	–	–	50,726	50,726
	–	–	156,862	156,862

* *exclude prepayments and accrued billing.*
** *excludes advances received for contracts work not yet performed.*

(c) Fair values of financial instruments

Determination of fair value

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

(i) Cash and bank balances, trade and other receivables and payables

The carrying amounts of cash and bank balances, short term receivables and payables are reasonable approximation of fair values due to short term nature of these financial instruments. The fair value of non-current receivables and payables are estimated by discounting future cash flows using current lending rates for similar types of arrangements.

(ii) Borrowings

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of long term floating rate loans are reasonable approximation of fair values as the loans will be re-priced to market interest rate on or near reporting date.

41. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of financial instruments (Cont'd)

Fair values hierarchy

Policy on transfer between levels

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

During the financial year ended 31 December 2016 and 31 December 2015, there was no transfer between the fair value measurement hierarchy.

Policy on transfer between levels

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable:

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Transfer between Level 1 and Level 2

There has been no transfer between Level 1 and 2 fair values during the financial year (2015: no transfer in either directions).

(iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

41. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of financial instruments (Cont'd)

The carrying amount of financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments.

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.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
2016										
Group										
Financial assets										
Other investments										
- Unquoted shares	–	–	–	–	–	–	–	–	#	3,784
- Transferable corporate membership	–	–	–	–	217	–	–	217	217	217
	–	–	–	–	217	–	–	217	217	4.001
2015										
Group										
Financial assets										
Other investments										
- Unquoted shares	–	–	–	–	–	–	–	–	#	6,780
- Quoted shares	72	–	–	72	–	–	–	–	72	72
- Transferable corporate membership	–	–	–	–	217	–	–	217	217	217
	72	–	–	72	217	–	–	217	289	7,069

The fair value cannot be reliably measured using valuation techniques due to the lack of marketability of the unquoted shares.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

42. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as long and short-term borrowings less fixed deposits placed with licensed banks and cash and bank balances.

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Borrowings				
Hire purchase payables	**10,745**	15,132	**375**	553
Bank borrowings	**642,933**	641,918	**52,094**	50,726
	653,678	657,050	**52,469**	51,279
Less:				
Fixed deposits placed with licensed banks	**(12,036)**	(7,589)	**(2,506)**	(54)
Cash and bank balances	**(59,798)**	(81,006)	**(31,924)**	(930)
Net debt	**581,844**	568,455	**18,039**	50,295
Total equity	**304,421**	291,464	**206,971**	212,486
Debt-to-equity ratio	**1.91**	1.95	**0.09**	0.24

The Group is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Group and certain subsidiary companies are required to comply with certain debt equity ratio and interest coverage ratio in respect of the term loans and revolving credit facilities.

Gearing ratios are not governed by Financial Reporting Standards and their definitions and calculations may vary between reporting entities.

43. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Companies Act 2016

The Minister of Domestic Trade, Co-operatives and Consumerism appointed 31 January 2017 as the date on which Companies Act 2016 comes into operation except for Section 241 and Division 8 of Part III.

Accordingly, the Group and the Company shall prepare the financial statements for the financial year ending 31 December 2017 in accordance with the requirements of Companies Act 2016 which will be applied prospectively.

Amongst the key changes introduced in the Companies Act 2016 which will affect the financial statements of the Group and of the Company are, where applicable:

- the removal of the authorised share capital;
- shares issued will have no par or nominal value; and
- share premium will become part of share capital.

In addition, the financial statements disclosure requirements under the Companies Act 2016 are different from those requirements set out in the Companies Act 1965. Consequently, items to be disclosed in the Group's and the Company's financial statements for the financial year ending 31 December 2017 may be different from those disclosed in the financial statements for the current financial year.

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

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

The following analysis of realised and unrealised profits or losses included in the retained earnings of the Group and the Company as at 31 December 2016 and 31 December 2015 is presented in accordance with the directive of Bursa Malaysia Securities Berhad and prepared in accordance with the 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.

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Total retained earnings/(accumulated losses):				
- realised	**48,443**	44,893	**78,345**	90,306
- unrealised	**78,025**	72,506	**(820)**	(900)
	126,468	117,399	**77,525**	89,406
Total share of accumulated losses of associates:				
- realised	**(36,072)**	(28,073)	**–**	–
- unrealised	**–**	–	**–**	–
	(36,072)	(28,073)	**–**	–
Total share of accumulated losses of a joint venture:				
- realised	**(3,402)**	(3,402)	**–**	–
- unrealised	**–**	–	**–**	–
	(3,402)	(3,402)	**–**	–
Less: Consolidation adjustments	**(58,033)**	(44,161)	**–**	–
Total retained earnings	**86,994**	85,924	**77,525**	89,406

STATEMENT BY DIRECTORS
Pursuant to Section 169(15) of the Companies Act 1965

We, **TAN SRI DATUK TEE HOCK SENG, JP** and **DATUK MATTHEW TEE KAI WOON**, being two of the directors of **BINA PURI HOLDINGS BHD.**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 82 to 187 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 at 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 188 has been prepared in accordance with the 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*, issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

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

TAN SRI DATUK TEE HOCK SENG, JP	**DATUK MATTHEW TEE KAI WOON**
Director	Director

Kuala Lumpur
Date: 26 April 2017

STATUTORY DECLARATION
Pursuant to Section 169(16) of the Companies Act 1965

I, **DATUK MATTHEW TEE KAI WOON**, being the director primarily responsible for the financial management of **BINA PURI HOLDINGS BHD.**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 82 to 187 and the supplementary information set out on page 188 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	)	**DATUK MATTHEW TEE KAI WOON**
in the Federal Territory on 26 April 2017.	)	**Director**
	)	

Before me,

Commissioner for Oaths
ZULKIFLA MOHD DAHLIM
NO. W 541

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BINA PURI HOLDINGS BHD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bina Puri Holdings Bhd., which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of 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 82 to 187.

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 cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Settlement of amount due from a contract customer (Note 13, 16 and Note 40(b)(ii) to the financial statements)

In the previous financial year, included in the Group's trade receivables, other receivables and gross amount due from contract customers is an amount of RM3,346,000, RM3,407,000 and RM49,264,000 respectively owing from a customer for a joint venture project in which the recovery of the amounts and the recognition of any potential liquidated and ascertained damages was pending the finalisation of the final settlement accounts.

During the current financial year, an agreement to the mediation had been reached with the customer and the final settlement accounts were finalised.

We focused on this area because the event that occurred during the financial year which lead to the settlement of the amounts owing from the customer may have a significant effect on the financial statements.

Our response:

Our audit procedures included, among others:

- reviewing the correspondence letter from the customer of the joint venture project on the finalisation of the settlement amount;
- reviewing to bank statements to check if the payment has been received by the Group; and
- assessing the appropriateness of the related disclosures in the financial statements.

Receivables (Note 4(h), 13, 16, 17 and 18 to the financial statements)

We focused on this area because the directors made subjective judgements over both timing of recognition of impairment and the estimation of the size of any such impairment. The receivables are monitored individually by the Group and therefore the impairment is assessed based on knowledge of each individual debtor.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (Cont'd)

Key Audit Matters (Cont'd)

Receivables (Note 4(h), 13, 16, 17 and 18 to the financial statements) (Cont'd)

In particular, we focused on:

- The amount owing by associates as disclosed in Note 18 to the financial statements. Included in the Group's and the Company's amount owing by associates are amounts of RM26,224,000 owing by certain associates which have been long outstanding. The directors are of the opinion that the amounts due from these associates are recoverable as these associates have committed to the Group and the Company to repay the amounts owing when they have successfully recovered the performance bond from their customer. The recovery of the said amounts is also dependent on the successful outcome of the legal claims against the customer which, based on the advice of the Group's and the Company's solicitors, the directors are of the opinion that there is a reasonable likelihood of success in the arbitration process.

- As disclosed in Note 16(a) to the financial statements, included in the Group's gross amount due from contract customers is an amount of RM17,909,000 which relates to the construction costs incurred on the project awarded by the Government of Pakistan. The project had been subsequently terminated by the Government of Pakistan. The Group is currently engaged in an arbitration process to recover the said amounts from the Government of Pakistan. The details of the arbitration proceedings are as disclosed in Note40(c)(iii) to the financial statements. The recoverability of the said amounts is dependent on the successful outcome of the arbitration process which, based on the advice of the Group's solicitors, the directors are of the opinion that there is a reasonable likelihood of success in the arbitration process.

Our response:

Our audit procedures included, among others:

- discussing with the Group's management on the recoverability of the receivables;
- reviewing the history of cash payments from the receivables, including subsequent to financial year end cash receipts from the receivables;
- obtaining letter from solicitors and discussing with certain of those external solicitors regarding the probability of the outcome of the legal claims or arbitration proceedings being successful:
- reviewing the financial performance and position of the receivables and also the ability of the receivables to make payment; and
- assesing the adequacy of the Group's disclosures in the financial statements on this area.

Goodwill (Note 4(j) and 7 to the financial statements)

As at 31 December 2016, the Group has goodwill of RM14.585 million arising from business combination in the previous financial years. The goodwill is tested for impairment annually. We focused on this area because this assessment requires the exercise of significant judgement by the Group on the discount rate applied in the recoverable amount calculation and the assumptions supporting the underlying cash flow projections which include future sales, gross margin and operating expenses.

Our response:

Our audit procedures focus on evaluating the cash flow projections and the Group's forecasting procedures which included, among others:

- assessing the appropriateness of the valuation recoverable amount methodology adopted by the Group in accordance with the requirements of MFRS 136 *Impairment of Assets*;
- comparing the actual results with previous budgets to assess the performance of the business and reliability of the forecasting process;
- comparing the Group's assumptions to externally derived data as well as our assessments in relation to key assumptions to assess their reasonableness and achievability of the projections;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions that are expected to be most sensitive to the recoverable amount.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (Cont'd)

Key Audit Matters (Cont'd)

Revenue and expenses recognition for construction and property development business (Notes 4(i), 4(m), 28 and 29 to the financial statements)

We focused on this area because the amounts of revenue and related expenses recognised in the construction and property development business require the directors to apply significant judgement. The revenue and related expenses are recognised based on the estimated total revenue and costs and the stage of completion method. The stage of completion method is determined by reference to costs incurred for work performed to date to the estimated total costs for each project. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

Our response:

Our audit procedures on a sample of major projects included, among others:

- evaluating the design and assessing the implementation of controls over the Group's process in recording project costs, preparing project budget and calculating the stage of completion;
- challenging the Group' major assumptions by comparing to contractual terms, historical margin and our understanding gathered from the analysis of changes in assumptions from previous year;
- discussing the progress of the projects and expected outcome with the rexpective project directors to obtain an understanding of the basis on which the estimates are made;
- assessing the reasonableness of computed stage of completion for identified projects against architect certificates or progress reports and the physical completion; and
- testing the mathematical computation of the recognised revenue and expenses during the financial year.

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.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (Cont'd)

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.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (Cont'd)

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 Companies Act 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act 1965 in Malaysia.

(b) Other than those subsidiaries without financial statements and the auditors' reports as disclosed in Note 8 to the financial statements, we have considered the financial statements and auditors' report of the remaining subsidiaries of which we have not acted as auditors, which is indicated in Note 8 to the financial statements.

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

(d) Other than those subsidiaries without financial statements and the auditors' reports as disclosed in Note 8 to the financial statements, the auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 188 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 contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Heng Fu Joe
No. 02966/11/2018 J
Chartered Accountant

Kuala Lumpur

Date: 26 April 2017

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2017

Issued Share Capital	:	254,273,650 ordinary shares
Class of Shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

Substantial Shareholders
(As per Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		%	Indirect Interest		%
Jentera Jati Sdn. Bhd.	20,388,000	*	8.02	–		–
Tan Sri Datuk Tee Hock Seng, JP	18,489,778	*	7.27	4,888,925	**	1.92
Ng Keong Wee	14,093,600		5.54	–		–

Directors' Interest
(as per Register of Directors' Shareholdings)

Name of Directors	Direct Interest		%	Indirect Interest		%
Tan Sri Datuk Tee Hock Seng, JP	18,489,778	*	7.27	4,888,925	**	1.92
Dr. Tony Tan Cheng Kiat	9,668,902	*	3.80	–		–
Datuk Henry Tee Hock Hin	5,594,668		2.20	–		–
Datuk Matthew Tee Kai Woon	4,488,925		1.77	18,889,778	***	7.43
Tay Hock Lee	1,807,707		0.71	–		–
We Her Ching (Alternate Director to Datuk Henry Tee Hock Hin)	104,900		0.04	–		–

* *including shares held through nominee company.*

** *indirect interest - 340,000 Shares held by RHB Nominees (Tempatan) Sdn. Bhd., Bank of China pledged securities account for Tee Hock Seng Holdings Sdn. Bhd., 60,000 Shares held by Tee Hock Seng Holdings Sdn. Bhd. and 4,488,925 Shares held by Tan Sri Datuk Tee Hock Seng, JP's son, Datuk Matthew Tee Kai Woon.*

*** *indirect interest – 18,489,778 Shares held by Datuk Matthew Tee Kai Woon's father, Tan Sri Datuk Tee Hock Seng, JP, 340,000 Shares held by RHB Nominees (Tempatan) Sdn. Bhd., Bank of China pledged securities account for Tee Hock Seng Holdings Sdn. Bhd.and 60,000 Shares held by Tee Hock Seng Holdings Sdn. Bhd.*

Distribution of Shareholdings
(As per Record of Depositors)

Range of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	18	0.38	576	0
100 - 1,000	608	12.74	500,924	0.20
1,001 - 10,000	2,285	47.88	13,237,925	5.21
10,001 - 100,000	1,637	34.31	54,656,877	21.49
100,001 to less than 5% of issued shares	222	4.65	156,440,970	61.52
5% and above of issued shares	2	0.04	29,436,378	11.58
Total	**4,772**	**100.00**	**254,273,650**	**100.00**

THIRTY LARGEST SHAREHOLDERS

		No. of Shares	% of Shares
1.	RHB Nominees (Tempatan) Sdn. Bhd. Qualifier: Bank Of China (Malaysia) Berhad Pledged Securities Account for Tan Sri Datuk Tee Hock Seng, JP	15,342,778	6.03
2.	Ng Keong Wee	14,093,600	5.54
3.	Jentera Jati Sdn. Bhd.	10,388,000	4.09
4.	Kittipat Songcharoen	10,000,000	3.93
5.	Public Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Jentera Jati Sdn. Bhd. (KLC)	10,000,000	3.93
6.	Datin Lee Kuan Chen	8,000,000	3.15
7.	Datuk Henry Tee Hock Hin	5,594,668	2.20
8.	Maybank Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Dato' Mohamed Feisal Bin Ibrahim (514123808681)	5,238,000	2.06
9.	Amsec Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Dr. Tony Tan Cheng Kiat	5,000,000	1.97
10.	Bumimaju Mawar Sdn. Bhd.	5,000,000	1.97
11.	Chan Fong Yun	5,000,000	1.97
12.	Dr. Tony Tan Cheng Kiat	4,668,902	1.84
13.	Datuk Matthew Tee Kai Woon	4,488,925	1.77
14.	Maybank Nominees (Asing) Sdn. Bhd. Qualifier: Pledged Securities Account For San Tuan Sam	4,110,000	1.62
15.	Tan Sri Datuk Tee Hock Seng, JP	3,147,000	1.24
16.	Cheo Chet Lan @ Chow Sak Nam, KMN	3,126,884	1.23
17.	Lim Seng Chee	2,912,000	1.15
18.	UOBM Nominees (Tempatan) Sdn. Bhd. Qualifier : UOBM for Goh Kui Lian (PBM)	2,860,000	1.12
19.	HSBC Nominees (Asing) Sdn. Bhd. Qualifier : Exempt AN for Bank Julius Baer & Co. Ltd. (Singapore BCH)	2,422,000	0.95
20.	Tan Tiong Hing	2,300,000	0.90
21.	Mercsec Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account For Siow Wong Yen @ Siow Kwang Hwa	2,110,000	0.83
22.	Tay Hock Lee	1,807,707	0.71
23.	Maybank Nominees (Tempatan) Sdn. Bhd. Qualifier : Nomura Singapore Limited for Lim Lian Hock (410242)	1,654,700	0.65

THIRTY LARGEST SHAREHOLDERS (Cont'd)

		No. of Shares	% of Shares
24.	Lye Wee Ken	1,500,000	0.59
25.	Tee Hock Loo	1,215,207	0.48
26.	Dato' Razali Bin Daud, JP	1,123,000	0.44
27.	Cimsec Nominees (Tempatan) Sdn. Bhd. Qualifier : CIMB Bank for Tan Chong Wah (MY1599)	1,055,500	0.42
28.	AMSEC Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged securities account – Ambank (M) Berhad for Sulaiman Bin Abu Bakar (SMART)	1,000,000	0.39
29.	Goh Boon Soo @ Goh Yang Eng	941,600	0.37
30.	CIMB Group Nominees (Tempatan) Sdn. Bhd. Qualifier : Exempt AN for DBS Bank Ltd (SFS-PB)	825,800	0.32

LIST OF PROPERTIES
31 DECEMBER 2016

Location	Description	Date of acquisition	Tenure	Year Expiry	Land / Built-up Area	Age building (years)	Existing use	Net book value 31 Dec 15 RM'000
HS(M) 13570 PT No. 22184 Mukim of Batu District of Gombak Selangor Darul Ehsan	5 1/2 storey office building	1 July 1998	Leasehold	2089	17,920 sq ft/ 62,451 sq ft	19	Office	13,544
HS (M) 12980 PT No. 21686 Mukim of Batu District of Gombak Selangor Darul Ehsan	2 units condominium	9 Feb 1995	Leasehold	2089	3,900 sq ft	24	Guest House	987
HS (M) 13457 PT No. 22071 HS (M) 13458 PT No 22072 Mukim of Batu District of Gombak Selangor Darul Ehsan	2 units 2 1/2 storey shoplot	30 June 1997	Leasehold	2089	3,576 sq ft	24	Office	453
Master Title PM 279 Lot 52161 Mukim Batu District of Gombak Selangor Darul Ehsan	1 unit 2 1/2 storey shoplot	13 Nov 1997 1 Nov 2007	Leasehold	2089	2,278 sq ft	24	Office	505 157
Parcel No B-5-3 Tower Banyan The Haven Lakeside Residences Held under master title PN 342582 Lot 398127, Mukim Hulu Kinta Daerah Kinta, Perak	Condominium	14 Jan 15	Leasehold	2108	1,455 sq ft	3	Guest House	885
Unit 104, 105, 106 & 107 Block L Alamesra Plaza Permai Alamesra, Sabah	2 storey shop cum office	18 Jan 2005	Leasehold	2098	18,331 sq ft	12	Office	2,588
Unit 65, Block H Alamesra Plaza Permai Alamesra, Sabah	2 storey shop cum office	8 March 2013	Leasehold	2098	228.8 sg mt	4	Office	1,409
H.S.(D) 102462 PT No. 17604 32 Jalan Kajang Perdana 2/3 Taman Kajang Perdana Kajang, Selangor Darul Ehsan	3 storey shoplot	10 July 2014	Freehold	–	7,389 sq ft	12	Office	3,066
GM806/MI/4/34 & GM806/MI/4/35 PTK No. 34 & 35, TLET 4 BGN MI - Lot 5820 Mukim of Sri Rusa, Port Dickson	2 units condominium	1 Jan 1997	Freehold	–	1,992 sq ft	20	Guest House	261

LIST OF PROPERTIES (Cont'd)

Location	Description	Date of acquisition	Tenure	Year Expiry	Land / Built-up Area	Age building (years)	Existing use	Net book value 31 Dec 15 RM'000
Parcel A-1009 Storey No. 10 Block A, MPAJ Square Mukim Ampang Selangor Darul Ehsan	Office building	1 Apr 2000	Leasehold	2093	1,085 sq ft	18	Vacant	112
Lot 3261, Mukim Beranang Daerah Ulu Langat Negeri Selangor Darul Ehsan	Freehold land Building	26 Oct 2009 July 2014	Freehold	–	1,996.43 sq m	3	Factory	547 2,690
3 level shopping Mall Main Place Mall Lot 49113 Pekan Subang Jaya District of Petaling Selangor Darul Ehsan	Shopping Mall	20 Mar 14	Freehold	–	645,834 sq ft	3	Renting	205,000
Plot A,B & C Daerah Alor Gajah Mukim Melaka Pindah Melaka	Granite deposit area	2 Mar 1998	Leasehold	2027	95 acres	–	Extracting of granite aggregates	530
Lot 925, 1867 Lot 843 Daerah Alor Gajah Mukim Melaka Pindah Melaka	Leasehold land	12 Aug 1997	Leasehold	2033 2024	3.7 acres 2.4 acres	–	Premix plant	219
Lot 709, 952, 954, 955, 956, 958, 1060 Daerah Alor Gajah Mukim Melaka Pindah Melaka	Freehold land	12 Aug 1997	Freehold	–	15.4 acres	–	Weigh bridge & Crusher plant	935
Lot 2615, 2616 Mukim Krubang District of Melaka Tengah Melaka	Freehold land	1 Feb 2012	Freehold	–	86,412 sq ft	–	Office cum factory	2,554
Lot No. J-GF-5, Block J Lot No. J-GF-7, Block J Lot No. J-GF-8, Block J Lot No. J-GF-9, Block J Ground Floor, Apartment Angkasa, Kampung Darau, Menggatal, Kota Kinabalu, Sabah	Apartment	21 Oct 2013 21 Oct 2013 21 Oct 2013 21 Oct 2013	Leasehold Leasehold Leasehold Leasehold	2074 2074 2074 2074	850 sq ft 850 sq ft 850 sq ft 850 sq ft	4	Guest House	702
Mukim 701, Lot No. Lot960 Mukim Semenyih Daerah Hulu Langat Negeri Selangor	Land	01 Dec 2016	Leasehold	2081	2.13 Hektar	–	Workshop cum Storage	7,341

RECURRENT RELATED PARTY TRANSACTIONS

At the Annual General Meeting held on 28 June 2016, the Company obtained Shareholders' Mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Section 3.1.5 of Practice Note No. 12 of the Bursa Malaysia Securities Berhad listing requirements, the details of recurrent related party transactions conducted during the financial year ended 31 December 2016 pursuant to the Shareholders' Mandate are disclosed as follows:

Nature of transactions undertaken by the Company and its subsidiaries	Related Parties	Transacting Parties	Value of Transactions RM'000
Purchase of air tickets (to facilitate air travel in the course of business, eg. travel to project sites)	Sea Travel and Tours Sdn Bhd, a company in which Director Tan Sri Datuk Tee Hock Seng,JP and members of his family collectively hold approximately 100% equity interest	(i) Bina Puri Holdings Bhd (ii) Bina Puri Sdn Bhd (iii) Bina Puri Properties Sdn Bhd (iv) Easy Mix Sdn Bhd	122 788 24 4
Project management services	Ideal Heights Properties Sdn Bhd , a company in which Tan Sri Datuk Tee Hock Seng,JP, Dr Tony Tan Cheng Kiat, Mr Tay Hock Lee, Datuk Henry Tee Hock Hin, collectively hold 51% equity interest	(i) Star Effort Sdn Bhd	38
Sale of quarry material, brick and ready-mix concrete	Dimara Construction Sdn Bhd, a company in which Director of the Company's subsidiary Mr Ang Kiam Chai has 61.66% equity interest	(i) Easy Mix Sdn Bhd	2,659
Contract works	Dimara Holdings Sdn Bhd, a company in which Director of the Company's subsidiary Mr Ang Kiam Chai has 61.66% equity interest	(i) Bina Puri Holdings Bhd	60,326

GROUP CORPORATE DIRECTORY

Bina Puri Holdings Bhd (207184-X)

Wisma Bina Puri,
88, Jalan Bukit Idaman 8/1, Bukit Idaman,
68100 Selayang, Selangor Darul Ehsan, Malaysia.
Tel: (603) 6136 3333 Fax: (603) 6136 9999

E-mail: corpcomm@binapuri.com.my
Website: www.binapuri.com.my

MAJOR SUBSIDIARIES

CIVIL & BUILDING CONSTRUCTION

BINA PURI SDN. BHD. (23296-X)
Kuala Lumpur Office
Wisma Bina Puri
88, Jalan Bukit Idaman 8/1
Bukit Idaman, 68100 Selayang
Selangor Darul Ehsan, Malaysia
Tel : (603) 6136 3333
Fax : (603) 6136 9999
E-mail : corpcomm@binapuri.com.my

Kota Kinabalu Office
Lot 104-107, Block L
Lorong Plaza Permai 5, Alamesra
Sulaman - Coastal Highway
88400 Kota Kinabalu
Sabah, Malaysia
Tel : (6088) 485 737/727
Fax : (6088) 485 737/722
E-mail : binapuri.kk@binapuri.com

Kuching Office
No. 19 & 20
Travillian Commercial Centre
Jalan Petanak, 93100
Kuching, Sarawak, Malaysia
Tel : (6082) 241 991 / 240 992
Fax : (6082) 241 994
E-mail : bp.kuc@binapuri.com

HIGHWAY CONCESSION

Associate
KL - Kuala Selangor Expressway Berhad
Kompleks Operasi Lebuhraya KL -
Kuala Selangor
Km12 Lebuhraya KL-Kuala Selangor
45600 Bestari Jaya, Selangor Darul Ehsan
Malaysia
Tel : (603) 6145 1500
Call Centre : (603) 6145 1515
Fax : (603) 6145 1400
E-mail : corpcomm@binapuri.com.my
Website : www.latar.com.my

PROPERTY DEVELOPMENT

BINA PURI PROPERTIES SDN. BHD. (246157-M)
Wisma Bina Puri
88, Jalan Bukit Idaman 8/1
Bukit Idaman, 68100 Selayang
Selangor Darul Ehsan, Malaysia
Tel : (603) 6136 3333
Fax : (603) 6136 9999
E-mail : corpcomm@binapuri.com.my

IDEAL HEIGHTS PROPERTIES SDN. BHD.
(127701-D)
No. 1 & 2, Jalan Bukit Idaman 8/1
P.O. Box 20, Bukit Idaman
68100 Selayang
Selangor Darul Ehsan, Malaysia
Tel : (603) 6138 6102
Fax : (603) 6138 7890
E-mail : ihp@idealheights.com.my

QUARRY OPERATIONS & CONSTRUCTION MATERIALS

EASY MIX SDN. BHD. (242217-D)
No 32, Jalan Kajang Perdana 2/3
Taman Kajang Perdana, Kajang
43000 Selangor Darul Ehsan
Tel : (603) 8740 9612
Fax : (603) 8740 8253

SUNGAI LONG BRICKS SDN. BHD. (332315-X)
No 32, Jalan Kajang Perdana 2/3
Taman Kajang Perdana, Kajang
43000 Selangor Darul Ehsan
Tel : (603) 8740 9612
Fax : (603) 8740 8253

KM QUARRY SDN. BHD. (409397-V)
No. 16-1, Jalan PE 35
Taman Paya Emas Fasa 2A
76450 Paya Rumput, Melaka
Malaysia
Tel : (606) 312 4286
Fax : (606) 312 4278
E-mail : kmquarry@binapuri.com.my

UTILITIES

BINA PURI POWER SDN. BHD. (260433-H)
Wisma Bina Puri
88, Jalan Bukit Idaman 8/1
Bukit Idaman, 68100 Selayang
Selangor Darul Ehsan, Malaysia
Tel : (603) 6136 3333
Fax : (603) 6136 9999
E-mail : corpcomm@binapuri.com.my

PT MEGAPOWER MAKMUR
Komplek Galeri Niaga Mediterania 2,
Blok M8-i El. Pantai Indah Utara II -
Pantai Indah Kapuk,
Jakarta Utara 14460,
Indonesia
Tel : +6221 588 3595
Fax : +6221 588 3594

INTERNATIONAL DIRECTORY

BINA PURI (THAILAND) LTD.
947/127 Moo 12, Bangna Sub District
Bangna District, 10260 Bangkok
Thailand
Tel : (0066) 2-744 1366 / 1367
Fax : (0066) 2-744 1369

BINA PURI (B) SDN. BHD.
No. 2, 2nd Floor, Block C
Bangunan Begawan
Pehin Dato' Hj Md Yusof
Kg Kiulap, Bandar Seri Begawan
BE1518, Brunei Darussalam
Tel : (673) 223 2373
Fax : (673) 223 2371

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BINA PURI HOLDINGS BHD.

(207184-X)

PROXY FORM

I/We ....
(Full Name in block letters & IC No./Company no.)

of ....
(Address)

being a member of BINA PURI HOLDINGS BHD. hereby appoint ....
(Full name in block letters & IC No.)

of ....
(Address)

No. of shares represented .... Percentage (%) of shareholding represented ....

or failing him/her ....
(Full name in block letters & IC No.)

of ....
(Address)

No. of shares represented .... Percentage (%) of shareholding represented ....

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Sixth Annual General Meeting of the Company to be held at Ground Floor, Wisma Bina Puri, 88, Jalan Bukit Idaman 8/1, Bukit Idaman, 68100 Selayang, Selangor Darul Ehsan on Wednesday, 21 June 2017 at 11:00 a.m. and at any adjournment thereof, as indicated below:

Resolution	Agenda	For	Against
Ordinary Resolution 1	Re-election of Tan Sri Dato' Ir. Wong Foon Meng		
Ordinary Resolution 2	Re-election of Tan Sri Datuk Tee Hock Seng, JP		
Ordinary Resolution 3	Re-election of Dr Tan Cheng Kiat		
Ordinary Resolution 4	Ratification and approval of directors' annual fees of RM462,000		
Ordinary Resolution 5	Re-appointment of Messrs Baker Tilly Monteiro Heng as Auditors		
Ordinary Resolution 6	Sea Travel and Tours Sdn. Bhd.		
Ordinary Resolution 7	Kumpulan Melaka Bhd.		
Ordinary Resolution 8	Ideal Heights Properties Sdn. Bhd.		
Ordinary Resolution 9	Dimara Building System Sdn. Bhd.		
Ordinary Resolution 10	Dimara Construction Sdn. Bhd.		
Ordinary Resolution 11	Dimara Holdings Sdn. Bhd.		
Ordinary Resolution 12	Authority to allot shares		
Ordinary Resolution 13	Proposed renewal of share buy-back		

Please indicate with a cross "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

CDS Account No.	
No. of Shares Held	

Dated this .... day of 2017

....
Signature of Shareholder / Common Seal

Notes:

1. A proxy may but need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.
2. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
3. In the event the Member duly executes the Form of Proxy but does not name any proxy, such Member shall be deemed to have appointed the Chairman of the meeting as his proxy.
4. A Member of the Company who is entitled to attend and vote at a meeting of the Company or at a meeting of any class of Members of the Company, may appoint not more than two (2) proxies to attend and vote instead of the Member at the meeting.
5. Where a Member or the authorised nominee appoints two (2) proxies or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
7. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

   An exempt authorised nominee refers to an authorised nominee defined under Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.
8. To be valid the proxy form duly completed must be deposited at the Registered Office of the Company at Wisma Bina Puri, 88, Jalan Bukit Idaman 8/1, Bukit Idaman, 68100 Selayang, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
9. Only members whose names appear in the Record of Depositors as at 15 June 2017 shall be eligible to attend the Twenty-Sixth Annual General Meeting or appoint proxy(ies) to attend and vote on his behalf.

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STAMP

BINA PURI HOLDINGS BHD (207184-X)
Wisma Bina Puri
88, Jalan Bukit Idaman 8/1, Bukit Idaman
68100 Selayang, Selangor Darul Ehsan
Malaysia

Bina Puri Kota Kinabalu Office

Centre for Postgraduate Studies
Universiti Malaysia Sabah

Bina Puri Holdings Bhd
207184-X

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