FINANCIAL STATEMENTS

2017 ANNUAL REPORT

MALAYSIA'S
LANDMARK BUILDER
SINCE 1975

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 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company are as 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 principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	12,073	2,332
Attributable to:		
Owners of the Company	3,099	2,332
Non-controlling interests	8,974	–
	12,073	2,332

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 2017.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, 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.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, 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 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; and

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

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, other than the impairment loss on trade receivables as disclosed in Note 30 to the financial statements; 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 6,400,000 new ordinary shares pursuant to the first tranche of a placement at an issue price of RM0.50 each for working capital purpose;

(ii) issued 5,000,000 new ordinary shares pursuant to the second tranche of a placement at an issue price of RM0.415 each for working capital purpose;

(iii) issued 3,500,000 new ordinary shares pursuant to the third tranche of a placement at an issue price of RM0.405 each for working capital purpose;

(iv) issued 3,700,000 new ordinary shares pursuant to the fourth tranche of a placement at an issue price of RM0.40 each for working capital purpose; and

(v) issued 5,687,000 new ordinary shares pursuant to the fifth and final tranche of a placement at an issue price of RM0.39 each for working capital purpose.

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.

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 (5) 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 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 salient features and other details of the ESOS are disclosed in Note 22 to the financial statements.

The options offered for the subscription of unissued ordinary shares of the Company and the respective exercise prices are as follows:

Grant date	Exercise price	1 January 2017	Granted	Exercise	Forfeited	31 December 2017
24 June 2011	RM0.54	**6,680,050**	–	–	(635,900)	**6,044,150**
15 May 2015	RM0.51	**10,785,650**	–	–	(1,672,050)	**9,113,600**
		17,465,700	–	–	(2,307,950)	**15,157,750**

DIRECTORS OF THE COMPANY

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*
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)

**Directors of the Company and of certain subsidiaries*

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Ng Keong Wee
Kittipat Songcharoen
Dato' Nik Ismail Bin Dato' Nik Yusoff
Haji Ismail Bin Omar
Mohd Zaharudin Bin Hussain
Datuk Tan Kwe Hee
Dato' Sri Yong Seng Yeow
Tee Hock Chun
Ooi Tat Lean
Ang Kiam Chai
Tan Sri Datuk Seri (Dr) Foong Cheng Yuen
Syed Sarfaraz H Rizvi
Datuk Haji Light Bin Haji Nanis
Lim Kwai Khuan
Dato' Ng Kee Leen
Gan Choo Ann
Dato' Gan Yeew Tian
Datuk Seri Soon Tian Szu, JP
Datuk Zali Bin Mat Yasin
Ir. Tn. Hj. Khairulezuan Bin Harun
Datuk Rosli Bin Hassan
Lee Tuck Wai
Tengku Aniza Binti Tengku Ab Hamid
Hoong Leng Wai
Yam Huang Meng
Ling Hie Ai
Yam Lee Ken
Hoi Choi Wan

In accordance with the Company's Articles of Association, Datuk Matthew Tee Kai Woon and Tay Hock Lee retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Datuk Tee Hock Hin who retires pursuant to Article 80 of the Company's Articles of Association, will not be seeking for re-election at the Twenty-Seventh Annual General Meeting and therefore, shall retire at the conclusion of the said meeting.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 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			
	At 1 January 2017	**Bought**	**Sold**	**At 31 December 2017**
The Company				
Bina Puri Holdings Bhd.				
Direct interests:				
Tan Sri Datuk Tee Hock Seng, JP	18,889,778	–	–	18,889,778*
Dr. Tan Cheng Kiat	9,668,902	–	–	9,668,902**
Datuk Tee Hock Hin	5,594,668	–	–	5,594,668
Datuk Matthew Tee Kai Woon	4,488,925	–	–	4,488,925
Tay Hock Lee	1,807,707	–	–	1,807,707
We Her Ching	104,900	–	–	104,900

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares			
	At 1 January 2017	Bought	Sold	At 31 December 2017
The subsidiary				
Sungai Long Industries Sdn. Bhd.				
Indirect interests:				
Tan Sri Datuk Tee Hock Seng, JP	1,820,000	–	–	1,820,000 @

	Number of options over ordinary shares			
	At 1 January 2017	Granted	Exercised	At 31 December 2017
The Company				
Bina Puri Holdings Bhd.				
Dr. Tan Cheng Kiat	1,129,000	–	–	1,129,000
Datuk Tee Hock Hin	1,029,000	–	–	1,029,000
Tay Hock Lee	714,500	–	–	714,500
We Her Ching	829,000	–	–	829,000

* Including shares held through nominee company, 400,000 shares held through Tee Hock Seng Holdings Sdn. Bhd.
** Including shares held through nominee company.
@ Deemed interested by virtue of his indirect substantial shareholding in the subsidiary.

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016, Tan Sri Datuk Tee Hock Seng, JP is deemed to have an interest in shares in the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in shares and options in 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 33 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, other than any deemed benefits which may arise from transactions entered into the ordinary course of business as disclosed in Note 35 to the financial statements.

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.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

Other than those subsidiaries without auditors' reports as disclosed in Note 8 to the financial statements, the auditors' reports on the financial statements of the remaining subsidiaries did not contain any qualification.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 30 to the financial statements.

INDEMNITY TO AUDITORS

The Company has agreed to indemnity the auditors of the Company as permitted under section 289 of the Companies Act 2016 in Malaysia.

AUDITORS

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

This report was approved and 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: 30 April 2018

STATEMENTS OF FINANCIAL POSITION
As At 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**164,470**	190,968	**16,945**	17,740
Investment properties	6	**208,290**	205,112	**–**	–
Goodwill	7	**14,585**	14,585	**–**	–
Investment in subsidiaries	8	**–**	–	**147,842**	108,192
Investment in associates	9	**10,752**	9,179	**34,905**	35,155
Other investments	11	**3,941**	4,001	**3,342**	3,342
Land held for property development	12	**9,133**	8,679	**–**	–
Trade and other receivables	13	**42,656**	53,005	**–**	9,857
Deferred tax assets	14	**3**	113	**–**	–
Total non-current assets		**453,830**	485,642	**203,034**	174,286
Current assets					
Property development costs	12	**248,993**	233,226	**–**	–
Inventories	15	**707**	1,518	**–**	–
Trade and other receivables	13	**561,458**	624,705	**39,372**	19,292
Amount due from contract customers	16	**328,273**	240,284	**15,213**	14,801
Amount owing by subsidiaries	17	**–**	–	**56,900**	108,783
Amount owing by associates	18	**37,347**	36,649	**35,529**	35,435
Current tax assets		**1,129**	837	**50**	–
Fixed deposits placed with licensed banks	19	**13,675**	12,036	**2,583**	2,506
Cash and bank balances	20	**37,314**	59,798	**2,412**	31,924
Total current assets		**1,228,896**	1,209,053	**152,059**	212,741
TOTAL ASSETS		**1,682,726**	1,694,695	**355,093**	387,027

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	21	**136,705**	121,437	136,705	121,437
Reserves	22	**103,104**	101,555	82,987	85,534
		239,809	222,992	219,692	206,971
Non-controlling interests		**100,343**	81,429	–	–
TOTAL EQUITY		**340,152**	304,421	219,692	206,971
Non-current liabilities					
Bank borrowings	23	**180,366**	204,812	**–**	–
Hire purchase payables	24	**2,635**	5,429	**119**	222
Trade and other payables	25	**43,776**	60,997	**–**	8,802
Deferred tax liabilities	14	**10,179**	12,793	**50**	900
Total non-current liabilities		**236,956**	284,031	**169**	9,924
Current liabilities					
Bank borrowings	23	**410,926**	438,121	**65,455**	52,094
Hire purchase payables	24	**3,180**	5,316	**104**	153
Trade and other payables	25	**663,029**	634,490	**51,018**	71,425
Amount due to contract customers	16	**6,887**	3,685	**–**	–
Amount owing to subsidiaries	17	**–**	–	**18,615**	45,391
Amount owing to associates	18	**10,273**	7,494	**6**	6
Amount owing to a joint venture	26	**34**	34	**34**	34
Current tax liabilities		**11,289**	17,103	**–**	1,029
Total current liabilities		**1,105,618**	1,106,243	**135,232**	170,132
TOTAL LIABILITIES		**1,342,574**	1,390,274	**135,401**	180,056
TOTAL EQUITY AND LIABILITIES		**1,682,726**	1,694,695	**355,093**	387,027

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

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Revenue	27	**1,097,330**	1,050,297	**98,916**	180,383
Cost of sales	28	**(983,077)**	(960,914)	**(86,147)**	(161,643)
Gross profit		**114,253**	89,383	**12,769**	18,740
Other income		**19,798**	28,288	**16,625**	2,301
Administrative expenses		**(94,187)**	(59,036)	**(20,036)**	(22,681)
Operating profit/(loss)		**39,864**	58,635	**9,358**	(1,640)
Finance costs	29	**(22,164)**	(24,338)	**(7,476)**	(7,804)
Share of results of associates, net of tax		**2,034**	(7,534)	**–**	–
Profit/(Loss) before tax	30	**19,734**	26,763	**1,882**	(9,444)
Income tax expense	31	**(7,661)**	(13,408)	**450**	(2,437)
Profit/(Loss) for the financial year		**12,073**	13,355	**2,332**	(11,881)
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		**(1,152)**	(682)	**(2)**	–
Other comprehensive loss for the financial year		**(1,152)**	(682)	**–**	–
Total comprehensive income/(loss) for the financial year		**10,921**	12,673	**2,330**	(11,881)
Profit/(Loss) attributable to:					
Owners of the Company		**3,099**	1,070	**2,332**	(11,881)
Non-controlling interests		**8,974**	12,285	**–**	–
		12,073	13,355	**2,332**	(11,881)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		**2,826**	147	**2,330**	(11,881)
Non-controlling interests		**8,095**	12,526	**–**	–
		10,921	12,673	**2,330**	(11,881)
Earnings per share (sen)	32				
- basic		**1.19**	0.45		
- diluted		**1.19**	0.45		

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

Group	Note	Share capital RM'000	Share premium RM'000	Other capital reserve RM'000	Exchange reserve RM'000	Share option reserve RM'000	Treasury shares RM'000	Retained earnings 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	4,343	–	–	–	–	–	–	4,343	–	4,343
Exercise of employee share options	21,22	1 ,775	12	–	–	–	–	–	1 ,787	–	1,787
Transaction costs of shares issue		–	(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

Group	Note	Share capital RM'000	Share premium RM'000	Other capital reserve RM'000	Exchange reserve RM'000	Share option reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2017		121,437	4,877	15,682	(9,076)	3,078	–	86,994	222,992	81,429	304,421
Total comprehensive income for the financial year											
Profit for the financial year		–	–	–	–	–	–	3,099	3,099	8,974	12,073
Other comprehensive loss for the financial year		–	–	–	(273)	–	–	–	(273)	(879)	(1,152)
Total comprehensive income		–	–	–	(273)	–	–	3,099	2,826	8,095	10,921
Transactions with owners:											
Changes in ownership interests in a subsidiary		–	–	–	–	–	–	3,600	3,600	10,819	14,419
Issue of ordinary shares	21	10,391	–	–	–	–	–	–	10,391	–	10,391
Transition to no-par value regime	21,22	4,877	(4,877)	–	–	–	–	–	–	–	–
Total transactions with owners		15,268	(4,877)	–	–	–	–	3,600	13,991	10,819	24,810
At 31 December 2017		136,705	–	15,682	(9,349)	3,078	–	93,693	239,809	100,343	340,152

Company	Note	Share capital RM'000	Share premium RM'000	Exchange reserve RM'000	Share option reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
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	21	4,343	–	–	–	–	–	4,343
Exercise of employee share options	22	1,775	12	–	–	–	–	1,787
Disposals of treasury shares		–	–	–	–	404	–	404
Transaction costs of shares issue		–	(168)	–	–	–	–	(168)
Total transactions with owners		6,118	(156)	–	–	404	–	6,366
At 31 December 2016		121,437	4,877	54	3,078	–	77,525	206,971

Company	Note	Share capital RM'000	Share premium RM'000	Exchange reserve RM'000	Share option reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2017		121,437	4,877	54	3,078	77,525	206,971
Total comprehensive income for the financial year							
Profit for the financial year		–	–	–	–	2,332	2,332
Other comprehensive loss for the financial year		–	–	(2)	–	–	(2)
Total comprehensive income		121,437	4,877	52	3,078	79,857	209,301
Transactions with owners							
Issue of ordinary shares	21	10,391	–	–	–	–	10,391
Transaction to no-par value regime	21,22	4,877	(4,877)	–	–	–	–
Total transactions with owners		15,268	(4,877)	–	–	–	10,391
At 31 December 2017		136,705	–	52	3,078	79,857	219,692

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2017

	Note	Group		Company	
		2017	**2016**	**2017**	**2016**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from operating activities					
Profit/(Loss) before tax		**19,743**	26,763	**1,882**	(9,444)
Adjustments for:					
Allowance for impairment on amount owing by subsidiaries		**–**	–	**121**	–
Allowance for impairment on amount owing by an associate		**1,361**	1,743	**1,361**	1,743
Allowance for impairment on investment in subsidiaries		**–**	–	**–**	3,986
Allowance for impairment on investment in an associate		**461**	–	**250**	–
Allowance for impairment on other investments		**–**	3,000	**–**	3,000
Allowance for impairment on trade receivables		**25,918**	–	**–**	–
Depreciation of property, plant and equipment		**15,302**	15,299	**795**	843
Dividend income		**–**	(200)	**(15,038)**	–
(Gain)/Loss on disposal of:					
- property, plant and equipment		**(2,801)**	(2,668)	**–**	6
- other investments		**–**	(8)	**–**	–
- treasury shares		**–**	17	**–**	17
Interest expense		**16,251**	19,972	**6,629**	7,609
Interest income		**(3,676)**	(3,505)	**(179)**	(546)
Property, plant and equipment written off		**360**	15	**–**	–
Reversal of impairmment loss on investment in subsidiaries		**–**	–	**(2,405)**	–
Reversal of impairmment loss on amount owing by a subsidiary		**–**	–	**–**	(280)
Share of results of associates		**(2,034)**	7,534	**–**	–
Unrealised loss on foreign exchange		**283**	286	**–**	–
		71,159	68,248	**(6,584)**	6,934
Changes in working capital:					
Inventories		**811**	25,909	**–**	–
Amount due from contract customers		**(84,787)**	57,900	**(412)**	–
Property development costs		**(15,767)**	(45,928)	**–**	–
Land held for development		**(454)**	(3,285)	**–**	–
Receivables		**47,395**	78,320	**(9,327)**	13,181
Payables		**17,779**	(126,400)	**(30,056)**	19,690
Subsidiaries		**–**	–	**543**	(2,574)
Associates		**3,414**	(7,142)	**–**	–
		39,550	47,622	**(45,836)**	37,231
Interest paid		**(16,251)**	(19,272)	**(6,614)**	(7,588)
Income tax paid		**(15,630)**	(7,926)	**(1,479)**	(1,935)
Net cash from/(used in) operating activities		**7,669**	20,424	**(53,929)**	27,708

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash flows from investing activities	(a)				
Subscription of additional shares in a subsidiary		**–**	–	**(15,000)**	–
Acquisition of other investments		**–**	(4)	**–**	–
Proceeds from dilution of interest in subsidiary		**14,419**	–	**–**	–
Advances to associates		**(2,059)**	–	**(1,455)**	(4,630)
Advances to subsidiaries		**–**	–	**29,539**	(6,367)
Dividend received		**–**	200	**15,038**	–
Interest received		**3,676**	3,505	**179**	546
Subscription of shares by non-controlling interest		**–**	(6,082)	**–**	–
Proceeds from disposal of:					
- investments in subsidiaries		**–**	–	**–**	250
- other investments		**60**	80	**–**	–
- property, plant and equipment		**5,627**	7,838	**–**	3
Purchase of property, plant and equipment		**(5,685)**	(29,645)	**–**	(183)
Withdrawal of fixed deposits		**–**	–	**–**	(2,452)
Net cash from/(used in) investing activities		**16,038**	(24,108)	**28,301**	(12,833)
Cash flows from financing activities:					
Advances from/(Repayment to) subsidiaries		**–**	–	**(27,341)**	8,847
Net (repayment to)/drawdown of bank borrowings		**(28,508)**	1,015	**25,000**	–
Repayment of associates		**(635)**	–	**–**	–
Proceeds from disposal of treasury shares		**–**	387	**–**	387
Increase in deposit pledged		**(1,639)**	(4,969)	**(77)**	–
Interests paid		**–**	(700)	**(15)**	(21)
Payment of hire purchase obligations		**(4,930)**	(4,387)	**(152)**	(178)
Proceeds from issuance of shares:					
- issuance of ordinary shares		**10,391**	4,175	**10,391**	4,175
- exercise of employee share options		**–**	1,787	**–**	1,787
Net cash (used in)/from financing activities		**(25,321)**	(2,692)	**7,806**	14,997
Net (decrease)/increase in cash and cash equivalents		**(1,614)**	(4,296)	**(17,822)**	29,626
Cash and cash equivalents at the beginning of the financial year		**(12,994)**	1,924	**830**	(28,796)
Effect of exchange rate changes on cash and cash equivalents		**2,263**	(10,622)	**(2)**	–
Cash and cash equivalents at end of the financial year		**(12,345)**	(12,994)	**(16,994)**	830

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	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash and cash equivalents including in statements of cash flows comprise following amounts:					
Fixed deposits with licensed banks		**13,675**	12,036	**2,583**	2,506
Less: Fixed deposits pledged to licensed banks	19	**(13,675)**	(12,036)	**(2,583)**	(2,506)
		–	–	**–**	–
Cash and bank balances		**37,314**	59,798	**2,412**	31,924
Bank overdrafts	23	**(49,659)**	(72,792)	**(19,455)**	(31,094)
		(12,345)	(12,994)	**(17,043)**	830

(a) Changes in liabilities arising from financing activities

Group

	1 January 2017 RM'000	Cash flows RM'000	Foreign exchange movement RM'000	31 December 2017 RM'000
Bank borrowings	**642,933**	**(51,891)**	**250**	**591,292**
Hire purchase payables	**10,745**	**(4,930)**	**–**	**5,815**
	653,678	**(56,821)**	**250**	**597,107**

Company

Changes in liabilities arising from financing activities are changes arising from cash flows.

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 as 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 principal 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 30 April 2018.

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 2016 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 12	Disclosure of Interest in Other Entities
FRS 107	Statement of Cash Flows
FRS 112	Income Taxes

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, except for those as discussed below:

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 statement of financial position for liabilities arising from financing activities.

The Group and the Company have applied the amendments prospectively and accordingly, have disclosed the reconciliation in the statements of cash flows.

2.3 MASB Approved Accounting Standards ("MFRSs")

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.

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 the 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.

2. BASIS OF PREPARATION (CONT'D)

2.3 MASB Approved Accounting Standards ("MFRSs") (Cont'd)

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 ending 31 December 2018. The main effects arising from the transition to MFRSs Framework are discussed below:

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 9 Financial Instruments

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

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification and measurement 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.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses which replaces the "incurred loss" model in MFRS 139. 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. Trade receivables and contract assets that do not contain a significant financing component shall always measure the loss allowance at an amount equal to lifetime expected credit losses.

2. BASIS OF PREPARATION (CONT'D)

2.3 MASB Approved Accounting Standards ("MFRSs") (Cont'd)

MFRS 9 Financial Instruments (Cont'd)

- MFRS 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.

The Group will apply MFRS 9 retrospectively. The Group is currently performing a detailed analysis to quantify any transition adjustments on initial application of this standard.

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; and
(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 following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

The Group is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the transition adjustments on initial application of this standard.

MFRS 16 Leases

Currently under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on its statement 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.

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On adoption of this standard, the Group will be required to capitalise its rented premises and equipment on the statements of financial position by recognising them as "right-of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

The Group and the Company plan to adopt this standard when it becomes effective in the financial year beginning 1 January 2019 by applying the transitional provisions and include the required addition disclosures in their financial statements of that year.

2. BASIS OF PREPARATION (CONT'D)

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.

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

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

3.1 Basis of consolidation (Cont'd)

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

- 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.

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.

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

3.1 Basis of consolidation (Cont'd)

(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.

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

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.

Contributions to subsidiaries are amounts which the company does not expect repayment in the foreseeable future and are considered as part of the Company's investment in the subsidiaries.

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.

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).

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Cost of bearer plants consists of plantation development cost incurred from the commencement of planting of oil palm seedlings up to the maturity of crop cultivated. Capitalisation of plantation development and other operating costs ceases upon the commencement of commercial harvesting of the agricultural produce.

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.

(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.

When bearer plants reached the end of its useful life and is replanted, the carrying amount of the old bearer plants are derecognised.

(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%
Renovations, electrical installation, furniture and fittings	10% - 20%
Office equipment	10%
Truck and motor vehicles	5% - 20%

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.

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

3.4 Property, plant and equipment (Cont'd)

(c) Depreciation (Cont'd)

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these 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.

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 contracts

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.

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

3.7 Construction contracts (Cont'd)

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.

3.8 Property development

(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. Upon completion of the development, the unsold completed development properties are transferred to inventories.

Borrowing costs incurred on the property development projects are capitalised and included as part of the property development costs in accordance with the accounting policy on borrowing costs in Note 3.15 to the financial statements.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

(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.

Financial asset at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current or non-current based on the settlement date.

Loans 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.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting period which are classified as non-current.

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.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the end of the reporting period which are classified as current.

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.

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

3.9 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

(i) Financial assets (Cont'd)

Available-for-sale financial assets (Cont'd)

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.

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 measured 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.

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.

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

3.9 Financial instruments (Cont'd)

(c) Regular way purchase or sale of financial assets (Cont'd)

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.

<u>Loans and receivables and held-to-maturity investments</u>

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.

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 contract customers, 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.

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 measured at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:
- raw materials: purchase costs on a first-in first-out basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

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

Property development in inventory

Cost includes:
- freehold and leasehold rights for land.
- amounts paid to contractors for construction.
- borrowing costs, planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

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

3.12 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in 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 and exclude deposits pledged to secure banking facilities.

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 statements 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.

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

3.14 Provisions (Cont'd)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

(b) Property development

Revenue from sale of properties is accounted for by using the stage of completion method in respect of the property units sold as described in Note 3.8 to the financial statements. The stage of completion method is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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

(c) Construction contracts

Revenue from construction contracts is accounted for by using the stage of completion method as described in Note 3.7 to the financial statements. The stage of completion method is measured by referance to the propotion of contract costs incurred for work performed to date to the estimated total contract costs.

Any expected lost on construction project is recognised as an expense immediately.

(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 a straight-line basis over the term of the lease.

(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.

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

3.17 Revenue and other income (cont'd)

(i) Sale of electricity

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

(j) Management fees

Management fees are recognised on an accrual basis.

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.

(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.

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

3.18 Income tax (Cont'd)

(b) Deferred tax (Cont'd)

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.

(c) Goods and services tax

Revenues, expenses and assets are recognised net of goods and services tax ("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.

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

3.21 Contingencies (Cont'd)

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

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.

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) Impairment of trade and other receivables and amount due from contract customers (Note 13 and Note 16)

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments or outcome of legal disputes. The Group monitors its receivables individually and therefore the impairment is assessed based on the knowledge of each individual debtor.

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.

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

(b) Impairment of goodwill (Note 7)

The Group tests goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

(c) Construction contracts and property development (Note 27 and Note 28)

The Group recognises construction contracts and property development revenue and costs in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction contracts and property development costs incurred for the work performed to date bear to the estimated total construction contracts and property development costs respectively. Significant judgement is required in determining the stage of completion, the extent of the construction contracts and property development costs incurred, the estimated total construction contracts and property development revenue and costs, as well as the recoverability of the construction contracts and development projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

(d) Impairment of investment in subsidiaries (Note 8)

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 Company 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.

5. PROPERTY, PLANT AND EQUIPMENT

Group 2017	Freehold land and buildings RM'000	Long leasehold land and buildings RM'000	Short leasehold land and buildings RM'000	Bearer plants 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 2017	10,591	71,814	1,738	–	126,191	33,736	17,247	57,039	318,356
Additions	–	1,616	–	1,000	1,462	36	275	1,296	5,685
Disposals	–	(728)	–	–	(9,502)	(405)	(562)	(5,610)	(16,807)
Written off	–	–	–	–	(2,094)	–	(1,383)	(211)	(3,688)
Transfer to investment properties	(3,369)	–	–	–	–	–	–	–	(3,369)
Reclassification	–	–	–	–	(14,550)	(924)	330	15,144	–
Exchange differences	–	(3,987)	–	–	(7,564)	(673)	(170)	(47)	(12,441)
At 31 December 2017	7,222	68,715	1,738	1,000	93,943	31,770	15,737	67,611	287,736
Accumulated depreciation									
At 1 January 2017	441	6,300	977	–	47,769	14,174	12,470	45,257	127,388
Depreciation for the financial year	136	2,209	54	–	5,360	1,422	843	5,278	15,302
Disposals	–	(34)	–	–	(8,379)	(181)	(351)	(5,036)	(13,981)
Written off	–	–	–	–	(1,802)	–	(1,315)	(211)	(3,328)
Transfer to investment properties	(191)	–	–	–	–	–	–	–	(191)
Reclassification	–	–	–	–	(5,979)	(586)	496	6,069	–
Exchange differences	–	(101)	–	–	(1,406)	(248)	(95)	(74)	(1,924)
At 31 December 2017	386	8,374	1,031	–	35,563	14,581	12,048	51,283	123,266
Carrying amounts									
At 31 December 2017	6,836	60,341	707	1,000	58,380	17,189	3,689	16,328	164,470

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

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 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)**

Company 2017	Long 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	Total RM'000
Cost						
At 1 January 2017/ 31 December 2017	**21,482**	**–**	**3,635**	**1,630**	**1,328**	**28,075**
Accumulated depreciation						
At 1 January 2017	**4,755**	**–**	**3,392**	**1,415**	**773**	**10,335**
Depreciation for the financial year	**505**	**–**	**63**	**24**	**203**	**795**
At 31 December 2017	**5,260**	**–**	**3,455**	**1,439**	**976**	**11,130**
Carrying amounts						
At 31 December 2017	**16,222**	**–**	**180**	**191**	**352**	**16,945**
2016						
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

(a) Asset held in trust

Included in property, plant and equipment of the Group is a freehold land with a carrying amount of RM935,000 (2016: RM935,000) which is held in trust by a former director of the Company.

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

(b) Assets pledged as security

The carrying amount of property, plant and equipment of the Group charged to licensed financial institutions for banking facilities granted to the Group as disclosed in Note 23 to the financial staements are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Freehold land and buildings	**9,059**	9,216
Plant, machinery and equipment	**1,562**	1,709
Renovations, electrical installation and furniture and fittings	**–**	504
Office equipment	**384**	487
Trucks and motor vehicles	**34**	62
	11,039	11,978

(c) Assets under hire purchase arrangements

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Plant, machinery and equipment	**2,394**	3,114	**–**	–
Trucks and motor vehicles	**8,674**	8,658	**352**	555
	11,068	11,772	**352**	555

(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 in the previous financial year.

(e) Lease period for leasehold land

Leasehold land consisting of land with unexpired lease period of more than 50 years, expect for leasehold land and buildings with carrying amount of RM707,000 (2016: RM761,000) which has a lease period of less than 50 years.

6. INVESTMENT PROPERTIES

	Group 2017 RM'000	2016 RM'000
At fair value		
Leasehold land, at fair value		
At 1 January	**205,112**	205,112
Additions	**–**	181
Transfer from property, plant and equipment	**3,178**	–
Net gain arising from fair value adjustment	**–**	8,760
Reversal of expenditure recognised	**–**	(8,941)
At 31 December	**208,290**	205,112

Included in the above are:

	Group 2017 RM'000	2016 RM'000
At fair value		
Leasehold land	**3,290**	112
Shopping mall	**205,000**	205,000
	208,290	205,112

An investment property of a subsidiary with a carrying value of RM205,000,000 (2016: RM205,000,000) has been pledged as security for banking facilities granted to the Group and the Company as disclosed in Note 23 to the financial statements.

Fair value information

Fair value of investment properties are categorised as follow:

	Level 1 RM'000	Group Level 2 RM'000	Level 3 RM'000
At fair value			
Leasehold land, at fair value			
2017			
Leasehold land	**–**	**–**	**3,290**
Shopping mall	**–**	**–**	**205,000**
	–	**–**	**208,290**
2016			
Leasehold land	–	–	112
Shopping mall	–	–	205,000
	–	–	205,112

6. INVESTMENT PROPERTIES (CONT'D)

Fair value information (Cont'd)

Level 3 fair value

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
Leasehold land	Information available through internal research and directors' 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 same as the previous financial year.

Highest and best use

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

Policy on transfer between levels

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

Transfer between Level 1 and Level 2

There is no transfer between Level 1 and Level 2 fair values during the financial year ended 31 December 2017 or 31 December 2016.

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

	Group	
	2017 RM'000	**2016 RM'000**
Rental income	**18,446**	19,912
Direct operating expenses:		
- income generating investment properties	**11,927**	12,104

7. GOODWILL

	Group	
	2017	**2016**
	RM'000	**RM'000**
Cost		
At 1 January/31 December	**15,858**	15,858
Accumulated impairment losses		
At 1 January/31 December	**1,273**	1,273
Carrying amount		
At 31 December	**14,585**	14,585

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 BP Energy Sdn. Bhd. ("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.

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

	Group	
	2017	**2016**
	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 five (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 (5) years and budgeted property sales. Discount rate of 14% (2016: 14%) 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 2017 RM'000	Company 2016 RM'000
Unquoted shares - at cost		
At 1 January		
In Malaysia	**93,155**	93,655
Outside Malaysia	**1,845**	1,845
	95,000	95,500
Additions during the financial year:		
In Malaysia	**15,000**	–
Disposals during the financial year:		
In Malaysia	**–**	(500)
	110,000	95,000
Capital contribution to subsidiaries, at cost	**45,183**	22,938
Less: Accumulated impairment losses	**(7,341)**	(9,746)
At 31 December	**147,842**	108,192

Capital contributions represent 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 source of capital to the subsidiaries. As these advances are, in substance, a part of the Company's net investment in those subsidiaries, they are stated at cost less impairment losses, if any.

Movement in allowance for impairment losses in respect of investment in subsidiaries are as follows:

	Company 2017 RM'000	Company 2016 RM'000
At 1 January	**9,746**	5,760
Addition	**–**	3,986
Reversal	**(2,405)**	–
At 31 December	**7,341**	9,746

(a) Details of the subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %	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 and 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

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 2017 %	Ownership interest 2016 %	Principal activities
Held by the Company (Cont'd)				
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
Bina Puri Properties Sdn. Bhd. ^	Malaysia	**100**	100	Property developer and management
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
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

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 2017 %	2016 %	Principal activities
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
Bina Puri Lao Co. Ltd.*	Laos	**100**	100	Inactive
Held through Bina Puri Ventures Sdn. Bhd.				
Maskimi Polyol Sdn. Bhd.	Malaysia	**100**	100	Manufacturer of polyol
Held through Bina Puri Power Sdn. Bhd.				
PT Megapower Makmur ^	Republic of Indonesia	**56**	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**	60	Property developer and management

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 2017 %	Ownership interest 2016 %	Principal activities
Held through Aksi Bina Puri Sdn. Bhd. (Cont'd)				
Karak Land Sdn. Bhd.^	Malaysia	**70**	70	Property developer and management
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.

* *The audited financial statements and auditors' report of the subsidiaries are not available. The management accounts has bee used for the purpose of consolidation.*

(b) Dilution of PT Megapower Makmur

During the current financial year, the Group's subsidiary, PT Megapower Makmur had issued additional 575,033,007 number of ordinary shares pursuant to the initial public offering in conjunction with the listing and quotation on the subsidiary on 5 July 2017 in the Indonesia Stock Exchange. Subsequent to the initial public offering, the effective interest ownership had decreased from 64% to 44.8%.

The effect of the dilution of its effective interest ownership are as follows:

	Group 2017 RM'000
Consideration received from non-controling interest	**14,419**
Carrying value of the interest in PT Megapower Makmur	**10,819**
Excess recognised in retained earnings	**3,600**

(c) Non-controlling interests in subsidiaries

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

	Sumbangan Lagenda Sdn. Bhd. RM'000	PT Megapower Makmur RM'000	Other individually immaterial subsidiary companies RM'000	Total RM'000
2017				
NCI percentage of ownership interest and voting interest	**64%**	**55%**		
Carrying amount of NCI	**73,963**	**17,756**	**8,624**	**100,343**
Profit allocated to NCI	**1,033**	**1,157**	**6,784**	**8,974**
2016				
NCI percentage of ownership interest and voting interest	64%	36%		
Carrying amount of NCI	72,930	5,149	3,350	81,429
Profit allocated to NCI	9,458	1,419	1,408	12,285

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) 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.

	2017 RM'000	2016 RM'000
Non-current assets	**205,612**	205,707
Current assets	**21,154**	23,211
Non-current liabilities	**(87,355)**	(93,545)
Current liabilities	**(23,844)**	(21,420)
Net assets	**115,567**	113,953
Revenue	**19,284**	38,587
Profit for the financial year	**1,614**	14,778
Total comprehensive income	**1,614**	14,778
Cash flows from/(used in) operating activities	**1,153**	(37,430)
Cash flows from investing activities	**11**	8,747
Cash flows (used in)/from financing activities	**(1,500)**	29,293
Net (decrease)/increase in cash and cash equivalents	**(336)**	610
Dividend paid to NCI	**–**	–

PT Megapower Makmur

	2017 RM'000	2016 RM'000
Non-current assets	**83,364**	96,415
Current assets	**6,524**	8,604
Non-current liabilities	**(3,340)**	(7,975)
Current liabilities	**(54,381)**	(82,741)
Net assets	**32,167**	14,303
Revenue	**20,734**	18,494
Profit for the financial year	**2,630**	3,941
Total comprehensive income	**2,630**	3,941
Cash flows from operating activities	**5,334**	10,749
Cash flows used in investing activities	**(2,266)**	(14,844)
Cash flows (used in)/from financing activities	**(3,088)**	5,050
Net (decrease)/increase in cash and cash equivalents	**(20)**	955
Dividend paid to NCI	**–**	**–**

9. INVESTMENT IN ASSOCIATES

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Unquoted shares - at cost					
In Malaysia		**33,210**	32,960	**31,700**	31,450
Outside Malaysia		**3,916**	3,916	**3,916**	3,916
		37,126	36,876	**35,616**	35,366
Addition during the financial year:					
In Malaysia		**–**	250	**–**	250
		37,126	37,126	**35,616**	35,616
Share of post-acquisition reserves		**(25,452)**	(27,486)	**–**	–
Less: Accumulated impairment losses		**(922)**	(461)	**(711)**	(461)
		10,752	9,179	**34,905**	35,155

The Group has not recognised its share of losses of KL-Kuala Selangor Expressway Berhad amounting to RM14,005,000 (2016: Nil) because the Group's cumulative share of losses has exceeded its interest in that associate and the Group has no obligation in respect of these losses. The Group's cumulative accumulated losses not recognised were RM44,406,000 (2016: Nil).

(a) Details of the associates are as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %	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 ("KLKSE")	Malaysia	**50**	50	Builder and operator of an expressway
Bina Puri Amat Aramak Properties Sdn. Bhd.	Malaysia	**50**	50	Inactive
Bina Puri Amat Aramak Sdn. Bhd. ^	Malaysia	**50**	50	Inactive

9. INVESTMENT IN ASSOCIATES (CONT'D)

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

Name of company	Principal place of business/ Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %	Nature of relationship
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**	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.

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

	KLKSE 2017 RM'000	KLKSE 2016 RM'000
Assets and liabilities:		
Non-current assets	**979,828**	1,025,789
Current assets	**116,021**	162,010
Non-current liabilities	**(1,204,981)**	(1,237,601)
Current liabilities	**(39,681)**	(66,025)
Net liabilities	**(148,813)**	(115,827)
Results:		
Revenue	**64,306**	41,287
Loss for the financial year	**(28,011)**	(14,072)
Total comprehensive loss	**(28,011)**	(14,072)

9. INVESTMENT IN ASSOCIATES (CONT'D)

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

	KLKSE RM'000	Other liabilities immaterial associates RM'000	Total RM'000
2017			
Group's share of net assets	–		
Carrying amount in the consolidated statements of financial position	–	**10,322**	**10,322**
Group's share of results:			
Group's share of profit or loss	–	**2,034**	**2,034**
Group's share of other comprehensive income	–	–	–
Group's share of total comprehensive income	–	**2,034**	**2,034**
2016			
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)

10. INVESTMENT IN JOINT OPERATIONS

Details of the Group's joint are as follows:

Name of company	Principal place of business/ Country of incorporation	Participation/ interest 2017 %	2016 %	Nature of relationship
Joint operation under the Company				
SPK-Bina Puri Joint Venture	United Arab Emirates	**30**	30	Builder and contractor for general engineering and construction works
Joint operation under Bina Puri Sdn. Bhd.				
UEMC-Bina Puri Joint Venture	Malaysia	**40**	40	Builder and contractor for general engineering and construction works

11. OTHER INVESTMENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At cost				
Available-for-sale				
Unquoted shares in Malaysia	**7,088**	7,088	**6,646**	6,646
Transferable corporate membership in golf and country resort	**157**	217	**–**	–
Less: Accumulated impairment losses	**(3,304)**	(3,304)	**(3,304)**	(3,304)
	3,941	4,001	**3,342**	3,342

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.

12. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

	Group	
	2017 RM'000	2016 RM'000
At the beginning of the financial year		
- leasehold land	**5,240**	5,240
- development costs	**3,439**	154
	8,679	5,394
Add: Costs incurred during the financial year		
- development costs	**454**	3,285
At the end of the financial year		
- leasehold land	**5,240**	5,240
- development costs	**3,893**	3,439
	9,133	8,679

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

(b) Property development costs

	Group	
	2017	**2016**
	RM'000	**RM'000**
At 1 January		
- freehold land	**68,998**	68,998
- leasehold land	**29,498**	29,498
- development costs	**134,730**	106,971
	233,226	205,467
Add: Costs incurred during the financial year		
- development costs	**95,731**	60,602
Less: Costs recognised in profit or loss during the financial year		
- leasehold land	**(2,231)**	–
- development costs	**(77,733)**	(32,843)
	(79,964)	(32,843)
At 31 December		
- freehold land	**68,998**	68,998
- leasehold land	**27,267**	29,498
- development costs	**152,728**	134,73
	248,993	233,226

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

	Group	
	2017	**2016**
	RM'000	**RM'000**
Depreciation	**21**	–
Finance costs	**4,622**	5,152

The land and development costs of the Group amounting to RM86,081,610 (2016: RM86,081,610) were charged to a licensed bank to secure a banking facility granted to the Group as stated in Note 23 to the financial statements.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current				
Trade receivables				
Retention sums	**42,656**	53,005	**–**	9,857
Current				
Trade receivables				
Third parties	**322,273**	407,486	**15,136**	15,179
A related party	**263**	263	**–**	–
	322,536	407,749	**15,136**	15,179
Less: Allowance for impairment losses	**(25,918)**	–	**–**	–
	296,618	407,749	**15,136**	15,179
Total trade receivables, net	**339,274**	460,754	**15,136**	25,036
Other receivables				
Other receivables				
- third parties	**148,450**	130,193	**11,630**	7,334
- a related party	**12**	590	**–**	–
	148,462	130,783	**11,630**	7,334
Less: Accumulated impairment losses	**(4,406)**	(4,406)	**(4,371)**	(4,371)
Other receivables, net	**144,056**	126,377	**7,259**	2,963
Advances to sub-contractors	**54,894**	59,435	**–**	677
GST refundable	**7,493**	–	**36**	–
Deposits	**27,844**	8,881	**16,601**	438
Prepayments	**9,814**	10,192	**340**	35
Total other receivables, net	**244,101**	204,885	**24,236**	4,113
Accrued billings in respect of property development costs	**20,739**	12,071	**–**	–
	561,458	624,705	**39,372**	19,292
Total trade and other receivables	**604,114**	677,710	**39,372**	29,149

(a) Trade receivables

Trade receivables are non-interest bearing normal credit terms 30 to 90 days (2016: 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 (2016: 2) customers represents 99.91% (2016: 99.96%) of the total trade receivables.

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	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Neither past due nor impaired	**122,517**	223,513	10,983	20,883
Past due but not impaired				
1 to 30 days past due but not impaired	**13,129**	13,665	**–**	–
31 to 60 days past due but not impaired	**26,202**	14,529	**–**	–
61 to 90 days past due but not impaired	**18,516**	12,883	**–**	–
91 to 120 days past due but not impaired	**89,202**	97,735	**–**	–
More than 121 days past due but not impaired	**69,708**	98,429	**4,153**	4,153
	216,757	237,241	**4,153**	4,153
Impaired				
Not past due	**–**	–	**–**	–
Past due	**25,918**	–	**–**	–
	25,918	–	**–**	–
	365,192	460,754	**15,136**	25,036

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.

Trade receivables that are impaired

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

	Group	
	2017 RM'000	**2016 RM'000**
Individually impaired		
Trade receivables, nominal value	**25,918**	–
Less: Accumulated impairment losses	**(25,918)**	–
	–	–

13. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

Trade receivables that are impaired (Cont'd)

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

	Group	
	2017 RM'000	2016 RM'000
At 1 January	**–**	–
Additions	**25,918**	–
At 31 December	**25,918**	–

Trade 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.

(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 repayable on demand and is expected to be settled in cash.

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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 January/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.

Included in deposits of the Group and of the Company is an amount of RM16,291,000 (2016: Nil), which is deposits paid for the acquisition of land in Laos. The balance consideration are disclosed as commitment in Note 36 to the financial statements.

14. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**(12,680)**	(12,446)	**(900)**	(900)
Recognised in profit or loss (Note 31)	**2,188**	(183)	**850**	–
Foreign exchange	**316**	(51)	**–**	–
At 31 December	**(10,176)**	(12,680)	**(50)**	(900)
Presented after appropriate offsetting:				
Deferred tax assets	**3**	113	**–**	–
Deferred tax liabilities	**(10,179)**	(12,793)	**(50)**	(900)
	(10,176)	(12,680)	**(50)**	(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	
	2017	**2016**
	RM'000	**RM'000**
At 1 January	**113**	–
Recognised in profit or loss	**(110)**	113
At 31 December	**3**	113

Deferred tax assets are attributable to the following items:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Unutilised tax losses	**–**	148
Unabsorbed capital allowances	**3**	–
Others	**–**	(35)
	3	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.

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

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

(b) Deferred tax liabilities

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
At 1 January	**12,793**	12,446	**900**	900
Recognised in profit or loss	**(2,597)**	296	**(850)**	–
Foreign exchange	**(17)**	51	**–**	–
At 31 December	**10,179**	12,793	**50**	900
Representing tax effect of:				
- property, plant and equipment	**1,124**	8,513	**50**	900
- arising from business combination	**9,055**	4,280	**–**	–
	10,179	12,793	**50**	900

(c) Unrecognised deferred tax assets

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

	Group	
	2017 RM'000	**2016 RM'000**
Unutilised tax losses	**15,507**	13,088
Unabsorbed capital allowances	**9,281**	8,633
	24,788	21,721

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	
	2017 RM'000	**2016 RM'000**
At cost:		
Completed development units	**134**	576
Raw materials and consumables	**573**	929
Finished goods	**–**	13
	707	1,518

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group is RM17,329,000 (2016: RM38,762,000).

16. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Aggregate of costs incurred to date	**5,781,300**	5,077,480	**815,306**	729,160
Add: Attributable profits	**308,065**	278,091	**21,026**	20,986
	6,089,365	5,355,571	**836,332**	750,146
Less: Progress billings	**(5,767,979)**	(5,118,972)	**(821,119)**	(735,345)
	321,386	236,599	**15,213**	14,801
Represented by gross amount:				
- due from contract customers	**328,273**	240,284	**15,213**	14,801
- due to contract customers	**(6,887)**	(3,685)	**–**	–
	321,386	236,599	**15,213**	14,801

(a) Included in the Group's gross amount due from contract customers is an amount of RM17,909,000 (2016: 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 is 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 outcome of the mediation process which, based on the advice of the Group's solicitors, the directors are of the opinion that the outcome of the mediation amount is sufficient to recover the amount due from contract customer. As at the date of this report, both party's solicitors are finalising the compensation amount with the judge umpire

17. AMOUNT OWING BY/(TO) SUBSIDIARIES

	Group	
	2017 RM'000	2016 RM'000
Current		
Amount owing by subsidiaries		
- Trade	**11,542**	11,520
- Non-trade	**89,918**	141,702
	101,460	153,222
Less: Accumulated impairment losses		
- Trade	**(11,542)**	(11,520)
- Non-trade	**(33,018)**	(32,919)
	(44,560)	(44,439)
	56,900	108,783
Amount owing to subsidiaries		
- Trade	**(565)**	–
- Non-trade	**(18,050)**	(45,391)
	(18,615)	(45,391)

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

(a) Trade amounts owing

The trade amounts owing are subject to the normal trade credit terms ranging from 30 to 60 days (2016: 30 to 60 days). The amounts owing are to be settled in cash.

Ageing analysis of the Company's trade-related amount owing by subsidiaries

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

	Company	
	2017 RM'000	2016 RM'000
Neither past due nor impaired	**–**	–
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	**11,542**	11,520
	11,542	11,520

Trade amounts 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 amounts 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	
	2017 RM'000	2016 RM'000
Individually impaired		
Trade amount owing by subsidiaries, nominal value	**11,542**	11,520
Less: Accumulated impairment losses	**(11,542)**	(11,520)
	–	–

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

	Company	
	2017 RM'000	2016 RM'000
At 1 January	**11,520**	11,520
Additions	**22**	–
At 31 December	**11,542**	11,520

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

(a) Trade amounts owing (Cont'd)

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	
	2017 RM'000	**2016 RM'000**
Individually impaired		
Non-trade amount owing by subsidiaries, nominal value	**33,018**	32,515
Less: Accumulated impairment losses	**(33,018)**	(20,349)
	–	12,166

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

	Company	
	2017 RM'000	**2016 RM'000**
At 1 January	**32,919**	33,199
Additions	**99**	–
Reversal	**–**	(280)
At 31 December	**33,018**	32,919

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 (2016: RM17,347,000) 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 gross amount due from contract customers is an amount of RM17,909,000 (2016: RM17,909,000) which relates to the construction costs incurred on the same project. The Group 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 37(c)(i) to the financial statements. The recoverability of the said amounts is dependent on the outcome of the mediation process which, based on the advice of the Group's solicitors, the directors are of the opinion that the outcome of the mediation amount is sufficient to recover the amount due from contract customer. As at the date of this report, both party's solicitors are finalising the compensation amount with the judge umpire.

18. AMOUNT OWING BY/(TO) ASSOCIATES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Amount owing by associates:				
- Trade	**9,466**	9,283	**9,283**	9,283
- Non-trade	**32,560**	30,684	**30,925**	29,470
	42,026	39,967	**40,208**	38,753
Less: Accumulated impairment losses				
- Trade	**–**	–	**–**	–
- Non-trade	**(4,679)**	(3,318)	**(4,679)**	(3,318)
	(4,679)	(3,318)	**(4,679)**	(3,318)
	37,347	36,649	**35,529**	35,435
Amount owing to associates:				
- Trade	**(10,273)**	(6,676)	**(6)**	(6)
- Non-trade	**–**	(818)	**–**	–
	(10,273)	(7,494)	**(6)**	(6)

(a) Trade amounts owing

The trade amounts owing are subject to the normal trade credit terms ranging from 30 to 60 days (2016: 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
More than 121 days past due but not impaired	**9,466**	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

(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 2017 RM'000	2016 RM'000
Individually impaired		
Nominal value	**4,679**	3,318
Less: Accumulated impairment losses	**(4,679)**	(3,318)
	–	–

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

	Group and Company 2017 RM'000	2016 RM'000
At 1 January	**3,318**	1,575
Additions	**1,361**	1,743
At 31 December	**4,679**	3,318

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 RM22,876,751 (2016: 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. 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 3.59% (2016: 0.45% to 3.60%) per annum.

(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 RM13,675,000 (2016: RM12,036,000) and RM2,583,000 (2016: RM2,506,000) respectively, which have been pledged to licensed banks as security for banking facilities granted to the Group and the Company as disclosed in Note 23 to the financial statements.

20. CASH AND BANK BALANCES

Included in cash and bank balances of the Group are:

(a) an amount of RM8,111,000 (2016: RM34,502,000) 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 RM9,895,000 (2016: RM3,783,000) 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			
	2017		2016	
	Number of shares Unit '000	RM'000	Number of shares Unit '000	RM'000
Issued and fully paid:				
At 1 January	**242,873**	**121,437**	230,639	115,319
Issued during the financial year	**24,287**	**10,391**	8,684	4,343
Exercise of ESOS	**–**	**–**	3,550	1,775
Transfer pursuant to Section 618 Companies Act 2016	**–**	**4,877**	–	–
At 31 December	**267,160**	**136,705**	242,873	121,437

The Companies Act 2016 in Malaysia which came into effect on 31 January 2017 has abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account of RM4,877,000 becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM4,877,000 for purposes as set out in Section 618(3) of the Companies Act 2016 in Malaysia. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

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

(a) issued 6,400,000 new ordinary shares pursuant to the first tranche of a placement at an issue price of RM0.50 each for working capital purpose;

(b) issued 5,000,000 new ordinary shares pursuant to the second tranche of a placement at an issue price of RM0.415 each for working capital purpose;

(c) issued 3,500,000 new ordinary shares pursuant to the third tranche of a placement at an issue price of RM0.405 each for working capital purpose;

(d) issued 3,700,000 new ordinary shares pursuant to the fourth tranche of a placement at an issue price of RM0.40 each for working capital purpose; and

(e) issued 5,687,000 new ordinary shares pursuant to the fifth and final tranche of a placement at an issue price of RM0.39 each for working capital purpose.

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

22. RESERVES

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Share premium	**–**	4,877	**–**	4,877
Other capital reserves	**15,682**	15,682	**–**	–
Translation reserve	**(9,349)**	(9,076)	**52**	54
Employee share option reserve	**3,078**	3,078	**3,078**	3,078
Retained earnings	**93,693**	86,994	**79,857**	77,525
Total reserves	**103,104**	101,555	**82,987**	85,534

(a) Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. Pursuant to Section 618(2) of the Companies Act 2016 in Malaysia, the amount of RM4,877,000 standing to the credit of the Company's share premium account has been transferred and became part of the Company's share capital as disclosed in Note 21 to the financial statements.

(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 operations 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 (5) 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 ESOS which had expired 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.

The salient features of the ESOS are as follows:

(a) The maximum number of shares to be offered and allotted under the 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 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 ESOS becomes an Eligible Person may be eligible to a grant of an Option under the ESOS which shall be decided by the ESOS Committee;

22. RESERVES (CONT'D)

(d) Share option reserve (Cont'd)

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

(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 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 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.

(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.

In the previous 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.

22. RESERVES (CONT'D)

(d) Share option reserve (Cont'd)

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

The movement in the Options during the financial year to take up the unissued new ordinary shares in the Company were as follows:

	2017		2016	
	Number of options over ordinary shares Unit '000	RM'000	Number of options over ordinary shares Unit '000	RM'000
At 1 January	**17,466**	**9,108**	19,257	10,046
Granted	**–**	**–**	3,250	1,625
Exercised	**–**	**–**	(3,550)	(1,787)
Lapsed	**(2,308)**	**(1,196)**	(1,491)	(776)
At 31 December	**15,158**	**7,912**	17,466	9,108

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 on 15 May 2015, under ESOS 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

23. BANK BORROWINGS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current				
Secured				
Term loans	**180,366**	204,812	**–**	–
Current				
Secured				
Bank overdrafts	**17,618**	14,121	**–**	–
Revolving credit	**147,023**	148,732	**–**	–
Term loans	**32,499**	49,325	**–**	–
Bridging loan	**23,405**	39,545	**–**	–
Trust receipt	**87,340**	96,300	**–**	–
	307,885	348,023	**–**	–
Unsecured				
Bank overdrafts	**32,041**	58,671	**19,455**	31,094
Bankers acceptance	**10,000**	13,330	**–**	–
Revolving credit	**61,000**	18,097	**46,000**	21,000
	103,041	90,098	**65,455**	52,094
	410,926	438,121	**65,455**	52,094
Total bank borrowings	**591,292**	642,933	**65,455**	52,094

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 certain subsidiaries.

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 5.00% per annum repayable in 120 monthly instalments of Brunei Dollar 44,547 effective from July 2017.

(iii) Term loan at an effective interest rate of 7.60% 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.

23. BANK BORROWINGS (CONT'D)

Term loans (Cont'd)

The repayment terms of the term loans are as follows:

(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 rate of 5.85% per annum repayable in 60 monthly instalments of RM577,893 effective from June 2014.

(vii) 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, 36 monthly instalments of RM148,690 and 58 monthly instalments of RM693,885 effective from December 2014.

(viii) 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.

(ix) 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 145,000 for month 13-24 effective from July 2014.

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

(xi) 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.

(xii) Term loan at an effective rate of 3.00% above cost of funds per annum repayable in 84 monthly instalments of US Dollar 36,000 and final repayment of US Dollar 12,000 effective from November 2015.

(xiii) Term loan at an effective rate of 4.40% per annum repayable in 120 monthly instalments of RM6,412 effective from July 2015.

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

(xv) Term loan at an effective rate of 6.30% per annum repayable in 120 monthly instalments between RM100,000 to RM830,000 effective from January 2017.

(xvi) Term loan at an effective rate of 6.30% per annum repayable in 117 monthly instalments between RM25,000 to RM500,000 effective from January 2017.

(xvii) Term loan at an effective rate of 6.10% per annum repayable in 120 monthly instalments of RM11,280 effective from January 2015.

(xviii) Term loan of an effective interest rate of 12% per annum repayable in 36 monthly instalments of RM351,347 effective from February 2017.

Other bank borrowings

The Group's and the Company's other bank borrowings bear effective interest rates ranging from 3.90% to 12.00% (2016: 3.20% to 10.35%) and 4.87% to 8.65% (2016: 4.83% to 7.60%) 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 certain subsidiaries; 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.

24. HIRE PURCHASE PAYABLES

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Minimum hire purchase payables:				
- not later than one year	**3,445**	5,640	**112**	158
- later than one year but not later than five years	**2,757**	5,912	**121**	239
	6,202	11,552	**233**	397
Less: Future finance charges	**(387)**	(807)	**(10)**	(22)
Present value of hire purchase payables	**5,815**	10,745	**223**	375
Represented by:				
Current				
- not later than one year	**3,180**	5,316	**104**	153
Non-current				
- later than one year but not later than five years	**2,635**	5,429	**119**	222
	5,815	10,745	**223**	375

The Group's and the Company's hire purchase payables bear effective interest rates ranging from 2.36% to 10.29% (2016: 2.36% to 12.32%) and 4.48% to 7.25% (2016: 2.36% to 3.20%) per annum respectively.

25. TRADE AND OTHER PAYABLES

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Non-current				
Retention sums	**43,776**	60,997	**–**	8,802
Current				
Trade payables	**413,898**	425,740	**35,968**	56,789
Other payables				
Other payables	**145,105**	135,063	**14,336**	8,018
Sundry deposits	**18,446**	17,990	**107**	107
Accruals	**18,335**	15,433	**607**	6,511
Progress billings	**67,245**	28,500	**–**	–
Obligations under associates (Note 9)	**–**	11,764	**–**	–
Total other payables	**249,131**	208,750	**15,050**	14,636
	663,029	634,490	**51,018**	71,425
Total trade and other payables	**706,805**	695,487	**51,018**	80,227

(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 (2016: 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 usually between 12 and 24 months.

25. TRADE AND OTHER PAYABLES (CONT'D)

(b) Other payables

Included in other payables of the Group is advances received for contract work yet to be performed amounting to RM48,548,000 (2016: RM47,181,000).

26. AMOUNT OWING TO A JOINT VENTURE

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

27. REVENUE

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Contract revenue	**871,440**	852,038	**86,187**	171,488
Sales of goods	**50,173**	89,650	**–**	–
Sales of electricity	**20,734**	18,494	**–**	–
Management fees	**12,730**	–	**12,729**	8,895
Rental income	**23,613**	24,981	**–**	–
Sales of development properties	**118,640**	65,134	**–**	–
	1,097,330	1,050,297	**98,916**	180,383

28. COST OF SALES

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Contract costs	**828,087**	810,847	**86,147**	161,643
Costs of goods sold	**50,950**	88,170	**–**	–
Costs of electricity sold	**7,820**	10,924	**–**	–
Property development costs (Note 12)	**79,964**	32,843	**–**	–
Operation costs for rental income	**16,256**	18,130	**–**	–
	983,077	960,914	**86,147**	161,643

29. FINANCE COSTS

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Interest expense:				
- bank borrowings	**15,901**	19,063	**4,902**	6,067
- hire purchase	**350**	700	**15**	21
- unwinding of discount on trade payables	**5,913**	4,366	**847**	195
- others	**–**	209	**1,712**	1,521
	22,164	24,338	**7,476**	7,804

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	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Impairment loss on:				
- amount owing by subsidiaries	**–**	–	**121**	–
- amount owing by an associate	**1,361**	1,743	**1,361**	1,743
- investment in an associate	**461**	–	**250**	–
- investment in subsidiaries	**–**	–	**–**	3,986
- other investments	**–**	3,000	**–**	3,000
- trade receivables	**25,918**	–	**–**	–
Auditors' remuneration:				
- current year	**563**	512	**164**	164
- prior year	**38**	(12)	**–**	–
Depreciation of property, plant and equipment	**15,302**	15,299	**795**	843
Directors' fee:				
- directors of the Company (Note 33)	**462**	462	**462**	462
Directors' non-fee emoluments:				
- directors of the Company (Note 33)	**3,710**	3,816	**1,816**	1,967
- directors of the subsidiaries (Note 35)	**1,484**	1,546	**–**	–
Loss on disposal of:				
- property, plant and equipment	**–**	–	**–**	6
Property, plant and equipment written down off	**360**	15	**–**	–
Rental expense on:				
- land and premises	**470**	325	**–**	–
- machinery and equipment	**6**	471	**–**	–
- motor vehicles	**420**	151	**–**	–
Research and development expenditure	**–**	8	**–**	–
Staff costs:				
- salaries, wages, bonuses and allowances	**38,651**	46,636	**5,172**	5,932
- Employees' Provident Fund	**4,480**	5,596	**600**	801
- SOCSO	**275**	–	**54**	42
- other benefits	**1,783**	2,058	**312**	349
Unrealised foreign exchange loss	**283**	286	**–**	–
Dividend income	**–**	(200)	**(15,038)**	–
Gain on disposal of:				
- property, plant and equipment	**(2,801)**	(2,668)	**–**	–
- other investments	**–**	(8)	**–**	–
Interest income:				
- fixed deposits	**(160)**	(160)	**(77)**	–
- others	**(3,516)**	(3,345)	**(102)**	(546)
Accretion of discount on trade receivables	**(6,115)**	(2,286)	**(896)**	(441)
Rental income of:				
- machinery and motor vehicles	**–**	(411)	**(352)**	(481)
- others	**(357)**	(257)	**–**	–
Reversal of impairment loss on investment in subsidiaries	**–**	–	**(2,450)**	–
Reversal of impairment loss on amount owing by a subsidiary	**–**	–	**–**	(280)

31. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 December 2017 and 2016 are as follows:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Income tax				
- current year				
- Malaysian income tax	**7,058**	8,274	**201**	–
- Foreign income tax	**990**	1,061	**199**	–
- prior years				
- Malaysian income tax	**1,801**	3,547	**–**	2,437
- Foreign income tax	**–**	343	**–**	–
	9,849	13,225	**400**	2,437
Deferred tax (Note 14)				
- current year	**(1,417)**	417	**–**	–
- prior years	**(771)**	(234)	**(850)**	–
	(2,188)	183	**(850)**	–
	7,661	13,408	**(450)**	2,437

Domestic income tax rate is calculated at the Malaysian statutory income tax rate of 24% of the estimated assessable profit for the financial year. Taxation for other jurisdictions are calculated at the rates prevailing in the respective jurisdictions.

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Profit/(Loss) before tax	**19,734**	26,763	**1,882**	(9,444)
Tax at applicable statutory tax rate of 24% (2016: 24%)	**4,736**	6,423	**452**	(2,267)
Tax effects arising from:				
- non-taxable income	**(4,256)**	(589)	**(3,950)**	(910)
- non-deductible expenses	**5,415**	3,818	**3,699**	3,177
- deferred tax asset not recognised	**736**	100	**–**	–
- under provision of tax in prior year	**1,030**	3,656	**(651)**	2,437
Income tax expense	**7,661**	13,408	**(450)**	2,437

32. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

Basic earnings/(loss) per share

	Group	
	2017 RM'000	**2016 RM'000**
Profit after tax (RM)	**12,073**	13,355
Profit after tax attributable to owners of the Company (RM)	**3,099**	1,070
Weighted average number of ordinary shares (unit):		
Issued ordinary shares at 1 January	**242,873**	230,639
Effect of issuance of ordinary shares	**18,475**	6,336
Effect of shares issued from ESOS	**–**	1,500
Weighted average number of ordinary shares at 31 December	**261,348**	238,475
Basic earnings per ordinary share (sen)	**1.19**	0.45

(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. 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	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Executive directors				
Fees	**48**	48	**48**	48
Non-fee emoluments	**3,494**	3,601	**1,816**	1,967
Non-executive directors				
Fees	**414**	414	**414**	414
Non-fee emoluments	**216**	215	**–**	–
	4,172	4,278	**2,278**	2,429
Benefits-in-kind	**59**	45	**–**	–

33. DIRECTORS' REMUNERATION (CONT'D)

(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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Executive directors				
Below RM50,000	–	–	2	2
RM250,001 - RM300,000	–	–	–	–
RM300,001 - RM350,000	–	–	–	–
RM350,001 - RM400,000	–	–	–	–
RM400,001 - RM450,000	–	–	–	–
RM550,001 - RM600,000	–	–	–	–
RM600,001 - RM650,000	1	1	1	–
RM650,001 - RM700,000	1	–	–	1
RM700,001 - RM750,000	–	1	–	–
RM800,001 - RM850,000	–	–	–	–
RM900,001 - RM950,000	–	–	–	–
RM950,001 - RM1,000,000	–	1	–	–
RM1,000,001 - RM1,050,000	1	–	–	–
RM1,050,001 - RM1,100,000	–	1	–	–
RM1,100,001 - RM1,200,000	–	–	–	–
RM1,250,001 - RM1,300,000	1	–	1	–
RM1,300,001 - RM1,350,000	–	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

34. 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.

34. SEGMENT INFORMATION (CONT'D)

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.

34. SEGMENT INFORMATION (CONT'D)

(a) Business segments

2017	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	884,169	142,254	50,174	–	20,733	–	1,097,330
Inter-segment revenue	39,688	10,660	604	–	–	–	50,952
	923,857	152,914	50,778	–	20,733	–	1,148,282
Adjustments and eliminations							(50,952)
Consolidated revenue							1,097,330
Results:							
Segment results	(10,752)	38,884	(4,611)	(402)	6,363	11,853	41,335
Adjustments and eliminations							(1,471)
							39,864
Share of results of associates	657	(60)	1,437	–	–	–	2,034
Finance costs	(8,417)	(9,020)	(1,400)	(54)	(3,273)	–	(22,164)
Segment profit/(loss)	(18,512)	29,804	(4,574)	(456)	3,090	11,853	19,734
Income tax expense							(7,661)
Profit for the financial year							12,073

34. SEGMENT INFORMATION (CONT'D)

(a) Business segments (Cont'd)

2017	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
Additions to property, plant and equipment	1,045	287	775	–	2,578	1,000	5,685
Additions to land held for property development	–	454	–	–	–	–	454
Depreciation of property, plant and equipment	6,392	1,766	1,432	176	5,535	1	15,302
Other non-cash expenses/(income)							
Allowance for impairment on trade receivables	25,918	–	–	–	–	–	25,918
Loss/(Gain) on disposal of property, plant and equipment	2,041	–	991	(246)	15	–	2,801
Property, plant and equipment written off	110	–	250	–	–	–	360
Unwinding of discount on trade payables	5,913	–	–	–	–	–	5,913
Accretion of interest on trade receivables	(6,115)	–	–	–	–	–	(6,115)
Unrealised loss on foreign exchange	–	(3)	–	–	(280)	–	(283)
Share of results of associates	657	(60)	1,437	–	–	–	2,034

34. SEGMENT INFORMATION (CONT'D)

(a) Business segments (Cont'd)

2017	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	1,041,396	657,158	54,879	3,580	92,806	2,132	(199,635)	1,652,316
Investment in associates	35,271	1,888	3,313	–	–	–	(29,720)	10,752
Other investments	3,503	545	–	–	–	–	(107)	3,941
Goodwill	–	14,235	–	–	350	–	–	14,585
Deferred tax assets	–	1	2	–	–	–	–	3
Current tax assets	470	1	648	–	–	10	–	1,129
Total assets	1,080,640	673,828	58,842	3,580	93,156	2,142	(229,462)	1,682,726
Liabilities								
Segment liabilities	520,444	277,457	43,367	2,497	23,252	1,434	(144,452)	723,999
Borrowings	355,946	189,713	10,750	515	40,183	–	–	597,107
Deferred tax liabilities	339	9,118	254	–	468	–	–	10,179
Current tax liabilities	3,393	7,312	–	–	584	–	–	11,289
Total liabilities	880,122	483,600	54,371	3,012	64,487	1,434	(144,452)	1,342,574

34. SEGMENT INFORMATION (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
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

34. SEGMENT INFORMATION (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
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
Other non-cash expenses/(income)							
Allowance for impairment on other investments	3,000	–	–	–	–	–	3,000
(Gain)/Loss on disposal of property , plant and equipment	(937)	–	(1,785)	–	54	–	(2,668)
Property, plant and equipment written off	15	–	–	–	–	–	15
Unwinding of discount on trade payables	4,366	–	–	–	–	–	4,366
Accretion of interest on trade receivables	(2,286)	–	–	–	–	–	(2,286)
Unrealised (gain)/loss on foreign exchange	–	(2)	–	–	288	–	286
Share of result of associates	955	(461)	4	–	–	7,036	7,534

34. SEGMENT INFORMATION (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	46,094	1,944	3,385	–	–	–	(42,244)	9,179
Other investments	3,562	545	–	–	–	–	(106)	4,001
Goodwill	–	14,235	–	–	350	–	–	14,585
Tax recoverable	406	1	430	–	–	–	–	837
Total assets	1,152,952	611,306	100,653	4,179	105,442	1,332	(281,169)	1,694,695
Liabilities								
Segment liabilities	597,258	208,722	46,395	2,322	25,531	685	(174,213)	706,700
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	935,800	443,216	91,833	3,155	89,793	690	(174,213)	1,390,274

* Others – involved as commission agent.

34. SEGMENT INFORMATION (CONT'D)

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

	Segment result	
	2017	**2016**
	RM'000	**RM'000**
Total segment results	**43,047**	50,278
Elimination of inter-segment profit	**(1,471)**	(403)
Consolidated total	**41,576**	49,875

	Segment assets	
	2017	**2016**
	RM'000	**RM'000**
Total reportable segments	**1,912,188**	1,975,864
Elimination of inter-segment transactions or balances	**(229,462)**	(281,169)
Consolidated total	**1,682,726**	1,694,695

	Segment liabilities	
	2017	**2016**
	RM'000	**RM'000**
Total reportable segments	**1,487,026**	1,564,487
Elimination of inter-segment transactions or balances	**(144,452)**	(174,213)
Consolidated total	**1,342,574**	1,390,274

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
2017			
Revenue from external customers	**1,068,209**	**29,121**	**1,097,330**
Non-current assets (exclude deferred tax assets and financial assets)	**348,837**	**104,570**	**453,407**
Segment assets	**1,500,912**	**174,927**	**1,675,839**
Segment liabilities	**1,153,718**	**181,969**	**1,335,687**
2016			
Revenue from external customers	902,499	147,798	1,050,297
Non-current assets (exclude deferred tax assets and financial assets)	367,543	117,986	485,529
Segment assets	1,495,612	199,083	1,694,695
Segment liabilities	1,155,682	234,592	1,390,274

34. SEGMENT INFORMATION (CONT'D)

(d) Information about a major customer

Revenue from a major customer amounting to RM206,690,000 (2016: RM166,311,000) arising from the construction segment.

35. 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	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Transactions with:				
Subsidiaries				
Dividend income	**–**	–	**15,038**	–
Management fees	**–**	–	**12,730**	8,895
Project commission	**–**	–	**–**	1,796
Rental income	**–**	–	**476**	476
Interest payable	**–**	–	**1,712**	1,521
Associates				
Purchases of quarry product	**(21,309)**	(16,613)	**–**	–
Management fees	**804**	720	**720**	720
Secretarial fee	**–**	4	**–**	4
Dividend income	**600**	–	**–**	–
A company in which a director of the Company has interests in				
Project management fee	**(40)**	(38)	**–**	(38)
Purchase of air tickets	**(692)**	(938)	**–**	(122)
A corporate shareholder of a subsidiary				
Sales of quarry product	**–**	2,659	**–**	–
Construction works	**–**	60,326	**–**	–

35. RELATED PARTIES (CONT'D)

(c) Compensation of key management personnel

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Short-term employee benefits	**4,284**	8,625	**2,082**	3,162
Employee Provident Fund	**340**	739	**194**	323
	4,624	9,364	**2,276**	3,485

Included in the key management personnel remuneration is:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Directors' remuneration:				
- directors of the Company (Note 33)	**4,172**	4,278	**2,278**	2,429
- directors of the subsidiaries (Note 30)	**1,484**	1,546	**–**	–
	5,656	5,824	**2,278**	2,429

36. CAPITAL COMMITMENTS

The Group and the Company has made commitments for the following capital expenditures:

	Group and Company	
	2017 RM'000	2016 RM'000
Capital expenditure approved and not contracted for:		
- leasehold land	**13,810**	–

37. FINANCIAL GUARANTEES AND MATERIAL LITIGATIONS

(a) Financial guarantees

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to:				
- subsidiaries	**–**	–	**696,661**	913,008
- associates	**297,942**	160,750	**297,942**	160,750
Guarantee given in favour of suppliers of goods for credit terms granted to subsidiaries	**–**	–	**6,695**	8,624
Guarantee given to secure hire purchase payables of subsidiaries	**–**	–	**2,931**	6,149

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

(b) Material litigation

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

Arbitration proceedings were instituted by EP against BPSB and KH for RM16,834,453 including interest thereon for loss and damages suffered by reason of KH's repudiation of a subcontract which was awarded by EP to KH to construct the Chilled Water Loop System at the KLIA MAS Cargo Complex. BPSB denies the claim as there are no contracts in existence between EP and BPSB. The alleged amount of loss and damage suffered was by reason of KH's repudiation of the aforementioned subcontract. The arbitration has been concluded.

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. There is a more than average probability that the claim by EP against BPSB may be dismissed with cost.

A partial award was released by the Arbitrator on 6 November 2017 where EP's claim against KH is dismissed and KH's counterclaim against EP is allowed. Currently, pending finalisation of the full award.

According to Group's solicitors, based on the available evidence for the time being, BPSB has a reasonable chance of success in defending this case.

(ii) BK Burn & Ong Sdn. Bhd. v. UEM-Bina Puri JV, UEMC and BPSB ("JV")

Arbitration proceedings were instituted by BK Burn against JV for RM6.6 million for unlawful termination and JV counterclaimed for sum of RM12.9 million for loss and damages suffered by reason of BK Burn's breach of contract. Hearing on 3 - 6 July 2018 has been vacated and will proceed from 10 - 13 July 2018.

According to Group's solicitors, based on the available evidence for the time being, BPSB has a reasonable chance of success in defending this case.

(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 Court to refer the disputes out of the unlawful termination of the concession agreement by NHA to Arbitration for Pakistani Rupee (PKR) 26,760,300,964 (RM950 million approximately based on PKR28.2 to RM1), including loss of profit, interest, cost and expenses. The arbitration has been concluded.

37. FINANCIAL GUARANTEES AND MATERIAL LITIGATIONS (CONT'D)

(b) Material litigation (Cont'd)

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

The estimated maximum exposure to liabilities is minimal as no counter-claim was filed by NHA against BPPPL. The exposure to liability would be in terms of cost and expenses incurred in bringing the matter to arbitration, including commitment to the contractors and consultants engaged, both local and in Pakistan.

According to BPPPL's Solicitors, there is more than average probability that BPPPL has a strong case with a reasonable likelihood of success.

Justice Malik (BPPPL's Arbitrator) passed an Award on 13 January 2018 for PKR25,650,745,200 (RM905,665,738.21) and Justice Ijaz (NHA's Arbitrator) disagreed to the Award. Pending final decision by Justice Muneer, the appointed Umpire in arbitral proceedings.

(iv) View Esteem Sdn. Bhd. ("VESB") v Bina Puri Holdings Bhd.

VESB initiated actions against Bina Puri Holdings Bhd. for, amongst others, breach of contract, negligence, encroachment of neighbouring boundaries and loss of reputation at Kuala Lumpur High Court ("Court Proceedings"). Bina Puri Holdings Bhd. has counterclaimed against VESB for sums remain unpaid under progress claim nos. 26R, 28 and all other sums for undervalued works, but it was subsequently stayed by the Court for reference to arbitration.

By notice of arbitration dated 31 July 2015, VESB commenced an arbitration proceeding which includes undetermined issues in the Court Proceedings.

Hearing which was earlier fixed on 12-14 February 2018, 6-8 March 2018 and 19-22 March 2018 have been vacated and now fixed on 30-31 July 2018, 1-2 August 2018, 6-9 August 2018 and 24-25 September 2018.

According to Group's solicitors, based on the available evidence for the time being, Bina Puri Holdings Bhd. has a reasonable chance of success in the arbitration.

(v) Conaire Engineering Sdn. Bhd. ("Conaire") v (1) Bina Puri and (2) Pembinaan SPK (JVCo)

Conaire obtained a judgement on 17 March 2015 from Abu Dhabi Court for AED20,718,854.25 or equivalent to RM22,790,854.08 (Abu Dhabi's Order) against JVCo. A Writ was served from Penang Court on 11 April 2016 to enforce Abu Dhabi's Order at Malaysian Court pursuant to Section 8 Reciprocal Enforcement of Judgment Act 1958 and Conaire thereafter applied for Summary Judgement application.

On 31 October 2017, the Court directed the case to be heard at Kuala Lumpur High Court.

On 2 April 2018, the Court dismissed Conaire's Summary Judgement application. The suit is set down for trial on 24 and 25 May 2018.

38. 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.

38. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Credit risk (Cont'd)

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 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 37(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	
	2017	2016	2017	2016
Countries	RM'000	RM'000	RM'000	RM'000
Brunei Darussalam	**31,472**	33,290	**–**	–
Pakistan	**19,550**	19,376	**–**	–
Indonesia	**1,914**	1,870	**–**	–
Malaysia	**288,052**	406,218	**15,136**	25,036
	340,988	460,754	**15,136**	25,036

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.

38. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Credit risk (Cont'd)

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 RM1,004,229,000 (2016: RM1,088,531,000) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 37(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 within one year RM'000	One to five years RM'000	Over five years RM'000
2017					
Financial liabilities					
Trade and other payables**	**658,227**	**666,275**	**614,451**	**51,824**	–
Amount owing to associates	**10,273**	**10,273**	**10,273**	–	–
Amount owing to a joint venture	**34**	**34**	**34**	–	–
Hire purchase payables	**5,815**	**6,202**	**3,445**	**2,757**	–
Bank borrowings	**591,292**	**637,502**	**417,988**	**119,479**	**100,035**
Financial guarantee	–	**297,942**	**297,942**	–	–
	1,265,641	**1,618,228**	**1,344,133**	**174,060**	**100,035**

38. 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)

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. (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
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
Financial guarantee	–	160,750	160,750	–	–
	1,309,512	1,533,394	1,196,246	212,124	125,024

Company	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
2017					
Financial liabilities					
Trade and other payables**	**51,018**	**51,018**	**51,018**	**–**	**–**
Amount owing to subsidiaries	**18,615**	**18,615**	**18,615**	**–**	**–**
Amount owing to associates	**6**	**6**	**6**	**–**	**–**
Amount owing to a joint venture	**34**	**34**	**34**	**–**	**–**
Hire purchase payables	**223**	**233**	**112**	**121**	**–**
Bank borrowings	**65,455**	**65,455**	**65,455**	**–**	**–**
Financial guarantee	**–**	**1,004,229**	**1,004,229**	**–**	**–**
	135,351	**1,139,590**	**1,139,469**	**121**	**–**

38. 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)

Company	**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**	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	–	–
Financial guarantee	–	1,088,531	1,088,531	–	–
	178,127	1,267,725	1,257,642	10,083	–

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

(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.

38. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Interest rate risk (Cont'd)

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
2017					
Financial asset					
Fixed deposits placed with licensed banks	**0.45 - 3.59**	**13,675**	**–**	**–**	**13,675**
Financial liabilities					
Hire purchase payables	**2.36 - 10.29**	**3,180**	**2,635**	**–**	**5,815**
Bank borrowings	**3.90 - 12.00**	**408,513**	**96,344**	**86,435**	**591,292**
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

38. 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
2017					
Financial asset					
Fixed deposits placed with licensed banks	**3.00 - 3.15**	**2,583**	**–**	**–**	**2,583**
Financial liabilities					
Hire purchase payables	**2.36 - 3.20**	**104**	**119**	**–**	**223**
Bank borrowings	**4.85 - 8.35**	**65,455**	**–**	**–**	**65,455**
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

Interest rate risk sensitivity analysis

An increase in market interest rates by 0.5% 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 RM2,956,000 (2016: RM3,214,000) and RM327,000 (2016: RM260,000). This analysis assumes that all other variables remain unchanged.

A decrease in market interest rates by 0.5% 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.

38. 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
2017						
Financial assets						
Amount due from contract customers	–	**19,550**	–	–	–	**19,550**
Trade and other receivables *	**32,175**	**103,008**	**4,586**	–	**8**	**139,777**
Fixed deposits placed with licensed banks	**6,762**	–	**185**	–	–	**6,947**
Cash and bank balances	**697**	**13,324**	**1,543**	**1**	**13**	**15,578**
	39,634	**135,882**	**6,314**	**1**	**21**	**181,852**
Financial liabilities						
Trade and other payables**	**28,547**	**178,882**	**2,170**	**41**	**15**	**209,655**
Hire purchase payables	–	–	**73**	–	–	**73**
Bank borrowings	**2,690**	–	**8,412**	–	–	**11,102**
	31,237	**178,882**	**10,655**	**41**	**15**	**220,830**
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 placed 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	43,592
Hire purchase payables	–	–	60	–	–	60
Bank borrowings	4,038	–	10,456	–	–	14,494
	40,671	168	17,263	13	31	58,146

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

38. FINANCIAL INSTRUMENTS (CONT'D)

(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-sale RM'000	Financial liabiilities at amortised cost RM'000	Total RM'000
2017				
Financial assets				
Other investments	**–**	**3,941**	**–**	**3,941**
Amount due from contract customers	**328,273**	**–**	**–**	**328,273**
Trade and other receivables*	**587,391**	**–**	**–**	**587,391**
Amount owing by associates	**37,347**	**–**	**–**	**37,347**
Fixed deposits placed with licensed banks	**13,675**	**–**	**–**	**13,675**
Cash and bank balances	**37,314**	**–**	**–**	**37,314**
	1,004,000	**3,941**	**–**	**1,007,941**
Financial liabilities				
Trade and other payables**	**–**	**–**	**658,227**	**658,227**
Amount owing to associates	**–**	**–**	**10,273**	**10,273**
Amount owing to a joint venture	**–**	**–**	**34**	**34**
Hire purchase payables	**–**	**–**	**5,815**	**5,815**
Bank borrowings	**–**	**–**	**591,292**	**591,292**
	–	**–**	**1,265,641**	**1,265,641**
2016				
Financial assets				
Other investments	–	4,001	–	4,001
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

38. FINANCIAL INSTRUMENTS (CONT'D)

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

Group	Loans and receivables RM'000	Available-for-sale RM'000	Financial liabiilities at amortised cost RM'000	Total RM'000
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
Company	–	–	1,309,512	1,309,512
2017				
Financial assets				
Other investments	–	**3,342**	**–**	**3,342**
Amount due from contract customers	**15,213**	**–**	**–**	**15,213**
Trade and other receivables*	**38,996**	**–**	**–**	**38,996**
Amount owing by subsidiaries	**56,900**	**–**	**–**	**56,900**
Amount owing by associates	**35,529**	**–**	**–**	**35,529**
Fixed deposits placed with licensed banks	**2,583**	**–**	**–**	**2,583**
Cash and bank balances	**2,412**	**–**	**–**	**2,412**
	151,633	**3,342**	**–**	**154,975**
Financial liabilities				
Trade and other payables **	**–**	**–**	**51,018**	**51,018**
Amount owing to subsidiaries	**–**	**–**	**18,615**	**18,615**
Amount owing to associates	**–**	**–**	**6**	**6**
Amount owing to a joint venture	**–**	**–**	**34**	**34**
Hire purchase payables	**–**	**–**	**223**	**223**
Bank borrowings	**–**	**–**	**65,455**	**65,455**
	–	**–**	**135,351**	**135,351**

38. FINANCIAL INSTRUMENTS (CONT'D)

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

Company	Loans and receivables RM'000	Available-for-sale RM'000	Financial liabiilities at amortised cost RM'000	Total RM'000
2016				
Financial assets				
Other investments	–	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

* *exclude prepayments, accrued billings and GST refundable.*
** *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.

38. 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 2017 and 31 December 2016, there was no transfer between the fair value measurement hierarchy.

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).

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

Transfer between Level 1 and Level 2

There has been no transfer between Level 1 and 2 fair values during the financial year (2016: no transfer in either directions).

38. 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
2017										
Group										
Financial assets										
Other investments										
- Unquoted shares	–	–	–	–	–	–	–	–	**#**	**3,784**
- Transferable corporate membership	–	–	–	–	**157**	–	–	**157**	**157**	**157**
	–	–	–	–	**157**	–	–	**157**	**157**	**3,941**
2016										
Group										
Financial assets										
Other investments										
- Unquoted shares	–	–	–	–	–	–	–	–	#	3,784
- Transferable corporate membership	–	–	–	–	217	–	–	217	217	217
	–	–	–	–	217	–	–	217	217	4,001

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

39. 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	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Borrowings				
Hire purchase payables	**5,815**	10,745	**223**	375
Bank borrowings	**591,292**	642,933	**65,455**	52,094
	597,107	653,678	**65,678**	52,469
Less:				
Fixed deposits placed with licensed banks	**(13,675)**	(12,036)	**(2,583)**	(2,506)
Cash and bank balances	**(37,314)**	(59,798)	**(2,412)**	(31,924)
Net debt	**546,118**	581,844	**60,683**	18,039
Total equity	**340,152**	304,421	**219,692**	206,971
Debt-to-equity ratio	**1.61**	1.91	**0.28**	0.09

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.

STATEMENT BY DIRECTORS

(PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016)

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 84 to 178 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

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

Kuala Lumpur
Date: 30 April 2018

STATUTORY DECLARATION

(PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016)

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 accompanying financial statements set out on pages 84 to 178 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)
in the Federal Territory on)
)

MATTHEW TEE KAI WOON
Director
MIA Membership No: 19635

Before me

Commissioner for Oaths

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 2017 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 84 to 178.

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 2017, 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 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We 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.

Group

Trade and other receivables and amount due from contract customers (Note 4(a), 13 and 16 to the financial statements)

The Group has significant trade receivables and amount due from contract customers as at 31 December 2017 which include certain amounts which are long outstanding and/or in legal disputes. We focused on this area because the directors made significant judgements in determining whether there is objective evidence of impairment by considering factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments or outcome of legal disputes, and in estimating the amount and timing of future cash flows. The trade receivables and amount due from contract customers are monitored individually by the directors and therefore the impairment is assessed based on knowledge of each individual debtor.

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 the financial year end cash receipts from the receivables;
- obtaining letter from solicitors and discussing with certain 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
- assessing the adequacy of the Group's disclosures in the financial statements on this area.

Key Audit Matters (Cont'd)

Goodwill (Notes 4(b) and 7 to the financial statements)

As at 31 December 2017, the Group has goodwill of RM14.585 million arising from business combination in the previous financial years relating to the property development cash generating unit. 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 recoverable amount valuation methodology adopted by the Group in accordance with the requirements of MFRS 136 *Impairment of Assets*;
- comparing the actual results with previous budget to assess the performance of the business and reliability of the forecasting process;
- comparing the Group's assumptions to our assessments in relation to key assumptions to assess their reasonableness and achievability of the projections;
- testing the mathematical accuracy of the impairment assessment;
- performing a sensitivity analysis around the key assumptions that are expected to be more sensitive to the recoverable amount; and
- assessing the appropriateness of the disclosures.

Revenue and expenses recognition for construction and property development business (Notes 4(c), 27 and 28 to the financial statements)

The amount of revenue and corresponding costs of the Group's construction and property development activities is recognised based on the stage of completion method. The stage of completion is determined by reference to costs incurred for works performed to date bear to the estimated total costs for each project. We focused on this area because significant directors' judgement is required, in particular with regards to determining the stage of completion, the extent of the construction and property development costs incurred, the estimated total construction contracts and property development revenue and costs, as well as the recoverability of the construction contracts and development projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend of the outcome of future events.

Our response:

Our audit procedures on a sample of major projects included, among others:

- understanding the Group's process in preparing project budgets and the calculation of the stage of completion;
- comparing Group's major assumptions to contractual terms, our understanding gathered from the analysis of changes in the assumptions from previous financial year and discussing with project manager;
- assessing the reasonableness of computed stage of completion for identified projects against architect certificate; and
- checking the mathematical computation of recognised revenue and corresponding costs for the projects during the financial year.

<u>Company</u>

Investment in subsidiaries and amount owing by subsidiaries (Notes 4(d), 8 and 17 to the financial statements)

The Company determined whether there is any indication of impairment in investment in subsidiaries and amount owing by subsidiaries.

The recoverable amount of investment in subsidiaries was determined based on value-in-use which involves exercise of significant judgement on the discount rates applied and the assumptions supporting the underlying cash flow projections which includes future sales, gross profit margin and operating expenses.

Key Audit Matters (Cont'd)

<u>Company (Cont'd)</u>

Investment in subsidiaries and amount owing by subsidiaries (Notes 4(d), 8 and 17 to the financial statements) (Cont'd)

Our response:

Our audit procedures focused on evaluating the cash flow projections and the Company's forecasting procedures which includes, among others:
- comparing the actual results with previous budget to assess the performance of the businesses and reliability of the forecasting process;
- comparing the Company's assumptions to 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.

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 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

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.

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

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 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the 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: 30 April 2018

Issued Share Capital	:	267,160,650 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*	7.63	–	–
Tan Sri Datuk Tee Hock Seng, JP	18,489,778*	6.92	4,888,925**	1.83
Ng Keong Wee	14,093,600	5.28	–	–

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*	6.92	4,888,925**	1.83
Dr. Tony Tan Cheng Kiat	9,668,902*	3.62	–	–
Datuk Henry Tee Hock Hin	5,594,668	2.09	–	–
Datuk Matthew Tee Kai Woon	4,488,925	1.68	18,889,778***	7.07
Tay Hock Lee	1,807,707	0.68	–	–
We Her Ching (Alternate Director to Datuk Henry Tee Hock Hin)	104,900	0.04	–	–

* *including shares held through nominee company.*

** *indirect interest - 400,000 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 and 400,000 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 Issues Shares
Less than 100	35	0.71	1,076	0.00
100 - 1,000	645	13.17	507,624	0.19
1,001 - 10,000	2,266	46.27	13,106,825	4.91
10,001 - 100,000	1,689	34.49	55,792,077	20.88
100,001 to less than 5% of issued shares	260	5.31	168,316,670	63.00
5% and above of issued shares	2	0.04	29,436,378	11.02
Total	**4,897**	**100.00**	**267,160,650**	**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	5.74
2.	Ng Keong Wee	14,093,600	5.28
3.	Jentera Jati Sdn. Bhd.	10,388,000	3.89
4.	Kittipat Songcharoen	10,000,000	3.74
5.	Public Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Jentera Jati Sdn. Bhd. (KLC)	10,000,000	3.74
6.	Datin Lee Kuan Chen	8,000,000	2.99
7.	Bumimaju Mawar Sdn. Bhd.	6,240,000	2.34
8.	Datuk Henry Tee Hock Hin	5,594,668	2.09
9.	Maybank Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Dato' Mohamed Feisal Bin Ibrahim (514123808681)	5,238,000	1.96
10.	Amsec Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Dr. Tony Tan Cheng Kiat	5,000,000	1.87
11.	Chan Fong Yun	5,000,000	1.87
12.	Dr. Tony Tan Cheng Kiat	4,668,902	1.75
13.	Datuk Matthew Tee Kai Woon	4,488,925	1.68
14.	Maybank Nominees (Asing) Sdn. Bhd. Qualifier: Pledged Securities Account For San Tuan Sam	4,110,000	1.54
15.	Mercsec Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account For Siow Wong Yen @ Siow Kwang Hwa	3,950,000	1.48
16.	Lim Seng Chee	3,167,000	1.19
17.	Tan Sri Datuk Tee Hock Seng, JP	3,147,000	1.18
18.	Cheo Chet Lan @ Chow Sak Nam, KMN	3,126,884	1.17
19.	UOBM Nominees (Tempatan) Sdn. Bhd. Qualifier : UOBM for Goh Kui Lian (PBM)	2,860,000	1.07
20.	HSBC Nominees (Asing) Sdn. Bhd. Qualifier : Exempt AN for Bank Julius Baer & Co. Ltd. (Singapore BCH)	2,422,000	0.91
21.	Tan Tiong Hing	1, 980,500	0.74
22.	Tay Hock Lee	1,807,707	0.68
23.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged securities account for Carol Vun On Nei (8078831)	1,701,400	0.64

		No. of Shares	% of Shares
24.	Maybank Nominees (Tempatan) Sdn. Bhd. Qualifier : Nomura Singapore Limited for Lim Lian Hock (410242)	1,550,000	0.58
25.	Tee Hock Loo	1,215,207	0.45
26.	Maybank Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged securities account for Liew Kon Sing @ Liew Kong	1,212,300	0.45
27.	Public Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged securities account for Tan Lim Soon (E-KPG)	1,200,000	0.45
28.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged securities account for Lim Kam Seng (IPH)	1,200,000	0.45
29.	Wan Siew Ngoh	1,030,000	0.39
30.	Public Invest Nominees (Asing) Sdn. Bhd. Qualifier : Exempt AN for Phillip Securities Pte. Ltd. (Clients)	1,019,800	0.38

RECURRENT RELATED PARTY TRANSACTIONS

At the Annual General Meeting held on 21 June 2017, 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 2017 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	225
		(ii) Bina Puri Sdn Bhd	427
		(iii) Bina Puri Properties Sdn Bhd	31
		(iv) Easy Mix Sdn Bhd	9
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 HenryTee Hock Hin, collectively hold 51% equity interest	(i) Star Efforts Sdn Bhd	40
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	24,384

LIST OF PROPERTIES
31 DECEMBER 2017

Location	Description	Date of acquisition	Tenure	Year Expiry	Land/ Built -up Area	Age building (years)	Existing use	Net book value 31 Dec 17 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/ 62,451sq ft	20	Office	13,112
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	25	Guest house	955
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	25	Office	439
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	25	Office	489 154
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	4	Guest house	867
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	13	Office	2,475
Unit 65, Block H Alamesra Plaza Permai Alamesra Sabah	2 storey shop cum office	8 March 2013	Leasehold	2098	228.8 sg mt	5	Office	1,374
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	13	Office	3,002
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	21	Guest house	253

Location	Description	Date of acquisition	Tenure	Year Expiry	Land/ Built -up Area	Age building (years)	Existing use	Net book value 31 Dec 17 RM'000
Parcel A-1009 No. 10 Block A MPAJ Square Mukim Ampang Selangor Darul Ehsan	Office building	1 Apr 2000	Leasehold	2093	1,085 sq ft	19	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	4	Factory	3,178
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	4	Renting	205,000
Plot A,B & C Daerah Alor Gajah Mukim Melaka Pindah Melaka	Granite deposit area	2-Mar-98	Leasehold	2027	95 acres	–	Extracting of granite aggregates	491
Lot 925, 1867 Lot 843 Daerah Alor Gajah Mukim Melaka Pindah Melaka	Leasehold land	12-Aug-97	Leasehold	2033 2024	3.7 acres 2.4 acres	–	Premix plant	205
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	2,647
Mukim 701, Lot No.960 Mukim Semenyih Daerah Hulu Langat Selangor Darul Ehsan	Land	1 Dec 2016	Leasehold	2081	2.13 Hektar		Workshop cum storage	7,195

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

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

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-Seventh 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 Thursday, 28 June 2018 at 11:00 a.m. and at any adjournment thereof, as indicated below:

Resolution	Agenda	For	Against
Ordinary Resolution 1	Re-election of Datuk Matthew Tee Kai Woon		
Ordinary Resolution 2	Re-election of Tay Hock Lee		
Ordinary Resolution 3	Approval of Directors' fees of RM462,000 for the financial year ended 31 December 2017		
Ordinary Resolution 4	Approval of Directors' fees up to an amount of RM550,000 for the period from 1 January 2018 until 31 December 2018.		
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 Construction Sdn. Bhd.		
Ordinary Resolution 10	Dimara Holdings Sdn. Bhd.		
Ordinary Resolution 11	Authority to allot shares		
Ordinary Resolution 12	Proposed renewal of share buy-back		

Please indicate with a tick (✓) 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 Accounts No.	
No. Of Shares Held	

Dated this .... day of 2018

....

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 22 June 2018 shall be eligible to attend the Twenty-Seventh Annual General Meeting or appoint proxy(ies) to attend and vote on his behalf.

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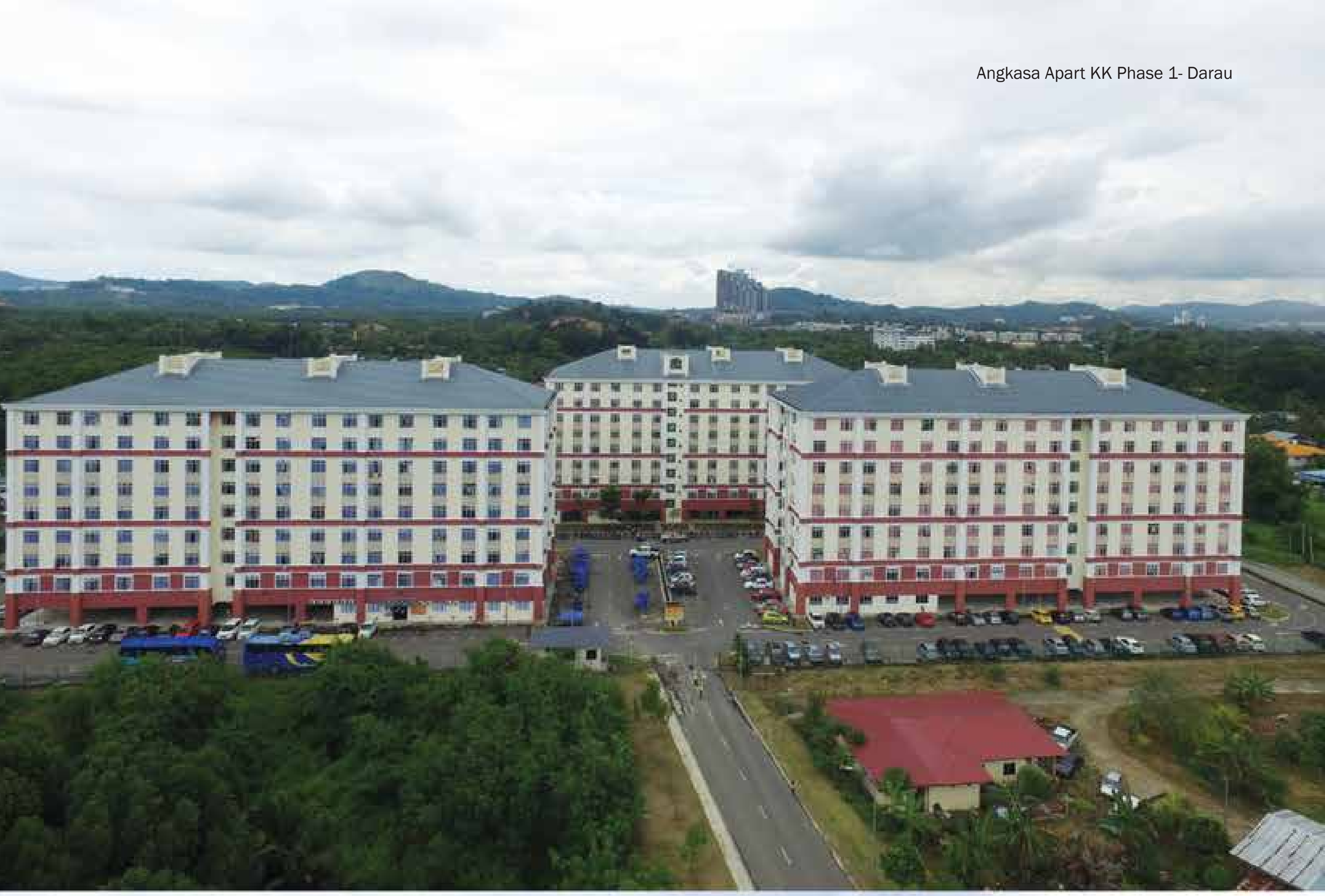
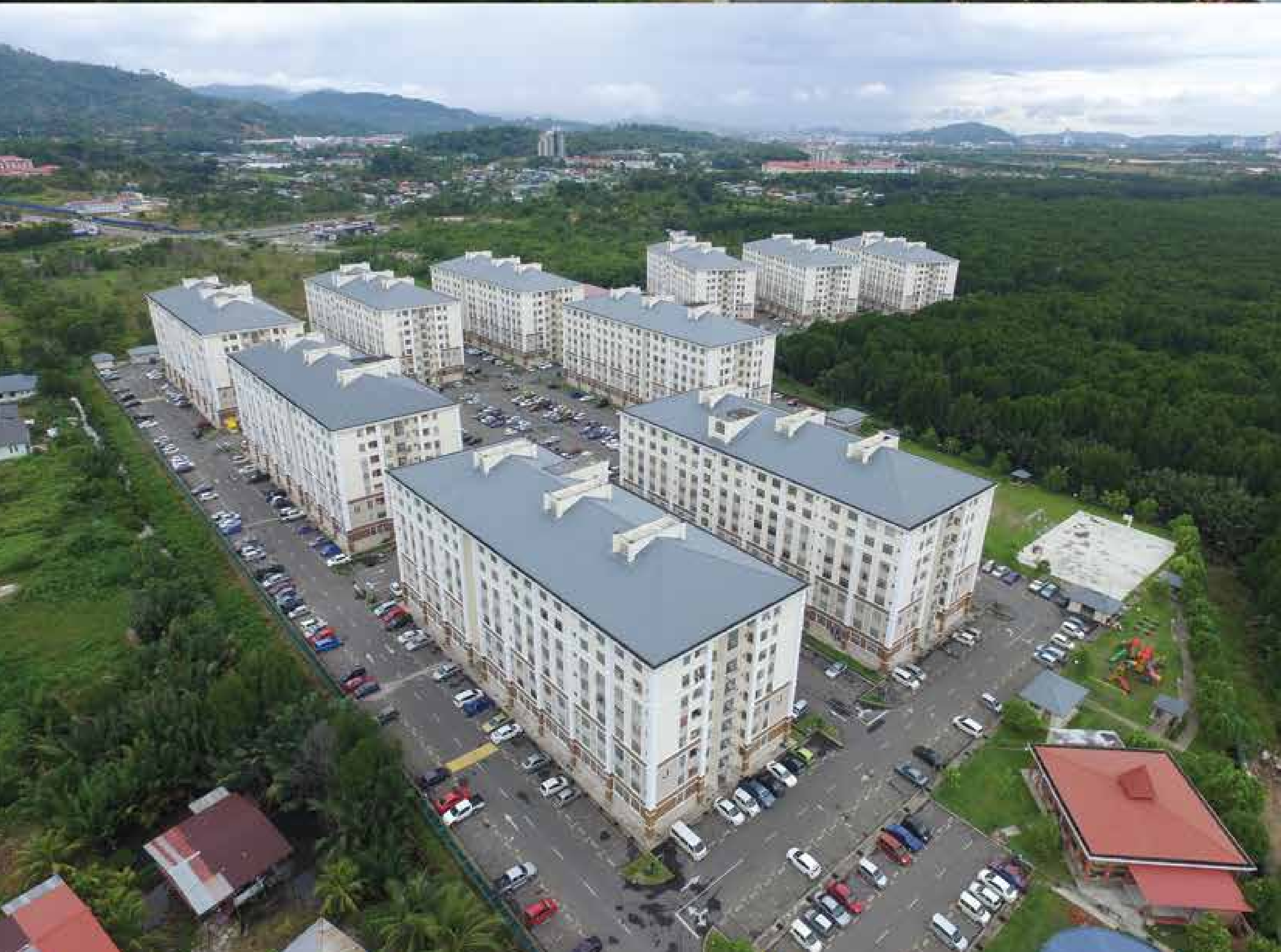
Fold here

STAMP

BINA PURI HOLDINGS BHD (207184-X)
Wisma Bina Puri
88, Jalan Bukit Idaman 8/1, Bukit Idaman
68100 Selayang, Selangor Darul Ehsan
Malaysia

Angkasa Apart KK Phase 1- Darau





Bina Puri Holdings Bhd

207184-X

Wisma Bina Puri
88, Jalan Bukit Idaman 8/1
Bukit Idaman, 68100 Selayang
Selangor Darul Ehsan, Malaysia

T : 603-6136 3333
F : 603-6136 9999
Email : corpcomm@binapuri.com.my
Website : www.binapuri.com.my

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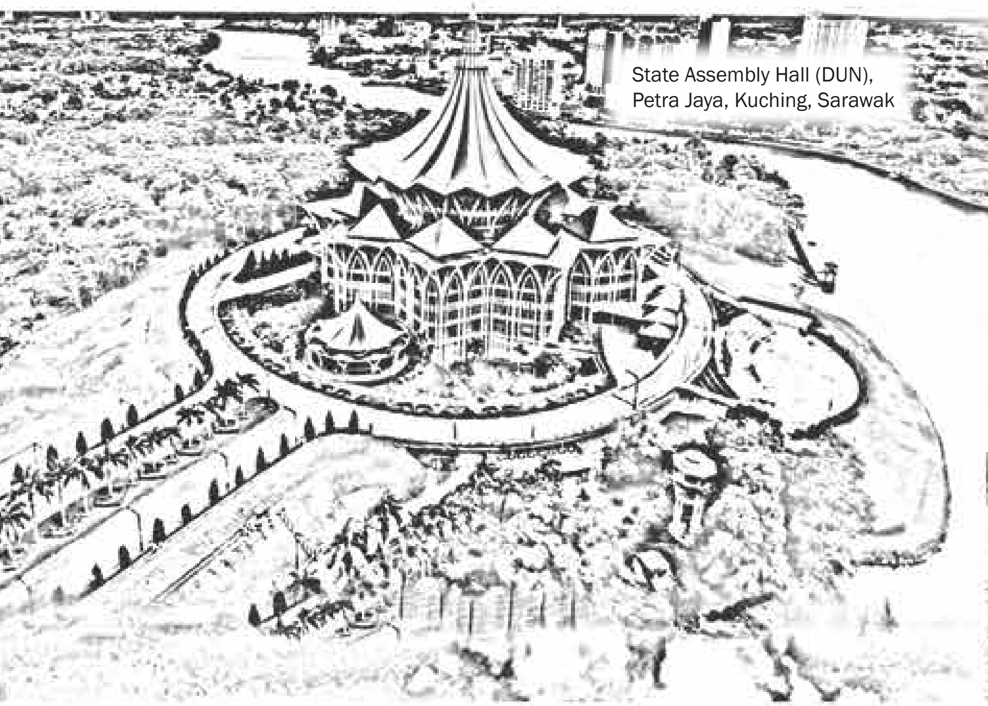
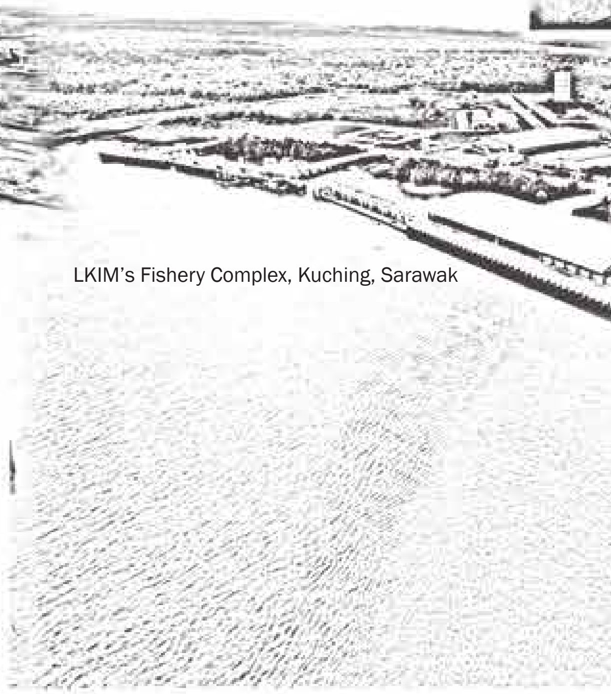


State Assembly Hall (DUN),
Petra Jaya, Kuching, Sarawak



LKIM's Fishery Complex, Kuching, Sarawak