

**LBS BINA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**

**1. Corporate Information**

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

The registered office and principal place of business of the Company is located at Plaza Seri Setia, Level 1 - 4, No. 1, Jalan SS9/2, 47300 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and provision of management services to subsidiary companies in the Group. The principal activities of its subsidiary companies are disclosed in Note 50 to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

The holding company is Gaterich Sdn. Bhd., a private limited liability company, incorporated under the Company Act, 1965 and domiciled in Malaysia.

**2. Basis of Preparation**

(a) Statement of compliance

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

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

**Adoption of new and amended standards**

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

FRS 14	Regulatory Deferral Accounts
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying to Consolidation Exception
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 101	Disclosure Initiative

## 2. Basis of Preparation (Cont'd)

### (a) Statement of compliance (cont'd)

#### Adoption of new and amended standards (cont'd)

Amendments to FRS 116 and FRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation  
 Amendments to FRS 127 Equity Method in Separate Financial Statements  
 Annual Improvements to FRSs 2012 – 2014 Cycle

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

#### Standards issued but not yet effective

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

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

*Note:*

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

## 2. Basis of Preparation (Cont'd)

### (a) Statement of compliance (cont'd)

#### **Standards issued but not yet effective (cont'd)**

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

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

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

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

FRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investment in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 139.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. FRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 139.

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

## 2. Basis of Preparation (Cont'd)

### (a) Statement of compliance (cont'd)

#### **New Malaysian Financial Reporting Standards (“MFRS Framework”) issued but not yet effective**

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

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

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

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

## 2. Basis of Preparation (Cont'd)

### (b) Functional and presentation currency

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

### (c) Significant accounting judgements, estimates and assumptions

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

#### **Judgments**

There are no significant areas of critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

#### **Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

### (i) Useful lives of property, plant and equipment and investment properties

The Group regularly review the estimated useful lives of property, plant and equipment and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment and investment properties. The carrying amount at the reporting date for property, plant and equipment and investment properties are disclosed in Notes 4 and 7 respectively.

## 2. Basis of Preparation (Cont'd)

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

#### Key sources of estimation uncertainty (cont'd)

##### (ii) Property development

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

Significant judgement is required in determining the stage of completion, the extent of the property development cost incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The carrying amount of the Group's property development costs at the reporting date is disclosed in Note 6.

##### (iii) Impairment of investment in subsidiary companies

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

The carrying amount at the reporting date for investment in subsidiary companies is disclosed in Note 8.

##### (iv) Impairment of investment in associated companies

The Group reviews its investments in associated companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. The Group evaluates the recoverable amount based on market performance, economic and political situation of the country in which the associated companies operate.

The carrying amount at the reporting date for investment in associated companies are disclosed in Note 9.

## 2. Basis of Preparation (Cont'd)

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

### Key sources of estimation uncertainty (cont'd)

- (v) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics. The carrying amount at the reporting date for loan and receivables are disclosed in Notes 10, 15, 16, and 17 respectively.

- (vi) Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 12.

- (vii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The details of carrying value of recognised and unrecognised of deferred tax assets are disclosed in Note 29.

## 2. Basis of Preparation (Cont'd)

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

#### **Key sources of estimation uncertainty (cont'd)**

##### (viii) Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. The details of inventories are disclosed in Note 13.

##### (ix) Construction contracts

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

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on experience and by relying on the work of specialists. The details of construction contracts are disclosed in Note 14.

##### (x) Income taxes

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

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2016, the Group and the Company have tax recoverable and tax payable of RM6,844,123 and RM Nil (2015: RM8,042,029 and RM160,778) and RM22,487,451 and RM89,909 (2015: RM10,881,484 and RM Nil) respectively.



**2. Basis of Preparation (Cont'd)****(c) Significant accounting judgements, estimates and assumptions (cont'd)****Key sources of estimation uncertainty (cont'd)****(xi) Employees' Share Option Scheme**

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The details of assumptions made in respect of the share-based payment scheme are disclosed in Note 37.

**(xii) Fair value of financial instruments**

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 43(c) regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

**(xiii) Contingent liabilities**

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting internal and external experts to the Group, for matters in the ordinary course of business. The details of contingent liabilities are disclosed in Note 49.

### 3. Significant accounting policies

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

#### (a) Basis of consolidation

##### (i) Subsidiary companies

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

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

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

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

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

### 3. Significant accounting policies (Cont'd)

#### (a) Basis of consolidation (cont'd)

##### (i) Subsidiary companies (cont'd)

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

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

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

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

##### (iii) Disposal of subsidiary companies

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

### 3. Significant accounting policies (Cont'd)

#### (a) Basis of consolidation (cont'd)

##### (iv) Goodwill on consolidation

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

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

#### (b) Investment in associated companies

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

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

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

### 3. Significant Accounting Policies (Cont'd)

#### (b) Investment in associated companies (cont'd)

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

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

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

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

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

### 3. Significant Accounting Policies (Cont'd)

#### (c) Foreign currency transaction

##### (i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

### 3. Significant Accounting Policies (Cont'd)

#### (c) Foreign currency transaction (cont'd)

##### (ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM are translated to RM at the rate of exchange prevailing at the reporting date and income and expenses, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

Goodwill and fair value adjustment which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary company, 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 the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

### 3. Significant Accounting Policies (Cont'd)

#### (d) Property, plant and equipment

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

##### (i) Recognition and measurement

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

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

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

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

##### (ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property and accounted for in accordance with Note 3(g) to the financial statements.



### 3. Significant Accounting Policies (Cont'd)

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

##### (iii) Subsequent costs

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

##### (iv) Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

Leasehold land	Over the remaining period of the lease
Buildings	20 to 50 years
Motor vehicles	5 years
Office equipment, furniture and fittings	2 to 10 years
Renovations	5 to 10 years
Plant, machinery and equipment	5 to 10 years
Motor racing circuit	20 years

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

#### (e) Capital work-in-progress

Capital work-in progress consists of expenditure incurred on construction of property, plant and equipment and investment properties which takes a substantial period of time to be ready for their intended use.

Capital work-in-progress is stated at cost during the period of construction. No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment or investment properties.

### 3. Significant Accounting Policies (Cont'd)

#### (f) Land and property development costs

##### (i) Land held for property development

Land held for property development consists of land held for future development activities where no development activities has been undertaken or where development activities are not expected to be completed within normal operating cycle. Such land is classified as non-current asset and is stated at cost less any accumulated impairment losses. The policy of recognition and measurement of impairment is in accordance with Note 3(m)(i) to the financial statements.

Land held for property development shall be reclassified to current asset when the development activities have commenced or development activities are expected to commence within the period of twelve months after the end of financial year and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

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

##### (ii) Property development costs

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

Property development costs shall be classified as non-current asset where no development activities have been carried out or development activities are not expected to commence within the period of twelve months after the end of financial year or where development activities are not expected to be completed within the normal operating cycle.

Property development costs shall be reclassified to current asset when the development activities have been commenced or development activities are expected to commence within the period of twelve months after the end of financial year and where the activities are expected to be completed within the normal operating cycle.

When the financial outcome of development activity can be reliably estimated, property development revenue and expenses are recognised in the profit or loss by using the stage of completion. 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.

### 3. Significant Accounting Policies (Cont'd)

#### (f) Land and property development costs (cont'd)

##### (ii) Property development costs (cont'd)

When the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on units 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 defect liability period shall be recognised as an expense immediately.

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

When the revenue recognised in the profit or loss exceeds billings to purchasers, the balance is shown as accrued billings under current assets. When the billings to purchasers exceed the revenue recognised in the profit or loss, the balance is shown as progress billings under current liabilities.

#### (g) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rate for buildings is 20 to 50 years. The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

### 3. Significant Accounting Policies (Cont'd)

#### (h) Financial assets

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

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

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

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

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

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

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

### 3. Significant Accounting Policies (Cont'd)

#### (h) Financial assets (cont'd)

##### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

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

##### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group and the Company have the positive intention and ability to hold to maturity. They 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.

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

##### (iv) Available-for-sale financial assets

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

### 3. Significant Accounting Policies (Cont'd)

#### (h) Financial assets (cont'd)

##### (iv) Available-for-sale financial assets (cont'd)

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

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

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

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

### 3. Significant Accounting Policies (Cont'd)

#### (i) Financial liabilities

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

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

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

#### (i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, contingent consideration in a business combination or financial liabilities designated into this category upon initial recognition.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivatives financial instruments that are not designated as effective hedging instruments. Separated embedded derivatives are also categorised as held for trading unless they are designated as effective hedging instruments.

Gains or losses on financial liabilities held for trading are recognised in profit or loss.

#### (ii) Other financial liabilities measured at amortised cost

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

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

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

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

### 3. Significant Accounting Policies (Cont'd)

#### (i) Financial liabilities (cont'd)

##### (iii) Financial guarantee contracts

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

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

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

#### (j) Offsetting of financial instruments

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

#### (k) Cash and cash equivalents

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



### 3. Significant Accounting Policies (Cont'd)

#### (l) Construction costs

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion method is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

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

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that 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.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is presented as amounts owing by customers on contracts. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as amounts owing to customers on contracts.

#### (m) Impairment of assets

##### (i) Non-financial assets

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

### 3. Significant Accounting Policies (Cont'd)

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

##### (i) 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 other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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

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

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

### 3. Significant Accounting Policies (Cont'd)

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

##### (ii) Financial assets

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

##### Financial assets carried at amortised cost

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

### 3. Significant Accounting Policies (Cont'd)

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

##### (ii) Financial assets (cont'd)

###### Available-for-sale financial assets

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

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

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

#### (n) Inventories

Raw material, finished goods and completed properties are stated at the lower of cost and net realisable value.

Cost of raw material is determined on a first-in-first out basis. Cost of finished goods consists of direct material and direct labour.

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

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

### 3. Significant Accounting Policies (Cont'd)

#### (o) Share capital

##### (i) Ordinary shares

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

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

##### (ii) Preference shares

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

##### (iii) Treasury shares

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

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

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

### 3. Significant Accounting Policies (Cont'd)

#### (p) Contingencies

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

#### (q) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date 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, even if that right is not explicitly specified in an arrangement.

##### As lessee

#### (i) Finance lease

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

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

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment or as investment property if held to earn rental income as capital appreciation or both.

### 3. Significant Accounting Policies (Cont'd)

#### (q) Leases (cont'd)

##### As lessee (cont'd)

##### (ii) Operating lease

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

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

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

##### As lessor

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

### 3. Significant Accounting Policies (Cont'd)

#### (r) Revenue recognition

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

##### (i) Property development

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

##### (ii) Construction contracts

Revenue from work done on construction contracts is recognised based on the percentage of completion method. The stage of completion is determined based on the total actual costs incurred to date over the estimated total contract costs. Allowance for foreseeable losses is made in the financial statements when such losses can be determined.

##### (iii) Sale of goods and services rendered

Revenue from sale of goods is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

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

##### (iv) Sale of completed properties

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



**3. Significant Accounting Policies (Cont'd)****(r) Revenue recognition (cont'd)****(v) Dividend income**

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

**(vi) Rental income**

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

**(vii) Interest income**

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

**(viii) Management fees**

Management fees are recognised on accrual basis when services are rendered.

**(ix) Motor racing event income**

Motor racing event income is recognised when the event is completed and services are rendered.

**(x) Motor racing sponsorship income**

Motor racing sponsorship income is recognised at the fair value of the sponsorship received or receivable.

### 3. Significant Accounting Policies (Cont'd)

#### (s) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

When the grant relates to an expense item, it is recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and transferred to profit or loss on a systematic basis over the useful lives of the related asset.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs to be recognised in profit or loss in the period in which they become receivable.

Where the Group receives non-monetary government grants, the asset and the grant are recorded at nominal amount and transferred to profit or loss on a systematic basis over the life of the depreciable asset by way of a reduced depreciation charge.

#### (t) Segment reporting

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

#### (u) Non-current assets (or disposal groups) held for sale

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

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

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

### 3. Significant Accounting Policies (Cont'd)

#### (v) Borrowing costs

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

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

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

#### (w) Provisions

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

Provisions are reviewed at each end of the reporting period 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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

### 3. Significant Accounting Policies (Cont'd)

#### (x) Income taxes

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

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

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

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

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

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

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

### 3. Significant Accounting Policies (Cont'd)

#### (y) Employee benefits

##### (i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur. The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

##### (ii) Defined contribution plans

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

##### (iii) Share-based compensation

LBS Bina Group Berhad Employees’ Share Option Scheme (“ESOS”), an equity-settled, share-based compensation plan, allows the Company and its subsidiary companies’ employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date. At the end of each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognised the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings. The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

## 4. Property, Plant and Equipment

Group	Leasehold land and buildings RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Renovations RM	Plant, machinery and equipment RM	Motor racing circuit RM	Total RM
<b>Cost</b>							
At 1 January 2016	339,899,411	10,051,879	17,208,106	5,444,342	8,555,767	90,791,424	471,950,929
Additions	1,770,000	819,720	2,558,245	2,891,988	2,409,279	-	10,449,232
Transfer from capital work-in-progress	42,204	-	3,126,103	1,881,059	-	-	5,049,366
Transfer from inventories	218,954	-	-	-	-	-	218,954
Transfer from investment properties	2,065,670	-	-	2,222,494	-	-	4,288,164
Disposals	-	(154,563)	(169,539)	(247,686)	(705,693)	-	(1,277,481)
Write off	-	-	(1,383,904)	(3,357,851)	(1,184)	-	(4,742,939)
Acquisition of subsidiary company	23,485,074	271,841	1,440,905	1,393,010	9,509,690	-	36,100,520
Exchange differences	(7,152,089)	-	(177,035)	-	-	(1,997,507)	(9,326,631)
At 31 December 2016	360,329,224	10,988,877	22,602,881	10,227,356	19,767,859	88,793,917	512,710,114
<b>Accumulated depreciation</b>							
At 1 January 2016	121,896,476	3,419,153	11,350,564	4,226,549	2,887,464	87,223,059	231,003,265
Charge for the financial year	10,350,422	993,190	1,823,702	760,338	1,898,443	545,077	16,371,172
Transfer from investment properties	423,280	-	-	96,800	-	-	520,080
Disposals	-	(28,073)	(147,174)	(128,463)	(260,157)	-	(563,867)
Write off	-	-	(1,143,791)	(3,217,593)	(59)	-	(4,361,443)
Acquisition of subsidiary company	5,349,455	18,123	1,374,258	909,964	5,338,723	-	12,990,523
Exchange differences	(2,288,176)	-	(133,210)	-	-	(1,898,738)	(4,320,124)
At 31 December 2016	135,731,457	4,402,393	13,124,349	2,647,595	9,864,414	85,869,398	251,639,606
<b>Accumulated impairment losses</b>							
At 1 January 2016 / 31 December 2016	-	6,053	-	-	-	-	6,053
<b>Carrying amount</b>							
At 31 December 2016	224,597,767	6,580,431	9,478,532	7,579,761	9,903,445	2,924,519	261,064,455

## 4. Property, Plant and Equipment (Cont'd)

Group	Leasehold land and buildings RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Renovations RM	Plant, machinery and equipment RM	Motor racing circuit RM	Total RM
<b>Cost</b>							
At 1 January 2015	290,296,169	9,238,817	14,810,682	4,778,320	3,972,949	78,459,135	401,556,072
Additions	3,196,500	2,669,292	1,818,928	666,022	4,807,753	-	13,158,495
Transfer from inventories	1,871,620	-	-	-	-	-	1,871,620
Transfer from capital work-in-progress	400,000	-	-	-	-	-	400,000
Disposals	-	(1,856,230)	(243,747)	-	-	-	(2,099,977)
Write off	(23,142)	-	(234,239)	-	(224,935)	-	(482,316)
Exchange differences	44,158,264	-	1,056,482	-	-	12,332,289	57,547,035
At 31 December 2015	339,899,411	10,051,879	17,208,106	5,444,342	8,555,767	90,791,424	471,950,929
<b>Accumulated depreciation</b>							
At 1 January 2015	96,474,389	3,263,163	9,507,978	3,938,227	2,185,831	71,735,700	187,105,288
Charge for the financial year	9,953,151	967,937	1,459,265	288,322	885,593	3,992,443	17,546,711
Disposals	-	(811,947)	(227,717)	-	-	-	(1,039,664)
Write off	(23,142)	-	(196,268)	-	(183,960)	-	(403,370)
Exchange differences	15,492,078	-	807,306	-	-	11,494,916	27,794,300
At 31 December 2015	121,896,476	3,419,153	11,350,564	4,226,549	2,887,464	87,223,059	231,003,265
<b>Accumulated impairment losses</b>							
At 1 January 2015/ 31 December 2015	-	6,053	-	-	-	-	6,053
<b>Carrying amount</b>							
At 31 December 2015	218,002,935	6,626,673	5,857,542	1,217,793	5,668,303	3,568,365	240,941,611

#### 4. Property, Plant and Equipment (Cont'd)

- (a) Included in the property, plant and equipment of the Group are leasehold land and buildings with carrying amount of RM30,569,078 (2015: RM10,973,167) which have been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Notes 28 and 30.
- (b) Included in the property, plant and equipment of the Group are:
- (i) Motor vehicles under finance lease arrangement with carrying amount of RM6,195,325 (2015: RM6,528,497).
  - (ii) Plant, machinery and equipment under finance lease arrangement with carrying amount of RM2,588,982 (2015: RM2,413,979).

The above assets are pledged as securities for the related financing facilities as disclosed in Note 27.

- (c) The remaining lease period of the leasehold land and buildings ranges from 27 to 97 (2015: 28 to 98) years.
- (d) Leasehold land with carrying amount of RM184,804,756 (2015: RM195,960,718) situated in mainland China is held under medium term lease.

Management has performed an impairment assessment on the carrying amount of the leasehold land by reference to a report prepared by an independent professional valuer on the business operations of a motor racing circuit run by a subsidiary company on such leasehold land, and considers that there is no impairment in value of the leasehold land. The valuation is based on cash flow projections which involve assumptions on and estimations of future cash flows, growth rates, discount factors etc. The assessment of impairment therefore requires considerable judgement by the management.

- (e) The aggregate additional cost for the property, plant and equipment of the Group during the financial year acquired under finance lease arrangement, term loan financing and cash payment are as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Aggregate costs	10,449,232	13,158,495
Less payment by :		
Finance lease	(1,264,109)	(4,215,600)
Term loan financing	(1,105,002)	(2,102,413)
Cash payments	<u>8,080,121</u>	<u>6,840,482</u>



5. **Capital Work-In-Progress**

	Group	
	2016 RM	2015 RM
At 1 January	6,229,079	208,447
Additions	25,370,095	6,209,768
Transfer to property, plant and equipment (Note 4)	(5,049,366)	(400,000)
Transfer to investment properties (Note 7)	(21,390,988)	-
Exchange differences	209,453	210,864
At 31 December	<u>5,368,273</u>	<u>6,229,079</u>

6. **Land and Property Development Costs**

	Group	
	2016 RM	2015 RM
<b>Non-Current</b>		
<b>Freehold land, at cost</b>		
At 1 January	100,914,374	73,068,787
Additions	191,539	8,455,658
Transfer from current portion	1,100,000	17,211,929
Transfer from property development costs	-	2,178,000
At 31 December	<u>102,205,913</u>	<u>100,914,374</u>
<b>Long term leasehold land, at cost</b>		
At 1 January	132,204,001	60,353,585
Additions	460,713	111,102,243
Transfer to current portion	(1,995,784)	(39,247,984)
Transfer from / (to) property development costs	55,089,092	(3,843)
At 31 December	<u>185,758,022</u>	<u>132,204,001</u>

## 6. Land and Property Development Costs (Cont'd)

	Group	
	2016 RM	2015 RM
<b>Non-Current</b>		
<b>Property development costs</b>		
At 1 January	281,908,064	214,126,629
Additions	150,804,116	107,607,627
Transfer from / (to) current portion	65,148,619	(37,652,035)
Transfer to freehold and leasehold land	(55,089,092)	(2,174,157)
Property development cost written off	(210,009)	-
At 31 December	<u>442,561,698</u>	<u>281,908,064</u>
Total non-current land and property development costs	<u>730,525,633</u>	<u>515,026,439</u>
<b>Current</b>		
<b>Freehold land, at cost</b>		
At 1 January	15,235,771	5,412,455
Additions	-	23,789,796
Transfer to non-current portion	(1,100,000)	(17,211,929)
Transfer from property development costs	-	5,708,324
Transfer to profit or loss	(6,179,638)	(2,462,875)
At 31 December	<u>7,956,133</u>	<u>15,235,771</u>
<b>Long term leasehold land, at cost</b>		
At 1 January	88,362,199	80,827,790
Additions	30,099,761	14,228,255
Transfer from non-current portion	1,995,784	39,247,984
Transfer from property development costs	-	500,000
Transfer to profit or loss	(5,153,511)	(44,993,123)
Transfer to inventories	(5,794,311)	(1,448,707)
At 31 December	<u>109,509,922</u>	<u>88,362,199</u>

## 6. Land and Property Development Costs (Cont'd)

	Group	
	2016 RM	2015 RM
<b>Current</b>		
<b>Property development costs</b>		
At 1 January	643,865,577	834,129,658
Additions	661,058,200	417,207,770
Transfer (to) / from non-current portion	(65,148,619)	37,652,035
Transfer to freehold and leasehold land	-	(6,208,324)
Transfer to profit or loss	(204,679,342)	(572,424,348)
Transfer to inventories	(122,194,852)	(66,491,214)
At 31 December	<u>912,900,964</u>	<u>643,865,577</u>
Less: Costs recognised in profit or loss		
At 1 January	309,728,933	536,640,189
Recognised during the financial year	577,519,701	392,969,090
	887,248,634	929,609,279
Less: Portion related to completed projects	(216,012,491)	(619,880,346)
At 31 December	<u>671,236,143</u>	<u>309,728,933</u>
Total current land and property development costs	<u>359,130,876</u>	<u>437,734,614</u>

- (a) Certain development lands are pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Notes 28 and 30.
- (b) Certain subsidiary companies entered into agreements with third parties (the landowners) to develop the lands, solely at the cost of the subsidiary companies and based on the agreements, the landowners are entitled to the followings:
- (i) certain percentage of the respective development profits;
  - (ii) certain percentage of the respective development gross sales value;
  - (iii) agreed contract sum as specified in the agreement; and/or
  - (iv) certain units of completed properties.
- (c) Certain subsidiary companies (developers) entered into joint venture agreements with its subsidiary companies (the landowners) to develop the lands, solely at the cost of the developers and based on the agreements, the landowners are entitled to the followings:
- (i) certain units of completed properties; and/or
  - (ii) certain percentage of the respective development profits.

## 6. Land and Property Development Costs (Cont'd)

(d) Included in the property development costs for the financial year are as follows:

		Group	
	Note	2016 RM	2015 RM
Finance costs	33	20,430,901	9,873,256
Landowners consideration		<u>220,741,927</u>	<u>67,000,000</u>

## 7. Investment Properties

		Group	
		2016 RM	2015 RM
<b>Cost</b>			
At 1 January		36,809,398	35,482,317
Additions		14,391,856	317,045
Transfer from capital work-in-progress (Note 5)		21,390,988	-
Transfer from inventories (Note 13)		-	1,010,036
Transfer to property, plant and equipment (Note 4)		(4,288,164)	-
Disposals		(3,694,500)	-
Write off		<u>(365,750)</u>	<u>-</u>
At 31 December		<u>64,243,828</u>	<u>36,809,398</u>
<b>Accumulated depreciation</b>			
At 1 January		2,366,573	1,609,019
Charge for the financial year		796,128	757,554
Transfer to property, plant and equipment (Note 4)		(520,080)	-
Disposals		<u>(177,982)</u>	<u>-</u>
At 31 December		<u>2,464,639</u>	<u>2,366,573</u>
<b>Accumulated impairment losses</b>			
At 1 January		675,735	675,735
Write off		<u>(365,750)</u>	<u>-</u>
At 31 December		<u>309,985</u>	<u>675,735</u>
<b>Carrying amount</b>		<u>61,469,204</u>	<u>33,767,090</u>

## 7. Investment Properties (Cont'd)

	Group	
	2016 RM	2015 RM
Included in the above are:		
<b>Cost</b>		
Leasehold land and buildings	50,220,867	22,118,839
Freehold land and buildings	568,043	517,800
Commercial properties	13,454,918	14,172,759
	<u>64,243,828</u>	<u>36,809,398</u>
<b>Fair value</b>	<u>77,912,327</u>	<u>41,490,045</u>

Investment properties with carrying amount of RM39,940,405 (2015: RM32,963,944) have been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Notes 28 and 30.

During the financial year, investment properties with carrying amount of RM3,768,084 have been transferred to property, plant and equipment, since the properties' usage has been changed from investment properties to owner-occupied properties.

Certain investment properties are leasehold properties with remaining lease periods range from 75 to 94 (2015: 76 to 95) years.

During the financial year, certain investment properties have generated rental income and incurred direct operating expenses amounting to RM865,472 and RM238,181 (2015: RM852,229 and RM216,877) respectively.

Investment properties comprise a number of freehold land and buildings, leasehold land and buildings and commercial properties that are leased to third parties. Each of the leases contains cancellable periods range from one to three years. Subsequent renewals are negotiated with the lessee on renewal periods range from one to two years.

Fair value of investment properties are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experiences in the locations and category of properties being valued. The fair values are within Level 2 of the fair value hierarchy.

## 8. Investment in Subsidiary Companies

### (a) Investment in subsidiary companies

	Company	
	2016 RM	2015 RM
Quoted shares, at cost		
In Malaysia	225,139,736	-
Unquoted shares, at cost		
In Malaysia	393,554,395	393,554,395
Outside Malaysia	4,075	4,075
Less: Accumulated impairment losses	<u>(3,766,823)</u>	<u>(192,464)</u>
	<u>614,931,383</u>	<u>393,366,006</u>

The Group's subsidiary companies which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group except as disclosed in Note 8(e).

Details of the subsidiary companies are set out in Note 50.

The movement in the allowance for impairment losses are as follows:

	Company	
	2016 RM	2015 RM
At 1 January	192,464	192,464
Transfer from investment in an associated company	3,578,431	-
Reversal of impairment losses	<u>(4,072)</u>	<u>-</u>
At 31 December	<u>3,766,823</u>	<u>192,464</u>

### (b) Acquisition of subsidiary companies during the financial year

- (i) On 24 June 2016, LBS Bina Holdings Sdn. Bhd. ("LBS"), a wholly-owned subsidiary company of the Company, acquired 230,000 ordinary shares of RM1.00 each in Seloka Sinaran Sdn. Bhd. ("SSSB") for a total cash consideration of RM36,100,000 only. Consequently, SSSB became a 46% associated company of LBS.

On 3 August 2016, LBS further acquired 25,000 ordinary shares of RM1.00 each in SSSB for a total cash consideration of RM3,900,000 only. Consequently, SSSB became a 51% owned subsidiary company of LBS.

## 8. Investment in Subsidiary Companies (Cont'd)

### (b) Acquisition of subsidiary companies during the financial year (cont'd)

- (ii) On 2 February 2016, the Company acquired 7,000,000 ordinary shares of RM0.50 each in ML Global Berhad ("MGB") for a total cash consideration of RM3,500,200 only. Consequently, MGB became a 31.95% associated company of the Company.

On 5 July 2016, the Company further acquired 17,232,696 ordinary shares of RM0.50 each in MGB for a total cash consideration of RM9,647,472 only. Consequently, MGB became a 51.18% owned subsidiary company of the Company.

On 14 September 2016, MGB acquired MITC Engineering Sdn. Bhd. ("MITCE"), an indirect subsidiary company of the Company, for a purchase consideration of RM300,000,000 only from MITC Sdn. Bhd. ("MITC"), an indirect subsidiary company of the Company and Datuk Lim Lit Check. Consequently, MITCE became a wholly-owned subsidiary company of MGB.

The purchase consideration shall be satisfied by MGB in the following manner:

- (1) MGB granting the right of allotment at the issue price of RM0.67 for each consideration ordinary share to MITC and Datuk Lim Lit Check at 200,820,896 and 66,940,298 units of ordinary shares respectively.
- (2) MGB effecting the allotment and issuance of the consideration Irredeemable Convertible Preference Shares ("ICPS") at the issue price of RM0.67 each to MITC and Datuk Lim Lit Check at 135,000,000 and 45,000,000 units of ICPS respectively.

On 28 November 2016, MITC placed out 45,000,000 consideration ordinary shares at RM0.75 for each consideration ordinary share for RM33,750,000 in order to meet public spread. Consequently, the acquisition completed on the even date and MGB became a 56.43% owned subsidiary company of the Company.

- (iii) On 3 August 2016, LBS subscribed 51 ordinary shares of RM1.00 each in Kemudi Ehsan Sdn. Bhd. ("KESB") for a total cash consideration of RM51 only. Consequently, KESB became a 51% owned subsidiary company of LBS.
- (iv) On 19 December 2016, LBS acquired 51 ordinary shares of RM1.00 each in Induk Pelita Sdn. Bhd. ("IPSB") for a total cash consideration of RM51 only. Consequently, IPSB became a 51% owned subsidiary company of LBS.

## 8. Investment in Subsidiary Companies (Cont'd)

### (b) Acquisition of subsidiary companies during the financial year (cont'd)

The effect of the acquisition on the financial results of the Group in respect of the financial year is as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Revenue	70,379,031	5,173,466
Cost of sales	<u>(63,461,751)</u>	<u>(4,938,133)</u>
Gross profit	6,917,280	235,333
Other income	6,205,115	-
Administrative and operating expenses	(9,061,237)	(13,615)
Finance costs	(569,442)	-
Share of profit in an associated company	15,620	-
Profit before taxation	<u>3,507,336</u>	<u>221,718</u>
Taxation	<u>(1,830,751)</u>	<u>(46,000)</u>
Total comprehensive income for the financial year	<u>1,676,585</u>	<u>175,718</u>
Net profit for the financial year attributable to:		
Owners of the Parent	1,676,059	130,662
Non-controlling interests	<u>526</u>	<u>45,056</u>
	<u>1,676,585</u>	<u>175,718</u>

### Impact of the acquisition on the Statements of Profit or Loss and Other Comprehensive Income

From the date of acquisition, acquired subsidiary companies have contributed RM70,379,031 (2015: RM5,173,466) and RM1,676,585 (2015: RM175,718) to the Group's revenue and profit for the financial year respectively. If the business combination had taken place at the beginning of the financial year, the Group's revenue for the financial year would have been RM92,532,519 (2015: RM5,173,466) and Group's profit for the financial year would have been decreased by RM131,590 (2015: increased by RM175,525).



## 8. Investment in Subsidiary Companies (Cont'd)

### (b) Acquisition of subsidiary companies during the financial year (cont'd)

The following summarises the major classes of consideration transferred, and the recognised amount of assets acquired and liabilities assumed at the acquisition date:

	Group	
	2016 RM	2015 RM
Property, plant and equipment	23,109,997	-
Inventories	858,448	-
Trade and other receivables	24,369,586	-
Deferred tax assets	58,003	-
Non-current assets classified as held for sale	12,086,177	-
Cash and bank balances	1,242,316	1,006
Bank overdrafts	(1,998,258)	-
Trade and other payables	(12,549,459)	(2,315)
Finance lease payables	(232,755)	-
Bank borrowings	(13,949,710)	-
Total identifiable assets and liabilities	<u>32,994,345</u>	<u>(1,309)</u>

Net cash inflows arising from the acquisition was as follows:

	Group	
	2016 RM	2015 RM
Purchase consideration satisfied by cash	53,147,771	555
Less :		
Cash and bank balances	(1,242,316)	(1,006)
Bank overdrafts	1,998,258	-
Net cash outflows / (inflows) from the acquisition of subsidiary companies	<u>53,903,713</u>	<u>(451)</u>

## 8. Investment in Subsidiary Companies (Cont'd)

### (b) Acquisition of subsidiary companies during the financial year (cont'd)

Goodwill was recognised as a result of the acquisition as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Fair value of consideration transferred	65,690,399	555
proportionate interest in the recognised amounts		
of the assets and liabilities of the acquiree	16,106,921	(590)
Fair value of identifiable assets acquired and liabilities assumed	(32,994,345)	1,309
Goodwill on consolidation	<u>48,802,975</u>	<u>1,274</u>

The goodwill recognised on the acquisition is attributable mainly to the skills and technical talent of the acquired business's work force and the synergies expected to be achieved from integrating the subsidiary companies into the Group's property development and construction business.

Certain fair values of assets acquired and liabilities assumed and purchase consideration have been determined on a provisional basis pending completion of purchase price allocation exercise. The purchase price allocation exercise is expected to be completed not exceeding one year from the acquisition date. The goodwill on acquisition is provisionally estimated to be RM40,023,304, it will be adjusted accordingly on a retrospective basis if any identified intangible assets is allocated when the purchase price allocation is finalised.

### (c) Additional investment in subsidiary companies during the financial year

- (i) On 29 March 2016, LBS Capital Sdn. Bhd. ("LCSB"), a wholly-owned subsidiary company of LBS, increased its paid up share capital from 25,000 to 2,000,000 ordinary shares of RM1.00 each. LBS subscribed additional 1,975,000 ordinary shares of RM1.00 each in LCSB by way of cash.
- (ii) On 17 May 2016, Prisma Craft Sdn. Bhd. ("PCSB"), a wholly-owned subsidiary company of MITCE, increased its paid up share capital from 2 to 750,000 ordinary shares of RM1.00 each. MITCE subscribed additional 749,998 ordinary shares of RM1.00 each in PCSB by way of cash.

## 8. Investment in Subsidiary Companies (Cont'd)

- (c) Additional investment in subsidiary companies during the financial year (cont'd)
- (iii) On 19 August 2016, Kemudi Ehsan Sdn. Bhd. ("KESB"), a 51% owned subsidiary company of LBS, increased its paid up share capital from 100 to 500,000 ordinary shares of RM1.00 each. LBS subscribed for additional 254,949 ordinary shares of RM1.00 each in KESB by way of cash. KESB remained as a 51% owned subsidiary company of LBS.
- (d) Acquisition of non-controlling interests during the financial year
- (i) On 27 January 2016, LBS entered into a Share Sale Agreement ("SSA") to acquire 150,000 ordinary shares of RM1.00 each representing 15% of the equity interest in Puncak Gama Sdn. Bhd. ("PGSB") for a total cash consideration of RM11,000,000 only. The SSA completed in March 2016. Consequently, LBS's shareholding in PGSB increased from 51% to 66%.
- On 3 May 2016, LBS entered into another SSA to acquire 140,000 ordinary shares of RM1.00 each in PGSB for a total cash consideration of RM10,300,000 only. Consequently, PGSB became a 80% owned subsidiary company of LBS.
- (ii) On 13 May 2016, Pelangi Homes Sdn. Bhd. ("PHSB"), a wholly-owned subsidiary company of LBS, acquired 100 ordinary shares of RM1.00 each in Restu Bidara Sdn. Bhd. ("RBSB") from MITCE for a total cash consideration of RM100 only. Consequently, RBSB became a wholly-owned subsidiary company of PHSB.
- (iii) On 1 August 2016, LBS acquired 600 ordinary shares of RM1.00 each in Nuevo Attraction & Destination Sdn. Bhd. ("NADSB") from MITCE for a total cash consideration of RM600 only. Consequently, NADSB became a 60% owned subsidiary company of LBS.
- (iv) On 1 November 2016, LBS acquired 1,000 ordinary shares of RM1.00 each in Nuevoprima Development Sdn. Bhd. ("NDSB") from NDSB for a total cash consideration of RM1,000 only. Consequently, NDSB became a wholly-owned subsidiary company of LBS.
- (v) On 19 October 2014, LBS entered into a SSA to acquire additional 27,500 ordinary shares of RM1.00 each in Casa Inspirasi Sdn. Bhd. ("CISB") for a total cash consideration of RM10,000,000 only. Upon conditions precedent met on 5 December 2016, CISB became a 68% owned subsidiary company of LBS.

## 8. Investment in Subsidiary Companies (Cont'd)

## (d) Acquisition of non-controlling interests during the financial year (cont'd)

The effect of changes in the equity interest that is attributable to the owners of the Parent is as follows:

	Group	
	2016 RM	2015 RM
Carrying amount of non-controlling interests acquired	(58,204,139)	473,240
Consideration paid to non-controlling interests	(31,300,000)	(39,300,031)
Arising from group reorganisation	40,329,843	-
Decrease in Parent's equity	<u>(49,174,296)</u>	<u>(38,826,791)</u>

## (e) Material partly owned subsidiary companies

The summarised financial information of the Group's subsidiary companies that have material non-controlling interests (amounts before inter-company elimination) is as follows:

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2016	2015	2016	2015	2016	2015
	%	%	RM	RM	RM	RM
MGB Group * Zhuhai International Circuit Limited ("ZIC")	43.57	-	1,167,635	-	73,639,504	-
Mayang Jelatek Sdn. Bhd. ("MJSB")	40	40	(3,394,769)	(5,953,297)	(33,552,936)	(29,186,839)
MITCE	-	25	-	3,086,246	-	6,539,262
					<u>48,771,646</u>	<u>(13,952,437)</u>
Individually immaterial subsidiary companies with non-controlling interests					<u>(7,567,075)</u>	<u>(5,336,035)</u>
Total non-controlling interests					<u>41,204,571</u>	<u>(19,288,472)</u>

\* MGB Group represents ML Global Berhad and its subsidiary companies

## 8. Investment in Subsidiary Companies (Cont'd)

## (e) Material partly owned subsidiary companies (cont'd)

The summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company elimination.

## (i) Summarised Statements of Financial Position

	MGB Group RM	ZIC RM	MJSB RM	MITCE RM
<b>2016</b>				
Non-current assets	361,660,623	196,018,006	6,251,436	-
Current assets	274,547,244	44,059,174	15,365,929	-
Non-current liabilities	(31,467,004)	(200,676,278)	-	-
Current liabilities	(268,980,491)	(113,555,620)	(3,892,711)	-
Net assets / (liabilities)	<u>335,760,372</u>	<u>(74,154,718)</u>	<u>17,724,654</u>	<u>-</u>
Equity attributable to :				
Owners of the Parent	335,762,513	(40,601,782)	17,724,654	-
Non-controlling interests	(2,141)	(33,552,936)	-	-
Total Equity	<u>335,760,372</u>	<u>(74,154,718)</u>	<u>17,724,654</u>	<u>-</u>
		ZIC RM	MJSB RM	MITCE RM
<b>2015</b>				
Non-current assets		210,338,812	6,262,723	44,224,395
Current assets		40,735,169	17,366,940	133,175,963
Non-current liabilities		(204,360,814)	-	(21,272,212)
Current liabilities		(110,364,615)	(5,884,474)	(129,971,102)
assets		<u>(63,651,448)</u>	<u>17,745,189</u>	<u>26,157,044</u>
Equity attributable to :				
Owners of the Parent		(34,464,609)	17,745,189	26,157,044
Non-controlling interests		(29,186,839)	-	-
Total Equity		<u>(63,651,448)</u>	<u>17,745,189</u>	<u>26,157,044</u>

## 8. Investment in Subsidiary Companies (Cont'd)

## (e) Material partly owned subsidiary companies (cont'd)

The summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company elimination. (cont'd)

## (ii) Summarised Statements of Profit or Loss and Other Comprehensive Income

	<b>MGB Group</b> RM	<b>ZIC</b> RM	<b>MJSB</b> RM	<b>MITCE</b> RM
<b>2016</b>				
Revenue	92,532,519	24,540,411	5,520,930	418,384,553
Net profit / (loss) for the financial year	322,961	(11,477,055)	(20,536)	21,156,980
Other comprehensive income for the financial year	5,162,495	4,393,398	-	-
Total comprehensive income / (loss) for the financial year	5,485,456	(7,083,657)	(20,536)	21,156,980
		<b>ZIC</b> RM	<b>MJSB</b> RM	<b>MITCE</b> RM
<b>2015</b>				
Revenue		22,469,122	5,595,581	263,222,219
Net (loss) / profit for the financial year		(17,465,440)	650,797	12,344,982
Other comprehensive income for the financial year		3,273,727	271,482	-
Total comprehensive (loss) / income for the financial year		(14,191,713)	922,279	12,344,982

## 8. Investment in Subsidiary Companies (Cont'd)

### (e) Material partly owned subsidiary companies (cont'd)

The summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company elimination. (cont'd)

#### (iii) Summarised Statements of Cash Flows

	<b>MGB Group</b> <b>RM</b>	<b>ZIC</b> <b>RM</b>	<b>MJSB</b> <b>RM</b>	<b>MITCE</b> <b>RM</b>
<b>2016</b>				
Net cash (used in) / generated from operating activities	(12,704,852)	(2,455,082)	2,638,994	-
Net cash generated from / (used in) investing activities	19,582,346	(1,200,458)	-	-
Net cash (used in) / generated from financing activities	(4,659,867)	3,617,422	-	-
Net increase / (decrease) in cash and cash equivalents	<u>2,217,627</u>	<u>(38,118)</u>	<u>2,638,994</u>	<u>-</u>
		<b>ZIC</b> <b>RM</b>	<b>MJSB</b> <b>RM</b>	<b>MITCE</b> <b>RM</b>
<b>2015</b>				
Net cash (used in) / generated from operating activities		(1,836,294)	1,687,596	9,594,937
Net cash used in investing activities		(502,494)	-	(2,445,500)
Net cash generated from / (used in) financing activities		2,830,269	(1,594,793)	(8,543,364)
Net increase / (decrease) in cash and cash equivalents		<u>491,481</u>	<u>92,803</u>	<u>(1,393,927)</u>

## 8. Investment in Subsidiary Companies (Cont'd)

## (e) Material partly owned subsidiary companies (cont'd)

The summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company elimination. (cont'd)

## (iv) Dividends paid

	MGB Group	ZIC	MJSB	MITCE
	RM	RM	RM	RM
<b>2016</b>				
Dividends paid to non-controlling interests	-	-	-	(2,000,000)
		<b>ZIC</b>	<b>MJSB</b>	<b>MITCE</b>
		<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2015</b>				
Dividends paid to non-controlling interests		-	-	(3,000,000)

- (f) There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from the non-controlling shareholders.



## 9. Investment in Associated Companies

### (a) Investment in associated companies

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>At cost</b>				
Quoted shares in Malaysia	-	10,883,769	-	10,883,769
Unquoted shares in Malaysia	4,100,070	4,100,070	-	-
	<u>4,100,070</u>	<u>14,983,839</u>	<u>-</u>	<u>10,883,769</u>
<b>Accumulated impairment losses</b>				
At 1 January	3,778,430	199,999	3,578,431	-
Impairment during the financial year	-	3,578,431	-	3,578,431
Reversal of impairment loss	(3,578,431)	-	(3,578,431)	-
At 31 December	199,999	3,778,430	-	3,578,431
<b>Group's share of post acquisition reserves</b>	<u>(1,264,189)</u>	<u>2,673,931</u>	<u>-</u>	<u>-</u>
	<u>2,635,882</u>	<u>13,879,340</u>	<u>-</u>	<u>7,305,338</u>

Details of the associated companies are set out in Note 51.

During the financial year, the Company acquired 24,232,696 ordinary shares of RM0.50 each in MGB for a total cash consideration of RM13,147,672 only. Consequently, MGB became a 51.18% owned subsidiary company of the Company.

An reversal of impairment loss amounting to RM3,578,431 was recognised during the financial year.

In previous financial year, the recoverable amount of the Company's investment in MGB estimated based on value-in-use method was RM7,305,338. In determining value-in-use for MGB, the cash flows were discounted at a rate of 6.79% on a pre-tax basis.

9. **Investment in Associated Companies (Cont'd)**

(b) The summarised financial information of the associated companies is as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
<b>Assets and liabilities</b>		
Non-current assets	1,259,122	21,386,850
Current assets	1,273,406	34,510,051
Non-current assets classified as held for sale	-	12,086,177
Total assets	<u>2,532,528</u>	<u>67,983,078</u>
Non-current liabilities	(850,750)	(14,663,759)
Current liabilities	(1,204,387)	(22,103,524)
Total net assets	<u>477,391</u>	<u>31,215,795</u>
<b>Financial results</b>		
Revenue	<u>139,240</u>	<u>37,026,211</u>
(Loss) / Profit before taxation	(459,289)	6,701,819
Taxation	(4,000)	3,096,840
Net (loss) / profit for the financial year	<u>(463,289)</u>	<u>9,798,659</u>

The unrecognised share of losses of the associated companies is as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
At 1 January	225,467	206,676
Additions during the financial year	18,993	18,791
At 31 December	<u>244,460</u>	<u>225,467</u>

## 9. Investment in Associated Companies (Cont'd)

- (c) The Group's associated companies are not material individually to the financial position, financial performance and cash flows of the Group except for MGB Group.

The summarised financial information of the Group's material associated company is set out below:

Name of company	Proportion of ownership interests and voting rights held		Investment in associated companies	
	2016	2015	2016	2015
	%	%	RM	RM
MGB Group	-	24.13	-	11,073,306
Individually immaterial associated companies			2,635,882	2,806,034
			<u>2,635,882</u>	<u>13,879,340</u>

The summarised financial information represents the amounts in the financial statements of MGB Group and not the Group's share of those amounts.

	MGB Group	
	2016 RM	2015 RM
<b>Assets and liabilities</b>		
Non-current assets	-	20,109,742
Current assets	-	32,892,852
Non-current assets classified as held for sale	-	12,086,177
Total assets	-	<u>65,088,771</u>
Non-current liabilities	-	(13,976,087)
Current liabilities	-	(20,837,768)
Total liabilities	-	<u>(34,813,855)</u>
Total net assets	-	<u>30,274,916</u>
Market value:		
Quoted shares in Malaysia	-	<u>40,335,480</u>
<b>Financial results</b>		
Revenue	-	<u>37,026,211</u>
Profit before taxation	-	7,076,998
Taxation	-	3,096,840
Net profit for the financial year	-	<u>10,173,838</u>

10. **Promissory Note**

	Group	
	2016 RM	2015 RM
Non-current	-	100,498,924
Current	-	105,523,704
	-	206,022,628

The promissory note had a principal amount of HKD850 million which was interest free and receivable by four annual instalments. The promissory note was carried at amortised cost based on an effective interest rate of 5% per annum. The third and fourth instalments in aggregate of HKD400 million were early repaid by the issuer during the year.

11. **Other Investments**

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Non-Current</b>				
<i>Available-for-sale financial assets</i>				
Equity securities listed in Hong Kong measured at fair value on recurring basis and classified as level 1 of the fair value hierarchy	98,801,419	93,835,130	-	-
	98,801,419	93,835,130	-	-
<b>Other investments</b>				
<b>At cost</b>				
Transferable corporate club membership	1,248,501	1,248,501	-	-
<b>Accumulated impairment losses</b>				
At 1 January	100,000	-	-	-
Impairment during the financial year	-	100,000	-	-
At 31 December	100,000	100,000	-	-
	1,148,501	1,148,501	-	-
	99,949,920	94,983,631	-	-

The fair value of the listed equity securities was determined by reference to the quoted price in an active market. In view of the significant and prolonged decline in the fair value of the available-for-sale financial assets, impairment loss thereon amounting to RM27,025,897 (2015: RMNil) was recycled from other comprehensive income to profit or loss during the financial year. The impairment loss recognised in profit or loss shall not be reversed in the future.

### 11. Other Investments (Cont'd)

The listed equity securities with carrying amount of RM98,801,419 (2015: RM93,835,130) have been pledged to licensed banks to partially secure the bank overdrafts as disclosed in Note 30.

An impairment loss of RM100,000 on transferable corporate club membership was recognised during the previous financial year.

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Current</b>				
<i>Financial assets at fair value through profit or loss</i>				
Over the counter trust funds measured at fair value on recurring basis and classified as level 1 of the fair value hierarchy	-	38,488,161	-	11,029,697

The fair value of the trust funds was determined by reference to the quoted prices provided by a financial intermediary.

### 12. Goodwill on Consolidation

	Group	
	2016 RM	2015 RM
<b>Cost</b>		
At 1 January	134,646,168	134,644,894
Acquisition of subsidiary companies	48,802,975	1,274
At 31 December	<u>183,449,143</u>	<u>134,646,168</u>
<b>Accumulated impairment losses</b>		
At 1 January	50,428,933	47,502,567
Impairment during the financial year	6,040,342	2,926,366
At 31 December	<u>56,469,275</u>	<u>50,428,933</u>
<b>Carrying amount</b>	<u>126,979,868</u>	<u>84,217,235</u>

## 12. Goodwill on Consolidation (Cont'd)

### (a) Impairment test for goodwill on consolidation

Goodwill on consolidation has been allocated to Group's cash-generating units ("CGUs") identified according to business segments as property development and construction as follows:

	Group	
	2016 RM	2015 RM
Property development	120,125,182	84,217,235
Construction	6,854,686	-
	126,979,868	84,217,235

### (b) Key assumptions used to determine the recoverable amount

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five to ten years period. The key assumptions used for value-in-use calculations are based on future projection of the Group in Malaysia as follows:

	Property development	Construction
Gross Margin	21%	8%
Growth rate	N/A	10%
Pre-tax discount rate	6.07% p.a.	11% p.a.

The key assumptions that the directors have used in the cash flow projections to undertake impairment testing are as follows:

- (i) Gross margin - Budgeted value based on the average margins achieved in the year immediately before the budgeted year, increased for expected efficiency improvements and market development.
- (ii) Growth rate - Not applicable for property development segment as the cash flow projections made is for a period of 5 to 10 years, in accordance with the expected life cycle of the CGU.
- (iii) Pre-tax discount rate - Rate that reflects specific risks relating to the relevant CGU.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

## 12. Goodwill on Consolidation (Cont'd)

### (b) Key assumptions used to determine the recoverable amount (cont'd)

The management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

### (c) Sensitivity to changes in assumptions

The management believes that a reasonably possible changes in the key assumptions on which management has based on its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to exceed its recoverable amount.

### (d) Impairment recognised during the financial year

The Group recognised an impairment of RM6,040,342 (2015: RM2,926,366) during the financial year in respect of the goodwill arising on consolidation. The goodwill relates to certain subsidiary companies which mainly undertake development projects which are expected to complete within the next 5 years. As a decrease in development activities or other significant cash generating activities is expected from the subsidiary companies, the related goodwill has been impaired accordingly.

## 13. Inventories

	Group	
	2016 RM	2015 RM
<b>At cost:</b>		
Stock of completed properties	185,439,203	74,160,419
Finished goods	168,091	116,853
<b>At net realisable value:</b>		
Stock of completed properties	<u>2,260,000</u>	<u>2,260,000</u>
	<u>187,867,294</u>	<u>76,537,272</u>
<b>Recognised in profit or loss</b>		
Inventories recognised in cost of sales	24,560,725	2,360,216
Inventories written down	<u>-</u>	<u>36,400</u>

Included in the inventories above was an carrying amount of RM132,961,147 (2015: RM27,449,832) which have been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 28.

14. **Amount Owing by/(to) Customers on Contracts**

	Group	
	2016 RM	2015 RM
Contract cost incurred to date	142,036,686	81,130,755
Attributable profits recognised to-date	16,404,289	9,314,693
	<u>158,440,975</u>	<u>90,445,448</u>
Less: Progress billings	<u>(170,075,443)</u>	<u>(95,992,231)</u>
	<u>(11,634,468)</u>	<u>(5,546,783)</u>
Presented as:		
Amount owing by customers on contracts	206,607	56,017
Amount owing to customers on contracts	<u>(11,841,075)</u>	<u>(5,602,800)</u>
	<u>(11,634,468)</u>	<u>(5,546,783)</u>

Included in contract cost incurred to-date for the financial year is rental of premises of RM101,772 (2015: RM72,700).

Included in progress billings is retention sum of RM10,223,772 (2015: RM4,197,412).

15. **Trade Receivables**

	Group	
	2016 RM	2015 RM
Trade receivables		
- Third parties	309,347,321	194,636,534
- Related parties	7,639,091	2,915,203
	<u>316,986,412</u>	<u>197,551,737</u>
Less: Allowance for impairment losses		
- Third parties	<u>(1,522,813)</u>	<u>(1,427,906)</u>
	<u>315,463,599</u>	<u>196,123,831</u>

The Group's normal trade credit terms range from 14 to 180 days (2015: 14 to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in the trade receivables was an amount of RM14,289,559 (2015: RM28,711,184) retained by stakeholders which are due upon the expiry of retention period as stipulated in the sale and purchase agreements. The retention periods range from 8 to 24 months.



## 15. Trade Receivables (Cont'd)

Analysis of the trade receivables ageing are as follows:

	Group	
	2016 RM	2015 RM
Neither past due nor impaired	107,420,273	70,425,190
Past due less than 30 days not impaired	33,686,772	41,812,056
Past due for 31-60 days not impaired	27,827,677	17,834,164
Past due for more than 60 days not impaired	146,528,877	66,052,421
	<u>208,043,326</u>	<u>125,698,641</u>
	315,463,599	196,123,831
Individually impaired	1,522,813	1,427,906
	<u>316,986,412</u>	<u>197,551,737</u>

Trade receivables that are neither past due nor impaired are creditworthy receivables with good track record with the Group.

As at 31 December 2016, trade receivables of RM208,043,326 (2015: RM125,698,641) were past due but not impaired. These mainly relate to amounts due from property purchasers with end financing facilities from reputable end financiers. In respect of property purchasers with no end financing facilities, the Group retains the legal title to all the properties sold until the full contracted sale value is settled. Accordingly, no impairment has been made on these amounts and the Group is closely monitoring these receivables and is confident of their eventual recovery.

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

	Group	
	2016 RM	2015 RM
At 1 January	1,427,906	1,364,204
Impairment during the financial year	106,804	-
Reversal of allowance for impairment losses	(1,522)	-
Exchange differences	(10,375)	63,702
At 31 December	<u>1,522,813</u>	<u>1,427,906</u>

The trade receivables of the Group that are individually assessed to be impaired amounting to RM1,522,813 (2015: RM1,427,906), related to property purchasers who are in financial difficulties or have defaulted on payments. These balances are expected to be recovered through the debt recovery process.

Concentration of credit risk with respect to trade receivables is limited due to the Group's large number of customers, who are widely distributed and cover a broad range of end markets. There is no objective evidence that the trade receivables are not fully recoverable.

## 16. Other Receivables

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other receivables				
- Third parties	53,098,506	33,607,678	326,236	113,720
- Related parties	241,770	621,145	-	3,200,000
	<u>53,340,276</u>	<u>34,228,823</u>	<u>326,236</u>	<u>3,313,720</u>
Less: Allowance for impairment losses				
- Third parties	(10,397,164)	(9,852,186)	-	-
- Acquisition of subsidiary company	(845,679)	-	-	-
	<u>42,097,433</u>	<u>24,376,637</u>	<u>326,236</u>	<u>3,313,720</u>
Deposits				
- Third parties	29,908,092	21,067,029	14,500	4,500
- Related parties	20,400	76,538	-	-
Prepayments	38,464,914	47,353,085	-	-
<b>Total other receivables</b>	<u>110,490,839</u>	<u>92,873,289</u>	<u>340,736</u>	<u>3,318,220</u>

Included in other receivables of the Group mainly comprise of the followings:

- (i) Deposits and prepaid purchase consideration of RM15,213,000 and RM33,275,016 (2015: RM9,680,000 and RM39,750,000) paid for the acquisition and joint venture of development lands that have not been completed as at 31 December 2016. The balance of these deposits and prepaid purchase consideration are disclosed as capital commitments in Note 48.
- (ii) An amount of RM5,690,311 (2015: RM4,012,645) provided for settlement with the purchasers of a development project of a subsidiary company in accordance with the Workout Proposals of Instangreen Corporation Berhad. This amount will be settled upon receipt of claims from all the purchasers.
- (iii) An amount of RM687,822 (2015: RM686,857) arising from a project management agreement signed with a developer. The projects have been completed and collection is pending strata titles issuance and closure of housing development accounts by the developer.

Other receivables of the Company amounting to RM3,200,000 in the previous financial year was arising from the dividend receivable from a subsidiary company.

The Group and the Company have not recognised any impairment on certain receivables that are past due at the end of financial year, as there is no objective evidence that the receivables are not fully recoverable.

## 16. Other Receivables (Cont'd)

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
At 1 January	9,852,186	9,864,904	-	-
Impairment during the financial year	544,978	-	-	-
Acquisition of subsidiary company	845,679	-	-	-
Reversal of allowance impairment losses	-	(12,718)	-	-
At 31 December	<u>11,242,843</u>	<u>9,852,186</u>	<u>-</u>	<u>-</u>

A reversal of allowance for impairment losses amounting to RM12,718 was recognised in the previous financial year when these balances were written off.

Other receivables that are individually determined to be impaired at the reporting date related to debtors that are in financial difficulties and have defaulted on payment.

## 17. Amount Owing by/(to) Subsidiary Companies

### (a) Amount owing by subsidiary companies

These represent unsecured interest free advances and repayable on demand except for an amount of RM185,815,664 (2015: RM252,653,104) which bears interest ranging from 5.09% to 6.07% (2015: 5.20% to 5.96%) per annum.

### (b) Amount owing to a subsidiary company

These represent unsecured interest free advances and repayable on demand except for an amount of RM62,411,867 (2015: RM56,946,384) which bears interest ranging from 3.88% to 4.17% (2015: 3.87% to 3.89%) per annum.

**18. Fixed Deposits with Licensed Banks**

Included in the fixed deposits of the Group and of the Company are amounts of RM40,221,758 and RM31,442,414 (2015: RM20,452,403 and RM10,341,966) respectively which are pledged to licensed banks as securities for banking facilities granted to the Company and certain subsidiary companies as disclosed in Notes 28 and 30.

The interest rates and maturities of deposits of the Group and of the Company at the reporting date ranging from 0.05% to 3.90% (2015: 0.28% to 4.50%) per annum and 1 to 365 days (2015: 1 to 365 days) respectively. All unpledged deposits have maturity periods of less than three months.

**19. Cash Held under Housing Development Accounts**

Cash held under the Housing Development Accounts which are not freely available for use represents monies received from purchasers of residential properties less payments or withdrawals in accordance with the Housing Development (Controls and Licensing) Act, 1966.

The interest rates of cash held under Housing Development Accounts at the reporting date ranging from 0.19% to 2.10 % (2015: 0.20% to 2.20 %) per annum.

**20. Cash and Bank Balances**

Included in cash and bank balances of the Group and of the Company are deposits with licensed banks amounting to RM9,878,803 and RM703,731 (2015: RM9,114,119 and RM724,614) respectively which have been pledged to licensed banks for banking facilities granted to the Group and to the Company as disclosed in Note 28.

## 21. Share Capital

	Group/Company			
	Number of Shares		Amount	
	2016 Units	2015 Units	2016 RM	2015 RM
Ordinary shares of RM1.00 each				
<b>Authorised</b>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
<b>Issued and fully paid shares:</b>				
At 1 January	551,437,117	538,298,257	551,437,117	538,298,257
Issuance of shares:				
- Exercise of ESOS	2,997,900	3,470,300	2,997,900	3,470,300
- Exercise of warrants	86,989,456	9,668,560	86,989,456	9,668,560
At 31 December	<u>641,424,473</u>	<u>551,437,117</u>	<u>641,424,473</u>	<u>551,437,117</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Company, all rights are suspended until those shares are reissued.

During the financial year, the Company increased its issued and paid-up share capital from 551,437,117 to 641,424,473 by way of issuance of 89,987,356 new ordinary shares of RM1.00 each as follows:

- 2,997,900 new ordinary shares of RM1.00 each for cash arising from the exercise of share options under Employees' Share Option Scheme at a weighted average exercise price of RM1.30 per ordinary share;
- 24,676,306 new ordinary shares of RM1.00 each for cash arising from the exercise of Warrants A at an exercise price of RM1.00 per ordinary share; and
- 62,313,150 new ordinary shares of RM1.00 each for cash arising from the exercise of Warrants B at an exercise price of RM1.25 per ordinary share.

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

## 22. Share Premium

	Group/Company	
	2016 RM	2015 RM
<b>Non-distributable</b>		
At 1 January	48,298,035	44,586,608
Exercise of ESOS	7,626,285	391,361
Exercise of warrants	18,045,919	969,106
Own shares sold	265,027	2,350,960
At 31 December	<u>74,235,266</u>	<u>48,298,035</u>

## 23. Treasury Shares

	Group/Company			
	Number of shares		Amount	
	2016 Units	2015 Units	2016 RM	2015 RM
At 1 January	6,116,800	10,830,000	8,634,411	14,678,685
Shares repurchased	15,000	7,606,800	24,185	10,900,389
Own shares sold	(6,071,800)	(12,320,000)	(8,570,515)	(16,944,663)
At 31 December	<u>60,000</u>	<u>6,116,800</u>	<u>88,081</u>	<u>8,634,411</u>

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

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 9 June 2016, renewed their approval for the Company's plan to repurchase its own shares. The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 15,000 (2015: 7,606,800) of its issued shares from the open market. The average price paid for the shares repurchased was RM1.61 (2015: RM1.43) per share. The total consideration paid for the repurchase including transaction costs was RM24,185 (2015: RM10,900,389). The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

During the financial year, the Company has also disposed of 6,071,800 (2015: 12,320,000) of its treasury shares in the open market for a total consideration of RM8,835,542 (2015: RM19,295,623).

## 23. Treasury Shares (Cont'd)

The Company has the right to resell these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

Details of the repurchase and resale of treasury shares during the financial year are as follows:

	Number of shares repurchased Unit	Highest price paid per share RM	Lowest price paid per share RM	Average price per share RM	Total consideration paid RM
<b>2016</b>					
June	10,000	1.58	1.58	1.59	15,922
November	5,000	1.64	1.64	1.65	8,263
	<u>15,000</u>				<u>24,185</u>
<b>2015</b>					
March	380,000	1.51	1.49	1.51	572,898
April	1,090,000	1.55	1.49	1.52	1,661,802
May	20,000	1.62	1.55	1.56	31,278
June	74,600	1.64	1.60	1.62	120,635
July	1,543,200	1.56	1.45	1.49	2,296,211
August	2,850,400	1.50	1.28	1.39	3,953,346
September	1,108,400	1.46	1.28	1.37	1,519,359
October	110,200	1.42	1.39	1.41	155,634
November	260,000	1.39	1.34	1.37	356,769
December	170,000	1.37	1.35	1.37	232,457
	<u>7,606,800</u>				<u>10,900,389</u>
	Number of treasury shares resold Unit	Highest price resold per share RM	Lowest price resold per share RM	Average price resold per share RM	Total consideration received RM
<b>2016</b>					
March	<u>6,071,800</u>	1.47	1.46	1.46	<u>8,835,542</u>
<b>2015</b>					
May	<u>12,320,000</u>	1.62	1.57	1.57	<u>19,295,623</u>

24. **Other Reserves**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Non-distributable</b>				
Fair value				
reserves	(34,809,309)	(92,969,940)	(34,827,821)	(64,115,002)
ESOS reserves	8,414,930	12,793,610	8,414,930	12,793,610
Foreign				
exchange				
reserves	119,865,996	121,328,050	-	-
Other reserves	(183,252,449)	(134,078,153)	-	-
Warrants reserves	36,566,506	68,321,318	36,566,506	68,321,318
	<u>(53,214,326)</u>	<u>(24,605,115)</u>	<u>10,153,615</u>	<u>16,999,926</u>

(a) **Fair value reserves**

Fair value reserves represents the cumulative net change in the fair value of available-for-sale financial assets until they derecognised or impaired and fair value allocated to the bonus issue of free detachable Warrants B.

(b) **ESOS reserves**

	<b>Group/Company</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
<b>Non-distributable</b>		
At 1 January	12,793,610	9,945,172
Share-based payment	2,573,613	3,140,028
Exercise of ESOS	(6,730,885)	-
Realisation of ESOS reserve	<u>(221,408)</u>	<u>(291,590)</u>
At 31 December	<u>8,414,930</u>	<u>12,793,610</u>

Employees' Share Option Scheme reserves represent the equity-settled share options granted to employees. The reserves is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry, cancellation or exercise of the share options.

The Employees' Share Option Scheme are disclosed in Note 37 to the financial statements.



24. **Other Reserves (Cont'd)**(c) **Foreign exchange reserves**

The foreign currency translation reserves represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(d) **Other reserves**

Other reserves represents the difference between the Group's share of net assets before and after the acquisition of equity interest from its non-controlling interests, and any consideration paid.

(e) **Warrants reserves**

	Group/Company			
	Number of shares		Amount	
	2016 Units	2015 Units	2016 RM	2015 RM
<b>Non-distributable</b>				
<b>Warrants A</b>				
At 1 January	46,614,018	56,267,578	4,206,316	5,171,672
Realisation of Warrants reserve	<u>(24,676,306)</u>	<u>(9,653,560)</u>	<u>(2,467,631)</u>	<u>(965,356)</u>
At 31 December	<u>21,937,712</u>	<u>46,614,018</u>	<u>1,738,685</u>	<u>4,206,316</u>
<b>Warrants B</b>				
At 1 January	136,414,897	-	64,115,002	-
Issued during the year	-	136,429,897	-	64,122,052
Realisation of Warrants reserve	<u>(62,313,150)</u>	<u>(15,000)</u>	<u>(29,287,181)</u>	<u>(7,050)</u>
At 31 December	<u>74,101,747</u>	<u>136,414,897</u>	<u>34,827,821</u>	<u>64,115,002</u>
<b>Total warrant reserves</b>	<u>96,039,459</u>	<u>183,028,915</u>	<u>36,566,506</u>	<u>68,321,318</u>

Warrants reserves represent reserves allocated to the detachable Warrants A and Warrants B.

**24. Other Reserves (Cont'd)****(e) Warrants reserves (cont'd)**

The salient terms of Warrants A and Warrants B are as follows:

**(i) Warrants A**

In the financial year 2008, the Company issued renounceable rights issue of 154,076,578 Warrants A on the basis of two (2) new warrants for every five (5) existing ordinary shares of RM1.00 each. The Company executed a Deed Poll constituting the warrants and the issue price and exercise price of the warrants have been fixed at RM0.10 and RM1.00 each respectively.

The Warrants A may be exercised at any time commencing on the date of issue of warrants on 12 June 2008 but not later than 11 June 2018. Any warrants which have not been exercised at the date of maturity will lapse and cease to be valid for any purpose.

**(ii) Warrants B**

On 5 October 2015, the Company had issued 136,429,897 Warrants B to all the entitled shareholders of the Company on the basis of one (1) free Warrant B for every four (4) existing ordinary shares of RM1.00 each held in the Company.

The Warrants B are constituted under a Deed Poll executed on 3 September 2015 and each warrant entitles the registered holder the right at any time during the exercise period from 5 October 2015 to 4 October 2020 to subscribe in cash for one new ordinary share of RM1.00 each of the Company at an exercise price of RM1.25 each.

The new ordinary shares allotted and issued upon exercise of the warrants shall rank pari passu in all respects with the existing ordinary shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares arising from the exercise of the warrants.

As at 31 December 2016, the total number of Warrants A and Warrants B that remain unexercised were 21,937,712 (2015: 46,614,018) and 74,101,747 (2015: 136,414,897) respectively.

## 25. Trade Payables

	Group	
	2016 RM	2015 RM
<b>Non-current</b>		
Trade payables	<u>248,138,494</u>	<u>93,613,370</u>
<b>Current</b>		
Trade payables		
- Third parties	<u>247,521,477</u>	<u>250,668,191</u>
- Related parties	<u>1,511,238</u>	<u>12,902,298</u>
	249,032,715	263,570,489
Retention sum		
- Third parties	<u>62,916,781</u>	<u>47,098,766</u>
- Related parties	<u>2,426,833</u>	<u>5,273,025</u>
	<u>65,343,614</u>	<u>52,371,791</u>
	<u>314,376,329</u>	<u>315,942,280</u>
<b>Total trade payables</b>	<u>562,514,823</u>	<u>409,555,650</u>

## (a) Non-current trade payables

This mainly represents payables for the acquisition and joint venture of project development lands. Payment will be made as stipulated in the agreements.

## (b) Current trade payables

The normal trade credit terms granted to the Group range from cash basis to 60 days (2015: cash basis to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

## 26. Other Payables

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Non-current</b>				
Other payables				
- Related parties	54,991,839	56,228,935	-	-
<b>Current</b>				
Other payables				
- Third parties	66,311,154	63,982,005	173,470	177,142
- Related parties	36,971,374	6,745,166	-	-
	103,282,528	70,727,171	173,470	177,142
Accruals				
- Third parties	198,822,027	175,549,814	214,387	575,040
- Related parties	-	-	1,021,006	-
	198,822,027	175,549,814	1,235,393	575,040
Deposits				
- Third parties	3,153,595	2,303,800	-	-
- Related party	2,000	2,000	-	-
	3,155,595	2,305,800	-	-
Dividend payable	13,027,823	32,719,219	13,027,823	32,719,219
	318,287,973	281,302,004	14,436,686	33,471,401
<b>Total other payables</b>	<b>373,279,812</b>	<b>337,530,939</b>	<b>14,436,686</b>	<b>33,471,401</b>

## (a) Non-current other payables

This represents unsecured advances of RM54,991,839 (2015: RM56,228,935) from a joint venture partner which is not expected to be settled within the next twelve months.

## (b) Current other payables

Included in other payables of the Group mainly comprise of the followings:

- (i) An amount of RM34,670,608 (2015: RM7,271,320) for equity interest acquisition from minority shareholders.
- (ii) An amount of RM5,690,311 (2015: RM4,012,645) provided for settlement with the purchasers of a development project of a subsidiary company in accordance with the Workout Proposals of Instangreen Corporation Berhad. This amount will be settled upon receipt of claims from all the purchasers.

## 27. Finance Lease Payables

	Group	
	2016 RM	2015 RM
<b>(a) Minimum lease payments</b>		
Within one year	2,392,870	2,043,833
Between one and five years	4,032,482	4,948,460
After five years	453,747	673,164
	<u>6,879,099</u>	<u>7,665,457</u>
Less: Future finance charges	(644,667)	(865,505)
Present value of minimum lease payments	<u>6,234,432</u>	<u>6,799,952</u>
<b>(b) Present value of finance lease payables</b>		
Within one year	2,107,504	1,700,660
Between one and five years	3,695,058	4,468,297
After five years	431,870	630,995
	<u>6,234,432</u>	<u>6,799,952</u>
Analysed as:		
Repayable within twelve months	2,107,504	1,700,660
Repayable after twelve months	4,126,928	5,099,292
	<u>6,234,432</u>	<u>6,799,952</u>

Interest is charged at rates ranging from 2.18% to 4.25% (2015: 2.18% to 4.25%) per annum.

The Group leases motor vehicles and plant, machinery and equipment under finance lease as disclosed in Note 4. At the end of the lease term, the Group has the option to acquire the assets at a nominal price deemed to be a bargain purchase option. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments.

28. **Bank Borrowings**

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
<b>Secured</b>				
Floating rates:				
Bridging loans	37,737,671	23,955,181	-	-
Term loans	264,678,942	190,321,839	16,542,777	15,542,470
Revolving credits	207,272,441	303,427,895	59,426,570	65,301,507
<b>Total bank borrowings</b>	<b>509,689,054</b>	<b>517,704,915</b>	<b>75,969,347</b>	<b>80,843,977</b>
Analysed as:				
<b>Repayable within twelve months</b>				
Floating rates:				
Bridging loans	6,933,029	3,954,800	-	-
Term loans	20,814,392	53,336,233	7,152,660	8,758,740
Revolving credits	167,797,242	172,474,719	50,426,570	53,301,507
	<u>195,544,663</u>	<u>229,765,752</u>	<u>57,579,230</u>	<u>62,060,247</u>
<b>Repayable after twelve months</b>				
Floating rates:				
Bridging loans	30,804,642	20,000,381	-	-
Term loans	243,864,550	136,985,606	9,390,117	6,783,730
Revolving credits	39,475,199	130,953,176	9,000,000	12,000,000
	<u>314,144,391</u>	<u>287,939,163</u>	<u>18,390,117</u>	<u>18,783,730</u>
<b>Total bank borrowings</b>	<b>509,689,054</b>	<b>517,704,915</b>	<b>75,969,347</b>	<b>80,843,977</b>

The banking facilities of the Group and of the Company obtained from licensed banks are secured by:

- (a) fixed charge over certain property, plant and equipment as disclosed in Note 4;
- (b) fixed charge or specific debenture over certain lands for property development as disclosed in Note 6;
- (c) fixed charge and deed of assignment over rental proceeds in relation to certain investment properties as disclosed in Note 7;
- (d) legal assignment of cash flows or insurance proceeds in relation to projects developed by subsidiary companies;
- (e) fixed charge over certain inventories of certain subsidiary companies as disclosed in Note 13;
- (f) assignment of promissory note as disclosed in Note 10;
- (g) a charge on certain quoted shares;
- (h) a pledge of fixed deposits as disclosed in Note 18;
- (i) first charge over certain subsidiary companies' shares and / or warrants and/or quoted shares; and
- (j) corporate guarantees provided by the Company and / or certain subsidiary companies.

28. **Bank Borrowings (Cont'd)**

Maturities of bank borrowings are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Within one year	195,544,663	229,765,752	57,579,230	62,060,247
Between one and two years	100,376,687	95,307,500	18,390,117	9,783,730
Between two and three years	72,864,002	104,037,317	-	9,000,000
Between three and four years	51,156,939	18,749,589	-	-
Between four and five years	31,846,406	19,815,113	-	-
After five years	57,900,357	50,029,644	-	-
	<u>509,689,054</u>	<u>517,704,915</u>	<u>75,969,347</u>	<u>80,843,977</u>

The range of interest rates at the reporting date is as follows:

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Bridging loans	7.47 - 8.43	7.10 - 8.35	-	-
Term loans	3.27 - 8.31	2.68 - 8.35	3.27 - 8.10	2.67 - 2.73
Revolving credits	4.25 - 7.10	3.43 - 7.10	4.25 - 7.00	4.51 - 7.10

29. **Deferred Tax Assets / (Liabilities)**

	Group	
	2016 RM	2015 RM
At 1 January	(32,271,601)	(37,996,706)
Recognised in profit or loss	12,938,734	11,929,472
Arising from acquisition of a subsidiary company	58,003	-
Exchange differences	1,042,542	(6,204,367)
At 31 December	<u>(18,232,322)</u>	<u>(32,271,601)</u>

29. **Deferred Tax Assets / (Liabilities) (Cont'd)**

The net deferred tax assets and liabilities shown on the Statements of Financial Position after appropriate offsetting are as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Deferred tax assets	27,223,591	13,295,290
Deferred tax liabilities	(45,455,913)	(45,566,891)
	<u>(18,232,322)</u>	<u>(32,271,601)</u>

The components and movements of deferred tax assets and liabilities at the end of reporting period prior to offsetting are as follows:

Deferred tax assets of the Group

	<b>Unused tax losses</b>	<b>Unutilised capital allowances</b>	<b>Others</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
At 1 January 2016	-	-	13,295,290	13,295,290
Recognised in profit or loss	(465,263)	(474,456)	10,082,427	9,142,708
Under provision in prior year	-	-	1,789,165	1,789,165
Arising from acquisition of subsidiary company	2,335,242	661,186	-	2,996,428
At 31 December 2016	<u>1,869,979</u>	<u>186,730</u>	<u>25,166,882</u>	<u>27,223,591</u>
At 1 January 2015	118,552	-	2,870,713	2,989,265
Recognised in profit or loss	(118,552)	-	10,424,577	10,306,025
At 31 December 2015	<u>-</u>	<u>-</u>	<u>13,295,290</u>	<u>13,295,290</u>



29. **Deferred Tax Assets / (Liabilities) (Cont'd)**Deferred tax liabilities of the Group

	<b>Accelerated capital allowances RM</b>
At 1 January 2016	(45,566,891)
Recognised in profit or loss	1,920,800
Under provision in prior year	86,061
Arising from acquisition of subsidiary company	(2,938,425)
Exchange difference	1,042,542
At 31 December 2016	<u>(45,455,913)</u>
At 1 January 2015	(40,985,971)
Recognised in profit or loss	1,623,447
Exchange difference	(6,204,367)
At 31 December 2015	<u>(45,566,891)</u>

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

	<b>Group</b>	
	<b>2016 RM</b>	<b>2015 RM</b>
Unutilised capital allowances	2,450,587	1,665,566
Unused tax losses	67,511,243	52,021,277
Deductible temporary differences	8,972,730	3,953,380
	<u>78,934,560</u>	<u>57,640,223</u>

Deferred tax assets and liabilities are off-set when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

30. **Bank Overdrafts**

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Secured</b>				
Repayable within months	<u>100,901,943</u>	<u>43,665,940</u>	<u>42,650,845</u>	<u>8,631,290</u>

The bank overdrafts obtained from licensed banks are secured by:

- (a) fixed charge over certain property, plant and equipment as disclosed in Note 4;
- (b) fixed charge or specific debenture over certain land for property development as disclosed in Note 6;
- (c) fixed charge over certain investment properties as disclosed in Note 7;
- (d) legal assignment of cash flows or insurance proceeds in relation to projects developed by subsidiary companies;
- (e) a pledge of fixed deposits as disclosed in Note 18;
- (f) first charge over certain subsidiary companies' shares and/or warrants and/or quoted shares;
- (g) certain equity securities listed in Hong Kong as disclosed in Note 11; and
- (h) corporate guarantees provided by the Company and certain subsidiary companies.

The interest rates of the Group and of the Company at the reporting date are as follows:

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Bank overdrafts	<u>4.45 - 8.31</u>	<u>6.85 - 8.35</u>	<u>4.45 - 8.00</u>	<u>8.10</u>

31. **Revenue**

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Property development	813,441,607	574,730,317	-	-
Construction contracts	65,454,432	67,313,756	-	-
Trading and others	52,775,680	13,384,916	-	-
Completed properties	37,406,927	2,397,750	-	-
Motor racing events and sponsorship	24,540,411	22,469,122	-	-
Management fees from a subsidiary company	-	-	564,000	564,000
Dividends from subsidiary companies	-	-	80,277,184	65,035,000
	<u>993,619,057</u>	<u>680,295,861</u>	<u>80,841,184</u>	<u>65,599,000</u>

## 32. Cost of Sales

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Property development	526,585,245	364,750,675	-	-
Construction contracts	61,105,780	59,413,393	-	-
Trading and others	51,411,021	12,455,767	-	-
Completed properties	23,548,511	1,327,754	-	-
Motor racing events and sponsorship	11,347,229	7,094,167	-	-
	<u>673,997,786</u>	<u>445,041,756</u>	<u>-</u>	<u>-</u>

## 33. Finance Costs

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Interest expenses on:					
Term loans		13,729,802	11,655,747	474,258	503,138
Bank overdrafts		4,774,164	1,603,510	1,276,967	452,438
Bridging loans		4,846,766	2,775,290	-	-
Revolving credit		18,945,649	14,094,481	4,084,594	3,606,467
Finance lease		387,585	242,068	-	-
Islamic Securities		-	109,731	-	109,731
Trade finance facilities		45,389	-	-	-
Inter-company advances		-	-	1,510,302	1,712,468
Others		1,326,648	1,223,980	-	-
		<u>44,056,003</u>	<u>31,704,807</u>	<u>7,346,121</u>	<u>6,384,242</u>
Less:					
Interest capitalised in property development costs	6	(20,430,901)	(9,873,256)	-	-
		<u>23,625,102</u>	<u>21,831,551</u>	<u>7,346,121</u>	<u>6,384,242</u>

## 34. Profit before Taxation

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Allowance for impairment losses on:				
- Available-for-sale financial assets	27,025,897	-	-	-
- Other investments	-	100,000	-	-
- Goodwill arising on consolidation	6,040,342	2,926,366	-	-
- Investment in an associated company	-	3,578,431	-	3,578,431
- Trade and other receivables	651,782	-	-	-
Auditors' remuneration				
- Statutory	569,854	416,044	68,000	60,000
- Others	220,849	96,677	28,000	28,000
- Under provision in prior years	47,967	33,216	8,000	10,000
Bad debts written off	313,971	29,263	-	-
Deposits written off	124,617	-	-	-
Depreciation on :				
- Investment properties	796,128	757,554	-	-
- Property, plant and equipment	16,371,172	17,546,711	-	-
Inventories written down	-	36,400	-	-
Property, plant and equipment written off	381,496	78,946	-	-
Property development costs written off	210,009	-	-	-
Rental expense on :				
- Premises	514,123	543,691	-	-
- Office equipment	152,801	121,186	-	-
<u>Non-Executive Directors' remuneration:</u>				
Company's directors				
- Fees	137,214	130,680	137,214	130,680
- Salaries and other emoluments	696,200	628,000	696,200	628,000
- Share-based payment	202,788	175,656	202,788	175,656
- Other benefits	4,315	-	4,315	-
Subsidiary companies' directors				
- Fees	203,994	250,657	-	-
- Salaries and other emoluments	37,100	99,100	-	-

The Company's non-executive directors' remuneration does not include the estimated monetary value of benefits-in-kind amounting to RM53,162 (2015 : RM48,900).

## 34. Profit before Taxation (Cont'd)

Profit before taxation is derived at after charging / (crediting): (cont'd)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Net loss / (gain) on foreign exchange				
- Realised	2,322,278	(2,568,617)	3,242,817	1,424,430
- Unrealised	(2,276,457)	1,841,631	5,495,212	2,230,125
(Gain) / Loss on disposal of :				
- Available-for-sale financial assets	(3,420,254)	(588,190)	-	-
- Financial assets at fair value through profit or loss	(36,730)	(333,757)	(27,602)	(104,141)
- Investment properties	(1,427,482)	-	-	-
- Non-current assets classified as held for sale	(4,963,823)	-	-	-
- Property, plant and equipment	(286,796)	305,830	-	-
Dividend income from :				
- Available-for-sale financial assets	(1,478,101)	(720,386)	-	-
- Financial assets at fair value through profit or loss	(471,586)	(97,547)	(122,938)	(40,141)
- Subsidiary companies	-	-	(80,277,184)	(65,035,000)
Fair value loss / (gain) on revaluation of financial assets at fair value through profit or loss	32,067	(25,554)	-	(29,697)
Grant income	(21,665,128)	-	-	-
Gain on remeasurement of previously held equity interest	(2,928,131)	-	(5,602,897)	-
Interest income from :				
- Advances to subsidiary companies	-	-	(14,722,804)	(10,737,310)
- Financial assets measured at amortised cost	(1,490,070)	(12,234,392)	-	-
- Licensed banks	(3,039,029)	(3,784,197)	(258,159)	(240,015)
- Trade receivables	(7,013,269)	(1,323,841)	-	-
Recover of bad debts written off	(760)	-	-	-
Receipt on unclaimed monies	(4,898)	(549)	-	(549)
Rental income from:				
- Investment properties	(865,472)	(852,229)	-	-
- Others	(547,964)	(259,323)	-	-
Reversal of impairment losses on :				
- Trade receivables	(1,522)	-	-	-
- Others receivables	-	(12,718)	-	-
- Subsidiary companies	-	-	(4,072)	-
Provision for staff economic compensation written back	(3,475,201)	-	-	-
Waiver of debts	(7)	(14,300)	-	-

## 35. Taxation

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
<b>Current income tax</b>				
Current year tax provision	67,032,695	47,205,433	2,960,391	2,309,395
Under provision in prior years	4,658,739	3,062,974	265,825	78,239
	<u>71,691,434</u>	<u>50,268,407</u>	<u>3,226,216</u>	<u>2,387,634</u>
<b>Deferred taxation</b>				
Relating to origination and reversal of temporary differences	(11,063,508)	(10,615,222)	-	-
Relating to changes in tax rate	-	399,344	-	-
Over provision in prior year	(1,875,226)	(1,713,594)	-	-
	<u>(12,938,734)</u>	<u>(11,929,472)</u>	<u>-</u>	<u>-</u>
Total tax expense	<u>58,752,700</u>	<u>38,338,935</u>	<u>3,226,216</u>	<u>2,387,634</u>

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

## 35. Taxation (Cont'd)

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

	Group	
	2016 RM	2015 RM
Profit before taxation	143,954,268	108,834,920
At Malaysian statutory rate of 24% (2015: 25%)	34,549,025	27,208,730
Effects of changes in tax rate	-	399,344
Differential in tax rate in other jurisdiction	2,136,380	1,421,450
Subsidiary companies domiciled in tax heaven country	(1,189,508)	(1,259,708)
Income not subject to tax	(7,070,004)	(5,047,997)
Expenses not deductible for tax purposes	26,302,281	17,131,951
Deferred tax assets not recognised	4,556,070	2,562,625
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(3,745,232)	(6,139,504)
Under provision of taxation in prior years	4,658,739	3,062,974
Over provision of deferred tax in prior years	(1,875,226)	(1,713,594)
Others	430,175	712,664
	<u>58,752,700</u>	<u>38,338,935</u>
	Company	
	2016 RM	2015 RM
Profit before taxation	78,881,632	57,068,880
At Malaysian statutory rate of 24% (2015: 25%)	18,931,592	14,267,220
Expenses not deductible for tax purposes	5,180,089	3,484,775
Income not subject to tax	(21,151,290)	(15,442,600)
Under provision of taxation in prior years	265,825	78,239
	<u>3,226,216</u>	<u>2,387,634</u>

The Group has estimated unused tax losses and unutilised capital allowances of RM75,302,823 (2015: RM52,002,260) and RM3,228,628 (2015: RM2,412,017) respectively available for set-off against future taxable profit.

36. **Earnings per Share**

## (a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to the owners of the Parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
Net profit for the financial year attributable to owners of the Parent (RM)	<u>85,300,772</u>	<u>76,074,430</u>
Weighted average number of ordinary shares in issue		
- Ordinary shares in issue as at 1 January	551,437,117	538,298,257
- Effect of ordinary shares issued during the year	38,155,184	7,650,033
- Effect of treasury shares held	<u>(84,327)</u>	<u>(6,188,997)</u>
Weighted average number of ordinary shares as at 31 December	<u>589,507,974</u>	<u>539,759,293</u>
Basic earnings per share (sen)	<u>14.47</u>	<u>14.09</u>

## (b) Diluted earnings per share

Diluted earnings per share are calculated based on the consolidated profit for the financial year attributable to the owners of the Parent and the adjusted weighted average number of ordinary shares issued and issuable during the financial year adjusted for the dilutive effects of all potential ordinary shares as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
Net profit for the financial year attributable to owners of the Parent (RM)	<u>85,300,772</u>	<u>76,074,430</u>
Weighted average number of ordinary shares used in the calculation of basic earnings per share	589,507,974	539,759,293
Weighted average number of ordinary shares deemed issued at no consideration		
- ESOS	3,508,721	5,666,801
- Warrants A	6,808,255	12,177,873
- Warrants B	<u>16,028,278</u>	<u>21,896,011</u>
Adjusted weighted average number of ordinary shares as at 31 December	<u>615,853,228</u>	<u>579,499,978</u>
Diluted earnings per share (sen)	<u>13.85</u>	<u>13.13</u>



### 37. Employees' Share Option Scheme

The Company has established Employees' Share Option Scheme ("ESOS") of not more than 15% of the issued share capital of the Company at the point of time throughout the duration of the scheme to eligible directors and employees of the Group, which was approved by shareholders at an Extraordinary General Meeting ("EGM") held on 28 June 2012.

The ESOS became effective for a period of 10 years from 18 September 2012 to 17 September 2022.

The salient features of the ESOS are as follows:

- (a) Eligible employees include directors of the Company and confirmed full time employees of the Company and its eligible subsidiary companies or under a fixed term employment contract, the contract should be for a duration of at least one (1) year, whom must be a Malaysian citizen, shall have attained the age of eighteen (18) years old and have served for at least one year of full continuous service in the Group.
- (b) The maximum number of new ordinary shares which may be available under the ESOS shall not exceed 15% of the total issued and paid-up share capital of the Company at the point in time during the tenure of the ESOS.
- (c) The new Company's shares of RM1.00 each ("new Shares") to be allotted and issued upon the exercise of the ESOS Option shall, upon allotment and issue, rank pari passu in all respects with the existing Company's ordinary shares of RM1.00 each save and except that the said new Shares so allotted will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid prior to the date of allotment of the said new Shares.
- (d) The ESOS shall be in force for a period of ten years.
- (e) The option is personal to the grantee and is non-assignable.
- (f) The option price shall be determined at a discount of not more than 10% from the weighted average market price of the Company's ordinary shares of RM1.00 each for five (5) market days preceding the date of offer, or the par value of the shares, whichever is higher.
- (g) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 100 shares.
- (h) The options granted may be exercised, subject to the maximum limit of options exercisable in each particular year, at any time within a period of ten years from the date of offer of the option or such period as may be specifically stated in the offer upon giving notice in writing.
- (i) The persons to whom the options have been granted shall not participate in more than one Employees' Share Option Scheme implemented by any company within the Group.

## 37. Employees' Share Option Scheme (Cont'd)

Movements in the number of share options outstanding and their related weighted average exercise prices ("WAEP") are as follows:

	Number of share options over ordinary shares of RM1.00 each					
	At 1 January	Granted	Forfeited	Exercised	At 31 December	Exercisable at 31 December
<b>2016</b>						
<b>ESOS</b>						
First Grant	2,493,350	-	-	(213,500)	2,279,850	2,279,850
Second Grant	1,824,900	-	(50)	(470,200)	1,354,650	1,354,650
Third Grant	180,700	-	-	(102,300)	78,400	78,400
Fourth Grant	180,100	-	-	(8,500)	171,600	171,600
Fifth Grant	301,650	-	-	-	301,650	301,650
Sixth Grant	141,850	-	-	(95,200)	46,650	46,650
Seventh Grant	101,050	-	-	(12,000)	89,050	89,050
Eighth Grant	146,150	-	-	-	146,150	146,150
Ninth Grant	13,600	-	-	(8,500)	5,100	5,100
Tenth Grant	573,850	-	(15,300)	(17,000)	541,550	541,550
Eleventh Grant	106,200	-	-	-	106,200	106,200
Twelfth Grant	299,900	-	-	-	299,900	299,900
Thirteenth Grant	424,600	-	(104,550)	(23,800)	296,250	296,250
Fourteenth Grant	127,500	-	-	-	127,500	127,500
Fifteenth Grant	1,060,900	-	-	(55,900)	1,005,000	1,005,000
Sixteenth Grant	364,600	-	-	(8,500)	356,100	356,100
Seventeenth Grant	207,500	-	-	-	207,500	207,500
Eighteenth Grant	152,100	-	-	(98,600)	53,500	53,500
Nineteenth Grant	108,800	-	-	-	108,800	108,800
Twentieth Grant	152,100	-	-	(3,400)	148,700	148,700
Twenty-First Grant	39,900	-	(7,600)	-	32,300	32,300
Twenty-Second Grant	141,900	-	-	(63,800)	78,100	78,100
Twenty-Third Grant	1,708,900	-	-	(383,700)	1,325,200	1,325,200
Twenty-Fourth Grant	172,700	-	(5,100)	(23,500)	144,100	144,100
Twenty-Fifth Grant	382,400	-	(89,200)	(37,400)	255,800	255,800
Twenty-Sixth Grant	408,600	-	-	(26,300)	382,300	382,300
Twenty-Seventh Grant	397,700	-	-	(57,700)	340,000	340,000
Twenty-Eighth Grant	664,600	-	(29,700)	(107,900)	527,000	527,000
Twenty-Ninth Grant	338,100	-	(3,400)	(52,600)	282,100	282,100
Thirtieth Grant	175,100	-	-	(133,500)	41,600	41,600
Thirty-First Grant	248,200	-	-	(175,900)	72,300	72,300
Thirty-Second Grant	-	176,900	-	(5,100)	171,800	171,800
Thirty-Third Grant	-	100,300	(7,700)	(56,100)	36,500	36,500
Thirty-Fourth Grant	-	168,300	-	(96,000)	72,300	72,300
Thirty-Fifth Grant	-	1,691,600	-	(268,000)	1,423,600	1,423,600
Thirty-Sixth Grant	-	181,600	(2,500)	(15,500)	163,600	163,600
Thirty-Seventh Grant	-	371,400	-	(175,900)	195,500	195,500
Thirty-Eighth Grant	-	510,100	-	(61,300)	448,800	448,800
Thirty-Ninth Grant	-	366,500	-	(33,200)	333,300	333,300
Fortieth Grant	-	485,300	-	(11,900)	473,400	473,400
Forty-First Grant	-	456,500	-	-	456,500	456,500
Forty-Second Grant	-	205,600	-	(95,200)	110,400	110,400
Forty-Third Grant	-	146,200	-	-	146,200	146,200
	13,639,500	4,860,300	(265,100)	(2,997,900)	15,236,800	15,236,800
WAEP	1.31	1.43	1.47	1.30	1.35	1.35

## 37. Employees' Share Option Scheme (Cont'd)

Movements in the number of share options outstanding and their related weighted average exercise prices ("WAEP") are as follows: (cont'd)

	Number of share options over ordinary shares of RM1.00 each					
	At 1 January	Granted	Forfeited	Exercised	At 31 December	Exercisable at 31 December
<b>2015</b>						
<b>ESOS</b>						
First Grant	4,337,100	-	(50)	(1,843,700)	2,493,350	2,493,350
Second Grant	2,685,750	-	(2,600)	(858,250)	1,824,900	1,824,900
Third Grant	189,200	-	(8,500)	-	180,700	180,700
Fourth Grant	182,600	-	(2,500)	-	180,100	180,100
Fifth Grant	338,150	-	(36,500)	-	301,650	301,650
Sixth Grant	150,350	-	(8,500)	-	141,850	141,850
Seventh Grant	103,600	-	(2,550)	-	101,050	101,050
Eighth Grant	249,850	-	(8,500)	(95,200)	146,150	146,150
Ninth Grant	28,900	-	-	(15,300)	13,600	13,600
Tenth Grant	638,850	-	(49,700)	(15,300)	573,850	573,850
Eleventh Grant	124,050	-	(17,850)	-	106,200	106,200
Twelfth Grant	299,900	-	-	-	299,900	299,900
Thirteenth Grant	492,950	-	(40,750)	(27,600)	424,600	424,600
Fourteenth Grant	130,000	-	(2,500)	-	127,500	127,500
Fifteenth Grant	1,082,100	-	(16,100)	(5,100)	1,060,900	1,060,900
Sixteenth Grant	367,200	-	(2,600)	-	364,600	364,600
Seventeenth Grant	349,500	-	(46,800)	(95,200)	207,500	207,500
Eighteenth Grant	160,600	-	(8,500)	-	152,100	152,100
Nineteenth Grant	111,300	-	(2,500)	-	108,800	108,800
Twentieth Grant	-	261,800	(9,400)	(100,300)	152,100	152,100
Twenty-First Grant	-	135,100	(95,200)	-	39,900	39,900
Twenty-Second Grant	-	148,700	(6,800)	-	141,900	141,900
Twenty-Third Grant	-	1,875,750	(6,700)	(160,150)	1,708,900	1,708,900
Twenty-Fourth Grant	-	325,700	-	(153,000)	172,700	172,700
Twenty-Fifth Grant	-	457,200	(11,900)	(62,900)	382,400	382,400
Twenty-Sixth Grant	-	411,200	(2,600)	-	408,600	408,600
Twenty-Seventh Grant	-	397,700	-	-	397,700	397,700
Twenty-Eighth Grant	-	702,900	-	(38,300)	664,600	664,600
Twenty-Ninth Grant	-	338,100	-	-	338,100	338,100
Thirtieth Grant	-	175,100	-	-	175,100	175,100
Thirty-First Grant	-	248,200	-	-	248,200	248,200
	<b>12,021,950</b>	<b>5,477,450</b>	<b>(389,600)</b>	<b>(3,470,300)</b>	<b>13,639,500</b>	<b>13,639,500</b>
WAEP	1.24	1.35	1.50	1.11	1.31	1.31

37. **Employees' Share Option Scheme (Cont'd)**

Details of share options outstanding at the end of the financial year are as follows:

Share Options	Exercise prices		Exercise periods	Fair value of share options at grant date	
	2016 RM	2015 RM		2016 RM	2015 RM
<b>ESOS</b>					
First Grant	1.00	1.00	18.09.2012 - 17.09.2022	0.12	0.12
Second Grant	1.08	1.08	01.07.2013 - 17.09.2022	0.33	0.33
Third Grant	1.22	1.22	01.08.2013 - 17.09.2022	0.39	0.39
Fourth Grant	1.46	1.46	01.09.2013 - 17.09.2022	0.77	0.77
Fifth Grant	1.69	1.69	01.10.2013 - 17.09.2022	1.07	1.07
Sixth Grant	1.61	1.61	01.11.2013 - 17.09.2022	1.10	1.10
Seventh Grant	1.50	1.50	01.12.2013 - 17.09.2022	1.03	1.03
Eighth Grant	1.43	1.43	01.01.2014 - 17.09.2022	0.96	0.96
Ninth Grant	1.35	1.35	01.02.2014 - 17.09.2022	0.91	0.91
Tenth Grant	1.55	1.55	01.03.2014 - 17.09.2022	1.04	1.04
Eleventh Grant	1.55	1.55	01.04.2014 - 17.09.2022	1.09	1.09
Twelfth Grant	1.61	1.61	01.05.2014 - 17.09.2022	1.07	1.07
Thirteenth Grant	1.56	1.56	01.06.2014 - 17.09.2022	1.03	1.03
Fourteenth Grant	1.54	1.54	01.07.2014 - 17.09.2022	0.70	0.70
Fifteenth Grant	1.54	1.54	01.08.2014 - 17.09.2022	0.74	0.74
Sixteenth Grant	1.52	1.52	01.09.2014 - 17.09.2022	0.70	0.70
Seventeenth Grant	1.53	1.53	01.10.2014 - 17.09.2022	0.71	0.71
Eighteenth Grant	1.48	1.48	01.11.2014 - 17.09.2022	0.68	0.68
Nineteenth Grant	1.51	1.51	01.12.2014 - 17.09.2022	0.59	0.59
Twentieth Grant	1.44	1.44	01.01.2015 - 17.09.2022	0.62	0.62
Twenty-First Grant	1.40	1.40	01.02.2015 - 17.09.2022	0.55	0.55
Twenty-Second Grant	1.40	1.40	01.03.2015 - 17.09.2022	0.52	0.52
Twenty-Third Grant	1.35	1.35	01.04.2015 - 17.09.2022	0.63	0.63
Twenty-Fourth Grant	1.40	1.40	01.05.2015 - 17.09.2022	0.61	0.61
Twenty-Fifth Grant	1.48	1.48	01.06.2015 - 17.09.2022	0.65	0.65
Twenty-Sixth Grant	1.44	1.44	01.07.2015 - 17.09.2022	0.61	0.61
Twenty-Seventh Grant	1.33	1.33	01.08.2015 - 17.09.2022	0.57	0.57
Twenty-Eighth Grant	1.18	1.18	01.09.2015 - 17.09.2022	0.43	0.43
Twenty-Ninth Grant	1.33	1.33	01.10.2015 - 17.09.2022	0.52	0.52
Thirtieth Grant	1.29	1.29	01.11.2015 - 17.09.2022	0.52	0.52
Thirty-First Grant	1.23	1.23	01.12.2015 - 17.09.2022	0.48	0.48

37. **Employees' Share Option Scheme (Cont'd)**

Details of share options outstanding at the end of the financial year are as follows: (cont'd)

Share Options	Exercise prices		Exercise periods	Fair value of share options at	
	2016 RM	2015 RM		2016 RM	2015 RM
<b>ESOS</b>					
Thirty-Second Grant	1.28	-	01.01.2016 - 17.09.2022	0.51	-
Thirty-Third Grant	1.22	-	01.02.2016 - 17.09.2022	0.46	-
Thirty-Fourth Grant	1.21	-	01.03.2016 - 17.09.2022	0.46	-
Thirty-Fifth Grant	1.42	-	01.04.2016 - 17.09.2022	0.55	-
Thirty-Sixth Grant	1.43	-	01.05.2016 - 17.09.2022	0.56	-
Thirty-Seventh Grant	1.41	-	01.06.2016 - 17.09.2022	0.54	-
Thirty-Eighth Grant	1.40	-	01.07.2016 - 17.09.2022	0.51	-
Thirty-Ninth Grant	1.45	-	01.08.2016 - 17.09.2022	0.50	-
Fortieth Grant	1.45	-	01.09.2016 - 17.09.2022	0.60	-
Forty-First Grant	1.61	-	01.10.2016 - 17.09.2022	0.57	-
Forty-Second Grant	1.57	-	01.11.2016 - 17.09.2022	0.54	-
Forty-Third Grant	1.51	-	01.12.2016 - 17.09.2022	0.53	-

The fair value of services received in return for share options granted during the financial year is based on the fair value of share options granted estimated by the management using Black-Scholes-Merton model, taking into account the terms and conditions upon which the options were granted. The weighted average fair value of share options measured at grant date and the assumptions are as follows:

	Group/Company	
	2016 RM	2015 RM
Weighted average fair value at grant date	0.53	0.56
Weighted average share price at grant date	1.60	1.49
Weighted average exercise price	1.43	1.35
Expected volatility (%)	18.68 - 19.82	17.49 - 29.12
Expected option life (years)	10	10
Risk-free interest rate, p.a. (%)	3.52 - 4.21	3.98 - 4.50
Expected dividend yield (%)	1.69 - 2.21	1.82 - 2.34

The expected life of the share options is based on historical data that has been adjusted accordingly to management's best estimate for the effects of non-transferability exercise restriction and behaviours conditions. The expected volatility is based on the historical volatility, adjusted for unusual or extraordinary volatility arising from certain economic or business occurrences which is not reflective of its long term average level. While the expected volatility is assumed to be indicative of future trends, it may not necessarily be the actual outcome.

37. **Employees' Share Option Scheme (Cont'd)**

No other features of the option grant were incorporated into the measurement of fair value. The Group and the Company recognised total share-based payment in profit or loss amounting to RM2,573,613 (2015: RM3,140,028) for the new options granted during the financial year.

Executive directors of the Group and of the Company and other members of key management have been granted the following number of options under the ESOS:

	Group/Company	
	2016 RM	2015 RM
<b>ESOS</b>		
At 1 January	5,639,000	6,814,700
Additions *	-	59,500
Granted	1,375,300	1,292,000
Forfeited	(119,000)	(600)
Exercised	(711,000)	(2,526,600)
At 31 December	<u>6,184,300</u>	<u>5,639,000</u>

\* Unexercised share options previously granted to new key management personnel.

The share options were granted on the same terms and conditions as those offered to other employees of the Group.

38. **Staff Costs**

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Fees	679,674	651,114	-	-
Salaries and other emoluments	46,156,389	36,459,337	524,248	211,179
Defined contribution plan	5,003,937	4,187,420	67,427	26,023
Social security contributions	994,594	789,445	3,295	1,756
Share-based payment	2,370,825	2,964,372	2,370,825	2,964,372
Benefits-in-kind	332,783	411,196	-	-
Other benefits	1,900,805	2,370,703	67,765	49,107
	<u>57,439,007</u>	<u>47,833,587</u>	<u>3,033,560</u>	<u>3,252,437</u>

The Group's staff costs does not include the estimated monetary value of benefits-in-kind amounting to RM953,427 (2015: RM880,434).

38. **Staff Costs (Cont'd)**

Included in staff costs is aggregate amount of remuneration received and receivable by the executive directors of the Company and of the subsidiary companies during the financial year as below:

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b><i>Executive Directors</i></b>				
<b><i>Company's directors</i></b>				
Fees	679,674	651,114	-	-
Salaries and other emoluments	9,096,687	7,979,190	-	-
Defined contribution plan	1,278,135	1,110,375	-	-
Social security contributions	3,988	620	-	-
Share-based payment	-	93,927	-	93,927
Benefits-in-kind	332,783	411,196	-	-
Other benefits	47,599	28,525	-	-
	<u>11,438,866</u>	<u>10,274,947</u>	<u>-</u>	<u>93,927</u>
<b><i>Executive Directors</i></b>				
<b><i>Subsidiary companies' directors</i></b>				
Salaries and other emoluments	2,834,862	1,856,516	-	-
Defined contribution plan	180,076	117,335	-	-
Social security contributions	58,546	59,987	-	-
Share-based payment	107,923	126,611	107,923	126,611
Other benefits	3,361	3,394	-	-
	<u>3,184,768</u>	<u>2,163,843</u>	<u>107,923</u>	<u>126,611</u>
<b><i>Executive Directors</i></b>				
Company's directors	11,438,866	10,274,947	-	93,927
Subsidiary companies' directors	<u>3,184,768</u>	<u>2,163,843</u>	<u>107,923</u>	<u>126,611</u>
	<u>14,623,634</u>	<u>12,438,790</u>	<u>107,923</u>	<u>220,538</u>

The Group's executive directors' remuneration does not include the estimated monetary value of benefits-in-kind amounting to RM554,341 (2015: RM387,005).

## 39. Dividends

	Group/Company	
	2016 RM	2015 RM
<b><i>In respect of the financial year ended 31 December 2014 :</i></b>		
A single tier first and final dividend of 3.25 sen per ordinary share on 546,438,417 ordinary shares of RM1.00 each	-	17,759,247
<b><i>In respect of the financial year ended 31 December 2015 :</i></b>		
A tax exempt special dividend of 6 sen per ordinary share on 545,320,317 ordinary shares of RM1.00 each	-	32,719,219
A single tier first and final dividend of 3.5 sen per ordinary share on 612,899,598 ordinary shares of RM1.00 each	21,451,485	-
<b><i>In respect of the financial year ended 31 December 2016 :</i></b>		
A tax exempt special dividend of 2 sen per ordinary share on 637,337,773 ordinary shares of RM1.00 each	12,746,756	-
A tax exempt special dividend of 2 sen per ordinary share on 651,391,198 ordinary shares of RM1.00 each	13,027,823	-
	47,226,064	50,478,466

On 5 April 2017, the directors:

- (i) confirmed the payment date of a tax exempt special dividend of 2 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2016 pursuant to the announcement made on 6 May 2016. This dividend will be paid on 30 June 2017 to depositors registered in the Record of Depositors on 20 June 2017. The financial statements for the current financial year do not reflect this special dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2017; and
- (ii) declared a tax exempt special dividend of 6 sen per ordinary share of RM1.00 each in respect of the financial year ending 31 December 2017. This dividend will be paid in 3 tranches, 2 sen for each tranche. The date of entitlement and payment will be confirmed later. The financial statements for the current financial year do not reflect this special dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial years ending 31 December 2017 and 31 December 2018.



39. **Dividends (Cont'd)**

On 25 April 2017, the directors:

- (i) declared a single tier interim dividend of 2 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2016. This interim dividend will be paid on 24 July 2017 to depositors registered in the Record of Depositors on 11 July 2017; and
- (ii) proposed a single tier final dividend of 2 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2016. The proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

The financial statements for the current financial year do not reflect the dividends declared or proposed on 25 April 2017. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

40. **Non-Current Assets Classified as Held for Sale**

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
<b>Cost</b>		
At 1 January	-	-
Acquisition of subsidiary company	15,640,055	-
Disposal	(15,640,055)	-
At 31 December	<u>-</u>	<u>-</u>
<b>Accumulated depreciation</b>		
At 1 January	-	-
Acquisition of subsidiary company	3,553,878	-
Disposal	(3,553,878)	-
At 31 December	<u>-</u>	<u>-</u>
<b>Carrying amount</b>	<u>-</u>	<u>-</u>

On 17 February 2015, a subsidiary company has entered into a Sale and Purchase Agreement with a third party for the disposal of its freehold land and building known as HS(M) 17269 PT 6466, Mukim Rawang, Daerah Gombak, Negeri Selangor at a consideration of RM17,050,000.

The freehold land and building has been disposed in 15 September 2016.

#### 41. Related Party Disclosures

##### (a) Identity of related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and/or the Company either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

- (b) Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	2016 RM	2015 RM
<b>Group</b>		
<b>Holding company:</b>		
Dividends paid/payable	23,246,858	27,433,572
<b>Other related parties:</b>		
<b>Income</b>		
Sale of development properties	2,625,600	34,148,110
Rendering of insurance services	6,729	4,250
Rental income	58,211	35,825
<b>Expense</b>		
Contractors' fees	30,883,322	32,750,445
Equity instrument	71,300,000	36,300,001
Legal fees	235,714	679,180
Purchase properties	470,000	-
Rental expenses	143,200	137,500
Rendering of services	111,514	96,920
Dividends paid/payable	1,672,300	2,988,225

## 41. Related Party Disclosures (Cont'd)

- (b) Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows: (cont'd)

	2016 RM	2015 RM
<b>Company</b>		
<b>Holding company:</b>		
Dividends paid/payable	<u>23,246,858</u>	<u>27,433,572</u>
<b>Other related parties:</b>		
Dividends paid/payable	<u>1,247,490</u>	<u>2,890,548</u>

The nature and relationship between the Group and the Company with other related parties are as follows:

- (i) A firm or companies in which a close family member of certain directors of the Company or its subsidiary companies have financial interest;
  - (ii) A firm or companies in which certain directors of the Company or its subsidiaries have financial interest;
  - (iii) Person who have financial interest in subsidiary companies;
  - (iv) Companies in which the Company or its subsidiary companies have financial interest;
  - (v) Directors or key management personnel of the Company or its subsidiaries and their close family members; and
  - (vi) An associated company of the Company.
- (c) Information regarding outstanding balances arising from related party transactions as at 31 December 2016 is disclosed in Notes 15, 16, 17, 25 and 26.
- (d) Compensation of key management personnel

Remuneration of directors and other members of key management are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Short-term employee benefits	18,178,788	14,790,450	890,892	807,835
Share-based payment	744,079	722,714	744,079	722,714
Defined contribution plan	<u>1,901,724</u>	<u>1,522,213</u>	<u>-</u>	<u>-</u>

## 42. Segment Information

The Group has five major reporting segments, as described below, which are the Group's strategic business units. Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure. For each of the strategic business units, the Group's managing director reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

The main business segments of the Group comprise the followings:

Property development	Development of residential, industrial and commercial properties.
Construction	Design and build, civil engineering and general construction activities.
Management and investment	Investment holding and provision of management services.
Motor racing circuit	Motor racing circuit development and management.
Trading and others	Trading in building material, insurance agent, selling of insurance membership cards, tourism development, manufacturing and trading of roof tiles.

Investment holding and provision of management services are being managed by two different operating segments within the Group. These operating segments have been aggregated to form a reportable segment as management services taking into account that these operating segments have similar nature of the services.

Other business segments include selling of membership cards covering personal insurance and insurance agent, tourism development, manufacturing and trading of roof tiles, none of which are of a sufficient size to be reported separately. The accounting policies of the segments are consistent with the accounting policies of the Group.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

#### 42. Segment Information (Cont'd)

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's managing director. Segment total assets are used to measure the return of assets of each segment.

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's managing director. Hence no disclosure is made on segment liabilities.

#### Geographical segments

In determining the Group segment, revenue and non-current assets are based on the geographical location of customers as follows:

	Revenue		Non-current assets	
	2016 RM	2015 RM	2016 RM	2015 RM
Malaysia	969,078,646	657,826,739	989,917,869	682,715,198
People's Republic of China	24,540,411	22,469,122	199,267,695	212,486,634
Hong Kong	-	-	98,807,671	194,341,517
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

#### Information about major customers

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

## 42. Segment Information (Cont'd)

## Segment results

	Property Development RM	Construction RM	Management and Investment RM	Motor Racing Circuit RM	Trading and Others RM	Total RM
<b>2016</b>						
Revenue	850,848,534	453,571,474	403,416,176	24,540,411	111,630,626	1,844,007,221
Sales	-	(388,117,042)	(403,416,176)	-	(58,854,946)	(850,388,164)
Less: Inter-segment sales						
Total revenue	850,848,534	65,454,432	-	24,540,411	52,775,680	993,619,057
<b>Financial results</b>						
Segment results	139,079,385	38,739,702	(16,698,871)	(6,914,057)	3,042,622	157,248,781
Interest income	9,539,542	-	1,777,394	95,432	130,000	11,542,368
Finance costs	(12,873,334)	(1,857,848)	(7,393,842)	(1,308,067)	(192,011)	(23,625,102)
Share of profit / (loss) in associated companies, net of tax	-	737,989	-	-	(1,949,768)	(1,211,779)
Profit / (Loss) before taxation	135,745,593	37,619,843	(22,315,319)	(8,126,692)	1,030,843	143,954,268
Taxation	(46,901,596)	(8,454,503)	(3,226,216)	1,643,228	(1,813,613)	(58,752,700)
Net profit / (loss) for the financial year	88,843,997	29,165,340	(25,541,535)	(6,483,464)	(782,770)	85,201,568
<b>Assets</b>						
Additions to non-current assets	216,879,379	20,589,569	23,867,414	2,222,392	768,598	264,327,352
Segment assets	1,952,672,926	178,572,276	428,322,606	235,430,031	30,505,864	2,825,503,703

## 42. Segment Information (Cont'd)

## Segment results (cont'd)

	Property Development RM	Construction RM	Management and Investment RM	Motor Racing Circuit RM	Trading and Others RM	Total RM
<b>2016</b>						
<b>Other non-cash expenses</b>						
Allowance for impairment losses on:						
- Available-for-sale financial assets	-	-	27,025,897	-	-	27,025,897
- Goodwill arising on consolidation	6,040,342	-	-	-	-	6,040,342
- Receivables	135,001	-	482,040	-	34,741	651,782
Bad debts written off	-	306,022	-	7,949	-	313,971
Deposits written off	120,617	-	-	-	4,000	124,617
Depreciation of :						
- Property, plant and equipment	2,321,006	2,224,328	45,303	10,601,325	1,179,210	16,371,172
- Investment properties	223,577	566,695	5,856	-	-	796,128
Fair value loss on revaluation of financial assets at fair value through profit or loss	-	-	32,067	-	-	32,067
Net loss on disposal of :						
- Property, plant and equipment	31,490	-	41,358	-	-	72,848
Property development cost written off	210,009	-	-	-	-	210,009
Property, plant and equipment written off	3	587	98,399	41,782	240,725	381,496
Share-based payment	-	-	2,573,613	-	-	2,573,613
Unrealised loss on foreign exchange	262	-	-	-	-	262

## 42. Segment Information (Cont'd)

## Segment results (cont'd)

	Property Development RM	Construction RM	Management and Investment RM	Motor Racing Circuit RM	Trading and Others RM	Total RM
2016						
<b>Other non-cash income</b>						
Interest income from financial assets measured at amortised cost	-	-	(1,490,070)	-	-	(1,490,070)
Gain on remeasurement of previously held equity interest	-	-	(2,928,131)	-	-	(2,928,131)
Net gain on disposal of:						
- Available-for-sale financial assets	-	-	(3,420,254)	-	-	(3,420,254)
- Financial assets at fair value through profit or loss	-	-	(36,730)	-	-	(36,730)
- Investment Properties	-	(1,427,482)	-	-	-	(1,427,482)
- Non-current assets classified as held for sale	-	-	-	-	(4,963,823)	(4,963,823)
- Property, plant and equipment	(3,311)	(1,422)	-	(59)	(354,852)	(359,644)
Provision for staff economic compensation written back	-	-	-	(3,475,201)	-	(3,475,201)
Reversal of allowance for impairment losses on receivable	-	-	-	(1,522)	-	(1,522)
Unrealised gain on foreign exchange	-	-	(2,110,900)	(165,819)	-	(2,276,719)
Waiver of debts	-	-	-	-	(7)	(7)



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## 42. Segment Information (Cont'd)

## Segment results (cont'd)

	Property Development RM	Construction RM	Management and Investment RM	Motor Racing Circuit RM	Trading and Others RM	Total RM
<b>2015</b>						
<b>Revenue</b>						
Sales	577,128,068	255,500,138	154,732,126	22,469,122	32,085,624	1,041,915,078
Less: Inter-segment sales	-	(188,186,383)	(154,732,126)	-	(18,700,708)	(361,619,217)
Total revenue	577,128,068	67,313,755	-	22,469,122	13,384,916	680,295,861
<b>Financial results</b>						
Segment results	107,703,771	18,393,785	1,828,522	(13,719,992)	(3,247,683)	110,958,403
Interest income	4,542,421	2,390	12,688,511	109,108	-	17,342,430
Finance costs	(9,967,697)	(1,423,503)	(9,220,057)	(1,220,294)	-	(21,831,551)
Share of profit / (loss) in associated companies	-	2,008,625	-	-	357,013	2,365,638
Profit / (Loss) before taxation	102,278,495	18,981,297	5,296,976	(14,831,178)	(2,890,670)	108,834,920
Taxation	(32,566,509)	(4,947,591)	(2,387,634)	1,661,595	(98,796)	(38,338,935)
Net profit / (loss) for the financial year	69,711,986	14,033,706	2,909,342	(13,169,583)	(2,989,466)	70,495,985
<b>Assets</b>						
Additional investment in associated companies	50,000	45,000	1,129,065	-	-	1,224,065
Additions to non-current assets	235,139,402	8,027,962	9,682,872	2,623,525	2,454,425	257,928,186
Segment assets	1,675,463,888	105,687,349	386,431,503	245,430,306	8,582,058	2,421,595,104
<b>Other non-cash expenses</b>						
Allowance for impairment losses on:						
- Other investment	-	-	-	-	100,000	100,000
- Goodwill arising on consolidation	2,926,366	-	-	-	-	2,926,366
- Investment in an associated company	-	-	3,578,431	-	-	3,578,431
Bad debts written off	29,263	-	-	-	-	29,263

## 42. Segment Information (Cont'd)

## Segment results (cont'd)

	Property Development RM	Construction RM	Management and Investment RM	Motor Racing Circuit RM	Trading and Others RM	Total RM
<b>2015</b>						
<b>Other non-cash expenses (cont'd)</b>						
Depreciation of:						
- Investment properties	276,945	441,081	39,528	-	-	757,554
- Property, plant and equipment	1,606,025	1,400,373	106	14,155,849	384,358	17,546,711
Inventories written down	36,400	-	-	-	-	36,400
Loss on disposal of Property, plant and equipment	288,434	17,396	-	-	-	305,830
Property, plant and equipment written off	12,757	45,186	-	21,003	-	78,946
Share-based payment	-	-	3,140,028	-	-	3,140,028
Unrealised loss on foreign exchange	-	-	1,873,693	-	-	1,873,693
<b>Other non-cash income</b>						
Fair value gain on revaluation of financial assets at fair value through profit or loss	-	-	(25,554)	-	-	(25,554)
Interest income from financial assets measured at amortised cost	-	-	(12,234,392)	-	-	(12,234,392)
Gain on disposal of:						
- Available-for-sale financial assets	-	-	(588,190)	-	-	(588,190)
- Financial assets at fair value through profit or loss	(153,441)	-	(180,316)	-	-	(333,757)
Reversal of allowance for impairment losses on receivables	(12,718)	-	-	-	-	(12,718)
Unrealised gain on foreign exchange	(1,609)	-	-	(30,453)	-	(32,062)
Waiver of debts	(14,300)	-	-	-	-	(14,300)

43. **Financial Instruments**

## (a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the 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 assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Carrying amount RM	Loans and receivables RM	Available- for-sale RM	Held-to- maturity RM	Fair value through profit or loss RM
<b>Group</b>					
<b>2016</b>					
<b>Financial Assets</b>					
Trade receivables	315,463,599	315,463,599	-	-	-
Other receivables	72,025,925	72,025,925	-	-	-
Other investments	98,801,419	-	98,801,419	-	-
Fixed deposits with licensed banks	49,079,352	49,079,352	-	-	-
Cash held under Housing Development Accounts	74,387,290	74,387,290	-	-	-
Cash and bank balances	107,332,047	107,332,047	-	-	-
<b>Total undiscounted financial assets</b>	<b>717,089,632</b>	<b>618,288,213</b>	<b>98,801,419</b>	<b>-</b>	<b>-</b>
<b>2015</b>					
<b>Financial Assets</b>					
Trade receivables	196,123,831	196,123,831	-	-	-
Other receivables	45,520,204	45,520,204	-	-	-
Promissory note	206,022,628	-	-	206,022,628	-
Other investments	132,323,291	-	93,835,130	-	38,488,161
Fixed deposits with licensed banks	33,471,075	33,471,075	-	-	-
Cash held under Housing Development Accounts	87,735,381	87,735,381	-	-	-
Cash and bank balances	106,385,800	106,385,800	-	-	-
<b>Total undiscounted financial assets</b>	<b>807,582,210</b>	<b>469,236,291</b>	<b>93,835,130</b>	<b>206,022,628</b>	<b>38,488,161</b>

43. **Financial Instruments (Cont'd)**

## (a) Classification of financial instruments (cont'd)

	Carrying amount RM	Financial liabilities measured at amortised cost RM	
<b>Group</b>			
<b>2016</b>			
<b>Financial Liabilities</b>			
Trade payables	562,514,823	562,514,823	
Other payables	373,279,812	373,279,812	
Finance lease payables	6,234,432	6,234,432	
Bank borrowings and overdrafts	610,590,997	610,590,997	
Total undiscounted financial liabilities	<u>1,552,620,064</u>	<u>1,552,620,064</u>	
<b>2015</b>			
<b>Financial Liabilities</b>			
Trade payables	409,555,650	409,555,650	
Other payables	337,530,939	337,530,939	
Finance lease payables	6,799,952	6,799,952	
Bank borrowings and overdrafts	561,370,855	561,370,855	
Total undiscounted financial liabilities	<u>1,315,257,396</u>	<u>1,315,257,396</u>	
	Carrying amount RM	Loans and receivables RM	Fair value through profit or loss RM
<b>Company</b>			
<b>2016</b>			
<b>Financial Assets</b>			
Other receivables	340,736	340,736	-
Amount owing by subsidiary companies	186,165,269	186,165,269	-
Fixed deposits with licensed banks	31,442,414	31,442,414	-
Cash and bank balances	23,577,418	23,577,418	-
Total undiscounted financial assets	<u>241,525,837</u>	<u>241,525,837</u>	-
<b>2015</b>			
<b>Financial Assets</b>			
Other receivables	3,318,220	3,318,220	-
Other investments	11,029,697	-	11,029,697
Amount owing by subsidiary companies	256,720,778	256,720,778	-
Fixed deposits with licensed banks	15,670,959	15,670,959	-
Cash and bank balances	4,739,917	4,739,917	-
Total undiscounted financial assets	<u>291,479,571</u>	<u>280,449,874</u>	<u>11,029,697</u>

43. **Financial Instruments (Cont'd)**

## (a) Classification of financial instruments (cont'd)

<b>Company</b>	<b>Carrying amount RM</b>	<b>Financial liabilities measured at amortised cost RM</b>
<b>2016</b>		
<b>Financial Liabilities</b>		
Other payables	14,436,686	14,436,686
Amount owing to subsidiary companies	64,648,050	64,648,050
Bank borrowings and overdrafts	118,620,192	118,620,192
Total undiscounted financial liabilities	<u>197,704,928</u>	<u>197,704,928</u>
<b>2015</b>		
<b>Financial Liabilities</b>		
Other payables	33,471,401	33,471,401
Amount owing to subsidiary companies	56,978,008	56,978,008
Bank borrowings and overdrafts	89,475,267	89,475,267
Total undiscounted financial liabilities	<u>179,924,676</u>	<u>179,924,676</u>

## (b) Financial risk management objectives and policies

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

The Group and the Company have exposure to the following risks from its use of financial instruments:

## (i) Credit risk

Credit risk is the risk of a financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its trade and other receivables, fixed deposits with licensed banks, cash held under Housing Development Accounts and cash at bank. Fixed deposits with licensed banks, cash held under Housing Development Account and cash at banks are placed with financial institutions with good credit rating.

**43. Financial Instruments (Cont'd)****(b) Financial risk management objectives and policies (cont'd)****(i) Credit risk (cont'd)**

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

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

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks and non-financial institutions granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM621,806,058 (2015: RM591,096,133), representing the outstanding financial guarantees to the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

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

**(ii) Liquidity risk**

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from mismatches of maturities of financial assets and liabilities.

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

43. **Financial Instruments (Cont'd)**

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

## (ii) Liquidity risk (cont'd)

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

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 - 2 years			2 - 5 years			After 5 years			
				RM	RM	RM	RM	RM	RM	RM	RM	RM	
<b>Group</b>													
<b>2016</b>													
Trade payables	562,514,823	562,514,823	314,376,329	34,100,000	36,623,535	177,414,959							
Other payables	373,279,812	373,279,812	318,287,973	-	-	54,991,839							
Finance lease payables	6,234,432	6,879,100	2,392,870	2,020,100	2,098,741	367,389							
Bank borrowings and overdrafts	610,590,997	704,471,425	330,693,374	123,954,922	188,689,004	61,134,125							
	<u>1,552,620,064</u>	<u>1,647,145,160</u>	<u>965,750,546</u>	<u>160,075,022</u>	<u>227,411,280</u>	<u>293,908,312</u>							
<b>2015</b>													
Trade payables	409,555,650	409,555,650	315,942,280	15,000,000	15,000,000	63,613,370							
Other payables	337,530,939	337,530,939	281,302,004	-	-	56,228,935							
Finance lease payables	6,799,952	7,665,457	2,043,833	1,919,254	2,956,438	745,932							
Bank borrowings and overdrafts	561,370,855	624,695,549	303,405,240	108,879,809	160,503,593	51,906,907							
	<u>1,315,257,396</u>	<u>1,379,447,595</u>	<u>902,693,357</u>	<u>125,799,063</u>	<u>178,460,031</u>	<u>172,495,144</u>							

## 43. Financial Instruments (Cont'd)

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

## (ii) Liquidity risk (cont'd)

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM
<b>Company 2016</b>						
Other payables	14,436,686	14,436,688	14,436,688	-	-	-
Amount owing to a subsidiary company	64,648,050	64,648,050	2,236,183	62,411,867	-	-
Bank borrowings and overdrafts	118,620,192	124,590,772	103,914,456	20,676,316	-	-
	<u>197,704,928</u>	<u>203,675,510</u>	<u>120,587,327</u>	<u>83,088,183</u>	<u>-</u>	<u>-</u>
<b>Company 2015</b>						
Other payables	33,471,401	33,471,401	33,471,401	-	-	-
Amount owing to subsidiary companies	56,978,008	56,978,008	56,978,008	-	-	-
Bank borrowings and overdrafts	89,475,267	95,273,081	75,359,090	10,508,091	9,405,900	-
	<u>179,924,676</u>	<u>185,722,490</u>	<u>165,808,499</u>	<u>10,508,091</u>	<u>9,405,900</u>	<u>-</u>



43. **Financial Instruments (Cont'd)**

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

## (iii) Market risk

Foreign currency exchange risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Hong Kong Dollar ("HKD"), Euro and Chinese Renminbi ("RMB").

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by the management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities that are exposed to foreign currency exchange risk at the end of the reporting period are as follows:

	USD RM	HKD RM	EURO RM	RMB RM	Total RM
<b>Group</b>					
<b>2016</b>					
<b>Financial Assets</b>					
Other					
receivables	-	3,760	-	-	3,760
Fixed deposits					
with licensed					
banks	4,559,375	-	-	82,953	4,642,328
Cash and bank					
balances	1,443,981	661,072	1,318,521	259,139	3,682,713
	<u>6,003,356</u>	<u>664,832</u>	<u>1,318,521</u>	<u>342,092</u>	<u>8,328,801</u>
<b>Financial Liabilities</b>					
Trade					
payables	320,232	-	-	-	320,232
Other					
payables	-	225,245	-	-	225,245
Bank					
borrowings	7,087,880	-	-	-	7,087,880
	<u>7,408,112</u>	<u>225,245</u>	<u>-</u>	<u>-</u>	<u>7,633,357</u>

43. **Financial Instruments (Cont'd)**(b) **Financial risk management objectives and policies (cont'd)**(iii) **Market risk (cont'd)**Foreign currency exchange risk (cont'd)

	USD RM	HKD RM	EURO RM	RMB RM	Total RM
<b>Group</b>					
<b>2015</b>					
<b>Financial Assets</b>					
Other					
receivables	-	14,947	-	-	14,947
Fixed deposits					
with licensed					
banks	4,330,502	-	-	83,521	4,414,023
Cash and bank					
balances	712,536	513,882	1,320,065	312,325	2,858,808
	<u>5,043,038</u>	<u>528,829</u>	<u>1,320,065</u>	<u>395,846</u>	<u>7,287,778</u>
<b>Financial Liabilities</b>					
Trade payables	306,507	-	-	-	306,507
Bank					
borrowings	15,542,470	-	-	-	15,542,470
	<u>15,848,977</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,848,977</u>
<b>Company</b>					
<b>2016</b>					
<b>Financial Assets</b>					
Fixed deposits					
with licensed					
banks	4,559,375	-	-	-	4,559,375
Cash and bank					
balances	677,448	111,749	-	-	789,197
	<u>5,236,823</u>	<u>111,749</u>	<u>-</u>	<u>-</u>	<u>5,348,572</u>
<b>Financial Liability</b>					
Bank					
borrowings	7,087,880	-	-	-	7,087,880

43. **Financial Instruments (Cont'd)**

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

## (iii) Market risk (cont'd)

Foreign currency exchange risk (cont'd)

	USD RM	HKD RM	EURO RM	RMB RM	Total RM
<b>Company</b>					
<b>2015</b>					
<b>Financial Assets</b>					
Fixed deposits					
with licensed					
banks	4,330,502	-	-	-	4,330,502
Cash and bank					
balances	648,378	107,162	-	-	755,540
	<u>4,978,880</u>	<u>107,162</u>	<u>-</u>	<u>-</u>	<u>5,086,042</u>
<b>Financial Liability</b>					
Bank					
borrowings	15,542,470	-	-	-	15,542,470

Foreign currency risk sensitivity

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

A 10% strengthening of Ringgit Malaysia against the following foreign currencies' net financial assets / (liabilities) at the end of the reporting period would increase / (decrease) the profit before taxation and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain unchanged.

43. **Financial Instruments (Cont'd)**

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

## (iii) Market risk (cont'd)

Foreign currency risk sensitivity (cont'd)

	USD RM	HKD RM	EURO RM	RMB RM
<b>Group</b>				
<b>2016</b>				
Profit before taxation and other comprehensive income	<u>(140,476)</u>	<u>43,959</u>	<u>131,852</u>	<u>34,209</u>
<b>2015</b>				
Profit before taxation and other comprehensive income	<u>(1,080,594)</u>	<u>52,883</u>	<u>132,007</u>	<u>39,585</u>
<b>Company</b>				
<b>2016</b>				
Profit before taxation and other comprehensive income	<u>(185,106)</u>	<u>11,175</u>	<u>-</u>	<u>-</u>
<b>2015</b>				
Profit before taxation and other comprehensive income	<u>(1,056,359)</u>	<u>10,716</u>	<u>-</u>	<u>-</u>

A 10% weakening of Ringgit Malaysia against the above foreign currencies' net financial assets / (liabilities) at the end of the reporting period would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain unchanged.

Interest rate risk

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

43. **Financial Instruments (Cont'd)**

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

## (iii) Market risk (cont'd)

Interest rate risk (cont'd)

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

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes. The carrying amounts of the Group's and of the Company's financial instruments that are exposed to interest rate risk at the end of the reporting period are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
<b>Fixed Rate Instruments</b>				
<b>Financial Asset</b>				
Fixed deposits with licensed banks	49,079,352	33,471,075	31,442,414	15,670,959
<b>Financial Liabilities</b>				
Finance lease payables	6,234,432	6,799,952	-	-
<b>Floating Rate Instruments</b>				
<b>Financial Assets</b>				
Cash Held under Housing Development Accounts	74,387,290	87,735,381	-	-
Cash and bank balances	9,878,803	9,114,119	703,731	724,614
Amount owing by subsidiary companies	-	-	185,815,664	252,653,104

43. **Financial Instruments (Cont'd)**

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

## (iii) Market risk (cont'd)

Interest rate risk (cont'd)

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Floating Rate Instruments Financial Liabilities</b>				
Bank borrowings and overdrafts	610,590,997	561,370,855	118,620,192	89,475,267
Amount owing to subsidiary companies	-	-	62,411,867	56,946,384
	<u>-</u>	<u>-</u>	<u>62,411,867</u>	<u>56,946,384</u>

The Group and the Company are exposed to interest rate risk arising from the Group's and the Company's financial instruments.

Interest rate risk sensitivity

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

A change in 1% interest rate at the end of the reporting period would have increased or decreased the Group's and the Company's profit before taxation by RM5,263,249 and RM54,873 (2015: RM4,645,214 and RM1,069,561) respectively, arising mainly as a result of lower or higher interest expense on floating rate financial assets and financial liabilities. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

## (c) Fair value of financial instruments

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

43. **Financial Instruments (Cont'd)**

## (c) Fair value of financial instruments (cont'd)

The table below analyses the fixed rate non-current 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.

Group 2016	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 2 RM	Level 3 RM		
Financial asset								
Equity securities	98,801,419	-	-	98,801,419	-	-	98,801,419	98,801,419
	98,801,419	-	-	98,801,419	-	-	98,801,419	98,801,419
Financial liabilities								
Trade payables	-	-	-	-	-	248,138,494	248,138,494	248,138,494
Other payables	-	-	-	-	-	54,991,839	54,991,839	54,991,839
Finance lease payables	-	-	-	-	-	3,769,272	3,769,272	4,126,928
Contingent liabilities	-	-	-	-	-	@	-	48,025,156
	-	-	-	-	-	306,899,605	306,899,605	355,282,417
Company								
Financial liability								
Contingent liabilities	-	-	-	-	-	@	-	668,543,854

43. **Financial Instruments (Cont'd)**

## (c) Fair value of financial instruments (cont'd)

Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM		
<b>Financial assets</b>								
Over-the counter trust funds	38,488,161	-	-	38,488,161	-	-	38,488,161	38,488,161
Promissory note	-	-	-	-	-	100,498,924	100,498,924	100,498,924
Equity securities	93,835,130	-	-	93,835,130	-	-	93,835,130	93,835,130
	132,323,291	-	-	132,323,291	-	100,498,924	232,822,215	232,822,215
<b>Financial liabilities</b>								
Trade payables	-	-	-	-	-	93,613,370	93,613,370	93,613,370
Other payables	-	-	-	-	-	56,228,935	56,228,935	56,228,935
Finance lease payables	-	-	-	-	-	4,515,949	4,515,949	5,099,292
Contingent liabilities	-	-	-	-	-	@	-	15,047,932
	-	-	-	-	-	154,358,254	154,358,254	169,989,529
<b>Company</b>								
<b>Financial asset</b>								
Over-the counter trust funds	11,029,697	-	-	11,029,697	-	-	11,029,697	11,029,697
<b>Financial liability</b>								
Contingent liabilities	-	-	-	-	-	@	-	605,238,965

@ It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, cost and eventual outcome.



**43. Financial Instruments (Cont'd)****(c) Fair value of financial instruments (cont'd)****(i) Policy on transfer between levels**

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

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

**(ii) Level 1 fair value**

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

**(iii) Level 2 fair value**

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

**(iv) Level 3 fair value**

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

**44. Capital Management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

#### 44. Capital Management (Cont'd)

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Debt</b>				
Finance lease payables	6,234,432	6,799,952	-	-
Bank borrowings and overdrafts	610,590,997	561,370,855	118,620,192	89,475,267
Total debt	<u>616,825,429</u>	<u>568,170,807</u>	<u>118,620,192</u>	<u>89,475,267</u>
<b>Deposits, cash and bank balances</b>				
Fixed deposits with licensed banks	49,079,352	33,471,075	31,442,414	15,670,959
Cash and bank balances	107,332,047	106,385,800	23,577,418	4,739,917
Cash held under Housing Development Accounts	<u>74,387,290</u>	<u>87,735,381</u>	-	-
Total deposits, cash and bank balances	<u>230,798,689</u>	<u>227,592,256</u>	<u>55,019,832</u>	<u>20,410,876</u>
Net debt	<u>386,026,740</u>	<u>340,578,551</u>	<u>63,600,360</u>	<u>69,064,391</u>
Total equity	<u>1,207,023,564</u>	<u>1,012,372,699</u>	<u>658,662,383</u>	<u>512,387,017</u>
Gross gearing ratio	<u>0.51</u>	<u>0.56</u>	<u>0.18</u>	<u>0.17</u>
Net gearing ratio	<u>0.32</u>	<u>0.34</u>	<u>0.10</u>	<u>0.13</u>

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

The Group maintains a debt to equity ratio that complies with debt covenant and regulatory requirements in countries where the Group operates. This includes minimum capital requirements and the requirements to maintain legal reserves which are non-distributable.

#### 45. Significant Events

On 14 September 2016, MGB has acquired MITCE for a purchase consideration of RM300,000,000 from MITC, an indirect subsidiary company of the Company and Datuk Lim Lit Check. Consequently, MITCE became a wholly-owned subsidiary company of MGB.

The purchase consideration shall be satisfied by MGB in the following manner:

- (a) MGB granting the right of allotment at the issue price of RM0.67 for each consideration ordinary share to MITC and Datuk Lim Lit Check at 200,820,896 and 66,940,298 units of ordinary shares respectively.

#### 45. Significant Events (Cont'd)

The purchase consideration shall be satisfied by MGB in the following manner: (cont'd)

- (b) MGB effecting the allotment and issuance of the consideration Irredeemable Convertible Preference Shares ("ICPS") at the issue price of RM0.67 each to MITC and Datuk Lim Lit Check at 135,000,000 and 45,000,000 units of ICPS respectively.

#### 46. Subsequent Events

Subsequent to the financial year, the following subsequent events took place for the Company and its subsidiary companies:

- (a) On 2 January 2017, LBS acquired 1,748,060 ordinary shares of RM1.00 each representing 60% equity interest in Healthguard Medicare Sdn. Bhd. ("HMSB") for a total cash consideration of RM1.00 only. Consequently, HMSB became a 60% owned subsidiary company of LBS.
- (b) On 21 February 2017, ML Global Berhad ("MGB") subscribed for 51 ordinary shares of RM1.00 each in Alunan Warta Sdn. Bhd. ("AWSB") for a total cash consideration of RM51 only. Consequently, AWSB became a 51% owned subsidiary company of MGB.
- (c) On 3 March 2017, Vintage Tiles Industries (EM) Sdn. Bhd. ("VTISB"), a wholly-owned subsidiary company of MGB, acquired 2 ordinary shares of RM1.00 each in Delta Gallery Sdn. Bhd. ("DGSB") for a total cash consideration of RM2 only. Consequently, DGSB became a wholly-owned subsidiary company of VTISB.

On 22 March 2017, DGSB has increased its paid up share capital from 2 to 250,000 ordinary shares. VTISB has subscribed for an additional of 249,998 ordinary shares in DGSB by way of cash.

- (d) On 7 March 2017, Biz Bena Development Sdn. Bhd. ("BBDSB"), an associated company of PHSB, increased its paid up share capital from 500,000 to 520,000 ordinary shares of RM1.00 each. PHSB subscribed additional 20,000 ordinary shares of RM1.00 each in BBDSB for a total cash consideration of RM20,000. Consequently, BBDSB became a 51.92% owned subsidiary company of PHSB.
- (e) On 9 March 2017, RHB Investment Bank Berhad ("RHBIB"), on behalf of the Company announced that the Company proposes to undertake the followings:
  - (i) a renounceable rights issue of up to 150,598,126 new Redeemable Convertible Preference Shares ("RCPS") on the basis of 1 RCPS for every 5 existing Company's shares held on the Entitlement Date ("Proposed Rights issue"); and
  - (ii) amendments to the Constitution of the Company.

**46. Subsequent Events (Cont'd)**

Subsequent to the financial year, the following subsequent events took place for the Company and its subsidiary companies: (cont'd)

- (f) On 14 March 2017, LBS acquired 150,000 ordinary shares of RM1.00 each representing 30% equity interest in Bimbingan Sumber Sdn. Bhd. ("BSSB") for a total cash consideration of RM150,000 only. Consequently, BSSB became a 60% owned subsidiary company of LBS.
- (g) On 16 March 2017, LBS disposed of its 100,000 ordinary shares of RM1.00 each representing the entire equity interest of its wholly-owned subsidiary company, Saga Serata Sdn. Bhd. ("SSSB"), for a total cash consideration of RM100,000 only.
- (h) From 1 January 2017 to 31 March 2017, the Company issued and allotted 1,989,600 share options under ESOS which were granted at the subscription price ranges from RM1.51 to RM1.71 each to the eligible employees under the Forty-Fourth Grant to Forty-Sixth Grant of the ESOS.
- (i) From 1 January 2017 to 31 March 2017, a total of 6,520,200 Warrants A and 6,191,375 Warrants B were exercised at RM1.00 and RM1.25 respectively.

**47. Material Litigation**

As at the date of this report, there is no material litigation against the Company and its subsidiary companies.

**48. Capital Commitments**

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Approved and contracted for property development:		
- Joint Venture Agreements	544,888,648	385,360,338
- Sale and Purchase Agreements	50,444,984	146,108,200
Approved and contracted for plant, property and equipment:		
- Sale and Purchase Agreements	528,000	-
	<u>595,861,632</u>	<u>531,468,538</u>

49. **Contingent Liabilities**

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<u>Unsecured :</u>				
Corporate guarantees given to :				
- licensed banks to secure banking facilities granted to subsidiary companies	-	-	520,958,548	486,038,423
- the suppliers of goods for credit terms / facilities granted to subsidiary companies	-	-	4,000,000	906,572
- venture partners for undertaking due performance in relation to joint venture agreements	-	-	143,585,306	118,293,970
<u>Secured :</u>				
Bank guarantees for :				
- property development	41,381,066	15,047,932	-	-
- construction contracts	6,644,090	-	-	-

The Company participated in the Regularisation Plan of MGB and guaranteed that in the event that MGB fails to achieve audited operational profit after taxation of Ringgit Malaysia Six Million ("Guaranteed Profit") for each of the two (2) consecutive financial years following the successful implementation of the Regularisation Plan, the Company shall be liable to one half (50%) of the difference between the Guaranteed Profit and audited operational profit after taxation ("Differential Sum").

For the current financial year, the Company has made a provision of RM1,021,006 (2015: RM365,606) based on the audited results of MGB for the financial year ended 31 December 2016, being one half (50%) of the Differential Sum.

## 50. List of Subsidiary Companies

Name of company	Country of incorporation	Effective interest		Principal activities
		2016 %	2015 %	
Direct holding				
Intellplace Holdings Limited	British Virgin Islands	100	100	Investment holding
LBS Bina Holdings Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
LBS Landscape Sdn. Bhd.	Malaysia	100	100	Turfing and landscape contracting
Linkway Property Co., Ltd	British Virgin Islands	100	100	Dormant
Maju Kepunyaan Sdn. Bhd.	Malaysia	100	100	Dormant
ML Global Berhad	Malaysia	56.43	-	Investment holding and provision of management services to its subsidiary companies
Saga Serata Sdn. Bhd.	Malaysia	100	100	Insurance agent and investment holding
SPJ Construction Sdn. Bhd.	Malaysia	60	60	Dormant
Indirect holding				
Subsidiary companies of				
LBS Bina Holdings Sdn.Bhd. :				
Adil Restu Sdn. Bhd.	Malaysia	100	100	Property development
Alunan Prestasi Sdn. Bhd.	Malaysia	70	70	Property development
Angsana Abadi Sdn. Bhd.	Malaysia	100	100	Property development
Astana Modal (M) Sdn. Bhd.	Malaysia	100	100	Property development
Azam Perspektif Sdn. Bhd.	Malaysia	100	100	Property development
Casa Inspirasi Sdn. Bhd.	Malaysia	68	58	Property development

## 50. List of Subsidiary Companies (Cont'd)

Name of company	Country of incorporation	Effective interest		Principal activities
		2016 %	2015 %	
Indirect holding Subsidiary companies of LBS Bina Holdings Sdn. Bhd. :				
Cergas Asal (M) Sdn. Bhd.	Malaysia	100	100	Property development
Dataran Enigma Sdn. Bhd.	Malaysia	61	61	Property development
Equal Alliance Sdn. Bhd.	Malaysia	100	100	Property development
Equal Sign Sdn. Bhd.	Malaysia	100	100	Property development
Focal Remedy Sdn. Bhd.	Malaysia	100	100	Property development
Fokus Awana Sdn. Bhd.	Malaysia	100	100	Property development
Galeri Cekap Sdn. Bhd.	Malaysia	100	100	Dormant
Generasi Nostalgia Sdn. Bhd.	Malaysia	100	100	Property development
Generasi Simbolik Sdn. Bhd.	Malaysia	71	71	Property development
Getstyle Sdn. Bhd.	Malaysia	100	100	Property development
Inderaloka Impian Sdn. Bhd.	Malaysia	100	100	Property development
Induk Pelita Sdn. Bhd.	Malaysia	51	-	Dormant
Intellview Sdn. Bhd.	Malaysia	100	100	Property development
Iringan Kejora Sdn. Bhd.	Malaysia	80	80	Property development
Jatidiri Gigih Sdn. Bhd.	Malaysia	100	100	Property development
Jauhari Unggul Sdn. Bhd.	Malaysia	100	100	Property development
Johan Anggun Sdn. Bhd.	Malaysia	85	85	Property development

## 50. List of Subsidiary Companies (Cont'd)

Name of company	Country of incorporation	Effective interest		Principal activities
		2016 %	2015 %	
Indirect holding				
Subsidiary companies of				
LBS Bina Holdings Sdn. Bhd. :				
Kalimah Jaya Sdn. Bhd.	Malaysia	100	100	Investment holding
Kilatlima Sdn. Bhd.	Malaysia	100	100	Property development, operation and maintenance of carpark
Kemudi Ehsan Sdn. Bhd.	Malaysia	51	-	Property development
Koleksi Sigma Sdn. Bhd.	Malaysia	75	75	Property development
LBS Capital Sdn. Bhd.	Malaysia	100	100	Provision of finance through money lending
LBS Maju Sdn. Bhd.	Malaysia	70	70	Dormant
LBS Properties Sdn. Bhd.	Malaysia	100	100	Property investment holding
Maju Kamabisa Sdn. Bhd.	Malaysia	100	100	Provision of project management services
Mayang Jelatek Sdn. Bhd.	Malaysia	51	51	Property development
Megah Solaris Sdn. Bhd.	Malaysia	55	55	Dormant
Misi Aktif Sdn. Bhd.	Malaysia	100	100	Property development
MITC Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Nuevo Attraction & Destination Destination Sdn. Bhd.	Malaysia	60	-	Tourism development and investment holding
Nuevoprima Development Sdn. Bhd.	Malaysia	100	-	Dormant
Pelangi Homes Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Pembangunan Primer Sdn. Bhd.	Malaysia	80	80	Property development



## 50. List of Subsidiary Companies (Cont'd)

Name of company	Country of incorporation	Effective interest		Principal activities
		2016 %	2015 %	
Indirect holding				
Subsidiary companies of				
LBS Bina Holdings Sdn. Bhd. :				
Prima Utuh Sdn. Bhd.	Malaysia	80	80	Dormant
Puncak Gama Sdn. Bhd.	Malaysia	80	51	Property development
Saga Megah Sdn. Bhd.	Malaysia	100	100	Trading of building materials and general construction
Seloka Sinaran Sdn. Bhd.	Malaysia	51	-	Property development
Sepadan Maju Sdn. Bhd.	Malaysia	90	90	Property development
Seribu Baiduri Sdn. Bhd.	Malaysia	100	100	Property development
Sinaran Restu Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Taman Sempurna Sdn. Bhd.	Malaysia	51	51	Dormant
Utuh Aspirasi Sdn. Bhd.	Malaysia	100	100	Property development
Wirama Era Baru Sdn. Bhd.	Malaysia	51	51	Property development
Subsidiary companies of				
Sinaran Restu Sdn. Bhd. :				
Juaraplex Sdn. Bhd.	Malaysia	100	100	Property development
Kenderong Sdn. Bhd.	Malaysia	100	100	Property development
KerANJI Bina Sdn. Bhd.	Malaysia	100	100	Property development
Lingkar Semangat Sdn. Bhd.	Malaysia	100	100	Property development
Nilam Mewah Sdn. Bhd.	Malaysia	55	55	Dormant
Pacific Grant Sdn. Bhd.	Malaysia	100	100	Property development
Silibin Jaya Sdn. Bhd.	Malaysia	100	100	Property development

50. **List of Subsidiary Companies (Cont'd)**

Name of company	Country of incorporation	Effective interest		Principal activities
		2016 %	2015 %	
Indirect holding Subsidiary companies of MITC Sdn. Bhd. :				
MITC Engineering Sdn. Bhd.	Malaysia	-	75	Civil engineering, design and build, property development, trading activities and investment holding
Subsidiary company of Saga Serata Sdn. Bhd. :				
Healthguard Medicare Sdn. Bhd.	Malaysia	60	60	Selling of membership cards covering personal insurance
Subsidiary company of Kalimah Jaya Sdn. Bhd. :				
Utuh Sejagat Sdn. Bhd.	Malaysia	100	100	Property development
Subsidiary company of Pelangi Homes Sdn. Bhd. :				
Restu Bidara Sdn. Bhd.	Malaysia	100	-	Property development
Subsidiary companies of MITC Engineering Sdn. Bhd. :				
Nuevo Attraction & Destination Sdn. Bhd.	Malaysia	-	45	Tourism development and investment holding
Prisma Craft Sdn. Bhd.	Malaysia	56.43	75	Dormant
Prisma Kasturi Sdn. Bhd.	Malaysia	56.43	75	Investment holding
Restu Bidara Sdn. Bhd.	Malaysia	-	75	Property development
Top Ace Solutions Sdn. Bhd.	Malaysia	56.43	75	Trading of building materials and general construction

## 50. List of Subsidiary Companies (Cont'd)

Name of company	Country of incorporation	Effective interest		Principal activities
		2016 %	2015 %	
<b>Indirect holding</b>				
Subsidiary company of Nuevo Attraction & Destination Sdn. Bhd. :				
Nuevoprima Development Sdn. Bhd.	Malaysia	-	45	Dormant
Subsidiary companies of ML Global Berhad :				
MITC Engineering Sdn. Bhd.	Malaysia	56.43	-	Civil engineering, design and build, property development, trading activities and investment holding
Vintage Tiles Industries Sdn. Bhd.	Malaysia	56.43	-	Manufacturing and trading of roof tiles and general construction
Vintage Tiles Industries (EM) Sdn. Bhd.	Malaysia	56.43	-	Dormant
Vintage Roofing & Construction Sdn. Bhd.	Malaysia	56.43	-	Supply and laying of roof installation of roofing on a consignment basis, general construction and investment holding
Newsteel Building Systems Sdn. Bhd.	Malaysia	45.14	-	Dormant
Vintage Tiles Holdings Sdn. Bhd.	Malaysia	56.43	-	Dormant
Subsidiary companies of Vintage Roofing & Construction Sdn. Bhd. :				
Tirai Impresif Sdn. Bhd.	Malaysia	56.43	-	Dormant
VTI Consortium Sdn. Bhd.	Malaysia	56.43	-	Dormant

## 50. List of Subsidiary Companies (Cont'd)

Name of company	Country of incorporation	Effective interest		Principal activities
		2016 %	2015 %	
Indirect holding				
Subsidiary company of Intellplace Holdings Limited :				
* Dragon Hill Corporation Limited	Hong Kong	100	100	Investment holding
Subsidiary company of Dragon Hill Corporation Limited :				
* Lamdeal Investments Limited	Hong Kong	100	100	Project investment through a subsidiary company in The People's Republic of China ("PRC")
Subsidiary company of Lamdeal Investments Limited :				
* Zhuhai International Circuit Limited	PRC	60	60	Racing circuit development and management
Subsidiary company of Zhuhai International Circuit Limited :				
* Zhuhai International Circuit Promotion (HK) Limited	Hong Kong	60	60	Provision of handling for its holding company

\* Subsidiary companies not audited by UHY.

## 51. List of Associated Companies

Name of company	Country of incorporation	Effective interest		Principal activities
		2016 %	2015 %	
<b>Direct holding</b>				
# ML Global Berhad	Malaysia	-	24.13	Investment holding and provision of management services to its subsidiary companies
<b>Indirect holding</b>				
Associated companies of LBS Bina Holdings Sdn. Bhd. :				
Bayu Cergas Sdn. Bhd.	Malaysia	40	40	Dormant
Bimbingan Sumber Sdn. Bhd.	Malaysia	30	30	Dormant
Pristine Sunrise (M) Sdn. Bhd.	Malaysia	30	30	Dormant
Sambungan Aktif Sdn. Bhd.	Malaysia	30	30	Dormant
Setara Armada Sdn. Bhd.	Malaysia	30	30	Dormant
Tarikan Puncak Sdn. Bhd.	Malaysia	20	20	Dormant
* Usaha Semarak Sdn. Bhd.	Malaysia	35	35	Dormant
Warnasari Idaman Sdn. Bhd.	Malaysia	30	30	Dormant
Associated company of Pelangi Homes Sdn. Bhd. :				
Biz Bena Development Sdn. Bhd.	Malaysia	50	50	Dormant
Associated company of MITC Engineering Sdn. Bhd. :				
* YLT Consultancy Sdn. Bhd.	Malaysia	16.93	22.50	Dormant

\* Subsidiary companies not audited by UHY.

# became subsidiary company during the financial year.

52. **Comparative Figures**

Certain comparative figures were restated to conform with current financial year's presentation. There was no significant impact to the financial performance in relation to the financial year ended 31 December 2015.

	As previously stated RM	Reclassification RM	As restated RM
<b>Group</b>			
<i>Statements of Financial Position</i>			
<b>Non-Current Assets</b>			
Deferred tax assets	13,182,690	(13,182,690)	-
<b>Non-Current Liabilities</b>			
Deferred tax liabilities	45,454,291	(13,182,690)	32,271,601
<i>Statements of Profit or Loss and Other Comprehensive Income</i>			
Share of profits in associated companies	1,618,371	747,267	2,365,638
Profit before taxation	108,087,653	747,267	108,834,920
Taxation	(37,591,668)	(747,267)	(38,338,935)

53. **Date of Authorisation for Issue of Financial Statements**

The financial statements of the Group and of the Company for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution of the board of directors on 25 April 2017.

#### 54. Disclosure of Realised and Unrealised Retained Profits

The following analysis of realised and unrealised retained earnings / (accumulated losses) of the Group and of the Company as at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained profits / (accumulated losses) of the Company and its subsidiary companies:				
- Realised	900,531,925	684,492,577	(64,583,604)	(87,268,425)
- Unrealised	28,935,489	9,362,499	(2,479,286)	(8,445,225)
	<u>929,467,414</u>	<u>693,855,076</u>	<u>(67,062,890)</u>	<u>(95,713,650)</u>
Total share of retained profits / (accumulated losses) from associated companies:				
- Realised	(561,826)	3,324,719	-	-
	<u>928,905,588</u>	<u>697,179,795</u>	<u>(67,062,890)</u>	<u>(95,713,650)</u>
Less: Consolidation adjustments	425,443,927	232,014,250	-	-
	<u>503,461,661</u>	<u>465,165,545</u>	<u>(67,062,890)</u>	<u>(95,713,650)</u>

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

UNAUDITED CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS OF OUR GROUP FOR  
THE 3-MONTH FPE 31 MARCH 2017

CERTIFIED TRUE COPY

  
.....  
COMPANY SECRETARY  
LEE CHING CHING  
(MAICSA 7010608)

19 JUN 2017



**LBS BINA GROUP BERHAD**  
(518482-H)  
(Incorporated in Malaysia)

**Interim Financial Report**

**31 March 2017**



**LBS BINA GROUP BERHAD**  
**(518482-H)**  
**(Incorporated in Malaysia)**

**Interim Financial Report**

**31 March 2017**

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**LBS BINA GROUP BERHAD (518482-H)****CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)  
- For the financial period ended 31 March 2017**

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter 31.03.2017 RM'000	Preceding Year Quarter 31.03.2016 RM'000	Current Year To date 31.03.2017 RM'000	Preceding Year To date 31.03.2016 RM'000
Revenue		247,350	200,472	247,350	200,472
Cost of sales		(160,851)	(132,665)	(160,851)	(132,665)
Gross profit		86,499	67,807	86,499	67,807
Interest Income		1,593	1,814	1,593	1,814
Other income		2,874	3,665	2,874	3,665
Operating expenses		(42,132)	(41,831)	(42,132)	(41,831)
Finance costs		(6,817)	(6,712)	(6,817)	(6,712)
Share of profit in associated companies		7	254	7	254
Profit before taxation		42,024	24,997	42,024	24,997
Taxation	B5	(16,372)	(8,974)	(16,372)	(8,974)
Net profit for the financial period		25,652	16,023	25,652	16,023
<b>Net profit for the financial period attributable to: -</b>					
Owners of the Company		24,773	16,861	24,773	16,861
Non-controlling interests		879	(838)	879	(838)
		25,652	16,023	25,652	16,023

**Earnings per share attributable to owners of the Company:-**

Basic (sen)	B11	3.82	3.06	3.82	3.06
Diluted (sen)	B11	3.69	2.88	3.69	2.88

**LBS BINA GROUP BERHAD (518482-H)****CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)  
- For the financial period ended 31 March 2017 (cont'd)**

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31.03.2017 RM'000	Preceding Year Quarter 31.03.2016 RM'000	Current Year To date 31.03.2017 RM'000	Preceding Year To date 31.03.2016 RM'000
Net profit for the financial period	25,652	16,023	25,652	16,023
Other comprehensive income, net of tax:				
Exchange translation differences for foreign operations	(2,093)	(21,290)	(2,093)	(21,290)
Loss on revaluation of available-for-sale financial assets	(4,847)	-	(4,847)	-
Total comprehensive income for the financial period	<u>18,712</u>	<u>(5,267)</u>	<u>18,712</u>	<u>(5,267)</u>
<b>Total comprehensive income for the financial period attributable to: -</b>				
Owners of the Company	17,301	(7,156)	17,301	(7,156)
Non-controlling interests	1,411	1,889	1,411	1,889
	<u>18,712</u>	<u>(5,267)</u>	<u>18,712</u>	<u>(5,267)</u>

*The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.*

**LBS BINA GROUP BERHAD (518482-H)****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)****- As at 31 March 2017**

	Note	31.03.2017 (Unaudited) RM'000	31.12.2016 (Audited) RM'000
<b><u>ASSETS</u></b>			
<b>Non-current Assets</b>			
Property, plant and equipment	A10	278,614	261,064
Capital work-in-progress		5,823	5,368
Land and property development costs		745,344	730,526
Investment properties		39,865	61,469
Investment in associated companies		2,474	2,636
Other investments		93,541	99,950
Goodwill on consolidation		126,635	126,980
		<b>1,292,296</b>	<b>1,287,993</b>
<b>Current Assets</b>			
Land and property development costs		380,388	359,131
Inventories		184,541	187,867
Amount owing by customers on contracts		9,303	207
Accrued billings in respect of land and property development costs		310,067	326,709
Trade and other receivables		464,027	425,955
Other investments		2,504	-
Tax recoverable		7,426	6,844
Fixed deposits with licensed banks		38,563	49,079
Cash held under Housing Development Accounts		111,205	74,387
Cash and bank balances		101,723	107,332
		<b>1,609,747</b>	<b>1,537,511</b>
<b>TOTAL ASSETS</b>		<b>2,902,043</b>	<b>2,825,504</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		736,468	641,424
Reserves		468,869	524,483
Treasury shares, at cost		(88)	(88)
		<b>1,205,249</b>	<b>1,165,819</b>
Non-controlling interests		45,113	41,205
<b>TOTAL EQUITY</b>		<b>1,250,362</b>	<b>1,207,024</b>

**LBS BINA GROUP BERHAD (518482-H)****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)****- As at 31 March 2017 (cont'd)**

	31.03.2017 (Unaudited) RM'000	31.12.2016 (Audited) RM'000
<b>LIABILITIES</b>		
<b>Non-current Liabilities</b>		
Trade and other payables	296,806	303,131
Finance lease payables	B8 3,707	4,127
Bank borrowings	B8 362,589	314,144
Deferred tax liabilities	17,408	18,232
	<u>680,510</u>	<u>639,634</u>
<b>Current Liabilities</b>		
Amount owing to customers on contract	1,102	11,841
Progress billings in respect of land and property development costs	22,716	13,299
Trade and other payables	612,463	632,664
Bank overdrafts	B8 83,277	100,902
Finance lease payables	B8 2,101	2,108
Bank borrowings	B8 220,795	195,545
Tax payable	28,717	22,487
	<u>971,171</u>	<u>978,846</u>
<b>TOTAL LIABILITIES</b>	<u>1,651,681</u>	<u>1,618,480</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>2,902,043</u>	<u>2,825,504</u>
<b>Net Assets per share attributable to owners of the Company (RM)</b>	<u>1.83</u>	<u>1.82</u>

*The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.*

**LBS BINA GROUP BERHAD (518482-H)**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**- For the financial period ended 31 March 2017**

	Attributable to owners of the Parent										Total Equity	
	Share Capital	Treasury Shares	Share Premium	ESOS Reserve	Exchange Reserve	Warrant Reserve	Other Reserve	Retained Earnings	Sub-total	Non-controlling Interests		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1.1.2017	641,424	(88)	74,235	8,415	119,866	36,567	(218,062)	503,462	1,165,819	41,205	1,207,024	
Amount recognised directly in equity:												
Net profit for the financial period	-	-	-	-	-	-	-	24,773	24,773	879	25,652	
Foreign currency translation	-	-	-	-	(2,651)	-	26	-	(2,625)	532	(2,093)	
Loss on revaluation of available-for-sale financial assets	-	-	-	-	-	-	(4,847)	-	(4,847)	-	(4,847)	
Total comprehensive income for the financial period	-	-	-	-	(2,651)	-	(4,821)	24,773	17,301	1,411	18,712	
Transactions with owners:												
Net changes of non-controlling interests	-	-	-	-	-	-	-	-	-	146	146	
Changes in ownership interest in subsidiary companies	-	-	-	-	-	-	2,452	-	2,452	(2,463)	(11)	
Realisation of subsidiary companies' reserve	-	-	-	-	-	-	672	-	672	4,814	5,486	
Issuance of ordinary shares:												
- Exercise of warrants	14,550	-	1,282	-	-	(1,570)	-	-	14,262	-	14,262	
- Exercise of ESOS	3,476	-	46	-	-	-	-	-	3,522	-	3,522	
Realisation of warrants B reserve	-	-	-	-	-	(2,910)	2,910	-	-	-	-	
Realisation of ESOS's share premium	1,380	-	75	(1,455)	-	-	-	-	-	-	-	
Share-based payment	-	-	-	1,221	-	-	-	-	1,221	-	1,221	
Total transactions with owners	19,406	-	1,403	(234)	-	(4,480)	6,034	-	22,129	2,497	24,626	
Reclassification pursuant to S618(2) of CA 2016*	75,638	-	(75,638)	-	-	-	-	-	-	-	-	
Balance as at 31.03.2017	736,468	(88)	-	8,181	117,215	32,087	(216,849)	528,235	1,205,249	45,113	1,250,362	

Note:

\*The new Companies Act 2016 ("New Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the New Act. 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.

**LBS BINA GROUP BERHAD (518482-H)****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**- For the financial period ended 31 March 2016 (cont'd)**

	Attributable to owners of the Parent		<-Distributable->							Total Equity RM'000	
	Share Capital RM'000	Reserve	Treasury Shares RM'000	Share Premium RM'000	ESOS Reserve RM'000	Foreign Exchange Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000		Sub-total RM'000
Balance as at 1.1.2016	551,437	(8,634)	48,298	12,794	121,327	68,321	(227,048)	465,166	1,031,661	(19,288)	1,012,373
Amount recognised directly in equity:	-	-	-	-	-	-	-	16,861	16,861	(838)	16,023
Net profit for the financial period	-	-	-	-	(26,663)	-	2,646	-	(24,017)	2,727	(21,290)
Foreign currency translation	-	-	-	-	(26,663)	-	2,646	16,861	(7,156)	1,889	(5,267)
Total comprehensive income for the financial period	-	-	-	-	(26,663)	-	2,646	16,861	(7,156)	1,889	(5,267)
Transactions with owners:	-	-	-	-	-	-	(11,093)	-	(11,093)	93	(11,000)
Net changes in ownership interest in subsidiary companies	-	-	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares:	121	-	12	-	-	(12)	-	-	121	-	121
- Exercise of warrants	101	-	8	-	-	-	-	-	109	-	109
- Exercise of ESOS	-	-	-	157	-	-	-	-	157	-	157
Share-based payment	-	8,570	265	-	-	-	-	-	8,835	-	8,835
Own shares sold	222	8,570	285	157	-	(12)	(11,093)	-	(1,871)	93	(1,778)
Total transactions with owners	551,659	(64)	48,583	12,951	94,664	68,309	(235,495)	482,027	1,022,634	(17,306)	1,005,328
Balance as at 31.03.2016											

Amount recognised directly in equity:

Net profit for the financial period

Foreign currency translation

Total comprehensive income for the financial period

Transactions with owners:

Net changes in ownership interest in subsidiary companies

Issuance of ordinary shares:

- Exercise of warrants

- Exercise of ESOS

Share-based payment

Own shares sold

Total transactions with owners

Balance as at 31.03.2016

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

**LBS BINA GROUP BERHAD (518482-H)****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**- For the financial period ended 31 March 2017**

	Current Period Ended 31.03.2017 RM'000	Preceding Period Ended 31.03.2016 RM'000
Profit before taxation	42,024	24,997
Adjustments for :-		
Non-cash items	1,268	1,543
Other operating items	5,189	5,482
Operating profit before changes in working capital	<u>48,481</u>	<u>32,022</u>
Changes in working capital :		
Inventories	3,325	(23,379)
Land and property development costs	(25,076)	(13,673)
Amount owing by / to customers on contract	(19,835)	(1,312)
Accrued / progress billings in respect of land and property development costs	26,059	(75,856)
Receivables	(21,727)	(56,639)
Payables	6,718	24,106
Foreign exchange reserve	5,372	14,880
	<u>(25,164)</u>	<u>(131,873)</u>
Cash generated from / (used in) operations	<u>23,317</u>	<u>(99,851)</u>
Interest received	1,593	976
Interest paid	(10,902)	(8,379)
Tax paid	(11,253)	(7,564)
Tax refund	-	211
	<u>(20,562)</u>	<u>(14,756)</u>
Net cash generated from / (used in) operating activities	<u>2,755</u>	<u>(114,607)</u>
<b>Cash Flows From Investing Activities</b>		
Additional investment in :		
- Subsidiary and associated companies	(4,615)	(11,786)
- Financial assets at fair value through profit or loss	(12,500)	(13,000)
Repayment of prior year investment in subsidiary and associated companies	(9,086)	(3,550)
Purchase of :		
- Property, plant and equipment	(2,043)	(1,556)
Proceeds from disposal of :		
- Financial assets at fair value through profit or loss	10,012	36,093
- Property, plant and equipment	215	5
- Subsidiary companies	6,660	-
Proceeds from Promissory note	-	102,305
Deposits and consideration paid for acquisition and joint venture of development lands	(29,689)	(32,876)
Acquisition of subsidiary companies, net of cash acquired	(163)	-
Capital work-in-progress incurred	(520)	(5,549)
Net cash (used in) / generated from investing activities	<u>(41,729)</u>	<u>70,086</u>



**LBS BINA GROUP BERHAD (518482-H)****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**- For the financial period ended 31 March 2017 (cont'd)**

	Current Period Ended 31.03.2017 RM'000	Preceding Period Ended 31.03.2016 RM'000
<b>Cash Flows From Financing Activities</b>		
Decrease in fixed deposit pledged	14,451	3,322
Increase in cash and bank balances pledged	(3,072)	(1,002)
Drawdown of bank borrowings	114,164	138,150
Repayment of bank borrowings	(40,394)	(101,041)
Dividend paid	(13,028)	(32,719)
Proceeds from :		
- Exercise of warrants	14,262	121
- Exercise of ESOS	3,522	109
- Disposal of treasury shares	-	8,835
Repayment of finance lease payables	(525)	(256)
Net cash generated from financing activities	<u>89,380</u>	<u>15,519</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	50,406	(29,002)
<b>Effects of exchange rate changes</b>	(710)	(4,090)
<b>Cash and cash equivalents at the beginning of the financial period</b>	79,796	154,360
<b>Cash and cash equivalents at the end of the financial period</b>	<u>129,492</u>	<u>121,268</u>
<b>Cash and cash equivalents at the end of the financial period comprise:</b>		
Fixed deposits with licensed banks	38,563	38,661
Cash held under Housing Development Accounts	111,205	40,795
Cash and bank balances	101,723	126,605
Bank overdrafts	(83,277)	(57,546)
	<u>168,214</u>	<u>148,515</u>
Less : Fixed deposits pledged with licensed banks	(25,771)	(17,131)
Cash and bank balances pledged	(12,951)	(10,116)
	<u>129,492</u>	<u>121,268</u>

*The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.*

**LBS BINA GROUP BERHAD (518482-H)****NOTES TO THE INTERIM FINANCIAL REPORT (UNAUDITED)****A1. Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2016.

**A2. Changes in accounting policies**Basis of accounting

The financial statements of the Group have been prepared on the historical cost convention basis except as disclosed in the notes to the financial statements and in accordance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 1965 in Malaysia.

Adoption of new and amended standards

During the financial period, the Group has adopted the following Amendments to FRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for the current financial period:-

Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to FRSs 2012 – 2014 Cycle	
• Amendments to FRS 12	

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

Standards issued but not yet effective

The Group has not applied the following new FRSs, Interpretation and amendments to FRSs that have been issued by the MASB which are not yet effective for the Group:-

		<u>Effective date for financial periods beginning on or after</u>
Annual Improvements to FRSs 2014 – 2016 Cycle		
• Amendments to FRS 1		1 January 2018
• Amendments to FRS 128		1 January 2018
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 140	Transfer of Investment Property	1 January 2018
Amendments to FRS 4	Applying <i>FRS 9 Financial Instruments</i> with <i>FRS 4 Insurance Contracts</i>	1 January 2018 *
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

**LBS BINA GROUP BERHAD (518482-H)****A2. Changes in accounting policies (cont'd)**Standards issued but not yet effective (cont'd)

The Group has not applied the following new FRSs and amendments to FRSs that have been issued by the MASB which are not yet effective for the Group: - (cont'd)

		<u>Effective date for financial periods beginning on or after</u>
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

*Note:*

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

The Group intends to adopt the above FRS and amendments to FRSs when they become effective.

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

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

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

FRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investment in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 139.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. FRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 139.

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

**LBS BINA GROUP BERHAD (518482-H)****A2. Changes in accounting policies (*cont'd*)****New Malaysian Financial Reporting Standards (“MFRS Framework”) issued but not yet effective**

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

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

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

The Group has not completed its assessment of the financial effects of the differences between FRSs and accounting standards under the MFRS Framework. Accordingly, the consolidated and separate financial performance and financial position as disclosed in these financial statements for the financial year ending 31 December 2017 could be different if prepared under the MFRS Framework.

Companies Act 2016

The Companies Act 2016 (“New Act”) was enacted to replace the Companies Act 1965 with the objectives to create a legal and regulatory structure that will facilitate business and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders. The New Act was passed on 4 April 2016 by Dewan Rakyat (House of Representative) and gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the date on which the New Act comes into operation, except section 241 and Division 8 of Part III of the New Act, will be 31 January 2017.

Among the key changes introduced in the New Act which will affect the financial statements of the Group upon the commencement of the New Act on 31 January 2017 includes:

- (a) removal of the authorised share capital;
- (b) shares of the Group will cease to have par on nominal value; and
- (c) the Group’s share premium account will become part of the Group’s share capital.

During the period, the Group had transferred a total of RM75,637,367 from its share premium account to the share capital pursuant to the New Act.

The adoption of the New Act did not have any financial impact on the Group for the current financial year as any accounting implications will only be applied prospectively, if applicable, and the effect of adoption mainly will be on disclosures to the annual report and financial statements for the financial year ending 31 December 2017.

**A3. Auditors’ report on preceding annual financial statements**

The auditors’ report on the financial statements for the financial year ended 31 December 2016 was not subject to any qualification.

**LBS BINA GROUP BERHAD (518482-H)****A4. Seasonal or cyclical factors**

The operations of the Group during the quarter under review were not materially affected by any significant seasonal or cyclical factors.

**A5. Unusual items due to their nature, size or incidence**

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows during the quarter under review.

**A6. Material changes in estimates**

There were no significant changes in estimates of amounts reported in prior interim periods or prior year that have a material effect in the current quarter's results.

**A7. Debt and equity securities**

There were no issuances, repurchases, cancellations, resale and repayments of debts and equity securities during the current financial period, save and except as follows:-

**(I) Under the Company**

- (a) Issuance of shares pursuant to the Company's Employees' Share Option Scheme ("ESOS")  
The Company has issued and allotted 2,766,600 ordinary shares for cash at a subscription price ranges from of RM1.00 to RM1.61 per ordinary share.
- (b) Issuance of shares pursuant to the Conversion of Warrants A  
A total of 6,520,200 Warrants A were converted into ordinary shares at an exercise price of RM1.00 per Warrant A which have resulted in 6,520,200 ordinary shares being issued.
- (c) Issuance of shares pursuant to the Conversion of Warrants B  
A total of 6,191,375 Warrants B were converted into ordinary shares at an exercise price of RM1.25 per Warrant B which have resulted in 6,191,375 ordinary shares being issued.

**(II) Under ML Global Berhad, the Company's subsidiary company**

- (a) Issuance of shares pursuant to the Conversion of Warrants 2014/2019  
A total of 9,190,500 Warrants 2014/2019 were converted into ordinary shares at an exercise price of RM0.50 per Warrant 2014/2019 which have resulted in 9,190,500 ordinary shares being issued.

**A8. Dividend paid**

During the financial quarter under review, a tax exempt special dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2016 was paid on 17 March 2017.

**LBS BINA GROUP BERHAD (518482-H)****A9. Segment information****Period ended 31 March 2017**

	Property Development RM'000	Construction & Trading RM'000	Management, Investment & Others RM'000	Motor Racing Circuit RM'000	Consolidated RM'000
<b>REVENUE</b>					
Sales	220,605	163,504	3,427	3,194	390,730
Less: Inter-segment sales	-	(140,034)	(3,346)	-	(143,380)
Total revenue	220,605	23,470	81	3,194	247,350
<b>FINANCIAL RESULTS</b>					
Segment results	38,909	12,893	116	(4,677)	47,241
Interest income	1,418	1	150	24	1,593
Finance costs	(2,754)	(510)	(3,243)	(310)	(6,817)
Share of profit in associated companies	-	-	7	-	7
Profit / (loss) before taxation	37,573	12,384	(2,970)	(4,963)	42,024
Taxation	(12,837)	(3,311)	(651)	427	(16,372)
Net profit / (loss) for the financial period	24,736	9,073	(3,621)	(4,536)	25,652
<b>Assets</b>					
Additions to non-current assets	16,608	852	2,377	424	20,261
Segment assets	2,052,805	195,694	425,235	228,309	2,902,043
<b>Other non-cash expenses</b>					
Allowance for impairment loss on:					
- Goodwill arising on consolidation	447	-	3	-	450
Bad debts written off	330	-	-	-	330
Depreciation of:					
- Investment properties	47	165	1	-	213
- Property, plant and equipment	734	825	297	2,192	4,048
Net loss on disposal of:					
- Property, plant and equipment	-	-	11	-	11
- Financial assets at fair value through profit or loss	-	-	11	-	11
Property, plant and equipment written off	-	15	6	13	34
Share-based payment	-	-	1,221	-	1,221
Unrealised loss on foreign exchange	-	-	-	24	24
<b>Other non-cash income</b>					
Dividend income from financial assets at fair value through profit or loss	-	-	(27)	-	(27)
Gain on disposal of:					
- Property, plant and equipment	-	(121)	-	-	(121)
- Subsidiary companies	-	-	(778)	-	(778)
Reversal of allowance for impairment loss on receivable	(87)	-	-	-	(87)
Reversal on contingency sum provided in prior years	(2,997)	-	-	-	(2,997)
Unrealised gain on foreign exchange	-	-	(631)	-	(631)
Waiver of debts	-	-	(279)	-	(279)

**LBS BINA GROUP BERHAD (518482-H)****A9. Segment information (cont'd)****Period ended 31 March 2016**

	Property Development RM'000	Construction & Trading RM'000	Management, Investment & Others RM'000	Motor Racing Circuit RM'000	Consolidated RM'000
<b>REVENUE</b>					
Sales	173,986	105,145	79,396	5,130	363,657
Less: Inter-segment sales	-	(84,042)	(79,143)	-	(163,185)
Total revenue	173,986	21,103	253	5,130	200,472
<b>RESULTS</b>					
Segment results	21,840	8,596	1,454	(2,249)	29,641
Interest income	861	1	927	25	1,814
Finance costs	(3,523)	(469)	(2,318)	(402)	(6,712)
Share of profit in associated companies	-	356	(102)	-	254
Profit / (loss) before taxation	19,178	8,484	(39)	(2,626)	24,997
Taxation	(6,704)	(2,109)	(582)	421	(8,974)
Net profit / (loss) for the financial period	12,474	6,375	(621)	(2,205)	16,023
<b>Assets</b>					
Additional investment in associated company	-	-	3,511	-	3,511
Additions to non-current assets	11,789	1,542	494	644	14,469
Segment assets	1,777,315	121,790	287,657	224,104	2,410,866
<b>Other non-cash expenses</b>					
Allowance for impairment loss on:					
- Goodwill arising on consolidation	429	-	-	-	429
Depreciation of:					
- Investment properties	66	111	1	-	178
- Property, plant and equipment	424	504	157	2,710	3,795
Property, plant and equipment written off	3	1	248	13	265
Share-based payment	-	-	157	-	157
Unrealised loss on foreign exchange	1	-	3	26	30
<b>Other non-cash income</b>					
Dividend income from					
financial assets at fair value through profit or loss	-	-	(96)	-	(96)
Fair value gain on					
financial assets at fair value through profit or loss	-	-	(5)	-	(5)
Gain on disposal of:					
- Financial assets at fair value through profit or loss	-	-	(19)	-	(19)
- Property, plant and equipment	(1)	-	-	-	(1)
Interest income from					
financial assets measured at amortised cost	-	-	(838)	-	(838)
Unrealised gain on foreign exchange	-	-	(2,353)	-	(2,353)

**LBS BINA GROUP BERHAD (518482-H)****A10. Valuation of property, plant and equipment**

There was no fair value adjustment to the property, plant and equipment since the last annual audited financial statements.

**A11. Changes in the composition of the Group**

- (i) On 2 January 2017, LBS Bina Holdings Sdn. Bhd. ("LBS"), a wholly-owned subsidiary company of the Company acquired 1,748,060 ordinary shares representing 60% equity interest in Healthguard Medicare Sdn. Bhd. ("HMSB") for a total cash consideration of RM1 only. Consequently, HMSB became a 60% owned-subsiary company of LBS.
- (ii) On 21 February 2017, ML Global Berhad ("MGB"), a 55.34% owned subsidiary company of the Company subscribed for 51 ordinary shares in Alunan Warta Sdn. Bhd. ("AWSB") for a total cash consideration of RM51 only. Consequently, AWSB became a 51% owned subsidiary company of MGB.
- (iii) On 22 February 2017, Fokus Awana Sdn. Bhd. ("FASB"), a wholly-owned subsidiary company of LBS had increased its paid up share capital from 7,000,000 to 13,000,000 ordinary shares. LBS has subscribed for an additional 6,000,000 ordinary shares in FASB by way of capitalisation.
- (iv) On 3 March 2017, Vintage Tiles Industries (EM) Sdn. Bhd. ("VTISB"), a wholly-owned subsidiary company of MGB, acquired 2 ordinary shares in Delta Gallery Sdn. Bhd. ("DGSB") for a total cash consideration of RM2 only. Consequently, DGSB became a wholly-owned subsidiary company of VTISB.  
  
On 22 March 2017, DGSB has increased its paid up share capital from 2 to 250,000 ordinary shares. VTISB has subscribed for an additional of 249,998 ordinary shares in DGSB by way of cash.
- (v) On 7 March 2017, Biz Bena Development Sdn. Bhd. ("BBDSB"), an associated company of Pelangi Homes Sdn Bhd ("PHSB"), an indirect subsidiary company of the Company had increased its paid up share capital from 500,000 to 520,000 ordinary shares. PHSB has subscribed for an additional 20,000 ordinary shares in BBDSB for a total cash consideration of RM20,000 only. Consequently, BBDSB became a 51.92% owned subsidiary company of PHSB.
- (vi) On 14 March 2017, LBS acquired 150,000 ordinary shares representing 30% equity interest in Bimbingan Sumber Sdn. Bhd. ("BSSB") for a total cash consideration of RM150,000 only. Consequently, BSSB became a 60% owned subsidiary company of LBS.
- (vii) On 16 March 2017, the Company had disposed of 100,000 ordinary shares representing the entire equity interest of its wholly-owned subsidiary company, Saga Serata Sdn. Bhd. ("SSSB") for a total cash consideration of RM100,000 only.

Other than the above, there were no changes in the composition of the Group during the current financial quarter.



**LBS BINA GROUP BERHAD (518482-H)****A12. Material subsequent events**

- (i) On 18 April 2017, VTISB acquired 1 ordinary share in Idaman Kukuh Sdn. Bhd. ("IKSB") for a total cash consideration of RM1 only. Consequently, IKSB became a wholly-owned subsidiary company of VTISB.
- (ii) On 8 May 2017, MITC Engineering Sdn. Bhd. ("MITCE"), a wholly-owned subsidiary company of MGB, acquired 700 ordinary shares in MGB Geotech Sdn. Bhd. ("MGB Geotech") for a total cash consideration of RM700 only. Consequently, MGB Geotech became an 70% owned subsidiary company of MITCE.
- (iii) On 8 May 2017, LBS acquired 200,000 ordinary shares representing 20% equity interest in Puncak Gama Sdn. Bhd. ("PGSB") for a total cash consideration of RM18,500,000 only. Consequently, PGSB became a wholly-owned subsidiary company of LBS.

There were no other material subsequent events as at 23 May 2017, being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this interim financial report.

**A13. Capital commitments**

Capital commitments not provided for in the interim financial report as at 31 March 2017 were as follows:

	<b>Amount RM'000</b>
Approved and contracted for property development:	
- Sale and Purchase Agreements	50,445
- Joint Venture Agreements	785,318
Approved and contracted for property, plant and equipment:	
- Sale and Purchase Agreements	1,878
	<u>837,641</u>

**A14. Changes in contingent assets or contingent liabilities****(a) Contingent assets**

Pursuant to MGB's regularisation plan, the Company together with Dato' Beh Hang Kong, both are the major shareholders of MGB, have entered into a profit guarantee agreement to provide profit guarantee on a proportionate basis, if MGB Group's audited operational profit after taxation is below RM6 million per annum ("guaranteed profit") (excluding write-off, other income and any other adjustments not in the ordinary course of business) for the two consecutive financial years following the successful implementation of the approved self-regularisation plan in the year 2014.

The Company and Dato' Beh Hang Kong shall be liable to half of any shortfall between the guaranteed profit and MGB Group's audited operational profit after taxation respectively. As at 31 December 2016, MGB had recorded an audited operational profit after taxation of RM3.96 million.

The profit guarantee shortfall had been paid by the Company and Dato' Beh Hang Kong as at the date of this report.

**LBS BINA GROUP BERHAD (518482-H)****A14. Changes in contingent assets or contingent liabilities (cont'd)****(b) Contingent Liabilities**

	<b>31.03.2017</b>	<b>31.03.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Bank guarantees issued for :		
- Property Development	41,777	11,396
- Construction Contracts	6,809	45
- Others	30	30
	<u>48,616</u>	<u>11,471</u>

**A15. Significant related party transactions**

The related party transactions for the current financial period were summarised as below:-

	<b>Amount</b>
	<b>RM'000</b>
<b>Income</b>	
Sale of development properties	2,393
Rental income	8
<b>Expenses</b>	
Contractors' fees	3,544
Equity instrument	150
Legal fees	72
Rental expenses	44
Rendering of services	82

The nature and relationship between the Group and the related parties are as follows:-

- (i) A firm or companies in which a close family member of certain directors of the Company or subsidiary companies have financial interest;
- (ii) A firm or companies in which certain directors of the Company or its subsidiary companies have financial interest;
- (iii) Companies in which the Company or its subsidiary companies have financial interest;
- (iv) Persons who have financial interest in subsidiary companies;
- (v) Directors and key management personnel of the Company or its subsidiary companies and their close family members; and
- (vi) An associated company of the Company.

## **LBS BINA GROUP BERHAD (518482-H)**

### **B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS**

#### **B1. Review of Group performance**

For the current quarter under review, the Group recorded revenue and profit before tax ("PBT") of approximately RM247 million and RM42 million respectively. These represent 23% increase in revenue and 68% increase in PBT over the results recorded in the corresponding quarter in the year 2016.

The improved revenue and PBT for the current quarter was mainly attributable to the projects at Bandar Saujana Putra, D' Island Residence, Cameron Golden Hills, Bandar Putera Indah, Sinaran Mahkota, Midhills, Alam Awana and Desiran Bayu.

*There was no further detailed analysis of performance for other segments, as the Group is mainly involved in property development.*

#### **B2. Material change in quarterly results compared with the immediate preceding quarter**

For the current quarter under review, the Group's revenue and PBT were approximately RM247 million and RM42 million respectively as compared to the revenue and PBT of approximately RM322 million and RM54 million respectively in the immediate preceding quarter.

The revenue and PBT were lower mainly due to completion of certain projects in the immediate preceding quarter.

#### **B3. Prospects for the current financial year**

With the Group's 17 ongoing projects, unbilled sales of approximately RM1.41 billion as at 30 April 2017 and new project launches in the year 2017, the Group is confident of achieving further improvement in its financial performance for the financial year ending 31 December 2017.

#### **B4. Profit forecast or profit guarantee**

Not applicable as the Group has not issued any profit forecast or profit guarantee to the public.

**LBS BINA GROUP BERHAD (518482-H)****B5. Taxation**

The breakdown of tax expense were as follows:-

	Individual Quarter		Cumulative Period	
	Current year Quarter 31.03.2017 RM'000	Preceding year Quarter 31.03.2016 RM'000	Current year To date 31.03.2017 RM'000	Preceding year To date 31.03.2016 RM'000
Current year tax provision	16,613	13,676	16,613	13,676
Under provision in prior years	244	-	244	-
Deferred taxation	(485)	(4,702)	(485)	(4,702)
Total tax expense	<u>16,372</u>	<u>8,974</u>	<u>16,372</u>	<u>8,974</u>

The effective tax rate of the Group for the current quarter and financial period were higher than the statutory tax rate of 24% mainly due to losses of certain subsidiary companies which cannot set off against taxable profits made by other subsidiary companies, non-tax deductible expenses and non-recognition of deferred tax assets for certain temporary difference.

**B6. Status of corporate proposals announced but not completed**

The following is the status of corporate proposals that have been announced by the Company but has not been completed as at 23 May 2017, being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this interim financial report :-

- (i) On 26 March 2014, the Company's indirect wholly-owned subsidiary company, Intellview Sdn. Bhd. had entered into a conditional Sale and Purchase Agreement ("SPA") with Laser Plus Sdn. Bhd. for the purchase of a piece of leasehold land known as Country Lease No. 015005991, Tanjong Lipat, Jesselton in the District of West Coast in the State of Sabah measuring approximately 6.25 acres at the consideration sum of Ringgit Malaysia Seventy Two Million and Five Hundred Thousand (RM72,500,000) only.

The parties had subsequently entered into an agreement on 10 August 2016 ("Agreement") to amend and vary the provisions in the SPA. Accordingly, the Agreement herein shall supersede any other previous agreement entered by the parties including the abovementioned SPA.

The Agreement has not been completed as the Conditions Precedent therein have not been complied.

- (ii) On 20 April 2014, the Company's indirect 75% owned subsidiary company, Koleksi Sigma Sdn. Bhd. had entered into a Joint Development Agreement with YPJ Multi Ventures Sdn. Bhd. for the proposed joint development project to develop 3 pieces of land with total land area measuring 10.6 acres in Tampoi, Johor.

This Agreement has not been completed as the Conditions Precedent therein have not been complied.

- (iii) On 19 September 2015, the Company had signed a Memorandum of Understanding ("MOU") with Zhuhai Jiuzhou Holdings Group Co., Ltd. ("Jiuzhou Holdings") in relation to the proposed Zhuhai International Circuit Limited ("ZIC") Upgrading and Transformation Plan ("Plan").

This MOU is not subject to the approval of shareholders. However the Plan would be subject to the feasibility study and approvals of all relevant authorities in China.

There is no material development from the date of announcement.

**LBS BINA GROUP BERHAD (518482-H)****B6. Status of corporate proposals announced but not completed (*cont'd*)**

The following is the status of corporate proposals that have been announced by the Company but have not been completed as at 23 May 2017, being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this interim financial report :- (*cont'd*)

- (iv) On 10 September 2016, the Company's indirect 51% owned subsidiary company, Kemudi Ehsan Sdn. Bhd. ("KESB") together with Worldwide Property Management Sdn. Bhd. had entered into a Development Rights Agreement ("DRA") with Menteri Besar Selangor (Pemerbadanan) ("MBI") to accept the development rights for the development on 10 parcels of leasehold lands, all situated in Mukim Ijok, District of Kuala Selangor, in the State of Selangor ("Development Land"). Under the terms of the DRA, *inter alia*, KESB shall pay to MBI its portion of the Development Rights Value of Ringgit Malaysia Two Hundred Ninety Three Million and Three Hundred Fifteen Thousand (RM293,315,000) only for acquiring the development rights on the Development Land.

The Agreement has not been completed as the Conditions Precedent therein have not been complied.

- (v) On 8 March 2017, the Company's indirect subsidiary company, Biz Bena Development Sdn. Bhd. had entered into a Joint Development Agreement with YPJ Plantations Sdn. Bhd. for the proposed development project on a piece of leasehold land with the total land area measuring approximately 541.4 acres held under part of the master title Pajakan Negeri No Hakmilik 57334 Lot 22825 (known as HSD 28627 PTD 10202) in Mukim of Ulu Sungai Johor, District of Kota Tinggi, in the state of Johor.

This Agreement has not been completed as the Conditions Precedent therein have not been complied.

- (vi) On 9 March 2017, the Company proposed to undertake the followings:-
- i) A renounceable rights issue of up to 150,598,126 new Redeemable Convertible Preference Shares ("RCPS") on the basis of 1 RCPS for every 5 existing LBS Bina Group Berhad ("LBGB") Shares held on the Entitlement Date ("Proposed Rights Issue"); and
  - ii) Amendments to the Constitution of LBGB.

(collectively referred to as the "**Proposals**")

On 15 May 2017, the Company announced that Bursa Malaysia has, vide its letter dated 12 May 2017 ("Approval Letter"), resolved to approve the followings:-

- i) Admission of up to 150,598,126 new RCPS to the Official List of Bursa Malaysia pursuant to the Proposed Rights Issue;
- ii) Listing of and quotation for up to 150,598,126 new RCPS to be issued pursuant to the Proposed Rights Issue; and
- iii) Additional listing of and quotation for up to 75,299,063 new LBGB Shares to be issued arising from the conversion of the RCPS pursuant to the Proposed Rights Issue.

The approval by Bursa Malaysia for the Proposed Rights Issue is subject to the following conditions:-

- i) LBGB and RHB Investment Bank Berhad ("RHBIB") must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Malaysia pertaining to the implementation of the Proposed Rights Issue;
- ii) LBGB and RHBIB to inform Bursa Malaysia upon completion of the Proposed Rights Issue;
- iii) To incorporate the comments made in the circular to shareholders provided in the attachment of the Approval Letter;
- iv) LBGB to furnish Bursa Malaysia with a written confirmation of its compliance with the terms and conditions of Bursa Malaysia's approval once the Proposed Rights Issue is completed;

**LBS BINA GROUP BERHAD (518482-H)****B6. Status of corporate proposals announced but not completed (cont'd)**

The following is the status of corporate proposals that have been announced by the Company but have not been completed as at 23 May 2017, being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this interim financial report :- (cont'd)

- v) LBGB to furnish Bursa Malaysia with a certified true copy of the resolutions passed by the shareholders at extraordinary general meeting approving the Proposed Rights Issue; and
  - vi) Payment of additional listing fees based on the final issue price of the RCPS together with a copy of the computation of the amount of listing fees payable, if relevant. In this respect, LBGB is required to furnish Bursa Malaysia on a quarterly basis a summary of the total number of shares listed pursuant to the conversion of the RCPS as at the end of each quarter together with a detailed computation of the listing fees payable.
- (vii) On 23 March 2017, the Company's indirect subsidiary company, Delta Gallery Sdn. Bhd. had entered into a Joint Development Agreement with Alaf Cahaya Development Sdn. Bhd. for the proposed development project on a piece of leasehold land with the total land area measuring approximately 4.69 acres held under part of the master title Pajakan Negeri HSD 316362 PT 81444 in Mukim Petaling, District of Petaling, in the state of Selangor.
- This Agreement has not been completed as the Conditions Precedent therein have not been complied.
- (viii) On 18 April 2017, MGB has announced its proposal to diversify its Group's existing business to include property development and property investment ("New Businesses"). The New Businesses which is complementary to the existing construction business is expected to contribute positively to the revenue and earnings of its Group. The proposed diversification of business is subject to MGB shareholders' approval at the Extraordinary General Meeting to be convened later.

**B7. Utilisation of proceeds from disposal**

On 12 August 2013 ("completion date"), the Company has announced the completion of proposed disposal of 100% equity interest in Lamdeal Consolidated Development Ltd and Lamdeal Golf & Country Club Ltd to Jiuzhou Tourism Property Company Limited, a wholly owned subsidiary company of Zhuhai Holdings Investment Group Limited ("Zhuhai Holdings") for an aggregate sale consideration of HKD1.65 billion.

Total sale consideration shall be satisfied by cash of HKD500 million, Zhuhai Holdings shares and deferred cash payment of HKD850 million from Promissory Note.

Cash proceeds of HKD500 million and Zhuhai Holdings shares have been received on the completion date. HKD500 million has been fully utilised in February 2015.

The details of deferred cash payment of HKD850 million from Promissory Note were as follows:-

	Amount HKD'000	Receipt Date	Full Utilisation Date
(a) Tranche 1	250,000	30-Dec-14	Feb-16
(b) Tranche 2	200,000	1-Sep-15	May-16
(c) Tranche 3	200,000	16-Mar-16	Not yet fully utilised
(d) Final tranche	200,000	3-June-16	Not yet fully utilised
	<u>850,000</u>		

**LBS BINA GROUP BERHAD (518482-H)****B7. Utilisation of proceeds from disposal (cont'd)**

The utilisation status of all tranches of Promissory Note as at 23 May 2017, being the latest practicable date which shall not be earlier than 7 days from the date of issuance interim financial report, were as follows :-

**a) Tranche 1 of Promissory Note (HKD250 million)**

	Note	Proposed Utilisation	Proposed Utilisation	Actual Utilisation	Proceeds Balance	Deviation		Timeframe for utilisation
		HKD'000	RM'000	RM'000	RM'000	RM'000	%	
Reduction of bank borrowings	1,2,3	121,951	54,976	(42,181)	12,795	-	-	1 year
Special dividend	1,2,3	78,049	35,184	(31,427)	3,757	-	-	1 month
Payment for trade and other payables	1,2,3	24,390	10,995	(36,837)	(25,842)	(25,842)	-235%	1 year
Operating expenses	1,2,3	25,610	11,545	(2,255)	9,290	-	-	1.5 years
		250,000	112,700	(112,700)	-	(25,842)	-235%	

**b) Tranche 2 of Promissory Note (HKD200 million)**

	Note	Proposed Utilisation	Proposed Utilisation	Actual Utilisation	Proceeds Balance	Deviation		Timeframe for utilisation	Explanations (deviation is 5% or more)
		HKD'000	RM'000	RM'000	RM'000	RM'000	%		
Reduction of bank borrowings	1,2,3	70,000	37,618	(21,867)	15,751	-	-	1 year	N/A
Special dividend	1,2,3	80,000	42,992	(31,931)	11,061	-	-	1 year	N/A
Payment for trade and other payables	1,2,3	30,000	16,122	(39,810)	(23,688)	(23,688)	-147%	1 year	Note 5
Operating expenses	1,2,3	20,000	10,748	(13,872)	(3,124)	(3,124)	-29%	1 year	Note 5
		200,000	107,480	(107,480)	-	(26,812)	-176%		

**c) Tranche 3 of Promissory Note (HKD200 million)**

	Note	Proposed Utilisation	Proposed Utilisation	Actual Utilisation	Proceeds Balance	Deviation		Timeframe for utilisation	Explanations (deviation is 5% or more)
		HKD'000	RM'000	RM'000	RM'000	RM'000	%		
Reduction of bank borrowings	1,2	100,000	53,270	(53,270)	-	-	-	1 year	N/A
Special dividend	1,2,4	80,000	42,616	(26,133)	16,483	-	-	1.5 years	N/A
Payment for trade and other payables	1,2	20,000	10,654	(10,654)	-	-	-	1 year	N/A
		200,000	106,540	(90,057)	16,483	-	-		

**LBS BINA GROUP BERHAD (518482-H)****B7. Utilisation of proceeds from disposal (cont'd)****(d) Final Tranche of Promissory Note (HKD200 million)**

	Note	Proposed Utilisation	Proposed Utilisation	Actual Utilisation	Proceeds Balance	Deviation		Timeframe for utilisation	Explanations (deviation is 5% or more)
		HKD'000	RM'000	RM'000	RM'000	RM'000	%		
Reduction of bank borrowings	1,2	123,750	66,008	(66,008)	-	-	-	1 year	N/A
Special dividend	1,2,4	65,000	34,671	-	34,671	-	-	2 years	N/A
Operating expenses	1,2	11,250	6,001	(6,001)	-	-	-	1 year	N/A
		200,000	106,680	(72,009)	34,671	-	-		

**Notes:**

- 1) (a) HKD250 million  
Adopted the exchange rate of HKD1.00 : RM0.4510, being the closing rate as at 30 December 2014 published by Bank Negara.
  - (b) HKD200 million  
Adopted the exchange rate of HKD1.00 : RM0.5374, being the closing rate as at 1 September 2015 published by Bank Negara.
  - (c) HKD200 million  
Adopted the exchange rate of HKD1.00 : RM0.5327, being the closing rate as at 16 March 2016 published by Bank Negara.
  - (d) HKD200 million  
Adopted the exchange rate of HKD1.00 : RM0.5334, being the closing rate as at 3 June 2016 published by Bank Negara.
- 2) The proceeds balance is expected to be utilised within the timeframe from the receipt of the proceeds.
  - 3) Any shortfall in the funds allocated for specific purpose will be funded from the funds allocated for other approved purposes.
  - 4) Any unutilised proceeds have been placed in short term deposits until such relevant expenses have been identified.
  - 5) The excess fund arising after special dividend payment and settlement of bank borrowings which is no longer required subsequently, have been utilised for the Group's project and/or operating expenses.



**LBS BINA GROUP BERHAD (518482-H)****B8. Borrowings and debt securities**

Total Group borrowings and debt securities as at 31 March 2017 were as follows: -

	<b>Secured RM'000</b>
<u>Short term borrowings</u>	
Finance lease payables	2,101
Bank overdrafts	83,277
Bank borrowings	220,795
Total short term borrowings	<u>306,173</u>
<u>Long term borrowings</u>	
Finance lease payables	3,707
Bank borrowings	362,589
Total long term borrowings	<u>366,296</u>
Total borrowings	<u>672,469</u>

Currency exposure profile of borrowings were as follows:-

	<b>Secured RM'000</b>
Ringgit Malaysia	667,736
United States Dollar	4,733
	<u>672,469</u>

**B9. Changes in material litigation**

There was no material litigation as at 23 May 2017, being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this interim financial report.

**B10. Dividend declared**

No dividend has been declared for the quarter under review.

**B11. Earnings per share ("EPS")****Basic EPS**

The calculation of the basic earnings per share is based on the profit attributable to the owners of the Company and divided by the weighted average number of ordinary shares in issue:-

	<b>Current year to date 31.03.2017</b>	<b>Preceding year to date 31.03.2016</b>
Net profit attributable to owners of the Company (RM'000)	<u>24,773</u>	<u>16,861</u>
Weighted average number of ordinary shares in issue ('000)	<u>647,754</u>	<u>551,280</u>
Basic EPS (sen)	<u>3.82</u>	<u>3.06</u>

**LBS BINA GROUP BERHAD (518482-H)****B11. Earnings per share (“EPS”) (cont’d)****Diluted EPS**

The calculation of the diluted earnings per share is based on the profit attributable to the owners of the Company and divided by the weighted average number of ordinary shares that would have been in issue upon full exercise of the remaining options under Warrants and the ESOS granted, adjusted for the number of such shares that would have been issued at fair value:-

	<b>Current year to date 31.03.2017</b>	<b>Preceding year to date 31.03.2016</b>
Net profit attributable to owners of the Company (RM’000)	<u>24,773</u>	<u>16,861</u>
Adjusted weighted average number of ordinary shares in issue (’000)	<u>670,775</u>	<u>586,132</u>
Diluted EPS (sen)	<u>3.69</u>	<u>2.88</u>

**B12. Notes to the Condensed Consolidated Statement of Comprehensive Income**

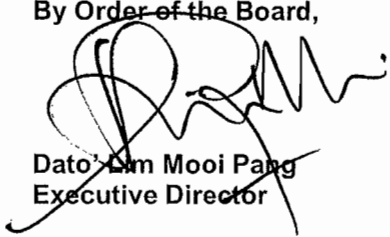
	<b>Current Year Quarter 31.03.2017 RM’000</b>	<b>Current Period To Date 31.03.2017 RM’000</b>
Bad debts written off	(330)	(330)
Depreciation of :		
- Investment properties	(213)	(213)
- Property, plant and equipment	(4,048)	(4,048)
Allowance for impairment loss on :		
- Goodwill arising on consolidation	(450)	(450)
Property, plant and equipment written off	(34)	(34)
Share-based payment	(1,221)	(1,221)
Net foreign exchange loss	(19)	(19)
Net (loss) / gain on disposal of :		
- Financial assets at fair value through profit or loss	(11)	(11)
- Property, plant and equipment	110	110
- Subsidiary Companies	778	778
Dividend income from		
financial assets at fair value through profit or loss	27	27
Reversal of allowance for impairment loss on receivables	87	87
Reversal on contingency sum provided in prior years	2,997	2,997
Waiver of debts	<u>279</u>	<u>279</u>

**LBS BINA GROUP BERHAD (518482-H)****B13. Realised and unrealised profits / (losses)**

	<b>Unaudited</b> <b>31.03.2017</b> <b>RM'000</b>	<b>Audited</b> <b>31.12.2016</b> <b>RM'000</b>
Total retained profits / (accumulated losses) of the Company and its subsidiary companies:		
- Realised	939,749	900,532
- Unrealised	<u>23,183</u>	<u>28,936</u>
	962,932	929,468
Total share of retained profits / (accumulated losses) from associated companies:		
- Realised	<u>(588)</u>	<u>(562)</u>
	962,344	928,906
Less : Consolidation adjustments	<u>(434,109)</u>	<u>(425,444)</u>
Total Group retained profits as per consolidated accounts	<u>528,235</u>	<u>503,462</u>

The disclosure of realised and unrealised profits / (losses) above is solely for compliance with the directive issue by the Bursa Malaysia and should not be used for any other purpose.

By Order of the Board,



**Dato Lim Mooi Pang**  
Executive Director

Petaling Jaya, Selangor Darul Ehsan  
30 May 2017

DIRECTORS' REPORT



**Registered Office:**

Plaza Seri Setia  
Level 1-4, No.1  
Jalan SS9/2  
47300 Petaling Jaya  
Selangor Darul Ehsan

Date: 03 JUL 2017

To: The Shareholders of LBS Bina Group Berhad ("LBGB" or the "Company")

On behalf of the Board of Directors of LBGB ("Board"), I wish to report that after making due enquiries in relation to LBGB and its subsidiary companies ("Group") during the period between 31 December 2016, being the date to which the latest audited consolidated financial statements have been made up, and the date of this letter, being a date not earlier than 14 days before the date of this Abridged Prospectus:-

- (a) In the opinion of the Board, the business of our Group has been satisfactorily maintained;
- (b) In the opinion of the Board, no circumstances have arisen since the latest audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;
- (c) The current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) Save as disclosed in this Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;
- (e) There has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/ or principal sums in relation to any borrowings in our Group since the latest audited consolidated financial statements of our Group; and
- (f) Save as disclosed in this Abridged Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of our Group since the latest audited consolidated financial statements.

Yours faithfully  
For and on behalf of the Board of  
**LBS BINA GROUP BERHAD**

A handwritten signature in black ink, appearing to be 'LBS', written over a horizontal line.

**DATO' SERI LIM BOCK SENG**  
Chairman

林木生集团有限公司  
**LBS BINA GROUP BERHAD** 518482-H  
PROPERTY DEVELOPMENT & INVESTMENT HOLDINGS

PLAZA SERI SETIA, LEVEL 1-4  
NO.1 JALAN SS9/2, 47300 PETALING JAYA  
SELANGOR DARUL EHSAN, MALAYSIA  
T +603 7877 7333 F +603 7877 7111

WWW.LBS.COM.MY

**ADDITIONAL INFORMATION****1. SHARE CAPITAL**

- i. Save for the RCPS and the new LBGB Shares to be issued pursuant to the conversion of the RCPS, no other securities in our Company will be allotted or issued on the basis of this Abridged Prospectus later than 12 months after the date of this Abridged Prospectus.
- ii. As at the LPD, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only 1 class of shares in our Company, namely the ordinary shares, all of which rank equally with one another.
- iii. As at the LPD, save for the Provisional Allotment pursuant to the Rights Issue, Warrants A, Warrants B and ESOS Options, no person has been or is entitled to be given an option to subscribe for any shares or stocks of our Company or our subsidiaries.
- iv. All the new LBGB Shares to be issued arising from the conversion of the RCPS shall, upon allotment and issuance, rank equally in all respects with the existing LBGB Shares, save and except that such Shares will not be entitled to any dividends, rights, allotments and/ or other forms of distribution that may be declared for which the entitlement date precedes the date of allotment and issuance of such Shares.

**2. DIRECTORS' REMUNERATION**

The provisions in our Constitution in relation to the remuneration of our Directors are set out below:-

***Article 93 (Directors' remuneration)***

*The Directors shall be paid by way of remuneration for their services such fixed sum (if any) as shall from time to time be determined by the Company in general meeting and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine or failing agreement equally.*

*PROVIDED ALWAYS that:-*

- (a) Fees payable to Directors who hold non executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;*
- (b) Salaries payable to Directors who do hold an executive office in the Company may not include a commission on or percentage of turnover;*
- (c) Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting;*
- (d) Any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.*

**Article 94 (Reimbursement of expenses)**

- (1) *The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending Board Meetings of the Company.*
- (2) *If any Director whether he holds an executive or non executive position in the Company, but willing shall be called upon to perform extra services or to make any special arrangements in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing if he holds an executive position in the Company, either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) and if he holds a non-executive position in the Company, either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of profits or turnover) as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his shares in the remuneration from time to time provided for the Directors.*

**Article 97 (Remuneration of Managing Director)**

*The remuneration of the Managing Director may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover.*

**3. MATERIAL CONTRACTS**

Save as disclosed below, as at the LPD, our Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the 2 years preceding the date of this Abridged Prospectus:-

- i. Intellview Sdn Bhd had, on 10 August 2016, entered into a sale and purchase agreement with Laser Plus Sdn. Bhd. for the purchase of all that piece of leasehold land known as Country Lease No. 015005991, Tanjong Lipat, Jesselton in the District of West Coast in the State of Sabah measuring an area of 6.25 acres for a total consideration sum of Ringgit Malaysia Seventy Two Million Five Hundred Thousand (RM72,500,000) and shall be paid by way of cash and contra units. The said agreement is pending fulfilment of conditions precedent;
- ii. ML Global Berhad had, on 14 September 2016, entered into a conditional share sale agreement with Datuk Lim Lit Chek and MITC Sdn. Bhd. (collectively, "Vendor") for the acquisition of 1,000,000 ordinary shares in MITC Engineering Sdn. Bhd. ("MITCE"), representing the entire equity interest in MITCE for a purchase consideration sum of Ringgit Malaysia Three Hundred Million (RM300,000,000) and shall be satisfied by way of allotment and issuance of ordinary shares and new irredeemable convertible preference shares in ML Global Berhad. The said acquisition has been completed on 28 November 2016;
- iii. Kemudi Ehsan Sdn. Bhd. ("KESB") and The Consortium of Worldwide Property Management Sdn. Bhd. had, on 20 September 2016 (collectively, "Developer"), entered into a development rights agreement with the Menteri Besar Selangor (Pemerbadanan) ("MBI") whereby MBI agreed to grant and the Developer agreed to accept the rights to develop 10 parcels of leasehold lands all situated in Mukim Ijok, District of Kuala Selangor, in the State of Selangor ("Development Land"). The total guaranteed sum to be paid by KESB to MBI for the development rights value for the Development Land amounts to Ringgit Malaysia of Two Hundred Ninety Three Million Three Hundred Fifteen Thousand (RM293,315,000.00) and shall be paid by way of cash. The said agreement is pending fulfilment of conditions precedent; and

- iv. Biz Bena Development Sdn. Bhd. had, on 8 March 2017, entered into a joint development agreement with YPJ Plantations Sdn. Bhd. (the landowner), in respect of joint development of part of agricultural leasehold land held under Master Title known as PN 57334 Lot 22825 in the Mukim of Ulu Sungai Johor, District of Kota Tinggi, in the state of Johor with a total land area measuring approximately 541.400 acres ("Development") in consideration of sum equivalent to 7.5% of the gross development value of the Development or minimum guaranteed sum of Ringgit Malaysia One Hundred Ninety Four Million Nine Hundred and Four Thousand (RM194,904,000.00) which shall be paid by way of cash and contra units. The said agreement is pending fulfilment of conditions precedent

#### **4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

As at the LPD, our Group has not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and there is no proceedings pending or threatened against our Group, or any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of our Group.

#### **5. GENERAL**

- i. As at the LPD, there is no other existing or proposed service contract (contract for services) entered into or to be entered into between our Group and our Directors, other than those which are expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within 1 year from the date of this Abridged Prospectus.
- ii. Save as disclosed in Sections 6, 7 and 9 of this Abridged Prospectus, and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:-
  - a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group;
  - b) material commitments for capital expenditure of our Group;
  - c) unusual, infrequent events or transactions or significant economic changes which materially affect the amount of reported income from operations;
  - d) known trends or uncertainties which have had, or will have, a material favourable or unfavourable impact on our Group's revenue or operating income;
  - e) substantial increase in revenues; and
  - f) other material information, including special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

#### **6. CONSENTS**

Our Adviser, Company Secretary, Share Registrar, Principal Bankers, Due Diligence Solicitors for the Rights Issue and Bloomberg Finance L.P. have given and have not subsequently withdrawn their written consents to the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Our Auditors and Reporting Accountants have given and have not subsequently withdrawn their written consent to the inclusion in this Abridged Prospectus of its name, the pro forma consolidated statements of financial position of our Group as at 31 December 2016 together with the reporting accountants' report thereon, the audited consolidated financial statements of our Group for the FYE 31 December 2016 together with the auditors' report thereon and all references thereto in the form and context in which they appear in this Abridged Prospectus.

## **7. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at our registered office at Plaza Seri Setia, Level 1-4, No. 1 Jalan SS9/2, 47300 Petaling Jaya, Selangor Darul Ehsan during normal business hours (except public holidays) for a period of 12 months from the date of this Abridged Prospectus:-

- i. Constitution of our Company;
- ii. Audited consolidated financial statements of our Group for the past 2 financial years up to the FYE 31 December 2016;
- iii. Latest unaudited consolidated quarterly financial statements of our Group for the 3-month FPE 31 March 2017;
- iv. The pro forma consolidated statements of financial position of our Group as at 31 December 2016 together with reporting accountants' report thereon, as set out in Appendix III of this Abridged Prospectus;
- v. The irrevocable undertaking letters referred to in Section 5 of this Abridged Prospectus;
- vi. The Directors' Report, as set out in Appendix VI of this Abridged Prospectus;
- vii. The Deed Poll A, the Deed Poll B and the Bye-Laws of the ESOS;
- viii. The material contracts referred to in Section 3 of this Appendix VII; and
- ix. The letters of consent referred to in Section 6 of this Appendix VII.

## **8. RESPONSIBILITY STATEMENT**

This Abridged Prospectus together with the NPA and the RSF have been seen and approved by our Board. They collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make any statement herein false or misleading.

RHBIB, being the Adviser for the Corporate Exercises, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.



**NOTICE OF PROVISIONAL ALLOTMENT OF RCPS**

Terms defined in the Abridged Prospectus dated 13 July 2017 ("Abridged Prospectus") shall have the same meanings when used in this Notice of Provisional Allotment ("NPA") unless otherwise stated. The Provisional Allotment (as defined herein) are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991, as amended from time to time ("SICDA") and therefore, SICDA and the Rules of Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") shall apply in respect of dealings in the Provisional Allotment (as defined herein).



**LBS BINA GROUP BERHAD**

(Company No. 518482-H)  
(Incorporated in Malaysia under the Companies Act, 1965)

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 150,586,446 NEW REDEEMABLE CONVERTIBLE PREFERENCE SHARES IN LBS BINA GROUP BERHAD ("LBGB") ("RCPS") ON THE BASIS OF 1 RCPS FOR EVERY 5 EXISTING ORDINARY SHARES IN LBGB ("LBGB SHARE(S)" OR "SHARE(S)") HELD AS AT 5.00 P.M. ON THURSDAY, 13 JULY 2017 AT AN ISSUE PRICE OF RM1.10 PER RCPS ("RIGHTS ISSUE")**

Adviser



**RHB Investment Bank Berhad**

(Company No. 19663-P)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

**To: Our Entitled Shareholders**

Dear Sir / Madam,

Our Board of Directors ("Board") has provisionally allotted to you the number of RCPS as indicated below ("Provisional Allotment"), in accordance with the approval of Bursa Malaysia Securities Berhad ("Bursa Securities") via its letter dated 12 May 2017 and the ordinary resolution passed by our shareholders at the Extraordinary General Meeting held on 15 June 2017 in relation to the Corporate Exercises.

We wish to advise you that the RCPS provisionally allotted to you in respect of the Rights Issue have been confirmed by Bursa Depository and upon acceptance will be credited into your Central Depository System ("CDS") account(s) subject to the terms and conditions stated in the Abridged Prospectus and Rights Subscription Form issued by LBGB.

The Provisional Allotment are made subject to the terms and conditions stated in the Abridged Prospectus. Bursa Securities has already prescribed the securities of our Company listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the RCPS arising from the Rights Issue are prescribed securities and as such, all dealings in the Provisional Allotment will be by way of book entry through the CDS accounts and will be governed by the SICDA and the Rules of Bursa Depository.

**ALL RCPS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WILL BE ALLOTTED BY WAY OF CREDITING THE RCPS INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S) AND/OR THEIR TRANSFEREE(S) (IF APPLICABLE) AND NO PHYSICAL RCPS CERTIFICATE WILL BE ISSUED.**

It is the intention of our Board to allocate the Excess RCPS, if any, on a fair and equitable basis and in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to Entitled Shareholders who have applied for Excess RCPS on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;
- (iii) thirdly, for allocation to Entitled Shareholder who have applied for Excess RCPS on a pro-rata basis and in board lot, calculated based on the quantum of Excess RCPS applied for; and
- (iv) fourthly, for allocation to renounee(s) and/or transferee(s) who have applied for Excess RCPS on a pro-rata basis and in board lot, calculated based on the quantum of Excess RCPS applied for.

Nevertheless, our Board reserves the right to allot any Excess RCPS applied for in such manner as it deems fit and expedient in the best interest of our Company. Our Board also reserves the right to accept any Excess RCPS application, in full or in part only, without assigning any reasons.

NAME, ADDRESS AND CDS ACCOUNT NUMBER OF ENTITLED SHAREHOLDER

NUMBER OF LBGB SHARES HELD AT 5.00 P.M. ON 13 JULY 2017	NUMBER OF RCPS PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM1.10 PER RCPS (RM)

IMPORTANT RELEVANT DATES AND TIME:	
Entitlement date .....	: Thursday, 13 July 2017 at 5.00 p.m.
Last date and time for the sale of Provisional Allotment .....	: Thursday, 20 July 2017 at 5.00 p.m.
Last date and time for the transfer of Provisional Allotment .....	: Tuesday, 25 July 2017 at 4.00 p.m.
Last date and time for acceptance and payment .....	: Friday, 28 July 2017 at 5.00 p.m.
Last date and time for excess application and payment .....	: Friday, 28 July 2017 at 5.00 p.m.

**By order of the Board**  
**Lee Ching Ching (MAICSA 7010608)**  
Company Secretary

Share Registrar  
**Tricor Investor & Issuing House Services Sdn Bhd (11324-H)**  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel: 603 - 2783 9299  
Fax: 603 - 2783 9222



## NOTES AND INSTRUCTIONS FOR COMPLETION OF THIS RSF

**THIS RSF IS NOT A TRANSFERABLE OR NEGOTIABLE INSTRUMENT. IN ACCORDANCE WITH THE CAPITAL MARKETS AND SERVICES ACT, 2007, THIS RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE ABRIDGED PROSPECTUS DATED 13 JULY 2017 ("ABRIDGED PROSPECTUS").**

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.** All enquiries concerning the Rights Issue should be addressed to the Share Registrar of LBGB, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively at Tricor's Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur. **INVESTORS SHOULD READ AND UNDERSTAND THE CONTENTS OF THE ABRIDGED PROSPECTUS TO WHICH THIS RSF RELATES BEFORE COMPLETING THIS RSF.**

Approval for the Rights Issue has been obtained from our shareholders at the Extraordinary General Meeting held on 15 June 2017. Approval has been obtained from Bursa Malaysia Securities Berhad ("Bursa Securities") vide its letter dated 12 May 2017, amongst others, for the listing of and quotation for the RCPS on the Main Market of Bursa Securities. The official listing of and quotation for the RCPS arising from the Rights Issue will commence after, amongst others, receipt of confirmation from Bursa Depository that all CDS accounts of the successful Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) have been duly credited and notices of allotment have been dispatched to them.

The Abridged Prospectus, together with the Notice of Provisional Allotment ("NPA") and this RSF are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia or to persons who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Malaysia where shareholders may have their registered addresses, the Abridged Prospectus, together with the NPA and this RSF, has not been and will not be dispatched to shareholders with a registered address outside Malaysia unless they have provided an address in Malaysia for the service of the Abridged Prospectus, together with the NPA and this RSF by 13 July 2017. However, even though a person may be issued, circulated or distributed or be permitted to collect the Abridged Prospectus, together with the NPA and this RSF, LBGB and RHB Investment Bank Berhad ("RHBIB") require that a person into whose possession of the Abridged Prospectus, together with the NPA and this RSF may come, must inform himself of and observe all the applicable laws of other jurisdictions which may prohibit or restrict the issue, circulation or distribution of the Abridged Prospectus, together with the NPA and this RSF, to him or which may prohibit or restrict the offering, solicitation or invitation to subscribe for the RCPS under the Abridged Prospectus, together with the NPA and this RSF or the Rights Issue to him. LBGB and RHBIB shall not accept any responsibility or liability in the event that any acceptance or renunciation made by the Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

A copy of the Abridged Prospectus, together with the NPA and this RSF has been registered with the Securities Commission Malaysia ("SC"). The registration of the Abridged Prospectus, together with the NPA and this RSF should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in the Abridged Prospectus, together with the NPA and this RSF. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Abridged Prospectus, together with the NPA and this RSF, has also been lodged with the Registrar of Companies, who takes no responsibility for their contents.

Admission of the securities to the Official List of Bursa Securities and the listing of and quotation for the securities on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue. Neither Bursa Securities nor the SC takes any responsibility for the correctness of statements made or opinions expressed herein.

The Abridged Prospectus, together with the NPA and this RSF has been seen and approved by the Board of Directors of LBGB and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in these documents false and misleading.

Unless otherwise stated, the unit of currency used in this RSF is Ringgit Malaysia or "RM" in abbreviation and sen. Terms defined in the Abridged Prospectus shall have the same meanings when used in this RSF, unless they are otherwise defined here or the context otherwise requires.

### INSTRUCTIONS:

#### (I) LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT

This RSF is valid for acceptance until 5.00 p.m. on 28 July 2017.

#### (II) FULL OR PART ACCEPTANCE AND PAYMENT

If you wish to accept the RCPS provisionally allotted to you either in full or in part, please complete Parts I(a) and II of this RSF and submit this RSF together with the appropriate remittance made in Ringgit Malaysia by Banker's Draft(s)/Cashier's Order(s)/Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and made in favour of "LBGB RCPS ACCOUNT" and crossed "ACCOUNT PAYEE ONLY" and endorsed on the reverse side with your name in block letters, contact number and CDS account number, for the full amount payable for the RCPS accepted, to be received by the Share Registrar as detailed below, before 5.00 p.m. on 28 July 2017. Cheques or any other mode of payments are not acceptable.

**Tricor Investor & Issuing House Services Sdn Bhd**  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Telephone No: 03-2783 9299  
Facsimile No: 03-2783 9222

or alternatively at

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

If acceptance and payment(s) in the manner specified herein are not received (whether in full or in part, as the case may be) by the Share Registrar by 5.00 p.m. on 28 July 2017, the said provisional allotment to you will be deemed to have been declined and will be cancelled. Our Board will then have the rights to allot such RCPS not taken up to applicants applying for Excess RCPS in the manner as set out in item (III) below.

The remittance must be made for the exact amount payable for the RCPS accepted. No acknowledgement of receipt of this RSF and application monies will be issued in respect of the RCPS. However, if your application is successful, a notice of allotment will be issued and dispatched by ordinary post to you at your own risk to the address shown in the Record of Depositors within 8 market days from the last date of acceptance and payment for the RCPS.

#### (III) EXCESS RCPS APPLICATION

If you wish to apply for additional RCPS in excess of those provisionally allotted to you, you may do so by completing Part I(b) of this RSF (in addition to Parts I(a) and II of this RSF) and forwarding this RSF together with a separate remittance made in Ringgit Malaysia by Banker's Draft(s)/Cashier's Order(s)/Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and made in favour of "LBGB EXCESS RCPS ACCOUNT" and crossed "ACCOUNT PAYEE ONLY" and endorsed on the reverse side with your name in block letters, contact number and CDS account number, for the full amount payable in respect of the Excess RCPS applied for, to be received by the Share Registrar, not later than 5.00 p.m. on 28 July 2017.

The remittance must be made for the exact amount payable for the Excess RCPS applied for. No acknowledgement of receipt of this RSF and application monies will be issued in respect of the Excess RCPS. However, if your application is successful, a notice of allotment will be issued and dispatched by ordinary post to you at your own risk to the address shown in the Record of Depositors within 8 market days from the last date of acceptance and payment for the Excess RCPS.

In respect of unsuccessful or partially successful Excess RCPS applications, the full amount or the balance of the application monies, as the case may be, shall be refunded without interest and shall be dispatched within 15 market days from the last date for acceptance and payment for the Excess RCPS by ordinary post to the address shown in the Record of Depositors at your own risk.

It is the intention of the Board to allocate the Excess RCPS, if any, on a fair and equitable basis and in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to Entitled Shareholders who have applied for Excess RCPS on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;
- (iii) thirdly, for allocation to Entitled Shareholder who have applied for Excess RCPS on a pro-rata basis and in board lot, calculated based on the quantum of Excess RCPS applied for; and
- (iv) fourthly, for allocation to renounee(s) and/or transferee(s) who have applied for Excess RCPS on a pro-rata basis and in board lot, calculated based on the quantum of Excess RCPS applied for.

Nevertheless, our Board reserves the right to allot any Excess RCPS applied for under Part I(b) of this RSF, in such manners as it deems fit and expedient in the best interest of our Company. Our Board also reserves the right to accept any Excess RCPS application, in full or in part only, without assigning any reason thereof.

#### (IV) SALE/TRANSFER OF THE PROVISIONAL ALLOTMENT

If you wish to sell or transfer all or part of your entitlement to the RCPS to one 1 or more person(s), you may do so through your stockbroker for the period up to the last time and day for sale or transfer of the Provisional Allotment (in accordance with the Rules of Bursa Depository) without first having to request our Company for a split of the Provisional Allotment standing to the credit of your CDS account(s). To sell or transfer all or part of your entitlement to the RCPS, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository.

In selling or transferring all or part of your Provisional Allotment, you need not deliver any document (including this RSF), to your stockbroker. However, you must ensure that you have sufficient Provisional Allotment standing to the credit of your CDS account(s) that are available for settlement of the sale or transfer.

The purchaser(s)/transferee(s) can collect a copy of the Abridged Prospectus and this RSF for the acceptance of his/her/their Provisional Allotment from his/her/their stockbroker, the Registered Office of LBGB or the Share Registrar's office or Bursa Securities' website at <http://www.bursamalaysia.com>.

If you have sold only part of your entitlement to the RCPS, you may still accept the balance of your entitlement by completing Parts I(a) and II of this RSF.

#### (V) GENERAL INSTRUCTIONS

- (a) All applicants must sign on the front page of this RSF. All corporate bodies must affix their Common Seals.
- (b) Malaysian Revenue Stamp (not postage stamp) of Ringgit Malaysia Ten (RM10.00) must be affixed on this RSF.
- (c) Any interest or other benefit accruing on or arising from or in connection with any application monies shall be for the benefit of our Company and we shall not be under any obligation to account for such interest or other benefit to you.
- (d) The contract arising from the acceptance of the Provisional Allotment by you shall be governed by and construed in accordance with the laws of Malaysia, and you shall be deemed to have irrevocably and unconditionally submitted to the exclusive jurisdiction of the courts of Malaysia in respect of any matter in connection with this RSF and the contract arising therefrom.
- (e) Our Company reserves the right to accept or reject any acceptance and/or application if the instructions stated above are not strictly adhered to.
- (f) The RCPS subscribed by the Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) will be credited into their respective CDS accounts as stated on the NPA or the exact accounts appearing in Bursa Depository's records.
- (g) Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) should note that this RSF and remittances so lodged to the Share Registrar shall be irrevocable and may not subsequently be withdrawn.