

DOLOMITE

CORPORATION BERHAD

(290455-W)



**TOWARDS
BETTER
GROWTH
PERFORMANCE**

ANNUAL REPORT 2016



VISION

To be an internationally recognised premier integrated building materials producer, infrastructure & building contractor, property developer, innovative products provider and power producer.

MISSION

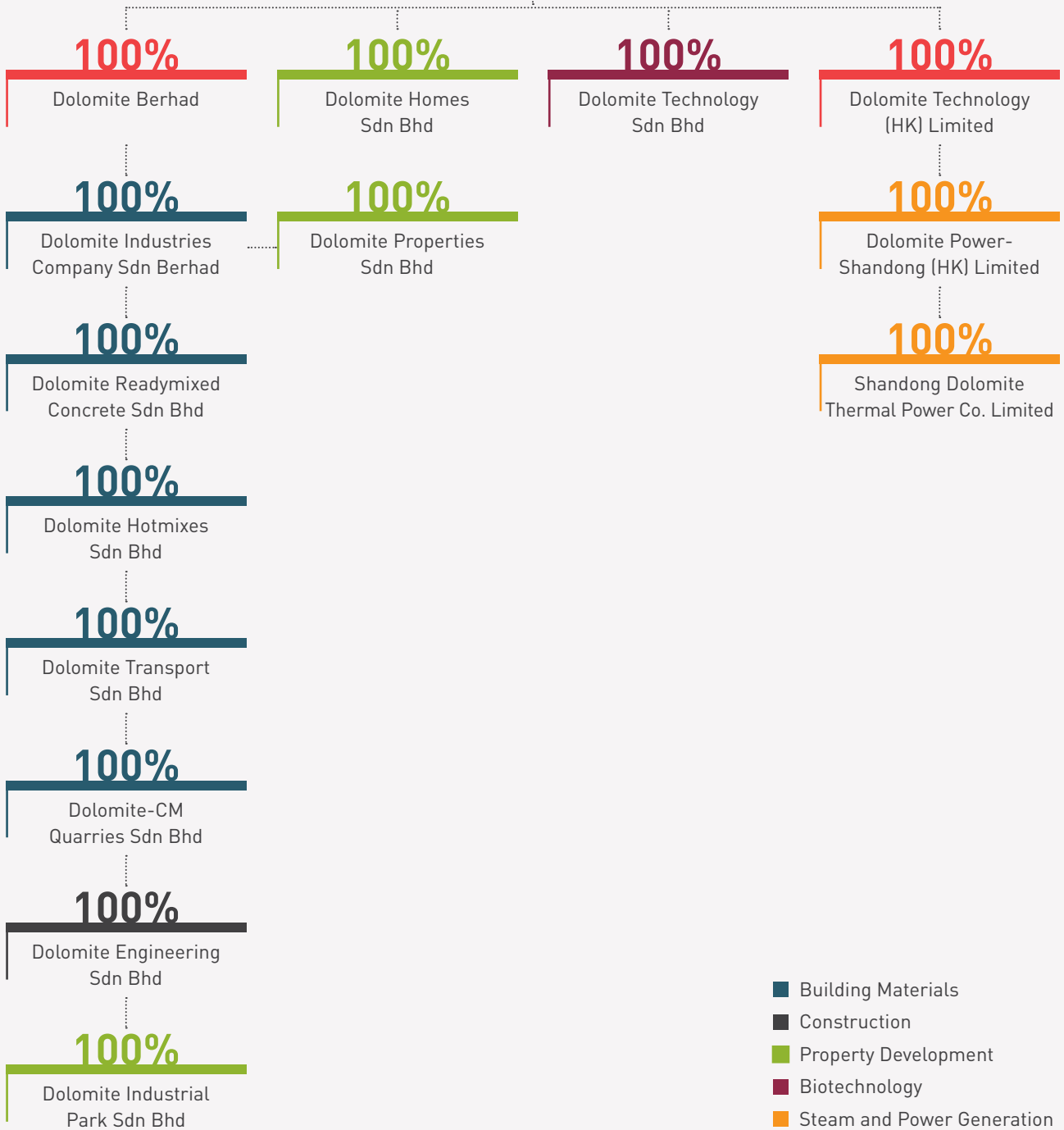
To provide excellent quality products and services through innovative use of leading edge technology, dedicated employees and competitive sales and marketing strategies.

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CORPORATE STRUCTURE

DOLOMITE CORPORATION BERHAD (290455-W)



- Building Materials
- Construction
- Property Development
- Biotechnology
- Steam and Power Generation

CORPORATE INFORMATION

BOARD OF DIRECTORS

**Tan Sri Dato' Seri Mohd Jamil
Bin Johari**
Chairman & Independent Non-Executive
Director

Mr Lew Choong Keong
Managing Director

Mr Lim Beng Keat
Non-Independent Non-Executive Director

Mr Huang Jen Soong
Non-Independent Non-Executive Director

Mr Dominic Aw Kian-Wee
Independent Non-Executive Director

Mr Seow Yoo Lin
Independent Non-Executive Director

AUDIT COMMITTEE

Mr Seow Yoo Lin
Chairman

**Tan Sri Dato' Seri Mohd Jamil
Bin Johari**

Mr Lim Beng Keat

NOMINATION COMMITTEE

Mr Huang Jen Soong
Chairman

**Tan Sri Dato' Seri Mohd Jamil
Bin Johari**

Mr Seow Yoo Lin

Mr Dominic Aw Kian-Wee

REMUNERATION COMMITTEE

Mr Huang Jen Soong
Chairman

Mr Lim Beng Keat

Mr Lew Choong Keong

JOINT COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)
Chan Su San (MAICSA 6000622)
Lo Sze Min (MIA 3439)

REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7720 1188
Fax : 03-7720 1111

PRINCIPAL OFFICE

19 Dolomite Park Avenue
Jalan Batu Caves
68100 Batu Caves
Selangor Darul Ehsan
Tel : 03-6195 6000
Fax : 03-6187 2310
Website : www.dolomite.com.my
Email : business@dolomite.com.my

AUDITORS

Baker Tilly Monteiro Heng (AF 0117)
Chartered Accountants
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : 03-2297 1000
Fax : 03-2282 9980

SHARE REGISTRAR

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
Tel : 03-2783 9299
Fax : 03-2783 9222

PRINCIPAL BANKERS

Malayan Banking Berhad
Public Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Stock Code : 5835
Stock Short Name : DOLMITE



PROFILE OF DIRECTORS

TAN SRI DATO' SERI MOHD JAMIL BIN JOHARI

Aged 69, Male, Malaysian

Chairman & Independent Non-Executive Director

Tan Sri Dato' Seri Mohd Jamil Bin Johari was appointed to the Board of Directors on 25 July 2005 as the Chairman of Dolomite Corporation Berhad.

Tan Sri Dato' Seri Mohd Jamil holds a Bachelor of Arts (Hons) degree and a Diploma in Education from the University of Malaya. He also obtained a Master of Arts in Political Science from the University of Washington, Seattle, Washington, United States of America.

Tan Sri Dato' Seri Mohd Jamil joined the Royal Malaysia Police in January 1971 as Chief Inspector and retired with the rank of Deputy Inspector General of Police in May 2002. Thereafter, he was appointed as High Commissioner of Malaysia to Brunei until July 2004.

Tan Sri Dato' Seri Mohd Jamil is a member of the Audit Committee and the Nomination Committee. He is also an Independent Non-Executive Director of TAS Offshore Berhad.

MR LEW CHOONG KEONG

Aged 58, Male, Malaysian

Managing Director

Mr Lew Choong Keong was appointed the Managing Director of Dolomite Corporation Berhad and Dolomite Group on 17 July 2003.

A civil engineer by training, Mr Lew graduated from the University of Malaya with a Bachelor of Civil Engineering (Hons) degree. He is also a Registered Professional Practicing Engineer with the Board of Engineers, Malaysia, a Fellow of the Institute of Engineers, Malaysia, a Fellow of the Institute of Quarry, Malaysia, a Registered ASEAN Engineer and a Registered Building Manager with the Building Management Association of Malaysia.

Mr Lew has over 33 years of experience in the quarry and construction sectors. Since joining the Group in 1983, he progressed through a range of senior management positions. He was promoted to Executive Director in 2002 with expanded responsibilities for the Group's overall operations.

As Managing Director, Mr Lew is responsible for the Group's business direction, operational performance and strategic management of the Group's resources.

Mr Lew also serves as a member of the Remuneration Committee.

MR LIM BENG KEAT

Aged 71, Male, Malaysian

Non-Independent Non-Executive Director

Mr Lim Beng Keat is a Non-Independent & Non-Executive Director of Dolomite Corporation Berhad. He was appointed a Director of the Company on 17 July 2003.

Mr Lim holds a Bachelor of Science (Honours) degree from Queen Mary's College, University of London and a Master's degree in Civil Engineering from the Massachusetts Institute of Technology, United States of America. Mr Lim has over 48 years of experience in the construction and property development industries. He has been a Director of Dolomite Group since 1972 and Chairman of the subsidiary companies of Dolomite Corporation Berhad since 1982. Mr Lim served as Executive Vice Chairman of Dolomite Corporation Berhad from 17 July 2003 to 12 October 2005. Prior to joining Dolomite Group, Mr Lim worked as General Manager of People's Park Development Pte. Ltd. in Singapore from 1969 to 1971. He is currently Chairman of Lim Housing Sdn Bhd, Lim Quee & Sons Sdn Bhd and Boulevard Realty Sdn Bhd.

Mr Lim is a member of the Remuneration Committee and Audit Committee.

PROFILE OF DIRECTORS (CONT'D)

MR HUANG JEN SOONG

Aged 68, Male, Malaysian

Non-Independent
Non-Executive Director

Mr Huang Jen Soong was appointed to the Board of Directors on 17 July 2003 as a Non-Independent Non-Executive Director of Dolomite Corporation Berhad.

Mr Huang graduated from the University of Malaya in 1973 with a Bachelor of Science (Hons) degree and subsequently obtained his Master in Business Administration degree from the University of North Carolina, United States of America in 1976. He is also a fellow member of the Institute of Quarry, Malaysia.

Mr Huang has been a Director of Dolomite Group since 1977 and was the Managing Director of the Group from 1980 to 2003. During his tenure as Managing Director, Mr Huang brought to the Group his entrepreneurship and was key driver of the Group's transformation from a quarry operator in its early days to an integrated group specializing in building materials, construction and property development. He currently sits on the Board of Directors of several subsidiary companies of Dolomite Corporation Berhad and a few other private companies. He is also the Managing Director of Bong Sin Rubber Estates Co Sdn Berhad.

Mr Huang is the Chairman of both the Remuneration Committee and the Nomination Committee.

MR DOMINIC AW KIAN-WEE

Aged 45, Male, Malaysian

Independent Non-Executive Director

Mr Dominic Aw Kian-Wee was appointed to the Board of Directors of Dolomite Corporation Berhad on 1 September 2009. He is currently an Independent Non-Executive Director of the Company and a member of the Nomination Committee.

Mr Dominic Aw holds a Bachelor of Law (Hons) degree from the University of Hull, North Humberside, England and a Barrister-at-Law (Middle Temple) from the University of Westminster, London, England. He was formerly a partner of Mazlan & Associates and has over 23 years of working experience as an advocate and solicitor.

Mr Dominic Aw is also an Independent Non-Executive Director of Ajinomoto (Malaysia) Berhad and Perusahaan Sadur Timah Malaysia (PERSTIMA) Berhad.

MR SEOW YOO LIN

Aged 61, Male, Malaysian

Independent Non-Executive Director

Mr Seow Yoo Lin was appointed to the Board of Directors of Dolomite Corporation Berhad on 1 January 2014 as an Independent Non-Executive Director. He is currently the Chairman of the Audit Committee and a member of the Nomination Committee.

Mr Seow is a member of the Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and Malaysian Institute of Management. He holds a Master of Business Administration from International Management Centre, Buckingham. Mr Seow joined KPMG Malaysia in 1977 and was admitted as a Partner in 1990. He was the Managing Partner from 2007 to 2010 and retired in 2011.

Mr Seow is also an Independent Non-Executive Director of Southern Steel Berhad, Hume Industries Berhad and AMMB Holdings Berhad which are listed on the Main Market of Bursa Malaysia Securities Berhad.

Other Information on Directors:

1. Save for the disclosures mentioned below, none of the Directors of the Company has any family relationship with any director and/or major shareholder of the Company.

Madam Yap Koon Wah, a substantial shareholder of Dolomite Corporation Berhad is the spouse of Mr Huang Jen Soong.

2. None of the Directors of the Company has any conflict of interest and/or personal interest in any business arrangement involving the Company or its subsidiaries.
3. Other than traffic offences, if any, none of the Directors of the Company has any conviction for offence within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.
4. The details of attendance at Board meetings are set out on page 17 of the Annual Report.

KEY SENIOR MANAGEMENT

MR LO SZE MIN

Aged 61, Male, Malaysian

Group Financial Controller and Joint Company Secretary

Mr Lo Sze Min is the Financial Controller of Dolomite Group. He is the head of the accounts and finance department of Dolomite Group. A Fellow Member of The Association of Chartered Certified Accountants (UK) and a Chartered Accountant of the Malaysian Institute of Accountants, he has worked in accounting firms in London and Malaysia for five (5) years before joining KPS Consortium Berhad for twelve (12) years. He left in 1997 as its Group Financial Controller and Joint Company Secretary and joined Dolomite Group on 16 July 1998 as Group Financial Controller. He was also appointed as Joint Company Secretary of Dolomite Group on 18 July 2003.

MISS EE CHAI HO

Aged 58, Female, Malaysian

General Manager, Property Sales Administration and Human Resources

Miss Ee Chai Ho is the General Manager of Property Sales Administration and Human Resources. Being involved in a wide range of administration works in different capacities since she joined Dolomite Group on 1 September 1978, she has accumulated vast knowledge and experience. She assumed her current position on 1 May 2013 and is now overall in charge of property sales administration, human resources and office administration for Dolomite Group.

MISS LIM LI YOONG

Aged 39, Female, Malaysian

General Manager, Engineering

Miss Lim Li Yoong is the General Manager of Dolomite Group's construction division. She obtained her Bachelor of Engineering (Civil) degree from University Technology Malaysia in 2000. She has been involved in various building construction and civil engineering works and was promoted to head the construction division on 1 May 2013. Notably, she was responsible for the construction and completion of Dolomite Group's thermal power plant in Shandong, China. Her current responsibilities include ensuring smooth running and business operation of the thermal power plant.

MR BALDESH SINGH S/O DALBARA SINGH

Aged 42, Male, Malaysian

General Manager, Building Materials

Mr Baldesh Singh s/o Dalbara Singh is the General Manager of Dolomite Group's building materials division. He graduated from the Liverpool John Moores University, United Kingdom with a Bachelor of Science (Mechanical & Manufacturing Engineering) degree in 1998. He joined Dolomite Group as a Plant Supervisor for its quarry in Hulu Langat. He progressed through a few positions over the years before he was promoted to General Manager on 1 October 2014. He is currently in charge of the production and sale of the building materials and compliance with rules and regulations imposed by various authorities and government agencies.

MR WONG JIN JIA

Aged 48, Male, Malaysian

Assistant General Manager, Properties

Mr Wong Jin Jia is the Assistant General Manager of Dolomite Group's property development division. He holds a Postgraduate Diploma in Marketing from The Chartered Institute of Marketing (CIM), United Kingdom. He has over 25 years of working experience in property development and served in various management positions in several public listed companies, multinational corporations and government linked companies. He joined Dolomite Group in 2004 as a Marketing Manager and left in January 2008 to pursue other interests. He rejoined Dolomite Group on 1 December 2013 as a Senior Manager and was promoted to his current position as the Assistant General Manager on 1 May 2015. Being involved in the property development projects undertaken by Dolomite Group, his duties include carrying out feasibility study on land for property development and liaison with various authorities, government agencies and consultants.

KEY SENIOR MANAGEMENT (CONT'D)

MR CHONG KIM SIN

Aged 66, Male, Malaysian

Senior Quantity Surveyor

Mr Chong Kim Sin is the Senior Quantity Surveyor of Dolomite Group. He obtained his Certificate in Building Technology from Tunku Abdul Rahman College in 1974. He started his career in the construction industry as an Assistant Quantity Surveyor and has over 40 years of experience in quantity surveying. He has worked in several construction companies including Pati Sdn Bhd as a Contract Manager of Tender and Senior Manager of Tender at UEM Construction Sdn Bhd. He joined Dolomite Group on 16 October 2013 and is presently in charge of project management, planning, scheduling and coordination.

MISS LIM NYUK FOONG

Aged 50, Female, Malaysian

Senior Manager, Treasury

Miss Lim Nyuk Foong is the Senior Manager, Treasury of Dolomite Group. She joined Dolomite Group on 16 November 1992 after obtaining her Bachelor of Social Science (Honours) degree from the National University of Malaysia. Since then, she has gained extensive knowledge and experience on treasury and assumed the current position on 1 January 2012. She is currently in charge of Dolomite Group's treasury, insurance, licences and permits.

MS LOONG LAI FOON

Aged 51, Female, Malaysian

Senior Manager, Administration

Ms Loong Lai Foon is the Senior Manager, Administration of Dolomite Group. She obtained her Bachelor of Economics (Honours) degree from the University of Malaya in 1989. Since joining Dolomite Group on 1 November 1990, she has worked and gained wide experience in various administration works. She assumed the present position on 1 May 2013 and is currently responsible for Dolomite Group's debt and loss recovery, registration with statutory and regulatory bodies and government agencies as well as general administration works.

Save as disclosed, none of the Key Senior Management has:

1. any directorship in any public companies and listed issuers;
2. any family relationship with any directors and/or major shareholders of the Company;
3. any conflict of interest with the Company;
4. any conviction for offences within the past five (5) years other than traffic offences, if any; and
5. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CHAIRMAN'S STATEMENT



Tan Sri Dato' Seri Mohd Jamil Bin Johari
Chairman

**DEAR VALUED SHAREHOLDERS,
ON BEHALF OF THE BOARD
OF DIRECTORS OF DOLOMITE
CORPORATION BERHAD, I
AM PLEASED TO PRESENT THE
ANNUAL REPORT AND THE
AUDITED FINANCIAL STATEMENTS
OF THE COMPANY AND THE
GROUP FOR THE FINANCIAL
YEAR ENDED 31 DECEMBER 2016.**

OPERATIONS AND PERFORMANCE

The review of the Group's business operations and performance (including financial performance) during the financial year ended 31 December 2016 can be referred to in the Management Discussion and Analysis as set out on pages 9 to 14 of the Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

The Group believes in preserving a balanced economic, social and environmental business operating environment. In this regard, it is committed towards meeting an enhancing customer satisfaction through market research and studies.

Management and staff are kept abreast with latest professional and

technical changes in their respective fields through courses and annual retreats. Management and staff are also involved in community projects to bring about greater understanding of community needs and generate compassion and close relations with the community as well as local authorities.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to thank our customers, financiers, investors, shareholders, suppliers, contractors, respective government bodies and not least of all, management and staff of the Group, for the continuous support and dedication to the Group. Your unwavering support encouraged us to deliver the best we can offer.

Finally, I would like to record our deep and sincere condolences on the demise of our Director, Mr Jeffrey Gerard Gomez, who departed on 6 July 2016. His contribution to the Group had been invaluable. May his soul rest in peace.

Thank you.

Tan Sri Dato' Seri Mohd Jamil Bin Johari
Chairman

April 2017

MANAGEMENT DISCUSSION AND ANALYSIS



This Statement contains the management discussion and analysis of the business operations and performance (including financial performance) of the Dolomite Corporation Berhad Group (“the Group”) during the current financial year ended 31 December 2016.

A. OVERVIEW OF THE GROUP’S BUSINESS AND OPERATIONS

The Group started business in 1959 as a quarry operator. Since its inception, the Group has been focussing on its core competencies and diversified into strategically related businesses. Today, the Group is an integrated group involved in quarrying, manufacturing of building materials, construction and property development. As part of its diversification plan moving forward, the Group ventured into thermal power generation.

Currently, the principal operating subsidiaries of the Group, all of which are wholly-owned, are as below. These subsidiaries have been grouped according to the various principal business activities of the Group.

Segment	Subsidiary	Products
Manufacturing (Building materials)	Dolomite Industries Company Sdn Berhad (Malaysia)	Quarry products (aggregates, crusher run and quarry dust)
	Dolomite Hotmixes Sdn Bhd (Malaysia)	Hotmixes
	Dolomite Readymixed Concrete Sdn Bhd (Malaysia)	Readymixed concrete
Construction	Dolomite Engineering Sdn Bhd (Malaysia)	Building and civil works construction
Property development	Dolomite Properties Sdn Bhd (Malaysia)	Properties
	Dolomite Industrial Park Sdn Bhd (Malaysia)	
Thermal power generation	Shandong Dolomite Thermal Power Co Limited (China)	Electricity and steam
Investment holding	Dolomite Corporation Berhad (Malaysia)	Not applicable
	Dolomite Berhad (Malaysia)	

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Broadly, the Group's local business operations in the Klang Valley, Malaysia are inter-related moving upstream from manufacturing of building materials to construction and then to property development.

The current financial year 2016 remained a challenging year for the Group's local business operations in Malaysia operating in a weak economic environment with dampened market sentiments apparently brought about inter-alia by the implementation of the Goods and Services Tax, weakened Ringgit, low crude oil and commodity prices, stringent mortgage lending by financial institutions and economic uncertainties.

Similarly, China's economic growth was slowing. However, it was the depreciation of the Renminbi against the US Dollars which had the most adverse effect on the financial results of the thermal power unit in Shandong, China.

Despite the tough business environments, both locally and abroad, the Group remained focussed on its existing core business activities and had adopted flexible and competitive sales and marketing strategies in order to achieve sustainable growth.

B. FINANCIAL RESULTS AND FINANCIAL CONDITION

i. Indicators To Measure The Group's Performance

Extracted from the audited Statements of Profit or Loss for the financial years ended 2016 and 2015 are the following key indicators to measure the Group's financial performance for the financial year 2016 as compared with the previous financial year 2015:

	2016 RM'000	2015 RM'000
Revenue	105,774	93,779
Profit before taxation	11,763	4,892
Tax expense	(6,613)	(5,415)
Profit/(Loss) after taxation	5,150	(523)
Profit after taxation attributable to owners of the Company	5,150	705
Basic earnings per share (sen)	1.91	0.27

As can be seen above, all the financial indicators show improvement compared to the previous financial year 2015.

There is a significant improvement in the profit after taxation of RM5.150 million compared to loss after taxation in the previous financial year 2015 of RM523,000 resulting in the basic earnings per share improving to 1.91 sen from 0.27 sen in the previous financial year 2015.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

ii. Significant Changes In Financial Position And Liquidity As Compared With The Previous Financial Year

Extracted from the audited Statements of Financial Position as at 31 December 2016 and 2015 are the following key items which reflect significant changes in financial position and liquidity:

	As at 31 December	
	2016 RM'000	2015 RM'000
Net borrowings	291,143	322,316
Total equity	161,503	151,996
Gearing ratio	1.80 : 1	2.12 : 1

As can be seen above, the significant change in financial position is the reduction in net borrowings from RM322.316 million as at 31 December 2015 to RM291.143 million through conscientious effort by the Group to pare down borrowings mainly by monetising plots of subdivided vacant industrial land at Taman Sri Batu Caves, Selangor. The selling of these properties also enhances the cash flow of the Group. This has resulted in a reduction in gearing ratio from 2.12 : 1 as at 31 December 2015 to 1.80 : 1 as at 31 December 2016.

The disposal of D'Marina Sdn Bhd, a loss making subsidiary, involved in property development in Kuantan, Pahang, has generated a net sale proceeds of RMM22.354 million. Of this amount, RM12.354 million was received in the current financial year 2016 which though utilised for working capital also improved on the liquidity of the Group.

iii. Capital Expenditure Requirements, Capital Structure And Capital Resources

Basically, there were no other material capital expenditure requirements during the current financial year 2016 as there was no expansion in the facilities of the Group. The additional capital work in progress of RM12.916 million in the current financial year 2016 comprised mainly capitalised interest relating to the thermal power plant which was undergoing testing and commissioning in order to achieve stabilisation even though construction of the thermal power plant was completed prior to the current financial year 2016.

The capital structure as at 31 December 2016 in which the Group financed its overall operations comprised different sources of funds as follows:

	As at 31 December 2016 RM'000
<u>Equity</u>	
Share capital	136,289
Reserves	25,214
	161,503
<u>Debt</u>	
Net borrowings (Inclusive of redeemable convertible preference shares of RM5.978 million)	291,143
Total	452,646

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

During the current financial year 2016, 7,148,842 Warrants C were converted into ordinary shares. The ordinary shares and the outstanding Warrants C after the conversion were as follows:

	Ordinary Shares	Warrants C
Before conversion (as at 1 January 2016)	265,429,615	9,696,017
After conversion (as at 31 December 2016)	272,578,457	2,547,175

Arising from the conversion, the issued and paid-up capital of the Company increased by RM3.574 million.

The capital resources of the Group are fixed assets (property, plant and equipment), prepaid lease payments and land use rights used to make other goods and services. The net carrying values of the above assets of the Group employed as at 31 December 2016 are shown below:

	As at 31 December 2016 RM'000
Property, plant and equipment (Including capital work-in-progress of RM293.626 million)	321,915
Prepaid lease payments	5,188
Land use rights	2,576
Total	329,679

The capital work-in-progress and land use rights belong to the thermal power generation unit where no revenue has been recognised yet. Excluding these assets, the revenue : capital resources employed ratio is 3.16 : 1.

iv. Known Trends And Events That Are Reasonably Likely To Have A Material Effect On The Group

The known trends and events that are reasonably likely to have a material effect on the Group are elaborated below under Review of Operating Activities of Principal Business Segments.

C. REVIEW OF OPERATING ACTIVITIES OF EACH PRINCIPAL BUSINESS SEGMENT

The financial results of the various principal business segments for the current financial year 2016 are set out below:

	Manufacturing RM'000	Construction RM'000	Property Development RM'000	Thermal Power Generation RM'000	Investment Holding RM'000	Total RM'000
Segment revenue						
External revenue	43,399	5,370	57,005	-	-	105,774
Inter-segment revenue	4,151	23,922	-	-	20,000	48,073
	47,550	29,292	57,005	-	20,000	153,847
Segment results (before interest and taxation)	2,696	308	20,796	(13,990)	8,547	18,357

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

i. Manufacturing (Building Materials)

During the current financial year 2016, the Group's manufacturing segment registered a total revenue of RM47.550 million. Sales of quarry products contributed over 80% of the total revenue and almost the entire profit before interest and taxation under this segment.

The Group's building materials segment is expected to fare better in revenue and earnings in the next financial year 2017 riding on higher demand for building materials by the major ongoing civil engineering and infrastructural projects in Klang Valley such as the East Klang Valley Expressway, Sungei Besi-Ulu Klang Elevated Expressway, Damansara-Shah Alam Elevated Expressway and the construction of the Bandar Malaysia commercial hub.

On 9 August 2016, Dolomite Industries Company Sdn Berhad obtained the approval from the Hulu Langat District Land Office for extension of the tenure of the lease of its quarry land by 99 years. This approval would allow Dolomite Industries Company Sdn Berhad to continue its current quarry operations on the land.

ii. Construction

The current financial year 2016 saw a decrease in contribution by the construction segment to the Group's revenue. The revenue recorded for construction works of external and internal property development projects are RM5.370 million and RM23.922 million making a total of RM29.292 million.

This segment registered a profit before interest and tax of RM308,000 mainly due to low external revenue as a result of the external projects tapering towards tail-end.

The Group will continue to tender for selected building and infrastructural projects in order to replenish its orders book particularly those utilising the building materials produced by the Group.

iii. Property Development

In the current financial year 2016, the revenue registered for the property segment is RM57.005 million. Out of this amount, 60% relates to the sale of few plots of subdivided vacant industrial land at Taman Sri Batu Caves, Selangor while the balance of 40% relates to the sale of developed properties at Dolomite Templer, Selangor.

This segment posted a higher profit before interest and tax of RM20.796 million for the current financial year 2016. This is largely due to higher profit margin derived from the sale of few plots of subdivided vacant industrial land.

Given the weak economic sentiment coupled with the stringent mortgage lending policy imposed by Bank Negara Malaysia, the Group has been more creative, refining marketing and promotional programmes and resilient and conscientious of the changes around in order to achieve sales target.

The Dolomite Park Avenue Project (Phase 2) at Batu Caves, Selangor comprising 474 affordable serviced apartment units on 29 and 25-storey blocks will be revived following the lifting of the temporary stop work order by Majlis Perbandaran Selayang on 9 December 2016 after over 4 years. The Management is currently studying the best option to proceed with the project. The proposed project is expected to contribute positively to the revenue and earnings of the Group, going forward.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

iv. Thermal Power Generation

The construction of the 2x12MW coal-fired thermal power plant which generates steam and electricity has been completed in the previous financial year 2015. Currently, testing and commissioning are ongoing in order to achieve stabilisation.

As such, the Group's thermal power generation segment has yet to recognise any revenue in the current financial year 2016. The segment incurred a loss before interest and tax of RM13.990 million mainly due to loss on foreign exchange. The forex loss was unrealised in nature thus had no effect on the cash flow.

In order to mitigate against fluctuation in foreign exchange, the Management is looking into refinancing the US Dollar loan to Renminbi loan. Hedging on foreign exchange is also being considered as an option.

However, due to the delay in the completion of the plant as a result of the inefficiency of the main contractor and the prolonged extreme winters and the longer than expected time required to stabilise the plant, it was unable to generate the cash flow as envisaged.

The plant is expected to generate revenue and cash flow in the next financial year 2017 as soon as stabilisation has been achieved and the Power Generation Certificate has been obtained.

v. Investment Holding

In the current financial year 2016, the revenue registered for the investment holding segment is RM20.000 million comprising dividend received from subsidiaries. Being inter-company dividend, it is eliminated at Group level.

This segment registered a profit before tax and interest of RM8.547 million mainly due to gain of RM9.753 million on the disposal of D'Marina Sdn Bhd, a loss-making subsidiary involved in property development in Kuantan, Pahang.



STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Dolomite Corporation Berhad (“the Board”) is pleased to disclose to the shareholders on the manner which it has applied the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 (“the Code”) and provisions in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“the Listing Requirements”). Any specific principle and recommendation of the Code that was not observed including the reasons are stated in this statement.

A. BOARD OF DIRECTORS

The Board has always recognised the need for good corporate governance to protect and enhance long term shareholders’ value and the financial performance of the Company. An indication of the Board’s commitment is reflected in the conduct of regular Board meetings and their incorporation of various processes and systems as well as the establishment of relevant committees which also meet regularly. The Board always takes into account the interests of all stakeholders in their decision making.

1. COMPOSITION OF THE BOARD

The Company is managed and led by an effective Board which comprises six (6) directors, one (1) of whom is executive and five (5) are non-executive. There are three (3) independent directors including the Chairman of the Board. This composition complies with the Listing Requirements.

The profile of each Director is set out on pages 4 and 5 of this Annual Report.

The current Board brings with them years of experience in various fields of expertise, ranging from business, accountancy and legal to engineering and manufacturing of building materials in order to reach effective decisions in governing the Group.

The presence of the Independent Directors is essential as they provide unbiased and independent view, advice and judgment as well as safeguard the interests of other parties like minority shareholders. They are independent of both the management and shareholders of the Company, and are free from any business or other conflict of interests which may interfere with the discharge of their duties and in making independent judgment. The Board has also appointed the Audit Committee Chairman as the Independent Non-Executive Director to whom concerns of individuals, internal and external, may be conveyed.

The Board supports the initiative to include woman representation on the Board to achieve a more gender diversified Board. The Board is of the view that, while it is important to promote boardroom diversity in terms of gender, age and ethnicity, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority. The Group is an equal opportunity employer and all appointments and employments are based strictly on merits.

In its commitment to achieve Board Diversity, the Board has adopted the Diversity Policy and this policy is disclosed on pages 34 and 36 of this annual report. In line with the Code, the Board will consider appointing females to the Board in due course to bring about a more diverse perspective. New candidature would be evaluated by the Nomination Committee based on the candidates’ suitability, competency, character, time commitment, integrity, skills and experience in meeting the Group’s needs regardless of age, gender, race and nationality before presenting its recommendation to the Board for approval on the appointment of new members to the Board.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

As Directors should devote sufficient time to carry out their responsibilities, the Director will notify the Board before being appointed as director in other public listed companies. The Director should notify the Chairman before accepting any new directorships in public listed companies. The notification will include an indication of time that will be spent on appointment in the new public listed companies.

2. BOARD CHARTER

The Company has in place a Board Charter that sets out, among others, the roles of the Board, division of responsibilities between the Chairman and the Managing Director, structures of the Board Committees, procedures for the conduct of meetings, conflict of interest, etc. More information on the Board Charter can be found on the Company's website at www.dolomite.com.my. The Board Charter was last reviewed in 2012.

The Board of Directors is responsible for supervising the management of the business and affairs of the Company in a way which ensures that the interests of shareholders and stakeholders are promoted and protected. In discharging this duty, the principal responsibilities of the Board are set out in the Board Charter.

3. BOARD RESPONSIBILITIES

A clear division of responsibility between the Chairman and the Managing Director exists to ensure a balance of authority and precludes any one director from exercising unfettered powers and decision making.

Tan Sri Dato' Seri Mohd Jamil Bin Johari was appointed to the Board on 25 July 2005 as the Chairman of the Board and his responsibilities include the following:

- Leading the Board in its duties to the Group;
- Ensuring there are processes and procedures in place to evaluate the performance of the Board, its committees and its individual directors;
- Facilitating effective review, analysis and discussion at Board meetings; and
- Ensuring effective communication with shareholders and stakeholders.

Mr Lew Choong Keong, the Managing Director is responsible for the Group's business direction, operational performance and strategic management of the Group's resources.

The responsibility for matters material to the Group is in the hands of the Board, with no individual Director having unfettered powers to make decisions. Matters reserved for the Board include discussion on matters of significance, such as, change of direction in strategy, changes related to structure and capital, changes in Board Members, disposal and procurement of assets, Executive and Non-Executive Director's remuneration packages, approval of preliminary announcement of interim and final results that need authorisation from time to time.

4. BOARD MEETINGS

The schedule of Board meetings for the next financial year are planned in advance prior to the end of the current financial year so that the Members of the Board are able to plan ahead and can have sufficient time placed to serve the Board.

The Board meets quarterly to review the financial, operational and business performance. In addition, Board meeting may be convened as and when necessary to discuss any matters of urgency and importance.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

The Board met seven (7) times during the financial year ended 31 December 2016 and the attendance of the respective Directors was as follows:-

Directors	Total Number of Meetings Attended	Percentage of Attendance {%}
Tan Sri Dato' Seri Mohd Jamil Bin Johari	7/7	100
Lew Choong Keong	7/7	100
Lim Beng Keat	7/7	100
Huang Jen Soong	7/7	100
Dominic Aw Kian-Wee	5/7	71
Seow Yoo Lin	7/7	100
Jeffrey Gerard Gomez (demised on 6/7/16)	3/5	60

The Board had made themselves available during the financial year ended 31 December 2016 to serve the Group effectively.

The Directors are committed to the collective decision making process of the Board and deliberated and discussed on issues openly and constructively. The Directors may seek clarification or raise comments on the deliberation of the issues.

The proceedings of and resolutions passed at each Board and Board Committee meetings are minuted by the Company Secretary and kept in the statutory register at the registered office of the Company.

5. SUPPLY OF INFORMATION

The Board has unrestricted and timely access to all information necessary for the discharge of its responsibilities. Notices, together with the agenda of meetings, were given to the Board at least seven (7) days before the meetings whilst the relevant Board papers, whenever possible, were given three (3) days prior to the meetings to accord sufficient time to the Directors to study and evaluate the matters to be discussed and to seek any clarification.

All directors have direct access to the advice and services of the joint company secretaries. The Directors may also obtain independent professional advice, whenever deemed necessary, at the Company's expense.

At the request of the Board, management is obliged to provide the Board with complete, adequate and timely information prior to Board meetings and on an on-going basis. The information provided includes financial results, key issues, market and business developments to enable the directors to keep abreast of the Group's operational and financial performance.

The Chairman for each meeting is responsible for ensuring there is sufficient and adequate time for discussion of each item on the agenda.

The Board, in carrying out its tasks under the terms of reference, may obtain outside or other independent professional advice as it considers necessary to carry out its duties.

The Managing Director, namely Mr Lew Choong Keong is responsible to brief and provide details to the Board on the Group's business direction and operational performance. The Financial Controller, namely Mr Lo Sze Min is invited to attend the Board meetings to update the Board on the Group's financial performance.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

6. COMPANY SECRETARIES

The Members of the Board have unrestricted access to the advice and services of the appointed Company Secretaries to enable them to discharge their duties effectively. The Secretaries appointed are qualified and are the members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). They play a supportive role by ensuring the Board adheres to the Board policies and procedures and regularly update the Board with new statutes and guidelines issued by the regulatory authorities. In addition, the Company also has an in-house company secretary who is a member of the Malaysian Institute of Accountants.

7. CODE OF CONDUCT & ETHICS, WHISTLEBLOWING POLICY AND SUSTAINABILITY POLICY

In line with the recommendations of the Code, the Code of Conduct & Ethics, Whistleblowing Policy and Sustainability Policy have been established and approved by the Board on 25 April 2013.

The Code of Conduct & Ethics and Whistleblowing Policy can be viewed at the Company's website at www.dolomite.com.my.

The Company's Sustainability Policy can be referred on page 33 of this annual report.

The Code of Conduct & Ethics describes the behaviour expected of our employees and how they relate to our business principles and core values whilst the Whistleblowing Policy is designed to create a positive environment in which employees can raise genuine concerns without fear of recrimination and enable prompt corrective action to be taken where appropriate.

8. DIRECTORS' TRAINING

As an integral part of the process of appointing new Directors, the Nomination Committee ensures that there is an orientation programme for new Board members to familiarise themselves with the Company's businesses, their roles and responsibilities.

In compliance with the Listing Requirements, all members of the Board have attended the required Mandatory Accreditation Programme.

The directors continue to identify and attend appropriate training that may be required from time to time to keep themselves abreast with current developments in the industry as well as the current changes in laws and regulations.

The types of training attended by the Directors for the financial year ended 31 December 2016 are as follows:-

Directors	Programme
Tan Sri Dato' Seri Mohd Jamil Bin Johari	Recent amendments to the Listing Requirements by Bursa Malaysia & Corporate Sustainability & Issuance of Sustainability Statements

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

Directors	Programme
Lew Choong Keong	<ol style="list-style-type: none"> 1) CG Breakfast Series with Directors – “The Strategy, the Leadership, the Stakeholders and the Board” 2) CG Breakfast Series with Directors: Future of Auditor Reporting – The Game Changer for Boardroom 3) Directors Risk Management Programme – I Am Ready to Manage Risks! 4) Advocacy Sessions on Management Discussion & Analysis (“MD&A”) for Chief Executive Officers and Chief Financial Officers of Listed Issuers 5) Malaysian Financial Reporting Standards (MFRS) Made Simple for Directors and Senior Management 6) Amendments to Bursa Malaysia’s Listing Requirements – With Latest Cases on Directors Duties
Lim Beng Keat	None
Huang Jen Soong	Amendments to Bursa Malaysia’s Listing Requirements – With Latest Cases on Directors Duties
Dominic Aw Kian-Wee	<ol style="list-style-type: none"> 1) Amendments to Bursa Malaysia’s Listing Requirements – With Latest Cases on Directors Duties 2) Strengthening the Transformation Process for Sustainable Growth
Seow Yoo Lin	<ol style="list-style-type: none"> 1) CG Breakfast Series with Directors: Improving Board Risk Oversight Effectiveness 2) CG Breakfast Series with Directors: Future of Auditor Reporting – The Game Changer for Boardroom 3) Cyber Risk Oversight 4) KPMG MFRS Update 2016 5) FIDE Directors Register 6) 2016 ACI Breakfast Roundtable 7) Effective Board Evaluation 8) Fintech: Business Opportunity or Disruptor? 9) Fintech: Impact on Financial Institutions

Mr Lim Beng Keat was unable to attend any training due to his busy work schedule. However, he has kept himself abreast on financial and business matters as well as changes in requirements and regulations to enable him to contribute to the Board effectively.

9. RETIREMENT BY ROTATION AND RE-ELECTION

In accordance with the Articles of Association of the Company, all Directors are subject to retirement by rotation at regular intervals of at least three (3) years at the Annual General Meeting and they shall be eligible for re-election.

The performance of the Directors who are subject to re-appointment and re-election at the Annual General Meeting will be assessed by the Nomination Committee and the recommendations will be submitted to the Board for decision on the tabling of the proposed re-appointment and re-election of the Director concerned for shareholders’ approval at the next Annual General Meeting.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

B. BOARD COMMITTEES

The Board of Directors delegates certain responsibilities to Board Committees below and will periodically review their terms of reference. The Committees are required to report to the Board on their deliberations and recommendations.

1. AUDIT COMMITTEE

The Company has in place an Audit Committee which comprises all Non-Executive Directors, the majority of whom are independent. The Audit Committee holds quarterly meetings to review matters including the Group's financial reporting, the nature and scope of audit reviews and the effectiveness of risk management framework and internal control system as well as to deliberate the findings of the internal and external auditors. In addition, the Audit Committee will meet as and when required to discuss any other matters of importance.

The terms of reference of the Audit Committee are set out in the Company's website at www.dolomite.com.my.

2. NOMINATION COMMITTEE

The Nomination Committee's responsibility, among others, is to recommend the right candidate with the necessary skills, experience and competencies to be filled in the Board. The Board as a whole makes the decisions on the new appointments and is also responsible for assessing the performance of each existing Director.

The Nomination Committee comprises four (4) Non-Executive Directors, the majority of whom are independent. The members are as follows:-

Directors

Huang Jen Soong (*Chairman and Non-Independent Non-Executive Director*)

Tan Sri Dato' Seri Mohd Jamil Bin Johari (*Independent Non-Executive Director*)

Seow Yoo Lin (*Independent Non-Executive Director*)

Dominic Aw Kian-Wee (*Independent Non-Executive Director*) (*appointed on 1/8/16*)

Jeffrey Gerard Gomez (*Senior Independent Non-Executive Director*) (*demised on 6/7/16*)

Although the Company has not met Recommendation 2.1 of the Code that recommends the Chair of the Nomination Committee to be the Senior Independent Director identified by the Board, the Board is satisfied that there is an appropriate mix of experience in the composition of the Committee. Mr Huang Jen Soong, a director of the Group since 1977, was the key driver that transformed the Group from a quarry operator into an integrated group specialising in building materials, construction and property development. With such extensive experience, the Board believes that Mr Huang would be able to lead the Committee and assess better the skills, experience and competencies of the candidate to be filled in the Board.

The Board is kept abreast of developments in the area of Board performance assessment. Each year, the Nomination Committee assesses the effectiveness of the Board and Board Committees, contributions and performance of each individual Director, as well as Managing Director, and the independence of the Independent Directors.

A formal evaluation process is in place to assess the effectiveness of the Board as a whole. The evaluations are facilitated annually. The Board evaluation is based on Board composition, Board role and functioning, information management, managing company's performance, Board priorities, MD performance, succession planning, and risk management. The Nomination Committee carries out annual evaluation of the Audit Committee's terms of

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

office and performance. The Board Committees are assessed based on structure, responsibilities, right mix of capabilities, experiences and skills and process. Based on recommendations made by the Nomination Committee, the Board carries out its own assessment on the adequacy of the contributions made by each existing Director.

The Nomination Committee meets at least once a year. During the financial year ended 31 December 2016, the Nomination Committee held one (1) meeting to carry out assessment on the contribution and performance of each individual Director and this includes an assessment on the independence of the Independent Directors as well as noted the trainings attended by each individual Director. The Board is satisfied with the contribution and performance of each individual Director as well as the Independent Directors which complies with the criteria of independence set out in the Listing Requirements.

Recommendation 3.2 of the Code recommends that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon attaining the tenure of nine (9) years, an Independent Director may continue to serve on the Board subject to his re-designation as a Non-Independent Director. However, based on the annual assessment conducted by the Nomination Committee, the Nomination Committee and the Board have determined that Tan Sri Dato' Seri Mohd Jamil Bin Johari who has served as Independent Director for more than nine (9) years, to be independent in character and judgement, independent of management and free from any relationships or circumstances which are likely to affect or could appear to affect his judgement of the Board and Board Committees. The Board views that a Director's independence cannot be determined with reference to a set period of time. The Group benefits from long serving Directors, such as Tan Sri Dato' Seri Mohd Jamil Bin Johari who possess detailed knowledge of the Group's businesses and have proven commitment, experience and competence to effectively advise the management.

The Nomination Committee also discussed the succession planning of the Group.

The terms of reference of the Nomination Committee are set out in the Company's website at www.dolomite.com.my.

3. REMUNERATION COMMITTEE

The Remuneration Committee comprises mainly Non-Executive Directors, all of whom are non-independent. The members are as follows:-

Directors

Huang Jen Soong (*Chairman and Non-Independent Non-Executive Director*)

Lim Beng Keat (*Non-Independent Non-Executive Director*)

Lew Choong Keong (*Non-Independent Executive Director*)

The primary role of the Remuneration Committee is to recommend to the Board the remuneration for Directors with the aim of ensuring that the Company attracts and retains the Directors needed to run the Group successfully.

The remuneration of the Executive Director is structured on basis of linking rewards to corporate and individual performance. For Non-Executive Directors, the level of remuneration reflects the experience and degree of responsibilities. The Directors do not participate in decisions on their own remuneration packages.

During the financial year ended 31 December 2016, one (1) meeting was held, which was attended by all members of the Remuneration Committee. The Remuneration Committee reviewed and recommended to the Board the remuneration of the Directors.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

The Company complies with the Code as it has a Remuneration Policy & Procedure to provide a framework for remuneration paid to the members of the Board of the Company.

The remuneration policy recognises the need for the Company to attract, motivate and retain qualified members of the Board as well as to align the interests of the Board with the interests of the Company's shareholders.

The remuneration of the Board shall be designed to support the strategic goals of the Company and to promote value creation for the benefit of the shareholders of the Company.

To this end the remuneration policy embodies the following principles:

- Providing fair, consistent and competitive rewards to attract and retain high calibre executives.
- Motivating the Company's directors and executives to achieve superior performance.
- A remuneration framework that incorporates both short and long term incentives linked to the Company's performance and total shareholder return.
- Building a partnership between the Company and its directors by encouraging share ownership in the Company by directors.

Remuneration Procedure

The Board establishes the Remuneration Committee and it operates under a Terms of Reference approved by the Board. The Committee oversees the remuneration arrangements for directors of the Company within this Policy.

The Remuneration Committee assesses the appropriateness of directors' remuneration on an annual basis by reference to the principles of this Policy, overall employment market conditions, scope of work and the Company's financial position.

The Remuneration Committee recommends remuneration for the directors to the Board for approval.

Remuneration of the Board

The members of the Board shall be remunerated with fixed annual fees approved at the Annual General Meeting and shall not be covered by incentive programs or be entitled to variable remuneration.

All members of the Board who are also members of the committees established by the Board shall receive an additional fixed fee as remuneration for their contribution to the committee. The size of the fixed committee fee depends on the competencies, effort and scope of work required by the members of each committee.

The Directors' fees for the current financial year shall be approved at the Annual General Meeting of the Company.

The directors are reimbursed expenses and may be supported in their role through Company sponsored professional development activities, Company supplied technology, insurance and indemnity cover and other benefits.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

The aggregate remuneration of Directors received/receivable from the Company and its subsidiaries for the financial year ended 31 December 2016 categorised in the following components are:

THE COMPANY	EXECUTIVE DIRECTORS RM'000	NON-EXECUTIVE DIRECTORS RM'000	TOTAL RM'000
Fees	0	156	156
Salaries & other emoluments	0	103	103
Total	0	259	259

THE GROUP	EXECUTIVE DIRECTORS RM'000	NON-EXECUTIVE DIRECTORS RM'000	TOTAL RM'000
Fees	0	156	156
Salaries & other emoluments	480	103	583
Defined contribution plan	58	0	58
Benefits-in-kind	31	0	31
Total	569	259	828

The number of Directors whose remuneration falls within each of the following successive band of RM50,000 are:

RANGE OF REMUNERATION	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS	TOTAL
Below RM50,000	0	4	4
RM50,001 to RM100,000	0	1	1
RM450,001 to RM500,000	1	0	1
Total	1	5	6

Details of Directors' Remuneration for each Director are not disclosed as the Company is of the view that the disclosure in the above band width shall be sufficient.

The terms of reference of the Remuneration Committee are set out in the Company's website at www.dolomite.com.my.

C. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Company complies with the Code through the establishment of Corporate Disclosure Policy. The aim of this Policy is to proactively communicate with the investors and shareholders to ensure that investors/shareholders are informed of balanced and understandable information about the Company (including Group's business, major developments and financial performance) in a factual and timely manner.

Apart from the announcements published through the website of Bursa Securities, the Company also maintains a website at www.dolomite.com.my where shareholders as well as members of the public can access the latest information on the Company.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

D. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Group values dialogue with investors as a means of effective communication that enables the Board to convey information about the Group's performance, corporate strategy and other matters affecting shareholders' interests.

E. DIALOGUE BETWEEN THE COMPANY AND INVESTORS

Our Board is committed to ensure that, at all times, the stock market is in possession of correct and complete information about the Company's operations and condition. Our goal is for investors and shareholders to have a good understanding of the Company's activities so that they are in the best possible position to evaluate the share price and the Company's underlying value.

The Board also encourages shareholders to participate, speak and vote at general meetings as well as the right to demand poll vote in the general meetings. At the last general meeting, the Chairman highlighted to the shareholders of their right to demand a resolution to be voted by poll.

In maintaining effective communication with investors and shareholders, the Group strives to provide accurate, complete, transparent and clear information to its investors and shareholders quickly. At all times, the Group is committed to making announcements in accordance with the Listing Requirements and the Code.

The Group establishes different communication channels with investors and shareholders such as follows:

- The annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board;
- Latest and key information of the Group are available on the website of the Company at www.dolomite.com.my in compliance with Paragraph 9.21 of the Listing Requirements;
- Press conference and briefing meetings with investors, shareholders and analysts are set up when the needs arise from time to time on updated information of the Group; and
- The Company's Registrars serve the shareholders in respect of all share registration matters.

Investors and shareholders can also obtain information on the Group through the Company's published Annual Reports, Quarterly Results and Announcements made to Bursa Malaysia Securities Berhad.

In addition, investors and shareholders are also able to direct their queries to the Company through the Company's email at cmboard@dolomite.com.my.

Notwithstanding the above, the Company recognises the importance of accountability to shareholders and effective communication between the Company and investors.

F. ACCOUNTABILITY AND AUDIT

1. FINANCIAL REPORTING

In presenting the annual financial statements and quarterly announcement of results to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects.

STATEMENT ON CORPORATE GOVERNANCE

(CONT'D)

The Audit Committee has been tasked to assist the Board to oversee the financial statements reporting process and quality of the financial reports of the Group. The Directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. All accounting standards which the Board considers to be applicable have been followed, subject to any explanations and material departures disclosed in the notes to the financial statements.

2. RISK MANAGEMENT & INTERNAL CONTROL

The Board acknowledges its responsibility for the Group's system of internal controls which covers financial control, operational and compliance controls as well as risk management.

The Statement of Risk Management and Internal Control set out on pages 26 to 29 of this Annual Report provides an overview of the state of risk management and internal control within the Group.

3. RELATIONSHIP WITH THE AUDITORS

The role of the Audit Committee in relation to the internal and external auditors, is disclosed in the Audit Committee Report set out on pages 30 to 32 of this Annual Report.

The Group has always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia. The Audit Committee is committed to meet with the external auditors twice a year to discuss their audit plan, audit findings and the financial statements. During the financial year ended 31 December 2016, the external auditors met twice with the Audit Committee without the presence of the Management.

In addition, the external auditors have also declared that they have complied with the ethical requirements regarding independence with respect to the conduct of the audit of the Group and were not aware of any non-audit services that have compromised their independence as external auditors of the Company.

4. ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS

The Audit Committee assesses the suitability and independence of the external auditors on an annual basis. Areas of assessment including amongst others, the external auditor's objectivity and independence, audit fees, size and competency of the audit team, audit strategy, audit reporting and partner involvement.

DIRECTORS' RESPONSIBILITY STATEMENT ON FINANCIAL STATEMENTS

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their profit or loss and cashflows for the period then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance 2012 promulgates, inter-alia, the need for listed companies to maintain a sound risk management framework and internal control system to safeguard shareholders' investment and Group's assets. The Board of Directors ("Board") of Dolomite Corporation Berhad is pleased to present the Statement on Risk Management & Internal Control (the "Statement") which is in compliance with paragraph 15.26(b) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements and has taken into account the guidelines mentioned in the Statement on Risk Management & Internal Control (Guidelines for Directors of Listed Issuers).

BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility for ensuring the adequacy and effectiveness of the Group's Risk Management and Internal Control System. This includes the establishment of an appropriate control environment and risk management framework, processes and structures and continually reviewing the adequacy and integrity of the said systems to safeguard shareholders' investment and the Group's assets.

Whilst acknowledging its responsibilities, the Board is aware of the limitations that are inherent in internal control and risk management systems which are designed to manage, rather than eliminate, the risks that may impede the achievement of the Group's business objectives. Accordingly, it can only provide a reasonable, but not absolute assurance against material misstatement or losses, fraud or breaches of laws or regulations.

ROLE OF THE MANAGEMENT

Management is responsible for assisting the Board in implementing the processes for identifying, evaluating, monitoring and reporting risks and internal controls throughout the period. For the financial year under review, the Board has received assurance from the Managing Director and Financial Controller that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

Risk Management Framework

The Board firmly believes that an effective risk management is critical to the Group's achievement of business objectives and the enhancement of shareholder value. Therefore, the Board has put in place a formal enterprise risk management ("ERM") framework. This framework aims to provide an integrated and organised approach entity-wide. It outlines the ERM methodology, mainly promoting the risk ownership and continuous monitoring of key risks identified.

The risks identified remain the foundation in developing a risk profile and an action plan to assist the Board of Directors and Management to adequately respond to these risks. All the risks identified are maintained in a Risk Register Database to facilitate monitoring from time to time.

There is a requirement to submit periodic risk management reports by respective heads of operating subsidiaries to the Managing Director, who will then highlight the risk issues to the Board of Directors as well as the Audit Committee. Briefings on ERM are conducted for Senior Management as part of the Group's efforts to instill a proactive risk management culture and implement a proper ERM framework in the Group. The framework is continually monitored to ensure it is responsive to the changes in the business environment.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (CONT'D)

Internal Audit Function

Pursuant to Paragraph 9.25(1), Part A of Appendix 9C(30) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board is pleased to set out below its internal audit function.

The Group's internal audit function is outsourced to a professional internal audit service provider and this ensures that the outsourced internal auditors is independent as it has no involvement in the operations of the Group. The outsourced internal auditor reports directly to the Audit Committee.

The Audit Committee has full and direct access to the internal auditors, reviews the reports on all audits performed and monitors its performance. The Audit Committee also in its framework reviews the adequacy of the scope, functions, competency and resources of the outsourced internal audit functions.

The outsourced internal auditors carried out internal audits on various operating units within the Group based on a risk-based audit plan approved by the Audit Committee. Based on these audits, the outsourced internal auditors provided the Audit Committee with periodic reports highlighting observations, recommendations and management action plans to improve the system of internal control.

During the financial period, a summary of activities carried out by the outsourced internal auditor include:

- Developing the internal audit plan for year 2016.
- Performed three (3) internal audit reviews, once on each of the areas relating to:
 - (1) Shandong Dolomite Thermal Power Co. Limited on revenue billing and collection;
 - (2) Shandong Dolomite Thermal Power Co. Limited on Contract Management and Fixed Asset Management;
 - (3) Shandong Dolomite Thermal Power Co. Limited on Payment and Purchases
- Issued reports on the results of the internal audit reviews, identifying weaknesses with suggested recommendations for improvements to management for further action to improve the system of internal control,
- Attended Audit Committee's meetings to table and discuss the audit reports.
- Followed-up on the implementation of corrective action plans agreed by Management.

During the year, the Audit Committee has met four (4) times to carry out its responsibility in reviewing the internal audit function and to assure itself on the soundness of internal control system. The Committee also met the outsourced internal auditors without the presence of management to obtain independent view and assurance on any issues that can impede the performance of the outsourced internal auditors. The fees incurred for the outsourced internal audit function in respect of the financial year amounted to RM26,400.

Other Key Elements of Internal Control

Apart from the above, the other key elements of internal control include:

- **The Board and Audit Committee**

The Board is responsible towards the overall effectiveness of the Group's risk management and internal control systems through establishing, directing and supervising the operation of a risk framework that adequately manages the various risks faced by the Group whilst the Audit Committee is overall responsible for providing assurance to the Board of Directors, as an independent party, on the effectiveness of the internal control systems and risk management in the Group.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (CONT'D)

The daily running of business is entrusted to the Managing Director and the management team. Under the purview of the Managing Director, the respective heads of each operating subsidiary and department of the Group are empowered with the responsibility to manage their respective operations.

- **Group Values and Code of Conduct**

In order to inculcate a standard of ethical behaviour for directors and employees of the Group, a Code of Conduct & Ethics has been established and communicated to all directors and employees of the Group. The Group's practice is guided by the Code of Conduct & Ethics.

The Group also maintains a Whistleblowing Policy to allow employees to raise concerns without fear of reprisals on possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, and in an appropriate way. Under the Group's Whistleblowing Policy, the employee should immediately report any malpractice that exists in the work place to his/her manager. However, if the employee feels reluctant to do so, the employee has an option to either report it to the Chairman of the Board or the Audit Committee Chairman.

The Group's Code of Conduct & Ethics and Whistleblowing Policy are published in the Company website at www.dolomite.com.my.

- **Organisational Structure and Authorisation**

In striving to operate a sound system of risk management and internal control that drives the Group towards achieving its goals, the Board of Directors has put in place an organisation structure with formally defined lines of responsibility and delegation of authority.

The head office coordinates the process for the Group for the coming year wherein the budgets are approved at operating unit level and ultimately by the Board of Directors. Major decisions that require the approval of the Board are only made after detailed appraisal and review. Proposals for major capital expenditure and new investment by the Group are reviewed and approved by the Board of Directors.

- **Information and Communication**

The Audit Committee holds meetings to deliberate on the findings and recommendations for improvement by the internal auditor on the state of the internal control system and reports to the Board. The Audit Committee also reviews and deliberates on any matters relating to internal control highlighted by the External Auditors in the course of their statutory audit of the financial statements of the Group.

Quarterly performance reports provide Management and the Board of Directors with information on financial performance and key business indicators.

- **Monitoring and Review**

Scheduled periodic meetings of the Board, Board Committees and management represent the main platform by which the Group's performance and conduct is monitored. Informal Board and management meetings at operational level are also held during the financial year in order to assess performance and controls.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (CONT'D)

Periodic reviews of adequacy and integrity of selected areas of internal control system are carried out by the internal audit function and results of such reviews are reported to the Audit Committee. The internal audit function thereby provides independent assurance on the areas reviewed by the internal audit function to the Board on the effectiveness of the Group's internal control system.

In addition, the Management reports to the Board on a quarterly basis through the Audit Committee on the risk profile of the Group.

Conclusion

For the financial year under review and up to the date of issuance of the financial statements, the Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system. There were no material losses that have arisen from any inadequacy or failure of the Group's system of internal control which required additional disclosure in the financial statements.

The improvement of the system of internal controls is an on-going process and the Board maintains on-going commitment to strengthen the Group's control environment and processes.

Review of the Statement by External Auditors

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Internal Control Statement. Their review was performed in accordance with Recommended Practice Guide (RPG) 5 (revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

This Statement is made in accordance with the resolution of the Board of Directors dated 26 April 2017.

AUDIT COMMITTEE REPORT

FORMATION

The Audit Committee was formed by the Board of Directors on 27 August 1994.

COMPOSITION

The current members of the Audit Committee are as follows:

Seow Yoo Lin (*Chairman and Independent Non-Executive Director*)

Tan Sri Dato' Seri Mohd Jamil Bin Johari (*Independent Non-Executive Director*)

Lim Beng Keat (*Non-Independent Non-Executive Director*)

MEETINGS

The Audit Committee held five (5) meetings during the financial year. The attendance of the committee members was as follows:

Name of Audit Committee Member	Total Number of Meetings Attended
Seow Yoo Lin	5/5
Tan Sri Dato' Seri Mohd Jamil Bin Johari	5/5
Lim Beng Keat	5/5
Jeffrey Gerard Gomez (demised on 6/7/16)	2/3

The terms of reference of the Audit Committee is available for reference on the Company's website at www.dolomite.com.my.

INTERNAL AUDIT FUNCTION

The Head of the Outsourced Internal Audit Function shall have unrestricted access to the Audit Committee Members and report functionally directly to the Audit Committee whose scope of responsibility includes overseeing the internal audit functions.

The Company has outsourced its internal audit functions to RSM Corporate Consulting Sdn Bhd ("RSM") at a fee of RM26,400 for the financial year ended 31 December 2016. The main role of RSM is to review the effectiveness of risk management, internal controls and governance procedures within the Group.

The representative(s) of RSM shall have unrestricted access to the Audit Committee Members and report to the Audit Committee.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF WORK OF THE AUDIT COMMITTEE FOR YEAR 2016

The summary of work of the Audit Committee in discharging its duties and responsibilities were as follows:

1. reviewed the adequacy and relevance of the scope, functions, resources, risk based internal audit plan and results of the internal audit processes with the internal auditors;
2. reviewed the audit activities carried out by the internal auditors and the audit reports to ensure corrective actions are taken in addressing the risk issues reported;
3. reviewed the significant or material risks identified as a result of the review conducted by management;
4. reviewed with the assistance of the management, the adequacy, appropriateness and compliance of the procedures established to monitor recurrent related party transactions;
5. reviewed all related party transactions (if any) entered into by the Company and the Group at the Audit Committee's quarterly meetings to ensure that the transactions entered into were at arm's length basis and on normal commercial terms;
6. reviewed with external auditors, the Group's audit plan for the year (inclusive of risk and audit approach, system evaluation, audit fees, issues raised and management responses) prior to the commencement of the annual audit;
7. reviewed the financial statements, the audit report, issues and reservations arising from audit and the management letter with the external auditors;
8. met with the external auditors on 25 February 2016 and 5 April 2016 without the presence of management staff and the Executive Director twice during the financial year ended 31 December 2016;
9. met with the internal auditors on 24 November 2016 without the presence of the management staff and the Executive Director during the financial year ended 31 December 2016;
10. reviewed the quarterly and year end financial statements with management for recommendation to the Board of Directors for approval and release to Bursa Securities;

Dates of Meetings	Financial Reporting Statements Reviewed
25 February 2016	Fourth quarter results as well as the unaudited results of the Group for the financial year ended 31 December 2015
25 February 2016	Corporate Governance Statement, Audit Committee Report, Statement on Risk Management and Internal Control, Other Compliance Information and Chairman's Statement for the Board's approval and disclosure in the Company's Annual Report 2015
7 April 2016	Audited financial statements of the Group for the financial year ended 31 December 2015
24 May 2016	First quarter results for the financial year ended 31 December 2016
25 August 2016	Second quarter results for the financial year ended 31 December 2016
24 November 2016	Third quarter results for the financial year ended 31 December 2016
24 November 2016	Corporate Governance Statement, Audit Committee Report, Statement on Risk Management and Internal Control and Other Compliance Information for the Board's approval and disclosure in the Company's Annual Report 2016

AUDIT COMMITTEE REPORT (CONT'D)

11. updated and advised the Board on any latest changes and circulars issued by the accountancy, statutory and regulatory bodies;
12. reported to the Board on significant issues and concerns discussed during the Audit Committee's meetings together with applicable recommendations. Minutes of meetings of the Audit Committee were made available to all Board members;
13. reviewed and approved the Audit Committee Report for the financial year ended 31 December 2016 for inclusion in the Company's Year 2016 Annual Report;
14. reviewed the disclosure statements on compliance of the Malaysian Code on Corporate Governance 2012 and Directors' Responsibility Statement on the annual audited financial statements for inclusion in the Company's Year 2016 Annual Report;
15. recommended to the Board the appointment of Messrs Baker Tilly Monteiro Heng, a firm of chartered accountants, as external auditors of the Group for the financial year ended 31 December 2016.

SUSTAINABILITY POLICY

The Board acknowledges that Dolomite Corporation Berhad will be judged not solely on its financial performance, but increasingly on its wider impact and role within society. The Malaysian Code on Corporate Governance 2012 recommends the Board to ensure the Company's strategies promote sustainability especially in the aspect of environment, social and governance.

As a responsible corporate body, the Group remains committed to its principle of maintaining a balance between its economic, social and environmental responsibilities to the community, environment, workplace and marketplace in its business dealings and operating environments. Health & safety and environmental issues have always been the priority concern of the Group in all its operating, manufacturing, construction or property development activities.

While pursuing its business goal in enhancing and upholding the bottomline and shareholders' value, the Group has consistently been involved in various programmes organized by charitable organizations. The Group has also been contributing to the needy and less fortunate groups in society.

As such, the Board is pleased to set out below its sustainability commitment that will provide positive impact towards the Company's sustainable development. The sustainability policy is available at the Company's website at www.dolomite.com.my.

DIVERSITY POLICY

The Board is pleased to set out below its approach to boardroom diversity as recommended by the Malaysian Code on Corporate Governance 2012.

POLICY

The Company is committed to actively managing diversity as a means of enhancing the Company's performance by recognising and utilising the contribution of diverse skills and talent from its directors, officers and employees.

Diversity involves recognising and valuing the unique contribution people can make because of their individual background and different skills, experiences and perspectives. Diversity may result from a range of factors including age, gender, ethnicity, cultural background or other personal factors. The Company values the differences between its people and the contribution these differences make to the Company.

1. ROLE OF THE BOARD

It is the responsibility of the Board to foster an environment where:

- (a) Individual differences are respected.
- (b) The ability to contribute and access employment opportunities is based on performance, skill and merit.
- (c) The workplace embraces and promotes diversity, recognizing and accepting the individual differences across the Group.

2. OBJECTIVES

The Company encourages diversity in employment, and in the composition of its Board, as a means of ensuring the Company has an appropriate mix of skills and talent to conduct its business and achieve the Company's goals.

Specifically, the Company will provide equal opportunities in respect to employment and employment conditions, including:

- (a) Hiring : The Board will ensure appropriate selection criteria based on diverse skills, experience and perspectives is used when hiring new staff, including Board members. Job specifications, advertisements, application forms and contracts will not contain any direct or inferred discrimination. The Board is empowered to engage professional consultants to assist in the hiring process by presenting diverse candidates to the Company for consideration.
- (b) Training : All internal and external training opportunities will be based on merit and in light of Company and individual needs. The Board will consider senior management training and executive mentoring programs to develop skills and experience to prepare employees for senior management and Board positions.
- (c) Career Advancement : All decisions associated with career advancement, including promotions, transfers, and other assignments, will meet the Company's needs and be determined on skill and merit.

3. BOARDROOM DIVERSITY

The Board is of the view that, while it is important to promote boardroom diversity in terms of gender, age and ethnicity, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority. The Nomination Committee has been tasked by the Board to continuously look for people with diverse skills and talent that can contribute to the Company.

DIVERSITY POLICY (CONT'D)

4. WORK ENVIRONMENT

Diversity is seen as an asset to organisations. It is an integral part of how business is carried out and imperative to commercial success. The Group recognizes that building a diverse workforce will result in improved service to clients and significant return to shareholders.

The Company will provide a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity.

5. REPORTING RESPONSIBILITY

It is the responsibility of all directors, officers and employees to comply with the Company's Diversity Policy. Any breach of compliance with this Diversity Policy is to be reported directly to the Chairman of the Board or the Audit Committee Chairman.

The contact details of the Chairman of the Board and Audit Committee Chairman where concerns can be raised by the employee are as follow:

Chairman of the Board

Audit Committee Chairman

Phone : 03-61857830

Phone : 03-61956081

Email : cmboard@dolomite.com.my

Email : acommittee@dolomite.com.my

6. SUMMARY OF DIVERSITY POLICY

The Board has adopted a Diversity Policy which describes the Company's commitment to ensuring a diverse mix of skills and talent exists amongst its directors, officers and employees, to enhance Company's performance. The Diversity Policy addresses equal opportunities in the hiring, training and career advancement of directors, officers and employees. The Board is responsible for monitoring Company performance in meeting the Diversity Policy requirements.

The workforce diversity is tabulated as follows:-

Ethnicity	Total Number	2016			
		Top Management (%)	Senior & Mid Management (%)	Executive (%)	Non-Executive (%)
Bumiputra	14	14	0	19	8
Chinese	139	86	90	69	83
Indian	15	0	10	12	9
Others	0	0	0	0	0
	168	100	100	100	100

DIVERSITY POLICY (CONT'D)

Age Group	Total Number	2016			
		Top Management (%)	Senior & Mid Management (%)	Executive (%)	Non-Executive (%)
20-29 years	55	0	5	50	37
30-39 years	53	0	40	19	34
40-49 years	37	14	25	19	22
50-59 years	10	14	20	6	3
60 years & above	13	72	10	6	4
	168	100	100	100	100
Gender	Total Number	Top Management (%)	Senior & Mid Management (%)	Executive (%)	Non-Executive (%)
Male	128	100	65	75	77
Female	40	0	35	25	23
	168	100	100	100	100
TOTAL (Malaysians)	63	7	12	16	28
TOTAL (Non-Malaysians)	105	0	8	0	97

OTHER COMPLIANCE INFORMATION

1. STATUS OF UTILISATION OF PROCEEDS

On 22 May 2015, Dolomite Berhad ("DB"), a wholly-owned subsidiary, had entered into a share sale agreement ("SSA") with Sinergi Dayang Sdn Bhd ("Purchaser") for the disposal of 1,250,001 ordinary shares of RM1.00 each, representing an equity interest of 50% + 1 ordinary share of RM1.00 in the issued and paid-up share capital of D'Marina Sdn Bhd ("DMSB"), for a total cash consideration of RM4,697,228.76 ("Purchase Price") ("Disposal").

As an integral part of the Disposal, DB had further agreed to novate all sums due and owing by DMSB to DB (comprising outstanding advances and interest thereon, management fee and contract works) as at the Completion Date to the Purchaser and on the date of completion of the Proposed Disposal ("Completion Date") for a total novation consideration of RM15,302,771.24 ("Novation Consideration") and upon such other terms and conditions as are contained in an agreed form Deed of Novation annexed to the SSA. The Purchase Price and the Novation Consideration amounted to the aggregate sum of RM20,000,000 ("Offer Price").

The Disposal was completed on 19 January 2016. The proceeds raised from the Disposal totalling RM22,354,072.95 comprising the Offer Price as adjusted upwards by an adjustment amount of RM2,354,072.95 were fully utilised within the intended timeframe of six (6) months. The details of the utilisation are as follows:

Proceeds	Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation RM'000
Advance payment	Working capital	10,000	10,000	By 14.06.2016
Final balance	Working capital	12,354	12,124	By 19.07.2016
	To defray expenses relating to the Disposal	-	230	
Gross proceeds		22,354	22,354	

2. AUDIT AND NON-AUDIT FEES

The fees payable to the External Auditors in relation to the audit and non-audit services rendered to the Company and its subsidiaries for the financial year ended 31 December 2016 are as follow:

	The Group RM'000	The Company RM'000
Audit Fees	244	87
Non-Audit Fees	16	5
Total	260	92

OTHER COMPLIANCE INFORMATION (CONT'D)

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and the Group involving Directors' or major shareholders' interest.

4. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE

There were no recurrent related party transactions of revenue nature during the financial year ended 31 December 2016.



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 10 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	5,150	1,941
Attributable to:		
Owners of the Company	5,150	1,941

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2016.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

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

DIRECTORS' REPORT (CONT'D)

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND AN UNUSUAL NATURE

In the opinion of the directors:

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT (CONT'D)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company:

- (i) there were no changes in the authorised share capital of the Company;
- (ii) the Company increased its issued and paid-up share capital from RM132,714,808 to RM136,289,229 by the issuance of 7,148,842 new ordinary shares of RM0.50 each upon the exercise of 7,148,842 Warrants at an exercise price of RM0.50 per share; and
- (iii) There were no issues of debentures issued by the Company.

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

OPTIONS GRANTED OVER UNISSUED SHARES

Warrants

The Company issued 12,386,428 Warrants which were listed on the Main Market of Bursa Malaysia Securities Berhad on 14 August 2012, pursuant to the rights issue with Warrants on the basis of one (1) Warrant for every one (1) Rights Redeemable Convertible Preference Shares ("RCPS") subscribed. The number of Warrants exercised during the financial year amounted to RM7,148,842.

The salient features of the Warrants as constituted in the Deed Poll dated 21 June 2012 are as follows:

Terms	Details
Detachability	The Warrants are immediately detachable upon allotment and issue of the Rights RCPS. The Warrants will be traded separately.
Exercise Price	RM0.50 payable in full upon the exercise of each Warrant. The Exercise Price and the number of outstanding Warrants shall however be subject to the adjustments in accordance with the terms and provisions of the Deed Poll during the Exercise Period.
Exercise Period	The Warrants may be exercised any time during the tenure of the Warrants of five (5) years including and commencing from the issue date of the Warrants. Warrants not exercised during the Exercise Period will thereafter become lapse and void.
Exercise Rights	Each Warrant entitles the registered holder to subscribe for one (1) new ordinary share of RM0.50 each in the Company at the Exercise Price during the Exercise Period and shall be subject to adjustments in accordance with the Deed Poll.
Deed Poll	The Warrants will be constituted by the Deed Poll.
Board Lots	The Warrants are tradable upon listing on Bursa Securities in board lots of 100 units carrying the right to subscribe for 100 new ordinary shares of RM0.50 each of the Company at any time during the Exercise Period or such other number of units as may be prescribed by Bursa Securities.

DIRECTORS' REPORT (CONT'D)

OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

Warrants (Cont'd)

Terms	Details
Ranking of the new ordinary shares to be issued pursuant to the exercise of the Warrants	The new ordinary shares to be issued upon the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the issued and paid-up ordinary shares of the Company, except that they will not be entitled to any dividends, rights, allotment and/or other distributions, the entitlement date of which is before the date of allotment of the said new ordinary shares.
Adjustment in the Exercise Price and/or the number of Warrants held by warrant holders in event of alteration to the share capital	Subject to the provision in the Deed Poll, the Exercise Price and the number of Warrants held by each Warrant holder shall be adjusted by the Board in consultation with the adviser and certification of the external auditors of the Company, in the event of alteration to the share capital of the Company.
Further issues	Subject to the provision in the Deed Poll, the Company is free to issue shares to shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit but the warrant holders will not have any participating rights in such issue unless otherwise resolved by the Company in general meeting.
Governing laws	Laws of Malaysia.

The summary of the movements of Warrants is as follows:

Issue date	Expiry date	Number of Warrants			At 31.12.2016
		At 1.1.2016	Granted	Exercised	
9 August 2012	8 August 2017	9,696,017	-	(7,148,842)	2,547,175

DIRECTORS

The directors in office since the date of the last report are:

TAN SRI DATO' SERI MOHD JAMIL BIN JOHARI
 LIM BENG KEAT
 HUANG JEN SOONG
 LEW CHOONG KEONG
 DOMINIC AW KIAN-WEE
 SEOW YOO LIN
 JEFFREY GERARD GOMEZ (Demised on 6 July 2016)

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM0.50 Each			
	At 1.1.2016	Bought	Sold	At 31.12.2016
Direct interest:				
Lim Beng Keat	44,011,626	-	-	44,011,626
Huang Jen Soong	16,904,150	-	-	16,904,150
Lew Choong Keong	510,000	-	-	510,000
Indirect interest:				
Huang Jen Soong #	81,212,338	7,148,842	-	88,361,180

	Number of RCPS of RM0.01 Each			
	At 1.1.2016	Bought	Sold	At 31.12.2016
Direct interest:				
Lim Beng Keat	1,000,000	-	-	1,000,000
Huang Jen Soong	1,925,231	-	-	1,925,231
Lew Choong Keong	40,000	-	-	40,000
Indirect interest:				
Huang Jen Soong #	7,148,842	-	-	7,148,842

	Number of Warrants			
	At 1.1.2016	Bought	Sold	At 31.12.2016
Direct interest:				
Lim Beng Keat	1,000,000	-	-	1,000,000
Lew Choong Keong	40,000	-	-	40,000
Indirect interest:				
Huang Jen Soong #	7,148,842	-	(7,148,842)	-

Deemed interested by virtue of his wife, Madam Yap Koon Wah's substantial shareholding in Bong Sin Rubber Estates Company Sdn. Bhd. and Bong Sin Construction Company Sdn. Bhd..

By virtue of their substantial shareholding in the Company, and pursuant to Section 6A of the Companies Act 1965 in Malaysia, Lim Beng Keat and Huang Jen Soong are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company has an interest.

Other than as stated above, none of the other director in office at the end of the financial year had any interest in ordinary shares of the Company and its related corporations during the financial year.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 31 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 40 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 41 to the financial statements.

AUDITORS

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

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

TAN SRI DATO' SERI MOHD JAMIL BIN JOHARI

Director

LEW CHOONG KEONG

Director

Date: 26 April 2017

STATEMENT BY DIRECTORS

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

We, **TAN SRI DATO' SERI MOHD JAMIL BIN JOHARI** and **LEW CHOONG KEONG**, being two of the directors of DOLOMITE CORPORATION BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements as set out on pages 52 to 138 are drawn up in accordance with the Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 139 has been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

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

TAN SRI DATO' SERI MOHD JAMIL BIN JOHARI

Director

LEW CHOONG KEONG

Director

Kuala Lumpur

Date: 26 April 2017

STATUTORY DECLARATION

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

I, **LO SZE MIN**, being the officer primarily responsible for the financial management of DOLOMITE CORPORATION BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements as set out on pages 52 to 138 and the supplementary information set out on page 139 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

LO SZE MIN

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 26 April 2017.

Before me,

MOHD FITRY BIN ABDUL GHANI

W703

Commissioner for oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DOLOMITE CORPORATION BERHAD

(Incorporated in Malaysia)

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Dolomite Corporation Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 138.

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

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.7 to the financial statements, which indicates that as at 31 December 2016, the current liabilities of the Group exceeded its current assets by RM166.198 million. In addition, during and subsequent to the financial year, the Group had defaulted in instalment repayments of principal sums in respect of credit facilities granted by a financial institution as disclosed in Note 25(ii) and Note 41(a) to the financial statements. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company of the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters below to be the key audit matters to be communicated in our report.

Capital work-in-progress (Note 5 to the financial statements)

The Group has significant balance of capital work-in-progress. Capital work-in-progress represents assets which are not in the condition necessary for it to be capable of operating in the manner intended by management ("Intended Condition") at the end of reporting period. Cost of capital work-in-progress consists directly attributable costs that includes costs of testing after deducting the net proceeds while bringing the asset to that Intended Condition. Capital work-in-progress will be transferred to the relevant category of assets and depreciated accordingly when the assets are in the Intended Condition. Significant judgements arise in determining the timing of the assets available for use and to determine the appropriateness of additional directly attributable costs before the assets achieved the Intended Condition.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DOLOMITE CORPORATION BERHAD

(Incorporated in Malaysia)

(CONT'D)

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Our response:

Our audit procedures included, among others:

- reviewing the application process to bring the assets into intended condition;
- reviewing the assessment by the Group to determine the intended condition; and
- testing, on sample basis, the accuracy and relevance of directly attributable costs.

Contingent liabilities (Note 42 to the financial statements)

There are a number of legal and regulatory cases against the Group. Judgement is required to assess the likelihood of these liabilities crystallising, so as to assess whether a liability should be recognised and, if so, the amount of that liability.

Our response:

Our audit procedures included, among others:

- evaluating the Group's assessment of the nature and status of those cases and considering the probability of a liability crystallising;
- where available, reading legal opinion obtained by the Group; and
- obtaining correspondence from external solicitors.

Revenue recognition for property development and construction business (Note 29 to the financial statements)

The amount of revenue recognised in a year is affected by a variety of uncertainties that depend on the outcome of future events. The recognition of revenue requires significant management judgement, in particular with regard to estimating the cost to complete and the amounts of variation orders to be recognised.

Our response:

Our audit procedures on a sample of major projects, in particular those of material by size or otherwise regarded as higher risk because of the nature of the development or contract which included, among others,

- reviewing the controls over the Group's process in recording project costs, preparing project budget and calculating the stage of completion;
- reviewing directors' assumptions by referring to evidence including historical accuracy of the Group's estimates in previous periods, identification and analysis of changes in assumptions from prior periods and an assessment of the consistency of assumptions across projects, and discussing project progress and future risks with project manager; and
- checking the computation of the revenue for each project and considering the implications of identified errors and changes in estimates.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DOLOMITE CORPORATION BERHAD

(Incorporated in Malaysia)
(CONT'D)

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DOLOMITE CORPORATION BERHAD

(Incorporated in Malaysia)

(CONT'D)

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DOLOMITE CORPORATION BERHAD

(Incorporated in Malaysia)
(CONT'D)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Companies Act 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act 1965 in Malaysia.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 10 to the financial statements, being accounts that have been included in the consolidated accounts.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) Other than those subsidiaries with a disclaimer opinion in the auditors' reports as disclosed in Note 10 to the financial statements, the auditors' reports on the accounts of the remaining subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act 1965 in Malaysia.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 139 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

1. The financial statements of the Group and of the Company for the financial year ended 31 December 2015 were audited by another firm of chartered accountants whose report dated 7 April 2016 expressed an unmodified opinion on those financial statements.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Dato' Lock Peng Kuan
No. 02819/10/18 J
Chartered Accountant

Kuala Lumpur

Date: 26 April 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	31.12.2016 RM'000	31.12.2015 RM'000 (Restated)	1.1.2015 RM'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	5	321,915	318,953	256,139
Prepaid lease payments	6	5,188	7,266	9,281
Land use rights	7	2,576	2,702	2,359
Investment properties	8	19,130	17,769	17,769
Intangible assets	9	9,494	10,138	10,879
Other investment	11	-	-	-
Land held for property development	12	27,564	50,003	63,287
Deferred tax assets	13	-	-	22
Other receivables, deposits and prepayments	14	-	-	11,200
		385,867	406,831	370,936
Current assets				
Property development costs	15	113,561	103,920	88,595
Inventories	16	20,112	19,697	18,866
Trade receivables	17	22,584	20,634	34,456
Other receivables, deposits and prepayments	14	42,235	56,212	34,628
Current tax assets		342	-	224
Deposits with licensed banks	19	-	-	573
Cash and bank balances	20	2,624	3,172	6,257
		201,458	203,635	183,599
Non-current assets classified as held for sale	21	10,351	26,597	-
TOTAL ASSETS		597,676	637,063	554,535

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

(CONT'D)

	Note	31.12.2016 RM'000	31.12.2015 RM'000 (Restated)	1.1.2015 RM'000 (Restated)
EQUITY AND LIABILITIES				
Equity				
Share capital	22	136,289	132,715	131,752
Share premium	23	168	46	13
Accumulated losses		(40,825)	(45,975)	(46,680)
Reserves	24	65,871	72,052	73,406
Total equity attributable to owners of the Company		161,503	158,838	158,491
Non-controlling interests	10	-	(6,842)	(5,614)
Total Equity		161,503	151,996	152,877
Liabilities				
Non-current liabilities				
Loans and borrowings	25	39,107	221,360	179,046
Deferred tax liabilities	13	437	693	104
Other payables	26	18,622	17,205	17,476
		58,166	239,258	196,626
Current liabilities				
Trade payables	27	35,697	32,752	31,066
Other payables, deposits and accruals	26	76,543	80,162	50,420
Provision	28	1,704	-	5,731
Loans and borrowings	25	254,660	104,128	108,365
Tax liabilities		9,403	7,929	9,450
		378,007	224,971	205,032
Liabilities classified as held for sale	21	-	20,838	-
Total Liabilities		436,173	485,067	401,658
TOTAL EQUITY AND LIABILITIES		597,676	637,063	554,535

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	31.12.2016 RM'000	31.12.2015 RM'000 (Restated)	1.1.2015 RM'000 (Restated)
ASSETS				
Non-current assets				
Investment in subsidiaries	10	181,989	182,009	182,069
Current assets				
Other receivables, deposits and prepayments	14	12	14	6
Amounts owing by subsidiaries	18	125,161	94,570	59,520
Current tax assets		-	-	179
Cash and bank balances	20	69	69	27
		125,242	94,653	59,732
TOTAL ASSETS		307,231	276,662	241,801
EQUITY AND LIABILITIES				
Equity				
Share capital	22	136,289	132,715	131,752
Share premium	23	168	46	13
Accumulated losses		(7,856)	(9,797)	(9,880)
Reserves	24	68,737	68,859	68,892
Total Equity		197,338	191,823	190,777
Liabilities				
Non-current liabilities				
Loans and borrowings	25	-	5,978	5,978
Current liabilities				
Other payables, deposits and accruals	26	11,818	534	326
Amounts owing to subsidiaries	18	91,994	78,249	44,720
Loans and borrowings	25	5,978	-	-
Tax liabilities		103	78	-
		109,893	78,861	45,046
Total Liabilities		109,893	84,839	51,024
TOTAL EQUITY AND LIABILITIES		307,231	276,662	241,801

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Revenue	29	105,774	93,779	10,000	6,000
Cost of sales	30	(71,814)	(74,673)	-	-
Gross profit		33,960	19,106	10,000	6,000
Other income		12,989	17,413	729	514
Marketing and distribution expenses		(3,869)	(4,542)	-	-
Administrative expenses		(9,829)	(16,528)	(930)	(1,016)
Other expenses		(14,868)	(3,175)	(20)	(60)
		(28,566)	(24,245)	(950)	(1,076)
Profit from operations		18,383	12,274	9,779	5,438
Finance costs		(6,620)	(7,382)	(7,726)	(5,267)
Profit before tax	31	11,763	4,892	2,053	171
Tax expense	32	(6,613)	(5,415)	(112)	(88)
Profit/(Loss) for the financial year		5,150	(523)	1,941	83
Other comprehensive loss, net of tax					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations		(6,059)	(1,321)	-	-
Total comprehensive (loss)/income for the financial year		(909)	(1,844)	1,941	83
Profit/(Loss) attributable to:					
Owners of the Company		5,150	705	1,941	83
Non-controlling interests		-	(1,228)	-	-
		5,150	(523)	1,941	83
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(909)	(616)	1,941	83
Non-controlling interests		-	(1,228)	-	-
		(909)	(1,844)	1,941	83
Earnings per share attributable to owners of the Company					
- Basic (sen)	33	1.91	0.27		
- Diluted (sen)	33	1.91	0.27		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Attributable to Owners of the Company										Total Equity RM'000
	Non-Distributable					Distributable					
	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Foreign Currency Translation Reserve RM'000	Warrants Reserve RM'000	Accumulated Losses RM'000	Sub-total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000		
At 1 January 2016	132,715	46	68,694	3,193	165	(45,975)	158,838	(6,842)	151,996		
Total comprehensive loss for the financial year	-	-	-	-	-	5,150	5,150	-	5,150		
Profit for the financial year	-	-	-	-	-	5,150	5,150	-	5,150		
Other comprehensive loss for the financial year	-	-	-	(6,059)	-	-	(6,059)	-	(6,059)		
Total comprehensive loss	-	-	-	(6,059)	-	5,150	(909)	-	(909)		
Transactions with owners											
Issuance of shares upon exercise of warrants	3,574	122	-	-	(122)	-	3,574	-	3,574		
Changes of ownership interests in a subsidiary	-	-	-	-	-	-	-	6,842	6,842		
Total transactions with owners	3,574	122	-	-	(122)	-	3,574	6,842	10,416		
At 31 December 2016	136,289	168	68,694	(2,866)	43	(40,825)	161,503	-	161,503		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

	← Attributable to Owners of the Company →		← Non-Distributable →		← Distributable →				
	Share Capital	Share Premium	Capital Reserve	Foreign Currency Translation Reserve	Warrants Reserve	Accumulated Losses		Sub-total	Non-Controlling Interests
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015, as previously reported	131,752	107	68,694	4,514	1,627	(46,680)	160,014	(5,614)	154,400
Effect of retrospective reinstatement	-	(94)	-	-	(1,429)	-	(1,523)	-	(1,523)
At 1 January 2015, as restated	131,752	13	68,694	4,514	198	(46,680)	158,491	(5,614)	152,877
Total comprehensive loss for the financial year									
Loss for the financial year	-	-	-	-	-	397	397	(1,228)	(831)
Other comprehensive loss for the financial year	-	-	-	(1,013)	-	-	(1,013)	-	(1,013)
Total comprehensive loss, as previously reported	-	-	-	(1,013)	-	397	(616)	(1,228)	(1,844)
Effect of retrospective reinstatement	-	-	-	(308)	-	308	-	-	-
Total comprehensive loss, restated	-	-	-	(1,321)	-	705	(616)	(1,228)	(1,844)
Transactions with owners									
Issuance of shares upon exercise of warrants	963	270	-	-	(270)	-	963	-	963
Total transactions with owners, as previously reported	963	270	-	-	(270)	-	963	-	963
Effect of retrospective reinstatement	-	(237)	-	-	237	-	-	-	-
Total transactions with owners, restated	963	33	-	-	(33)	-	963	-	963
At 31 December 2015	132,715	46	68,694	3,193	165	(45,975)	158,838	(6,842)	151,996

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	← Attributable to Owners of the Company →					Total Equity RM'000
		Share Capital RM'000	Share Premium RM'000	← Non-Distributable → Capital Reserve RM'000	Warrants Reserve RM'000	Distributable Accumulated Losses RM'000	
At 1 January 2015, as previously reported		131,752	107	68,694	1,627	(9,880)	192,300
Effect of retrospective reinstatement		-	(94)	-	(1,429)	-	(1,523)
At 1 January 2015, as restated		131,752	13	68,694	198	(9,880)	190,777
Total comprehensive income for the financial year							
Profit for the financial year		-	-	-	-	83	83
Total comprehensive income		-	-	-	-	83	83
Transactions with owners							
Issuance of shares upon exercise of Warrants		963	270	-	(270)	-	963
Total transactions with owners, as previously reported		963	270	-	(270)	-	963
Effect of retrospective reinstatement		-	(237)	-	237	-	-
Total transactions with owners, as restated	24(c)	963	33	-	(33)	-	963
At 31 December 2015		132,715	46	68,694	165	(9,797)	191,823
At 1 January 2016		132,715	46	68,694	165	(9,797)	191,823
Total comprehensive income for the financial year							
Profit for the financial year		-	-	-	-	1,941	1,941
Total comprehensive income		-	-	-	-	1,941	1,941
Transactions with owners							
Issuance of shares upon exercise of warrants	24(c)	3,574	122	-	(122)	-	3,574
Total transactions with owners		3,574	122	-	(122)	-	3,574
At 31 December 2016		136,289	168	68,694	43	(7,856)	197,338

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Note	Group		Company	
	2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Cash flows from operating activities				
Profit before tax	11,763	4,892	2,053	171
Adjustments for:				
Amortisation of:				
- intangible assets	642	659	-	-
- land use rights	61	61	-	-
- prepaid lease payments	2,078	1,933	-	-
Bad debts written off	-	13	-	-
Depreciation of property, plant and equipment	2,311	1,958	-	-
Dividend income	-	-	(10,000)	(6,000)
Gain on compulsory land acquisition	-	(10,207)	-	-
Gain on disposal of:				
- a subsidiary	(9,753)	-	-	-
- property, plant and equipment	(7)	-	-	-
Gain on fair value changes on investment properties	(1,361)	-	-	-
Gain on fair value adjustment on retention sum	(529)	-	-	-
Impairment loss on:				
- intangible assets	-	163	-	-
- investment in a subsidiary	-	-	20	60
- trade receivables	44	27	-	-
Interest expense	6,620	7,352	7,726	5,267
Interest income	(26)	(389)	(729)	(514)
Provision for liquidated ascertained damages	2,952	621	-	-
Reversal of impairment losses on:				
- trade receivables	-	(17)	-	-
- trade receivables previously written off	-	(100)	-	-
Unrealised loss/(gain) on foreign exchange	10,516	(4,827)	-	-
Unwinding of fair value adjustment on other payables	1,243	2,285	-	-
Operating profit/(loss) before changes in working capital	26,554	4,424	(930)	(1,016)
Changes in working capital:				
Property development costs	2,447	(16,129)	-	-
Inventories	(464)	(1,104)	-	-
Trade and other receivables	6,872	7,589	2	(8)
Trade and other payables	8,447	34,759	(216)	208
Provision	(1,248)	(6,352)	-	-
Net cash flows generated from/(used in) operations, carried forward	42,608	23,187	(1,144)	(816)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(CONT'D)

	Note	Group		Company	
		2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Net cash flows generated from/(used in) operations, brought forward		42,608	23,187	(1,144)	(816)
Interest paid		(6,620)	(7,352)	(433)	(433)
Interest received		26	370	-	-
Tax paid		(5,737)	(6,403)	(88)	(32)
Tax refunded		-	302	-	201
Net cash flows from/(used in) operating activities		30,277	10,104	(1,665)	(1,080)
Cash flows from investing activities					
Capital work-in-progress incurred	5(a)	(12,916)	(22,446)	-	-
Dividend received		-	-	10,000	6,000
Interest received		-	19	-	-
Net advances to subsidiaries		-	-	(29,862)	(34,536)
Net placement of deposits pledged with licensed bank		-	(15)	-	-
Proceeds from disposal of property, plant and equipment		7	-	-	-
Proceeds from disposal of a subsidiary	10(a)	12,135	-	-	-
Purchase of property, plant and equipment	5(a)	(133)	(585)	-	-
Purchase of intangible assets	9	-	(77)	-	-
Net cash flows from/(used in) investing activities		(907)	(23,104)	(19,862)	(28,536)
Cash flows from financing activities					
Drawdown of loans and borrowings		30,242	41,773	-	-
Net advances from a director		6,800	4,700	11,500	-
Net advances from subsidiaries		-	-	6,453	28,695
Net repayment to a third party		(713)	(700)	-	-
Proceeds from exercise of warrants	22	3,574	963	3,574	963
Repayment of finance lease liabilities		(884)	(1,014)	-	-
Repayment of loans and borrowings		(72,959)	(32,534)	-	-
Net cash flows (used in)/from financing activities		(33,940)	13,188	21,527	29,658
Net (decrease)/increase in cash and cash equivalents		(4,570)	188	-	42
Effect of exchange rate changes on cash and cash equivalents		(44)	601	-	-
Cash and cash equivalents at the beginning of the financial year		(32,362)	(33,151)	69	27
Cash and cash equivalents at the end of the financial year	20	(36,976)	(32,362)	69	69

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

1. CORPORATE INFORMATION

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

The registered office of the Company is located at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at 19, Dolomite Park Avenue, Jalan Batu Caves, 68100 Batu Caves, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to FRSs

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

Amendments/improvements to FRSs

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

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

The Group and the Company have not adopted the following new FRS, amendments/improvements to FRSs and new IC Int that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

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

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

FRS 9 Financial Instruments

Key requirements of FRS 9:

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

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

FRS 9 Financial Instruments (cont'd)

Key requirements of FRS 9: (cont'd)

- FRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.
- FRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

Amendments to FRS 1 First-time Adoption of MFRSs

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

Amendments to FRS 107 Statement of Cash Flows

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

Amendments to FRS 112 Income Taxes

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

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

Amendments to FRS 128 Investments in Associates and Joint Ventures

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

Amendments to FRS 140 Investment Property

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

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

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

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

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

IC Int 22 Foreign Currency Transactions and Advance Consideration

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

MASB Approved Accounting Standard s, MFRSs

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

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

MASB Approved Accounting Standard s, MFRSs (cont'd)

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

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

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

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

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

MFRS 15 Revenue from Contracts with Customers

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

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

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

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

MFRS 16 Leases

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

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

MASB Approved Accounting Standard s, MFRSs (cont'd)

MFRS 141 Agriculture

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

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

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

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

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

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

2.4 Functional and presentation currency

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

2.5 Basis of measurement

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.6 Use of estimates and judgement

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

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

2.7 Fundamental accounting principle

The financial statements of the Group have been prepared on the assumption that the Group will continue as a going concern. The application of the going concern basis is based on the assumption that the Group will be able to realise its assets and liquidate its liabilities in the normal course of business.

As at 31 December 2016, the current liabilities of the Group exceeded its current assets by RM166.198 million. In addition, during and subsequent to the financial year, the Group had defaulted in instalment repayments of principal sums in respect of credit facilities granted by a financial institution as disclosed in Note 25(ii) and Note 41(a) to the financial statements. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The directors of the Company are of the opinion that the preparation of the financial statements of the Group on a going concern basis remains appropriate given the following measures being taken or will be taken by the Group to mitigate the existence of material uncertainty on going concern and to meet its obligations falling due within the next 12 months which, include amongst others:

- i) The Group had engaged in several discussions with the financial institution ("FI") prior to the first due date for repayment. During this period, the Group has agreed to the request of the FI to service interest payments. The discussion between the Group and the FI includes the request to revise the tenure of the loan and to restructure the loan in order to complement the prolonged completion of the thermal power plant for it to become operational in the manner intended by the Group;
- ii) The Group had concurrently engaged with another bank to explore alternative refinancing arrangement for the thermal power plant;
- iii) The Group is exploring with potential purchasers who indicated their interest to acquire the thermal power plant; and
- iv) As an alternative, the Group is also looking at monetising certain property assets of the Group.

If these are not forthcoming, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Accordingly, the financial statements may require adjustments relating to the recoverability and classification of recorded assets and liabilities that may be necessary should the Group be unable to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

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

(a) Subsidiaries and business combination

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

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

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

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

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

The accounting policy for goodwill is set out in Note 3.10(a).

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

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

3.1 Basis of consolidation (cont'd)

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

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

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

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

(b) Non-controlling interests

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

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

(c) Joint arrangements

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

Joint arrangements are classified and accounted for as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

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

3.1 Basis of consolidation (cont'd)

(c) Joint arrangements (cont'd)

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

The Group has 50% (2015: 50%) effective ownership interest in an Indian incorporated jointly controlled entity, Dolomite Berhad – ALS Limited JV, whose principal activity is providing construction services for the National Highway Authority in India. The carrying amount of this interest has been reduced to Nil as the Group's share of losses has exceeded its interest.

(d) Transactions eliminated on consolidation

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

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

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries, joint ventures and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.17(b).

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

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

3.3 Foreign currency transactions and operations (cont'd)

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

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

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

(b) Translation of foreign operations

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

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

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

3.4 Financial instruments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

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

3.4 Financial instruments (cont'd)

(a) Subsequent measurement

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

(i) Financial assets

Loans and receivables

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

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.17(a). Gains and losses are recognised in profit or loss through the amortisation process.

Available-for-sale financial assets

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

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

(ii) Financial liabilities

Other financial liabilities

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

(b) Financial Guarantee Contracts

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

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

3.4 Financial instruments (cont'd)

(c) Regular way purchase or sale of financial assets

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

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

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

(d) Derecognition

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

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

(e) Offsetting of financial instruments

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

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.17(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.23.

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

NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

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

3.5 Property, plant and equipment (cont'd)

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment, is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives. The principal depreciation rates are as follows:

Buildings	2%
Motor vehicles	10% - 20%
Plant, machinery and equipment	9.5% - 12.5%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

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

3.6 Leases

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

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

(a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

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

3.6 Leases (cont'd)

(a) Lessee accounting (cont'd)

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

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

(b) Lessor accounting

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

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

3.7 Prepaid lease payments

Leases in which the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases. Lease prepayment is stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is recognised in profit or loss on a straight-line basis over the unexpired term of the leases.

3.8 Land use rights

Land use rights are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is recognised in profit or loss on a straight-line basis over the term of the leases.

3.9 Investment properties

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

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

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.23.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

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

3.9 Investment properties (cont'd)

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

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

3.10 Goodwill and other intangible assets

(a) Goodwill

Goodwill arising from business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.17(b).

(b) Quarry and mining development costs

Quarry and mining development costs are stated at cost and represent expenditure that is directly attributable to the quarry/mining development activities or that can be allocated on a reasonable basis to such activities.

(c) Computer software

Computer software that are required by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.17(b).

(d) Amortisation

The amortisation methods used and the estimated useful lives are as follows:

	Method	Useful lives (years)
Quarry and mining development costs	Straight-line	10 – 50
Computer software	Straight-line	8

The residual values, useful lives and amortisation methods are reviewed at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

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

3.11 Property development

(a) Land held for property development

Land held for property development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current assets and is stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.17(b).

Land held for property development will be reclassified to property development costs when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

(b) Property development costs

Property development costs consist of the cost of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the percentage of completion method. The stage of completion is determined by the proportion of property development costs incurred for the work performed up to the reporting date over the estimated total property development costs to completion. Under this method, profits are recognised as the property development activity progresses.

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

Any foreseeable loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately in profit or loss. Property development costs not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value. Upon the completion of the development, the unsold completed development properties are transferred to inventories.

Borrowing costs incurred on the property development project are capitalised and included as part of property development costs in accordance with the accounting policy on borrowing costs in Note 3.23.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as advance billings.

3.12 Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on weighted average costs basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

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

3.12 Inventories (cont'd)

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

Property development inventory

Cost includes:

- Freehold and leasehold rights for land
- Amounts paid to contractors for construction
- Borrowing costs, planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

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

3.13 Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billing and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating cycle.

Construction work-in-progress is presented as part of contract assets as amount owing by contract customers in the statements of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amount owing to contract customers which is part of the contract liabilities in the statements of financial position.

3.14 Property development work-in-progress

The Group's property development segments undertake development of housing and office units for sale to customers. Property development work-in-progress represents the gross unbilled amount expected to be collected from purchasers for development work performed to date.

Property development work-in-progress is presented as part of contract assets as accrued billings in the statements of financial position when revenue recognised in the profit or loss exceeds progress billings to purchasers. If progress billings exceed revenue recognised to date, then the difference is presented as progress billings which is part of the contract liabilities in the statements of financial position.

3.15 Non-current assets or disposal groups held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when:

- the asset or disposal group is available for immediate sale in its present condition;
- the management is committed to a plan to sell the asset and the asset or disposal group is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

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

3.15 Non-current assets or disposal groups held for sales (cont'd)

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets or disposal group are measured at the lower of carrying amount and fair value less costs to sell.

Any impairment loss on the disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro-rate basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property that is measured at fair value, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint ventures ceases once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

3.16 Cash and cash equivalents

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

3.17 Impairment of assets

(a) Impairment and uncollectibility of financial assets

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries, associates and joint ventures) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

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

3.17 Impairment of assets (cont'd)

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

Loans and receivables

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

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

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

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

Available-for-sale financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

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

3.17 Impairment of assets (cont'd)

(b) Impairment of non-financial assets

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

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

3.18 Share capital

(a) Ordinary shares

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

(b) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividend payments are discretionary. Dividends thereon are recognised as distributions within equity.

3.19 Compound financial instruments

Compound financial instruments issued by the Company comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any transaction costs that are directly attributable are allocated to the liability and equity components in proportion to the allocated proceeds.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition except on conversion or expiry.

3.20 Provisions

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

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

3.21 Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, returns and taxes.

(a) Property development

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

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

(b) Sales of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(c) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method. The stage of completion method is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Dividend income

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

(f) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

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

3.22 Employee benefits

(a) Short-term employee benefits

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

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3.23 Borrowing costs

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

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

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

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

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

3.24 Income tax

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

(a) Current tax

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

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

3.24 Income tax (cont'd)

(b) Deferred tax

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

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

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

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

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

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3.9, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

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

3.25 Discontinued operation

A disposal group qualifies as discontinued operation if it is a component of an equity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area or operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to reclassified as held for sale. When an operation is classified as discontinued operation, the comparative statements of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

3.26 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Managing Director of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.27 Fair value measurements

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

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

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

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

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

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

3.28 Contingencies

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

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

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

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

3.29 Earnings per share

(i) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

(a) Determining the functional currency

Some subsidiaries of the Group operate in overseas jurisdictions but conduct sales, purchases and other transactions in multiple currencies. Judgement is applied in determining the functional currency wherever the indications are mixed. The Group uses, in a hierarchy, sale indicators as the primary basis, followed by purchase and operating expense indicators, and in the event that those indicators are not conclusive, the currency in which borrowings and other funds are raised for financing the operations.

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

Certain property comprises a portion that is held to earn rental income or capital appreciation, or for both, whilst the remaining portion is held for use in the production or supply of goods and services or for administrative purposes. If the portion held for rental and/or capital appreciation could be sold separately (or leased out separately as a finance lease), the Group account for that portion as an investment property. If the portion held for rental and/or capital appreciation could not be sold or leased out separately, it is classified as investment property only if an insignificant portion of the property is held for use in the production or supply of goods and services or for administrative purposes. Management uses judgement to determine whether any ancillary services are of such significance that a property does not qualify as an investment property.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

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

(c) 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 the property development costs incurred for work performed to date bear to the estimated total property development costs.

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

The carrying amounts of the assets arising from property development activities are disclosed in Note 15.

(d) Construction contract

Significant judgement is used in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue (for contracts other than fixed contracts) and costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the work that are recoverable from the customers. In making judgements, the Group evaluates based on the past experience and work of specialists.

(e) Capital work-in-progress

Capital work-in-progress represents assets which are not in the condition necessary for it to be capable of operating in the manner intended by the Group ("Intended Condition") at the end of reporting period. Cost of capital work-in-progress consists directly attributable costs that includes costs of testing after deducting the net proceeds while bringing the asset to that Intended Condition. Capital work-in-progress will be transferred to the relevant category of assets and depreciated accordingly when the assets are in the Intended Condition. Significant judgements arise in determining the timing of the assets available for use and to determine the appropriateness of additional directly attributable costs before the assets achieved the Intended Condition.

(f) Provision

The Group and the Company use a "best estimate" as the basis for measuring a provision. Directors evaluate the estimates based on the Group's and the Company's historical experience and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates made. The carrying amounts of the Group's and the Company's provision are disclosed in Note 28.

(g) Depreciation and useful lives of property, plant and equipment

As disclosed in Note 3.5, the Group reviews the residual values, depreciation rates and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Group's property, plant and equipment are disclosed in Note 5.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

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

(h) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be measured based on quoted prices in active markets, their fair value are measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The information on the fair value measurements of financial assets and liabilities are disclosed in Note 34.

(i) Impairment of goodwill

The Group assesses at each reporting date whether there is any indication that goodwill may be impaired. For the purpose of assessing impairment, assets (including goodwill) are grouped at the lowest level whether there are separately identifiable cash flows (cash-generating units). In determining the value-in-use of a cash-generating unit, management estimates the discounted cash flows using reasonable and supportable inputs about sales, costs of sales and other expenses based on past experience, current events and reasonably possible future developments. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

The recoverable amount of cash generating unit of property development segment was determined based on fair value less costs to sell.

The fair value less costs to sell has been determined after taking into account the intrinsic value of the land held for property development. The land held for property development is determined using a valuation carried out by an independent valuer.

The carrying amount of the Group's goodwill is disclosed in Note 9.

(j) Impairment of financial assets

The Group and the Company recognise impairment losses for loans and receivables using the incurred loss model. At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that loans and receivables is impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

The carrying amounts of the Group's and the Company's financial assets are disclosed in Note 34(a).

NOTES TO THE FINANCIAL STATEMENTS

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

(k) Measurement of income taxes

The Group and the Company operate in various jurisdictions and are subject to income taxes in each jurisdiction. Significant judgement is required in determining the Group's and the Company's estimation for current and deferred taxes because the ultimate tax liability for the Group as a whole is uncertain. When the final outcome of the tax payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group and the Company will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise. The income tax expense of the Group and the Company are disclosed in Note 32.

(l) Write-down of obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories. The carrying amounts of the Group's inventories are disclosed in Note 16.

(m) Contingent liabilities

The Group exercises judgement in measuring and recognising in provisions and the exposure to contingent liabilities related to pending litigation or other outstanding claims. Judgement is required to assess the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of any financial settlement. The inherent uncertainty of such matters means that actual losses may materially differ from estimates.

The information on the contingent liabilities are disclosed in Note 42.

(n) Going concern

As disclosed in Note 2.7 to the financial statements, judgement is made by the directors whether the Group and the Company will be able to continue as a going concern. The financial statements of the Group and of the Company have been prepared on a going concern basis.

(o) Useful lives of other intangible assets

The Group estimates the useful lives to amortise other intangible assets based on the future performance of the assets acquired and management's judgement of the period over which economic benefits will be derived from the assets. The estimated useful lives of other intangible assets are reviewed periodically, taking into consideration factors such as changes in technology. The amount and timing of recorded expenses for any period would be affected by changes in estimates. A reduction in the estimated useful lives of the other intangible assets would increase the recorded expenses and decrease the non-current assets. The carrying amounts of the other intangible assets are disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONT'D)

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

(p) Impairment of non-financial assets

The Group and the Company assess impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's and the Company's estimates, taking into consideration factors such as historical and industry trends, general market and economic conditions and other available information. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

(q) Classification of equity and liability component of convertible bond

The Company has recognised the compound instruments consisting of an equity and liability component. At the issue date, the value of the liability component is determined using a prevailing market interest rate. Judgement is made on the market interest rate used for classification of equity and liability component.

5. PROPERTY, PLANT AND EQUIPMENT

Group 2016	Buildings RM'000	Motor vehicles RM'000	Plant, machinery and equipment RM'000	Capital work-in -progress RM'000	Total RM'000
Cost					
At 1 January 2016	27,221	24,433	64,655	288,458	404,767
Additions	-	377	65	12,916	13,358
Disposals	-	(32)	-	-	(32)
Exchange differences	(298)	(9)	(17)	(7,748)	(8,072)
At 31 December 2016	26,923	24,769	64,703	293,626	410,021
Accumulated depreciation and impairment loss					
At 1 January 2016					
Accumulated depreciation	2,932	24,238	57,791	-	84,961
Accumulated impairment loss	-	-	853	-	853
	2,932	24,238	58,644	-	85,814
Depreciation charge for the financial year	866	275	1,170	-	2,311
Disposals	-	(32)	-	-	(32)
Exchange differences	15	(2)	-	-	13
At 31 December 2016					
Accumulated depreciation	3,813	24,479	58,961	-	87,253
Accumulated impairment loss	-	-	853	-	853
	3,813	24,479	59,814	-	88,106
Carrying amount					
At 31 December 2016	23,110	290	4,889	293,626	321,915

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

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

Group 2015	Buildings RM'000	Motor vehicles RM'000	Plant, machinery and equipment RM'000	Capital work-in -progress RM'000	Total RM'000
Cost					
At 1 January 2015	14,503	25,104	64,169	237,056	340,832
Additions	-	171	414	22,446	23,031
Transfer to disposal group classified as held for sale (Note 21)	-	(884)	(10)	-	(894)
Reclassification	12,051	-	-	(12,051)	-
Exchange differences	667	42	82	41,007	41,798
At 31 December 2015	27,221	24,433	64,655	288,458	404,767
Accumulated depreciation and impairment loss					
At 1 January 2015					
Accumulated depreciation	2,389	24,865	56,586	-	83,840
Accumulated impairment loss	-	-	853	-	853
	2,389	24,865	57,439	-	84,693
Depreciation charge for the financial year	529	235	1,194	-	1,958
Transfer to disposal group classified as held for sale (Note 21)	-	(884)	(6)	-	(890)
Exchange differences	14	22	17	-	53
At 31 December 2015					
Accumulated depreciation	2,932	24,238	57,791	-	84,961
Accumulated impairment loss	-	-	853	-	853
	2,932	24,238	58,644	-	85,814
Carrying amount					
At 31 December 2015	24,289	195	6,011	288,458	318,953

- (a) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM13.358 million (2015: RM23.031 million) which are satisfied by the following:

	Group	
	2016 RM'000	2015 RM'000
Finance lease arrangements	309	-
Cash payments	13,049	23,031
	13,358	23,031

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONT'D)

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

- (b) The carrying amount of property, plant and equipment acquired under finance lease arrangement as at the end of the financial year are as follows:

	Group	
	2016 RM'000	2015 RM'000
Motor vehicles	282	188
Plant, machinery and equipment	1,736	3,901
	2,018	4,089

- (c) The carrying amount of property, plant and equipment pledged as security for banking facilities as disclosed in Note 25 to the financial statements are as follows:

	Group	
	2016 RM'000	2015 RM'000
Buildings	11,542	11,828
Capital work-in-progress	293,626	288,458
	305,168	300,286

- (d) Capital work-in-progress represents infrastructure assets which are not in the condition necessary for it to be capable of operating in the manner intended by the Group ("Intended Condition") at the end of reporting period. The Group has obtained all the necessary approvals from relevant authorities and submitted the application of Power Generation Certificate to Shandong Province National Energy Supervision Office for the plant to be approved for commercial production and capable of operating in the manner intended by the Group. The Power Generation Certificate is obtained subsequent to the financial year.
- (e) The infrastructure assets comprise the construction costs for a public regional thermal power plant in Shandong province of China. Interest expense capitalised for the infrastructure assets during the construction phase for the financial year amounting to RM9.286 million (2015: RM10.102 million).

6. PREPAID LEASE PAYMENTS

	Group	
	2016 RM'000	2015 RM'000
Cost		
At 1 January	30,536	30,848
Disposal during the financial year	-	(312)
At 31 December	30,536	30,536
Accumulated amortisation		
At 1 January	23,270	21,567
Amortisation charge during the financial year	2,078	1,933
Disposal during the financial year	-	(230)
At 31 December	25,348	23,270
Carrying amount		
At 31 December	5,188	7,266

NOTES TO THE FINANCIAL STATEMENTS

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6. PREPAID LEASE PAYMENTS (CONT'D)

The prepaid lease payments relate to a piece of leasehold land held for own use in Malaysia. The leasehold land has a remaining tenure of 3 years (2015: 4 years).

The prepaid lease payments have been pledged to a licensed bank as security for banking facilities granted to the Group.

In the previous financial year, the disposal was related to the compulsory acquisition of land by the Government, resulted in compensation receivable of RM10.289 million.

7. LAND USE RIGHTS

	Group	
	2016 RM'000	2015 RM'000
Cost		
At 1 January	3,216	2,743
Exchange differences	(75)	473
At 31 December	3,141	3,216
Accumulated amortisation		
At 1 January	514	384
Amortisation charge during the financial year	61	61
Exchange differences	(10)	69
At 31 December	565	514
Carrying amount		
At 31 December	2,576	2,702

The land use rights relate to a piece of leasehold land held in Shandong Province of China for the construction of a thermal power plant. The land use rights are non-transferable and have a remaining tenure of 41 years (2015: 42 years).

The land use rights have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 25 to the financial statements.

8. INVESTMENT PROPERTIES

	Group	
	2016 RM'000	2015 RM'000
At fair value:		
At 1 January	17,769	17,769
Net gain arising from fair value adjustment	1,361	-
At 31 December	19,130	17,769

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONT'D)

8. INVESTMENT PROPERTIES (CONT'D)

All of the Group's investment properties are held under freehold interests.

The freehold land has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 25 to the financial statements.

The fair value of investment properties are categorised as follows:

	Group			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
31 December 2016				
Freehold land	-	19,130	-	19,130
31 December 2015				
Freehold land	-	17,769	-	17,769

There are no Level 1 and Level 3 investment properties or transfers between Level 1 and Level 2 during the financial year ended 31 December 2016 or 31 December 2015.

Level 2 fair value

Level 2 fair value of the freehold land has been derived using the market comparison approach performed by an independent valuer. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

Valuation processes applied by the Group

The fair value of investment properties is determined by external independent valuers, Messrs Rahim & Co., a member of the Institute of Valuers in Malaysia, with appropriate recognised professional qualifications and recent experience in the location and category of property being valued. There has been no change to the valuation technique during the financial year.

Highest and best use

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

9. INTANGIBLE ASSETS

Group 2016	Goodwill RM'000	Computer software RM'000	Quarry and mining development costs RM'000	Total RM'000
Cost				
At 1 January 2016	14,764	211	13,884	28,859
Exchange differences	-	(2)	-	(2)
At 31 December 2016	14,764	209	13,884	28,857
Accumulated amortisation				
At 1 January 2016	-	136	8,961	9,097
Amortisation charge for the financial year	-	14	628	642
At 31 December 2016	-	150	9,589	9,739
Accumulated impairment losses				
At 1 January 2016/31 December 2016	7,795	-	1,829	9,624
Carrying amount				
At 31 December 2016	6,969	59	2,466	9,494
2015				
Cost				
At 1 January 2015	14,764	129	13,884	28,777
Additions	-	77	-	77
Exchange differences	-	5	-	5
At 31 December 2015	14,764	211	13,884	28,859
Accumulated amortisation				
At 1 January 2015	-	129	8,308	8,437
Amortisation charge for the financial year	-	6	653	659
Exchange differences	-	1	-	1
At 31 December 2015	-	136	8,961	9,097
Accumulated impairment losses				
At 1 January 2015	7,632	-	1,829	9,461
Impairment loss for the financial year	163	-	-	163
At 31 December 2015	7,795	-	1,829	9,624
Carrying amount				
At 31 December 2015	6,969	75	3,094	10,138

Goodwill is stated at cost and reviewed for impairment annually.

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

The recoverable amount was determined based on fair value less costs to sell.

The fair value less costs to sell has been determined after taking into account the intrinsic value of the land held for property development. The land held for property development is determined using a valuation carried out by an independent valuer.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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10. INVESTMENT IN SUBSIDIARIES

	Company	
	2016 RM'000	2015 RM'000
Unquoted shares, at cost		
At 1 January/31 December	197,617	197,617
Less: Accumulated impairment loss		
At 1 January	(15,608)	(15,548)
Additions during the financial year	(20)	(60)
At 31 December	(15,628)	(15,608)
	181,989	182,009

Details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Ownership Interest		Principal Activities
		2016 %	2015 %	
Dolomite Berhad	Malaysia	100	100	Investment holding.
Dolomite Technology Sdn. Bhd.	Malaysia	100	100	Dormant.
Dolomite Technology (HK) Limited ^ *	Hong Kong	100	100	Investment holding.
Dolomite Homes Sdn. Bhd.	Malaysia	100	100	Property development.
Subsidiaries of Dolomite Berhad				
Dolomite Industries Company Sdn. Berhad	Malaysia	100	100	Quarry operation, construction and property investment.
Dolomite Industrial Park Sdn. Bhd.	Malaysia	100	100	Property development.
Dolomite Hotmixes Sdn. Bhd.	Malaysia	100	100	Manufacture and sale of hotmixes.
Dolomite Readymixed Concrete Sdn. Bhd.	Malaysia	100	100	Production and sale of readymixed concrete.
Dolomite Transport Sdn. Bhd.	Malaysia	100	100	Transportation services.
Dolomite Engineering Sdn. Bhd.	Malaysia	100	100	Builders and contractors.
Dolomite-CM Quarries Sdn. Bhd.	Malaysia	100	100	Dormant.
D'Marina Sdn. Bhd.	Malaysia	-	0	Property development.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

10. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (cont'd)

Name of Company	Country of Incorporation	Ownership Interest		Principal Activities
		2016 %	2015 %	
Subsidiary of Dolomite Technology Sdn. Bhd.				
Dolomite Biotech Sdn. Bhd.	Malaysia	#	100	Dormant.
Subsidiary of Dolomite Industries Company Sdn. Berhad				
Dolomite Properties Sdn. Bhd.	Malaysia	100	100	Property development.
Subsidiary of Dolomite-CM Quarries Sdn. Bhd.				
Orris Capital Sdn. Bhd.	Malaysia	#	100	Dormant.
Subsidiary of Dolomite Technology (HK) Limited				
Dolomite Power-Shandong (HK) Limited ^ *	Hong Kong	100	100	Investment holding.
Subsidiary of Dolomite Power-Shandong (HK) Limited				
Shandong Dolomite Thermal Power Co. Ltd ("SDTP") ^	China	100	100	Operation of a thermal power plant. SDTP has not commenced its operations.

^ Audited by auditors other than Baker Tilly Monteiro Heng.

Received notice of striking off from the Companies Commission of Malaysia on 27 October 2016.

@ In the previous financial year, the investment in D'Marina Sdn. Bhd. has been reclassified as "assets classified as held for sale", as disclosed in Note 21 to the financial statements.

* The auditors issued a disclaimer of opinion. The basis for Disclaimer of Opinion is as follows:

"It is the requirement of Hong Kong Financial Reporting Standard No. 10 "Consolidated Financial Statements" (HKFRS 10) that a parent company shall prepare consolidated financial statements. Although an explanation was given by the director in Note 3(a) to the financial statements that the ultimate holding company has prepared consolidated financial statements ("the Group financial statements") which are available for public use, the Group financial statements are prepared and presented in accordance with the Financial Reporting Standards in Malaysia which are not entirely complied with the International Financial Reporting Standards. Under the circumstances, the Company does not satisfy with the exemption clauses set out in paragraph 4(a)(iv) of HKFRS 10. The non-compliance of the preparation of consolidated financial statements is a departure from the applicable accounting standards of HKFRS 10. As a consequence, the financial statements of the Company does not give all the information required about the economic activities of the Group of which the Company is a parent. It is not practicable to quantify the effects of the departure from this requirement."

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONT'D)

10. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Disposal of a subsidiary

On 19 January 2016, Dolomite Berhad disposed 50% + 1 share, which represents its entire equity investment in D'Marina Sdn. Bhd. for a total consideration of RM22.354 million.

As a result, D'Marina Sdn. Bhd. ceased to be a subsidiary of Dolomite Berhad.

(i) Summary of the effects of disposal of D'Marina Sdn. Bhd:

	Group RM'000
Recognised:	
Cash consideration received	22,354
Derecognised:	
Fair value of identifiable net assets at disposal date	
Property, plant and equipment	(4)
Land held for property development	(14,088)
Deposits	(11,200)
Inventories	(308)
Trade and other receivables	(315)
Deposits pledged with licensed banks	(463)
Cash and bank balances	(219)
Trade and other payables	20,838
Non-controlling interest	(6,842)
	(12,601)
Gain on disposal of D' Marina Sdn. Bhd.	9,753

(ii) Effects of disposal on cash flows:

	Group RM'000
Fair value of cash consideration received	22,354
Less: Deposit received in the previous financial year (Note 26(b))	(10,000)
Less: Cash and cash equivalents of a subsidiary disposed	(219)
	(12,601)
Net cash inflows on disposal	12,135

(b) Non-controlling interest

In the previous financial year, the subsidiary of the Group that has non-controlling interest ("NCI") is as follows:

	D' Marina Sdn. Bhd. RM'000
Group 2015	
NCI percentage of ownership interest and voting interest	50% + 1 share
Carrying amount of NCI	(6,842)
Loss allocated to NCI	(1,228)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

10. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (c) In the previous financial year, the summarised financial information (before intra-group elimination) for the subsidiary that has non-controlling interest that is material to the Group is as follows:

	D' Marina Sdn. Bhd. RM'000
Group	
2015	
Assets and liabilities	
Non-current assets	25,292
Current assets	1,305
Non-current liabilities	-
Current liabilities	(40,280)
	(13,683)
Results	
Revenue	-
Loss for the financial year	(2,456)
Total comprehensive loss	(2,456)
Net cash flows from operating activities	10,438
Net cash flows used in investing activities	(619)
Net cash flows used in financing activities	(9,920)
Dividends paid to NCI	-

11. OTHER INVESTMENT

	Group	
	2016 RM'000	2015 RM'000
Unquoted shares:		
At cost	675	675
Accumulated impairment loss	(675)	(675)
	-	-

The investment in an associate was reclassified by the Directors as other investment in prior years as the Group decided not to assume any role in the business management nor exercise any influence in its financial and operating policy decisions in the foreseeable future.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONT'D)

11. OTHER INVESTMENT (CONT'D)

The details of this investment are as follows:

Name of Company	Country of Incorporation	Ownership Interest		Principal Activities
		2016 %	2015 %	
Beijing Glory Medical Equipment Co. Ltd ^	China	20	20	Manufacturing and trading of medical equipment.

^ Audited by auditors other than Baker Tilly Monteiro Heng.

12. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2016 RM'000	2015 RM'000
At cost:		
Freehold land		
At 1 January	4,746	4,746
Disposals	(1,611)	-
Transfer to assets classified as held for sale (Note 21)	(589)	-
At 31 December	2,546	4,746
At cost:		
Development costs		
At 1 January	45,257	58,541
Additions	109	804
Disposals	(10,586)	-
Transfer to assets classified as held for sale (Note 21)	(9,762)	(14,088)
At 31 December	25,018	45,257
Total land and development costs	27,564	50,003

The freehold land of the Group has been pledged to a licensed bank as security for certain banking facilities granted to the Group as disclosed in Note 25 to the financial statements.

13. DEFERRED TAX LIABILITIES

	Group	
	2016 RM'000	2015 RM'000
At 1 January	693	82
Recognised in profit or loss (Note 32)	(256)	611
At 31 December	437	693

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

13. DEFERRED TAX LIABILITIES (CONT'D)

This is in respect of estimated deferred tax liabilities arising from temporary differences as follows:

	Group	
	2016 RM'000	2015 RM'000
Deferred tax liabilities		
Difference between carrying amounts of property, plant and equipment and their tax base	437	693

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	Group	
	2016 RM'000	2015 RM'000
Unutilised tax losses	9,783	7,000
Unabsorbed capital allowances	174	67
Provisions	1,190	1,147
	11,147	8,214

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current:				
Deposits:				
At 1 January	-	11,200	-	-
Transfer to assets classified as held for sale (Note 21)	-	(11,200)	-	-
	-	-	-	-
Current:				
Other receivables	40,433	54,142	-	-
GST refundable	31	503	-	-
Deposits	1,390	1,325	5	5
Prepayments	383	244	7	9
	42,237	56,214	12	14
Less: Impairment loss for other receivables	(2)	(2)	-	-
	42,235	56,212	12	14

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONT'D)

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

The movement in the impairment of other receivables is as follows:

	Group	
	2016 RM'000	2015 RM'000
At 1 January	2	148
Written off	-	(146)
At 31 December	2	2

Included in other receivables was loan made to an overseas contractor of the infrastructure assets amounting to RM28.242 million (2015: RM28.626 million) which is unsecured, interest-free and repayable on demand.

In the previous financial year, included in other receivables were:

- (a) advances made to a shareholder of a subsidiary (non-controlling interest) amounting to RM2.062 million which is unsecured, repayable on demand and subject to interest at 8.85% per annum.
- (b) compensation receivable for land acquisition amounting to RM10.289 million.

15. PROPERTY DEVELOPMENT COSTS

	Group	
	2016 RM'000	2015 RM'000
At cost:		
Freehold land		
At 1 January	57,244	62,218
Additions during the financial year	580	-
Reversal of cost for completed projects	-	(4,974)
At 31 December	57,824	57,244
Development costs		
At 1 January	64,687	118,200
Additions during the financial year	25,587	34,607
Reversal of cost for completed projects	-	(88,120)
At 31 December	90,274	64,687
	148,098	121,931
Cumulative costs recognised in profit or loss		
At 1 January	(18,011)	(91,823)
Costs recognised in profit or loss during the financial year	(16,526)	(19,282)
Reversal of cost for completed projects	-	93,094
At 31 December	(34,537)	(18,011)
At 31 December	113,561	103,920

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

15. PROPERTY DEVELOPMENT COSTS (CONT'D)

Development expenditure during the financial year includes:

	Group	
	2016	2015
	RM'000	RM'000
Interest expense capitalised	3,524	3,423

Interest capitalised was at rates ranging from 5.77% to 7.97% (2015: 5.97% to 8.35%) per annum.

The freehold land of the Group has been pledged to a licensed bank as security for certain banking facilities granted to the Group as disclosed in Note 25 to the financial statements.

16. INVENTORIES

	Group	
	2016	2015
	RM'000	RM'000
Cost		
Completed properties	320	320
Raw materials and consumables	2,725	2,698
Finished goods	17,067	16,679
	20,112	19,697

The cost of inventories of the Group recognised as an expense in the cost of sales during the financial year is RM38.342 million (2015: RM27.960 million).

17. TRADE RECEIVABLES

	Group	
	2016	2015
	RM'000	RM'000
Trade receivables	18,850	18,894
Accrued billings	7,382	6,003
Retention sum	3,188	2,529
	29,420	27,426
Less: Impairment for trade receivables	(6,836)	(6,792)
	22,584	20,634

(a) Credit term of trade receivables

The Group's normal credit term extended to customers ranging from 14 to 30 days (2015: 14 to 30 days).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONT'D)

17. TRADE RECEIVABLES (CONT'D)

(b) Ageing analysis of trade receivables

The Group maintains an ageing analysis in respect of trade receivables only. The ageing analysis of the Group's trade receivables (excluding accrued billings) are as follows:

	Group	
	2016 RM'000	2015 RM'000
Neither past due nor impaired	2,139	4,218
1-30 days past due not impaired	1,946	2,876
31-60 days past due not impaired	3,939	1,260
61-90 days past due not impaired	1,313	73
More than 91 days past due not impaired	5,865	6,204
	13,063	10,413
Impaired		
- Individually	6,836	6,792
	22,038	21,423

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables is as follows:

	Group	
	2016 RM'000	2015 RM'000
At 1 January	6,792	6,877
Charge for the financial year		
- individual impairment loss (Note 31)	44	27
Reversal of impairment loss (Note 31)	-	(17)
Written off	-	(95)
At 31 December	6,836	6,792

Trade receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

18. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts owing by/(to) subsidiaries are non-trade in nature, unsecured, repayable on demand and are subjected to interest at 8% (2015: 8%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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19. DEPOSITS WITH LICENSED BANKS

In the previous financial year, the deposits with licensed banks bore an average interest of 3.45% per annum. The deposits with licensed banks have a maturity period of 12 months.

In the previous financial year, included in deposits pledged with licensed banks of the Group was an amount of RM462,448 pledged for a bank guarantee issued to a third party. The deposits with licensed banks has been reclassified as "assets classified as held for sale", as disclosed in Note 21 to the financial statements.

20. CASH AND BANK BALANCES

Included in the cash and bank balances of the Group is an amount of RM1,290,938 (2015: RM520,843) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations.

Included in cash and bank balances of the Group is an amount of RM932,847 (2015: RM1,937,915) held in Chinese Renminbi ("RMB"). The RMB is not freely convertible to other foreign currencies. Under the People's Republic of China's ("PRC") Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Included in assets classified as held for sale (Note 21)				
- Deposits with licensed banks	-	463	-	-
Less: Pledged deposits (Note 19)	-	(463)	-	-
	-	-	-	-
Cash and bank balances	2,624	3,172	69	69
Included in assets classified as held for sale (Note 21)				
- Cash and bank balances	-	219	-	-
Bank overdrafts	(39,600)	(35,753)	-	-
	(36,976)	(32,362)	69	69

21. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

- (a) During the financial year, the Group has entered into sales and purchase agreements for disposal of 2 pieces of freehold land, which have been classified under land held for property development. The accumulated costs incurred-to-date of these 2 freehold land, amounting to RM10.351 million have been reclassified and presented in the consolidated statement of financial position as "assets classified as held for sale".

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

21. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D)

- (b) On 22 May 2015, Dolomite Berhad ("DB") entered into a Share Sale Agreement ("SSA") with Sinergi Dayang Sdn. Bhd. ("Sinergi") for the disposal of 50%+1 shareholdings in DB in D'Marina Sdn. Bhd. ("D'Marina") for total offer price of RM20 million ("Proposed Disposal").

The proposed disposal was completed on 19 January 2016. The offer price of RM20 million has been adjusted upwards to RM22.354 million by the adjustment amount of a sum of RM2.354 million.

At the end of the previous reporting period, the assets and liabilities related to D'Marina have been presented in the consolidated statement of financial position as "assets classified as held for sale" and "liabilities classified as held for sale".

The assets and liabilities of D'Marina are as follows:

	Group 2015 RM'000
Assets	
Property, plant and equipment (Note 5)	4
Land held for property development (Note 12)	14,088
Deposits (Note 14)	11,200
Inventories	308
Trade receivables	290
Other receivables and deposits	25
Deposits with licensed banks (Note 19)	463
Cash and bank balances (Note 20)	219
Assets classified as held for sale	26,597
Liabilities	
Trade payables	(3,643)
Other payables and accruals	(17,195)
Liabilities classified as held for sale	(20,838)

The carrying amount of the assets and liabilities of the disposal group is the same as its carrying value before it was being reclassified.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

22. SHARE CAPITAL

	Group/Company		Amount	
	Number of shares		2016	2015
	2016	2015	2016	2015
	Unit'000	Unit'000	RM'000	RM'000
Authorised:				
Ordinary shares of RM0.50 each	1,999,400	1,999,400	999,700	999,700
RCPS of RM0.01 each	30,000	30,000	300	300
Total	2,029,400	2,029,400	1,000,000	1,000,000
Issued and fully paid:				
Ordinary shares of RM0.50 each				
At 1 January	265,430	263,504	132,715	131,752
Issuance of shares upon exercise of warrants	7,149	1,926	3,574	963
At 31 December	272,579	265,430	136,289	132,715

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

The RCPS are classified as current liabilities and their details are disclosed in Note 25 to the financial statements.

23. SHARE PREMIUM

	Group/Company		
	31.12.2016	31.12.2015	1.1.2015
	RM'000	RM'000	RM'000
		(Restated)	(Restated)
At 1 January	46	13	2
Arising from exercise of warrants during the financial year (Note 24(c))	122	33	11
At 31 December	168	46	13

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONT'D)

24. OTHER RESERVES

	Note	31.12.2016 RM'000	Group 31.12.2015 RM'000 (Restated)	1.1.2015 RM'000 (Restated)
Capital reserve	(a)	68,694	68,694	68,694
Foreign exchange translation reserve	(b)	(2,866)	3,193	4,514
Warrants reserve	(c)	43	165	198
		65,871	72,052	73,406

	Note	31.12.2016 RM'000	Company 31.12.2015 RM'000 (Restated)	1.1.2015 RM'000 (Restated)
Capital reserve	(a)	68,694	68,694	68,694
Warrants reserve	(c)	43	165	198
		68,737	68,859	68,892

(a) Capital reserve

The capital reserve arose from the par value reduction exercise in prior years.

(b) Foreign exchange translation reserve

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries and is not distribute by way of dividends.

(c) Warrants reserve

	Number of warrants			Amount		
	31.12.2016 Unit'000	31.12.2015 Unit'000 (Restated)	1.1.2015 Unit'000 (Restated)	31.12.2016 RM'000	31.12.2015 RM'000 (Restated)	1.1.2015 RM'000 (Restated)
At 1 January	9,696	11,621	12,247	165	198	209
Exercise of warrants during the financial year (Note 23)	(7,149)	(1,925)	(626)	(122)	(33)	(11)
At 31 December	2,547	9,696	11,621	43	165	198

The allocated fair value of free Warrants are credited to a warrant reserve is non-distributable. During the financial year, the warrants reserve is transferred to the share premium account upon the exercise of Warrants.

This represents the residual amount of redeemable convertible preference shares ("RCPS") after deducting the fair value of the liability components.

As at the end of the reporting period, 2,547,175 Warrants remain unexercised.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

24. OTHER RESERVES (CONT'D)

(c) Warrants reserve (cont'd)

The salient features of the Warrants as constituted in the Deed Poll dated 21 June 2012 are as follows:

Terms	Details
Detachability	The Warrants are immediately detachable upon allotment and issue of the Rights RCPS. The Warrants will be traded separately.
Exercise price	RM0.50 payable in full upon the exercise of each Warrant. The exercise price and the number of outstanding Warrants shall however be subject to the adjustments in accordance with the terms and provisions of the Deed Poll during the exercise period.
Exercise period	The Warrants may be exercised any time during the tenure of the Warrants of five (5) years including and commencing from the issue date of the Warrants. Warrants not exercised during the exercise period will thereafter become lapse and void.
Exercise rights	Each Warrant entitles the registered holder to subscribe for one (1) new ordinary share of RM0.50 each in the Company at the exercise price during the exercise period and shall be subject to adjustments in accordance with the Deed Poll.
Deed Poll	The Warrants will be constituted by the Deed Poll.
Board lots	The Warrants are tradable upon listing on Bursa Securities in board lots of 100 units carrying the right to subscribe for 100 new ordinary shares of RM0.50 each of the Company at any time during the exercise period or such other number of units as may be prescribed by Bursa Securities.
Ranking of the new ordinary shares to be issued pursuant to the exercise of the Warrants	The new ordinary shares to be issued upon the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the issued and paid-up ordinary shares of the Company, except that they will not entitled to any dividends, rights, allotment and/or other distributions, the entitlement date of which is before the date of allotment of the said new ordinary shares.
Adjustment in the exercise price and/or the number of Warrants held by warrant holders in event of alteration to the share capital	Subject to the provision in the Deed Poll, the exercise price and the number of Warrants held by each warrant holder shall be adjusted by the Board in consultation with the adviser and certification of the external auditors of the Company, in the event of alteration to the share capital of the Company.
Further issues	Subject to the provision in the Deed Poll, the Company is free to issue shares to shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit but the warrant holders will not have any participating rights in such issue unless otherwise resolved by the Company in general meeting.
Governing laws	Laws of Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONT'D)

25. LOANS AND BORROWINGS

	Note	Group			Company		
		31.12.2016 RM'000	31.12.2015 RM'000 (Restated)	1.1.2015 RM'000 (Restated)	31.12.2016 RM'000	31.12.2015 RM'000 (Restated)	1.1.2015 RM'000 (Restated)
Non-current:							
Secured							
Redeemable convertible preference shares	25(v)	-	5,978	5,978	-	5,978	5,978
Term loans		38,716	214,462	171,199	-	-	-
Finance lease liabilities	25(iv)	391	920	1,869	-	-	-
		39,107	221,360	179,046	-	5,978	5,978
Current:							
Secured							
Term loans		182,049	28,828	29,785	-	-	-
Finance lease liabilities	25(iv)	807	945	1,010	-	-	-
Bank overdrafts		39,600	34,269	33,095	-	-	-
Bankers' acceptances		12,037	12,599	10,500	-	-	-
Revolving credits		14,189	24,703	22,487	-	-	-
Unsecured							
Redeemable convertible preference shares	25(v)	5,978	-	-	5,978	-	-
Bank overdrafts		-	1,484	6,438	-	-	-
Revolving credits		-	1,300	5,050	-	-	-
		254,660	104,128	108,365	5,978	-	-
Total loans and borrowings:							
Term loans		220,765	243,290	200,984	-	-	-
Finance lease liabilities	25(iv)	1,198	1,865	2,879	-	-	-
Redeemable convertible preference shares	25(v)	5,978	5,978	5,978	5,978	5,978	5,978
Bank overdrafts		39,600	35,753	39,533	-	-	-
Bankers' acceptances		12,037	12,599	10,500	-	-	-
Revolving credits		14,189	26,003	27,537	-	-	-
		293,767	325,488	287,411	5,978	5,978	5,978

(i) Term loans, bank overdrafts, bankers' acceptances and revolving credits are secured and supported by:

- (a) legal charges over certain parcels of freehold land and buildings of the subsidiaries;
- (b) a legal charge on the land use rights over a piece of land and infrastructure assets (capital work-in-progress) of a subsidiary;
- (c) a legal charge over certain machineries of a subsidiary;
- (d) a legal charge on a sinking fund account opened by a subsidiary with a licensed bank;
- (e) shares of a subsidiary pledged with a licensed bank;
- (f) subordination of shareholders' advances of a subsidiary;
- (g) an assignment of a subsidiary's creditors right to a licensed bank;

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

25. LOANS AND BORROWINGS (CONT'D)

- (i) Term loans, bank overdrafts, bankers' acceptances and revolving credits are secured and supported by: (cont'd)
- (h) an irrevocable letter of instruction from a subsidiary to transfer certain amount of funds on a monthly basis into a sinking fund account opened with a licensed bank;
 - (i) an assignment of surplus proceeds of Housing Development Account from a subsidiary;
 - (j) a project debenture over a fixed and floating charge of certain properties; and
 - (k) a corporate guarantee of the Company and of certain subsidiaries of the Company.
- (ii) During the financial year, the Group had defaulted in instalment repayment of principal sums in respect of credit facilities granted by a financial institution ("FI") amounting to RM9,476,702. Subsequent to the financial year, the Group had defaulted in instalment repayments of principal sums in respect of credit facilities granted by a FI amounting to RM18,953,404.

The Group had engaged in several discussions with the FI prior to the first due date for repayment. During this period, the Group has agreed to the request of the FI to service interest payments. The discussion between the Group and the FI includes the request to revise the tenure of the loan and to restructure the loan in order to complement the prolonged completion of the thermal power plant for it to become operational in the manner intended by the Group.

In view of the above, the above credit facilities (term loan and revolving credit) are classified as current liabilities.

- (iii) The interest rates of the loan and borrowings at the reporting date are as follows:

	Group	
	2016 %	2015 %
Term loans	5.35 - 7.97	5.15 - 8.10
Finance lease liabilities	2.35 - 3.70	2.35 - 4.10
Bank overdrafts, bankers' acceptances and revolving credits	3.70 - 8.22	4.34 - 8.60

- (iv) Future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follows:

	Group	
	2016 RM'000	2015 RM'000
Minimum lease payments		
Not later than 1 year	844	1,012
Later than 1 year but not later than 5 years	411	944
	1,255	1,956
Less: Future finance charges	(57)	(91)
Present value of minimum lease payments	1,198	1,865
Present value of minimum lease payments		
Not later than 1 year	807	945
Later than 1 year but not later than 5 years	391	920
	1,198	1,865

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONT'D)

25. LOANS AND BORROWINGS (CONT'D)

(v) Redeemable convertible preference shares ("RCPS")

	Group/Company					
	Number of RCPS			Amount		
	31.12.2016 Unit'000	31.12.2015 Unit'000 (Restated)	1.1.2015 Unit'000 (Restated)	31.12.2016 RM'000	31.12.2015 RM'000 (Restated)	1.1.2015 RM'000 (Restated)
At 1 January/ 31 December	12,374	12,374	12,374	5,978	5,978	5,978

On 9 August 2012, the Company issued 12,386,428 RCPS of RM0.01 each at an issue price of RM0.50 each. The total proceeds received from the issuance of the RCPS is split between a liability and an equity component. At the date of issue, the fair value of the liability component is estimated by discounting the future contractual cash flows at the prevailing market interest rate available to the Group.

The salient terms of the RCPS are as follows:

Terms	Details
Dividend	The Rights RCPS shall carry a cumulative dividend rate of 3.5 sen per Rights RCPS per annum, payable annually in arrears.
Tenure	Five (5) years from and including the date of issue of the Rights RCPS.
Maturity Date	The date occurring on the day immediately preceding the 5th anniversary from the date of issue of the Rights RCPS.
Redemption	The Rights RCPS is redeemable at 100% of its issue price at the discretion of the holder at any time from the fourth (4th) anniversary from the date of issue of the Rights RCPS up to the Maturity Date but always subject to the requirements of Section 61 of the Act. Any Rights RCPS not redeemed by the Maturity Date shall be automatically converted into new Ordinary Shares of RM0.50 each.
Conversion ratio	Each RCPS shall be convertible at the option of the holder, into one (1) fully paid Ordinary Shares of RM0.50 each.
Conversion price	RM0.50 per RCPS for one (1) Ordinary Share of RM0.50 each. For the avoidance of doubt, the conversion price shall be deemed to be satisfied by the Rights RCPS holders tendering and surrendering the Rights RCPS and no cash money shall be payable.
Conversion rights	The registered holders of the Rights RCPS will have the right to convert each Rights RCPS into new Ordinary Shares of RM0.50 each at any time up to the Maturity Date.
Ranking of new Shares	The new Ordinary Shares of RM0.50 each to be issued pursuant to the conversion of the Right RCPS, if any, shall, upon allotment and issue, rank pari passu in all respects with the then existing issued and fully paid-up Ordinary Shares of RM0.50 each, save and except that they will not be entitled to any dividends, rights, allotments and/or distributions that may be declared, made or paid, the entitlement date for which is prior to the date of allotment of the new Ordinary Shares of RM0.50 each.
Governing law	Laws of Malaysia.

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31 DECEMBER 2016

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26. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current:					
Other payables:					
Advances from a third party	(a)(i)	18,622	17,205	-	-
Current:					
Other payables	(b)	6,669	23,957	-	-
GST payable		487	664	-	-
Advances from a third party	(a)(ii)	6,510	10,005	-	-
Amount owing to a director	(c)	11,500	4,700	11,500	-
Amount owing to an overseas contractor of the infrastructure assets		32,471	33,249	-	-
Deposits		9,342	596	-	-
Accruals		9,564	6,991	318	534
		76,543	80,162	11,818	534

(a) Below are the details of the advances from 2 third parties of the Group:

- (i) an amount of RM18.622 million (2015: RM17.205 million) being the outstanding advances at the end of the reporting period is unsecured, interest-free and repayable by 31 December 2018. The unwinding of fair value adjustment of RM1.243 million (2015: RM2.285 million) arising from the time value of money was recognised during the financial year. The amount owing is to be settled in cash.
- (ii) an amount of RM6.510 million (2015: RM10.005 million) being the outstanding advances at the end of the reporting period is unsecured, interest-free and repayable by setting off progressively against the future progress billings to be issued by a subsidiary in regards to the properties sold to this third party.

(b) In the previous financial year, included in other payables is an amount of RM10 million, being deposit received for the disposal of a subsidiary.

(c) The amount owing to a director is unsecured, interest-free and repayable on demand.

27. TRADE PAYABLES

The normal trade credit terms granted to the Group ranging from 14 to 60 days (2015: 14 to 60 days).

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31 DECEMBER 2016 (CONT'D)

28. PROVISION

Provision for liquidated ascertained damages

	Group	
	2016 RM'000	2015 RM'000 (Restated)
At 1 January	-	5,731
Provision during the financial year	2,952	621
Utilisation during the financial year	(1,248)	(6,352)
At 31 December	1,704	-

29. REVENUE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Property development	57,006	28,395	-	-
Sale of goods	43,032	53,232	-	-
Contract revenue	5,370	11,834	-	-
Rental income	366	318	-	-
Dividend income	-	-	10,000	6,000
	105,774	93,779	10,000	6,000

30. COST OF SALES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Property development	28,723	17,974	-	-
Cost of goods sold	38,403	46,089	-	-
Contract costs	4,688	10,610	-	-
	71,814	74,673	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

31. PROFIT BEFORE TAX

Profit before tax is arrived after charging/(crediting):

	Group		Company	
	2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Amortisation of:				
- intangible assets	642	659	-	-
- land use rights	61	61	-	-
- prepaid lease payments	2,078	1,933	-	-
Auditors' remuneration				
- statutory audit	244	279	87	88
- (over)/under provision in previous financial year	(5)	2	(3)	-
- other services	16	5	5	5
Bad debts written off	-	13	-	-
Bad debts recovered	(11)	-	-	-
Depreciation of property, plant and equipment	2,311	1,958	-	-
Directors' remuneration [Note 31(b)]	797	885	259	275
Dividend income	-	-	(10,000)	(6,000)
Employee benefits expense [Note 31(a)]	3,863	3,936	-	-
Gain on compulsory land acquisition	-	(10,207)	-	-
Gain on disposal of:				
- a subsidiary	(9,753)	-	-	-
- property, plant and equipment	(7)	-	-	-
Gain on fair value changes on investment properties	(1,361)	-	-	-
Gain on fair value adjustment on retention sum	(529)	-	-	-
Loss/(Gain) on foreign exchange:				
- realised	7	(176)	-	-
- unrealised	10,516	(4,827)	-	-
Impairment loss on:				
- intangible assets	-	163	-	-
- investment in a subsidiary	-	-	20	60
- trade receivables	44	27	-	-
Interest expense:				
- bankers' acceptances	657	356	-	-
- bank overdrafts	1,812	1,863	-	-
- finance lease payables	76	115	-	-
- others	-	34	-	-
- RCPS	433	433	433	433
- revolving credits	649	967	-	-
- subsidiaries	-	-	7,293	4,834
- term loans	2,993	3,584	-	-
Interest income:				
- deposits with licensed banks	-	(19)	-	-
- receivables	-	(321)	-	-
- HDA accounts	(5)	(49)	-	-
- amounts owing by subsidiaries	-	-	(729)	(514)
- others	(21)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONT'D)

31. PROFIT BEFORE TAX (CONT'D)

Profit before tax is arrived after charging/(crediting):

	Group		Company	
	2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Provision for liquidated ascertained damages	2,952	621	-	-
Rental of machinery	135	283	-	-
Rental of machinery and trucks	(366)	(318)	-	-
Rental of properties	67	-	90	90
Rental of properties	(66)	(39)	-	-
Reversal of impairment losses on:				
- trade receivables	-	(17)	-	-
- trade receivables previously written off	-	(100)	-	-
Unwinding of fair value adjustment on other payables	1,243	2,285	-	-

(a) Employee benefits expense

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Wages and salaries	3,470	3,542	-	-
Defined contribution plans	393	394	-	-
	3,863	3,936	-	-

(b) The remuneration of the directors are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Executive:				
Salaries and other emoluments	480	545	-	-
Defined contribution plan	58	65	-	-
	538	610	-	-
Non-executive:				
Fees	156	168	156	168
Other emoluments	103	107	103	107
	259	275	259	275
	797	885	259	275

The estimated monetary value of benefits-in-kind (which were not included in the above directors' remunerations) of the Group received by a director of the Company amounted to RM31,150 (2015: RM31,150).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

32. TAX EXPENSE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Statements of comprehensive income				
Current tax:				
Malaysia income tax				
- Current financial year	8,897	4,743	113	88
- (Over)/Under provision in prior financial years	(2,071)	61	(1)	-
Real property gain tax	43	-	-	-
	6,869	4,804	112	88
Deferred tax (Note 13):				
Reversal and origination of temporary differences	(230)	607	-	-
(Over)/Under provision in prior financial year	(26)	4	-	-
	(256)	611	-	-
Tax expense recognised in profit or loss	6,613	5,415	112	88

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

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before tax	11,763	4,892	2,053	171
Tax at the Malaysian statutory income tax rate of 24% (2015: 25%)	2,823	1,223	493	43
Different tax rates in other countries	(1,049)	58	-	-
Deferred tax recognised at different tax rates	(73)	-	-	-
Non-taxable income	(2,345)	(458)	(2,400)	(1,500)
Non-deductible expenses	8,607	6,257	2,020	1,545
Deferred tax assets not recognised	704	425	-	-
Real property gain tax	43	-	-	-
Utilisation of previously unrecognised tax losses and capital allowances	-	(2,155)	-	-
(Over)/Under provision in prior financial years				
- current income tax	(2,071)	61	(1)	-
- deferred tax	(26)	4	-	-
Tax expense	6,613	5,415	112	88

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONT'D)

33. EARNINGS PER SHARE

- (a) Basic earnings per ordinary share amounts are based on profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial year, calculated as follows:

	Group	
	2016	2015 (Restated)
Basic earnings per ordinary share		
Profit attributable to owners of the Company (RM'000)	5,150	705
Weighted average number of ordinary shares in issue (unit'000)	268,978	263,573
Basic earnings per ordinary share (sen)	1.91	0.27

- (b) The diluted earnings per ordinary share of the Group for the financial years ended 31 December 2016 and 31 December 2015 are same as the basic earnings per ordinary share of the Group as the Company has no dilutive potential ordinary shares.

34. FINANCIAL INSTRUMENTS

- (a) Categories of financial instruments

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Financial assets				
Loans and receivables				
Trade receivables	22,584	20,634	-	-
Other receivables and deposits, net of prepayments and GST refundable	41,821	55,465	5	5
Amounts owing by subsidiaries	-	-	125,161	94,570
Cash and bank balances	2,624	3,172	69	69
	67,029	79,271	125,235	94,644
Financial liabilities				
Other financial liabilities				
Term loans	220,765	243,290	-	-
Finance lease liabilities	1,198	1,865	-	-
Redeemable convertible preference shares	5,978	5,978	5,978	5,978
Bank overdrafts	39,600	35,753	-	-
Bankers' acceptances	12,037	12,599	-	-
Revolving credits	14,189	26,003	-	-
Trade payables	35,697	32,752	-	-
Other payables, deposits and accruals, net of GST payable	94,678	96,703	11,818	534
Amounts owing to subsidiaries	-	-	91,994	78,249
	424,142	454,943	109,790	84,761

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables, short-term borrowings and floating rate borrowings are reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

The fair value of long term payables are estimated using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.

The following table provides the fair value measurement hierarchy of the Group and the Company's financial instruments:

Group	Fair value of financial instrument not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2016						
Financial liabilities						
Finance lease liabilities	-	-	1,198	1,198	1,198	1,198
Redeemable convertible preference shares	-	-	5,978	5,978	5,978	5,978
	-	-	7,176	7,176	7,176	7,176
2015						
Financial liabilities						
Finance lease liabilities	-	-	1,865	1,865	1,865	1,865
Redeemable convertible preference shares	-	-	5,978	5,978	5,978	5,978
	-	-	7,843	7,843	7,843	7,843

Company	Fair value of financial instrument not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2016						
Financial liabilities						
Redeemable convertible preference shares	-	-	5,978	5,978	5,978	5,978
2015						
Financial liabilities						
Redeemable convertible preference shares	-	-	5,978	5,978	5,978	5,978

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONT'D)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk.

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of the respective companies in the group. The currencies giving rise to this risk are Renminbi, United States Dollar, Hong Kong Dollar and Ringgit Malaysia. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at acceptable level.

Group	Renminbi RM'000	United States Dollar RM'000	Hong Kong Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
2016					
Financial assets					
Trade receivables	-	-	-	22,584	22,584
Other receivables and deposits, net of prepayments and GST refundable	38,594	-	-	3,227	41,821
Cash and bank balances	933	27	1	1,663	2,624
	39,527	27	1	27,474	67,029
Financial liabilities					
Term loans	-	163,159	-	57,606	220,765
Finance lease liabilities	-	-	-	1,198	1,198
Redeemable convertible preference shares	-	-	-	5,978	5,978
Bank overdrafts	-	-	-	39,600	39,600
Bankers' acceptances	-	-	-	12,037	12,037
Revolving credits	-	12,189	-	2,000	14,189
Trade payables	-	-	-	35,697	35,697
Other payables, deposits and accruals, net of GST payable	37,794	25,133	4,269	27,482	94,678
	37,794	200,481	4,269	181,598	424,142
Net financial assets/(liabilities)	1,733	(200,454)	(4,268)	(154,124)	(357,113)
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	(1,733)	-	4,268	154,124	156,659
Currency exposure	-	(200,454)	-	-	(200,454)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(i) Foreign currency risk (cont'd)

Group	Renminbi RM'000	United States Dollar RM'000	Hong Kong Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
2015					
Financial assets					
Trade receivables	-	-	-	20,634	20,634
Other receivables and deposits, net of prepayments and GST refundable	40,764	-	-	14,701	55,465
Cash and bank balances	1,938	129	4	1,101	3,172
	42,702	129	4	36,436	79,271
Financial liabilities					
Term loans	-	167,755	-	75,535	243,290
Finance lease liabilities	-	-	-	1,865	1,865
Redeemable convertible preference shares	-	-	-	5,978	5,978
Bank overdrafts	-	-	-	35,753	35,753
Bankers' acceptances	-	-	-	12,599	12,599
Revolving credits	-	12,703	-	13,300	26,003
Trade payables	-	-	-	32,752	32,752
Other payables, deposits and accruals, net of GST payable	42,569	29,197	34	24,903	96,703
	42,569	209,655	34	202,685	454,943
Net financial assets/(liabilities)	133	(209,526)	(30)	(166,249)	(375,672)
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	(133)	-	30	166,249	166,146
Currency exposure	-	(209,526)	-	-	(209,526)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONT'D)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(i) Foreign currency risk (cont'd)

Company	Hong Kong Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
2016			
Financial assets			
Amounts owing by subsidiaries	112,698	12,463	125,161
Other receivables and deposits, net of prepayments and GST refundable	-	5	5
Cash and bank balances	-	69	69
	112,698	12,537	125,235
Financial liabilities			
Amounts owing to subsidiaries	-	91,994	91,994
Redeemable convertible preference shares	-	5,978	5,978
Other payables, deposits and accruals, net of GST payable	-	11,818	11,818
	-	109,790	109,790
Net financial assets/(liabilities)	112,698	(97,253)	15,445
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	-	97,253	97,253
Currency exposure	112,698	-	112,698
2015			
Financial assets			
Amounts owing by subsidiaries	82,052	12,518	94,570
Other receivables and deposits, net prepayments and GST refundable	-	5	5
Cash and bank balances	-	69	69
	82,052	12,592	94,644
Financial liabilities			
Amounts owing to subsidiaries	-	78,249	78,249
Redeemable convertible preference shares	-	5,978	5,978
Other payables, deposits and accruals, net of GST payable	-	534	534
	-	84,761	84,761
Net financial assets/(liabilities)	82,052	(72,169)	9,883
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	-	72,169	72,169
Currency exposure	82,052	-	82,052

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(i) Foreign currency risk (cont'd)

Foreign currency sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:

	Group		Company	
	Increase/(Decrease) in Profit/(Loss) net of tax		Increase/(Decrease) in Profit/(Loss) net of tax	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
United States Dollar				
- strengthened 5% (2015: 5%)	(7,617)	(7,857)	-	-
- weakened 5% (2015: 5%)	7,617	7,857	-	-
Hong Kong Dollar				
- strengthened 5% (2015: 5%)	-	-	4,283	3,077
- weakened 5% (2015: 5%)	-	-	(4,283)	(3,077)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Exposure to interest rate risk

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Amounts owing by subsidiaries	-	-	125,161	94,570
Amounts owing to subsidiaries	-	-	(91,994)	(78,249)
Finance lease liabilities	(1,198)	(1,865)	-	-
Redeemable convertible preference shares	(5,978)	(5,978)	(5,978)	(5,978)
	(7,176)	(7,843)	27,189	10,343
Floating rate instruments				
Term loans	(220,765)	(243,290)	-	-
Bank overdrafts	(39,600)	(35,753)	-	-
Bankers' acceptances	(12,037)	(12,599)	-	-
Revolving credits	(14,189)	(26,003)	-	-
	(286,591)	(317,645)	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONT'D)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(ii) Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

The interest rate risk sensitivity analysis on the fixed rate instrument is not disclosed as this financial instrument is measured at amortised cost.

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rate as at the end of the reporting period, with all other variables held constant:

	Group		Company	
	Increase/(Decrease) in Profit/(Loss) net of tax		Increase/(Decrease) in Profit/(Loss) net of tax	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Increase of 100 basis points	2,178	2,382	-	-
Decrease of 100 basis points	(2,178)	(2,382)	-	-

(iii) Credit risk

The Group's exposure to credit risk, or the risk counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 17. Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group. A significant portion of these receivables are regular customers that have been transacting with the Group. Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. Impairment are made specific receivables when there is objective evidence that the Group will not be able to collect all amounts due.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures. Impairment is estimated by management based on prior experience and the current economic environment. At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amount owing by one major customer which constituted approximately 25% (2015: 34%) of its trade receivables (excluding retention sum and accrued billings) at the end of the reporting period.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(iv) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows.

Group	Carrying amount RM'000	Contractual cash flows			Total RM'000
		On demand or within 1 year RM'000	Between 1 and 5 years RM'000	More than 5 years RM'000	
2016					
Term loans	220,765	185,467	41,678	-	227,145
Finance lease liabilities	1,198	844	411	-	1,255
Redeemable convertible preference shares	5,978	6,620	-	-	6,620
Bank overdrafts	39,600	39,600	-	-	39,600
Bankers' acceptances	12,037	12,037	-	-	12,037
Revolving credits	14,189	14,189	-	-	14,189
Trade payables	35,697	35,697	-	-	35,697
Other payables, deposits and accruals, net of GST payable	94,678	76,056	20,112	-	96,168
	424,142	370,510	62,201	-	432,711
2015					
Term loans	243,290	42,613	235,915	4,398	282,926
Finance lease liabilities	1,865	1,012	944	-	1,956
Redeemable convertible preference shares	5,978	433	6,620	-	7,053
Bank overdrafts	35,753	35,753	-	-	35,753
Bankers' acceptances	12,599	12,599	-	-	12,599
Revolving credits	26,003	26,003	-	-	26,003
Trade payables	32,752	32,752	-	-	32,752
Other payables, deposits and accruals, net of GST payable	96,703	79,498	19,921	-	99,419
	454,943	230,663	263,400	4,398	498,461

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONT'D)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(iv) Liquidity risk (cont'd)

Company	Carrying amount RM'000	Contractual cash flows			Total RM'000
		On demand or within 1 year RM'000	Between 1 and 5 years RM'000	More than 5 years RM'000	
2016					
Redeemable convertible preference shares	5,978	6,620	-	-	6,620
Other payables, deposits and accruals, net of GST payable	11,818	11,818	-	-	11,818
Amounts owing to subsidiaries	91,994	91,994	-	-	91,994
	109,790	110,432	-	-	110,432
2015					
Redeemable convertible preference shares	5,978	433	6,620	-	7,053
Other payables, deposits and accruals, net of GST payable	534	534	-	-	534
Amounts owing to subsidiaries	78,249	78,249	-	-	78,249
	84,761	79,216	6,620	-	85,836

As at 31 December 2016, the current liabilities of the Group exceeded its current assets by RM166.198 million. In addition, during and subsequent to the financial year, the Group had defaulted in instalment repayments of principal sums in respect of credit facilities granted by a financial institution as disclosed in Note 25(ii) to the financial statements. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The measures being taken or will be taken by the Group to mitigate the existence of material uncertainty on going concern and to meet its obligations falling due within the next 12 months are disclosed in Note 2.7.

NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

36. FINANCIAL GUARANTEES

	Company	
	2016 RM'000	2015 RM'000
Unsecured:		
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	261,437	294,863

37. RELATED PARTIES

(a) Identity of related parties

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

Related parties of the Group include:

- (i) Subsidiaries;
- (ii) Entities in which directors have substantial financial interests; and
- (iii) Key management personnel of the Group's and the Company's holding company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

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

	Company	
	2016 RM'000	2015 RM'000
Subsidiaries		
Advances from a director	(6,800)	(4,700)
Advances from subsidiaries	(17,835)	(28,267)
Advances to subsidiaries	18,792	28,828
Dividend income receivable	(10,000)	(6,000)
Interest income receivable	(729)	(514)
Interest expense payable	7,293	4,834
Maintenance fees	39	36
Rental of property	90	90
Payment on behalf of the subsidiaries	1,340	403

	Group	
	2016 RM'000	2015 RM'000
Firm in respect of services provided by a director		
Legal fee payable	35	111

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONT'D)

37. RELATED PARTIES (CONT'D)

(c) Related party balances

Information on the outstanding balances with related companies and related parties are disclosed in Note 18 and 26.

(d) Compensation of key management personnel

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Company.

	Group	
	2016 RM'000	2015 RM'000
Directors' fees	156	168
Short-term employee benefits	583	652
Post-employment employee benefits	58	65
Benefits-in-kind	31	31
	828	916

38. CAPITAL MANAGEMENT

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

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:

	Group	
	2016 RM'000	2015 RM'000 (Restated)
Loans and borrowings	293,767	325,488
Trade and other payables	130,862	130,119
	424,629	455,607
Less: Cash and bank balances	(2,624)	(3,172)
Net debts	422,005	452,435
Total equity	161,503	151,996
Debt-to-equity ratio	2.61	2.98

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

39. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is prepared based on the Group's management reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loan, tax assets and liabilities, borrowings and expenses and corporate assets and expenses. Segmental capital expenditure is the total cost incurred during the financial year to acquire segment assets that are expected to be used for more than one period.

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and intangible assets other than goodwill.

Inter-segment pricing is determined based on negotiated terms.

(a) Business segments

The following are the Group's main business segments:

Segments	Products and services
Manufacturing	The Group focus on manufacturing and sale of quarry products, hotmixes and readymixed concrete.
Construction	The Group undertakes earthworks, buildings and expressways contracts.
Property development	The Group also undertakes the development of commercial and residential properties.
Thermal power generation	The Group is involved in thermal power generation activity.
Investment holding	Investment holding.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONT'D)

39. SEGMENT INFORMATION (CONT'D)

(a) Business segments (cont'd)

	Manufacturing RM'000	Construction RM'000	Property Development RM'000	Thermal Power Generation RM'000	Investment Holding RM'000	Group RM'000
2016						
Revenue						
External sales	43,399	5,370	57,005	-	-	105,774
Inter-segment sales	4,151	23,922	-	-	20,000	48,073
Total revenue	47,550	29,292	57,005	-	20,000	153,847
Adjustments and eliminations						(48,073)
Consolidated revenue						105,774
Results						
Segment results	2,696	308	20,796	(13,990)	8,547	18,357
Interest income						26
Finance costs						18,383
Tax expense						(6,620)
Consolidated profit after taxation						(6,613)
Assets						
Segment assets	56,256	4,024	174,828	349,238	13	584,359
Unallocated assets						2,966
Non-current assets classified as held for sale						10,351
Consolidated total assets						597,676
Liabilities						
Segment liabilities	28,763	20,273	62,343	230,354	18,777	360,510
Unallocated liabilities						75,663
Consolidated total liabilities						436,173

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

39. SEGMENT INFORMATION (CONT'D)

(a) Business segments (cont'd)

	Manufacturing RM'000	Construction RM'000	Property Development RM'000	Thermal Power Generation RM'000	Investment Holding RM'000	Group RM'000
2016						
Other segment items						
Capital expenditure:						
- land held for property development	-	-	109	-	-	109
- property, plant and equipment	272	-	73	13,013	-	13,358
Amortisation of:						
- intangible assets	630	-	-	12	-	642
- land use rights	-	-	-	61	-	61
- prepaid lease payments	2,078	-	-	-	-	2,078
Depreciation of property, plant and equipment	1,123	145	256	787	-	2,311
Gain on disposal of:						
- a subsidiary	-	-	-	-	(9,753)	(9,753)
- property, plant and equipment	-	-	(7)	-	-	(7)
Gain on fair value adjustment on retention sum	-	(520)	(9)	-	-	(529)
Gain on fair value changes on investment properties	(244)	-	(1,117)	-	-	(1,361)
Impairment loss on trade receivables	-	-	44	-	-	44
Loss/(Gain) on foreign exchange:						
- realised	-	-	-	7	-	7
- unrealised	-	-	-	10,517	(1)	10,516
Provision for liquidated ascertained damages	-	-	2,952	-	-	2,952
Unwinding of fair value adjustment on other payables	-	-	-	1,243	-	1,243

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONT'D)

39. SEGMENT INFORMATION (CONT'D)

(a) Business segments (cont'd)

	Manufacturing RM'000	Construction RM'000	Property Development RM'000	Thermal Power Generation RM'000	Investment Holding RM'000	Group RM'000
2015						
Revenue						
External sales	53,550	11,834	28,395	-	-	93,779
Inter-segment sales	5,388	33,773	-	-	12,000	51,161
Total revenue	58,938	45,607	28,395	-	12,000	144,940
Adjustments and eliminations						(51,161)
Consolidated revenue						93,779
Results						
Segment results	9,506	744	3,150	677	(2,192)	11,885
Interest income						389
Finance costs						12,274
Tax expense						(7,382)
						(5,415)
Non-controlling interests						(523)
						1,228
Consolidated profit after taxation						705
Assets						
Segment assets	61,885	6,011	190,073	347,247	2,078	607,294
Unallocated assets						3,172
Non-current assets classified as held for sale						26,597
Consolidated total assets						637,063
Liabilities						
Segment liabilities	42,382	21,339	60,484	239,555	17,491	381,251
Unallocated liabilities						82,978
Liabilities classified as held for sale						20,838
Consolidated total liabilities						485,067

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

39. SEGMENT INFORMATION (CONT'D)

(a) Business segments (cont'd)

	Manufacturing RM'000	Construction RM'000	Property Development RM'000	Thermal Power Generation RM'000	Investment Holding RM'000	Group RM'000
2015						
Other segment items						
Capital expenditure:						
- intangible assets	77	-	-	-	-	77
- land held for property development	-	-	804	-	-	804
- property, plant and equipment	134	-	41	22,856	-	23,031
Amortisation of:						
- intangible assets	653	-	-	6	-	659
- land use rights	-	-	-	61	-	61
- prepaid lease payments	1,933	-	-	-	-	1,933
Bad debts written off	13	-	-	-	-	13
Depreciation of property, plant and equipment	1,135	144	250	429	-	1,958
Gain on compulsory land acquisition	(10,207)	-	-	-	-	(10,207)
Gain on foreign exchange:						
- realised	-	-	-	(176)	-	(176)
- unrealised	-	-	-	(4,827)	-	(4,827)
Impairment loss on:						
- intangible assets	-	-	163	-	-	163
- trade receivables	-	-	27	-	-	27
Reversal of allowance for impairment losses on:						
- trade receivables	(17)	-	-	-	-	(17)
- trade receivables previously written off	(100)	-	-	-	-	(100)
Provision for liquidated ascertained damages	-	-	621	-	-	621
Unwinding of fair value adjustment on other payables	-	-	-	2,285	-	2,285

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONT'D)

39. SEGMENT INFORMATION (CONT'D)

(b) Geographical segments

	Revenue		Non-current assets	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Malaysia	105,774	93,779	77,879	102,430
China	-	-	307,988	304,401
	105,774	93,779	385,867	406,831

(c) Major customers

Revenue from one major customer in property development segment which amounted to RM11.748 million is equal to 11% of the Group's revenue.

In the previous financial year, revenue from one major customer in manufacturing segment which amounted to RM10.541 million is equal to 11% of the Group's revenue.

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 13 January 2016 and 30 November 2016, the Company issued 3,300,000 and 3,848,842 new ordinary shares of RM0.50 each respectively upon exercise of Warrants by the warrants' holders.
- (b) On 19 January 2016, Dolomite Berhad ("DB"), a wholly owned subsidiary of the Company, had disposed of 50%+1 shareholdings in D'Marina Sdn. Bhd. ("D'Marina") for a total offer price of RM22.354 million to Sinergi Dayang Sdn. Bhd. ("Sinergi"). As an integral part of the disposal, DB has further entered into a Deed of Novation with Sinergi and D'Marina to novate the advances totaling RM19.442 million to Sinergi.
- (c) On 9 August 2016, Dolomite Industries Company Sdn. Berhad ("DICSB"), a wholly owned subsidiary of the Company, had received a letter from the Hulu Langat District Land Office informing the Company the approval of the extension of the lease period for the surrender and re-alienation of land PN 6338 Lot 5704, measuring 208,376 square metres, and PN6339 Lot 5705, measuring 3,147,448 square metres at Mukim Hulu Langat, Hulu Langat District, Selangor by 99 years for industrial purpose.
- (d) On 24 January 2013, the Government of Selangor through an announcement by the Menteri Besar informed the press that the Government of Selangor would instruct Majlis Perbandaran Selayang ("MPS") to cancel the Development Order issued to Dolomite Properties Sdn. Bhd. ("DP"), a wholly owned subsidiary of the Company. This intended revocation was to stop the development of the residential Park Avenue condominium. However, other than a Temporary Stop Work Notice, MPS did not issue any termination or revocation of the Development Order.

The Temporary Stop Work Notice affected the ability of DP to obtain the Certificate of Completion and Compliance ("CCC") in respect of the shop office and office building which formed Phase 1 of the Dolomite Park Avenue Project. The purchasers of the shop office filed action for failure to issue CCC.

On the other hand, the management initiated judicial review proceedings against MPS to claim that essentially that there was no basis for the issuance of Temporary Stop Work Notice, which was in any event meant to be temporary in nature. DP also brought in the architect of the project as third party into the case. The architect filed a counter-claim for a sum of RM781,200.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(d) (cont'd)

On 26 August 2016, the purchasers claimed obtained judgement against DP for a total amount of RM1,272,962. The third party proceedings filed by DP against MPS and the architect and the counter-claim filed by the architect were dismissed by the Court.

On 13 October 2016, DP deposited the sum of RM1,272,962 with solicitors as stakeholders. However, DP had filed an appeal to the High Court on 1 September 2016. The purchasers concerned have applied to the court to strike out the appeal and fixed for hearing on 25 April 2017.

(e) On 14 November 2016, Dolomite Biotech Sdn. Bhd. ("DBSB"), a wholly owned subsidiary of the Company, had received the notice of striking-off dated 27 October 2016 from the Companies Commission of Malaysia pursuant to Section 308(4) of the Companies Act 1965 ("308(4) Notice").

(f) On 14 November 2016, Orris Capital Sdn. Bhd. ("OCSB"), a wholly owned subsidiary of the Company, had received the notice of striking-off dated 27 October 2016 from the Companies Commission of Malaysia pursuant to Section 308(4) of the Companies Act 1965 ("308(4) Notice").

41. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) On 21 April 2017, pursuant to Paragraph 9.19A of the Main Market Listing Requirements ("MMLR") of Bursa Securities, the Company announced that Dolomite Power-Shandong (HK) Limited ("DPSHKL"), a wholly owned subsidiary of Dolomite Technology (HK) Limited, which in turn is a wholly owned subsidiary of the Company has defaulted in instalment repayments of principal sums in respect of credit facilities granted by a financial institution amounting to RM28,430,106 on 20 October 2016, 20 January 2017 and 20 April 2017 (Note 25(ii)).

(b) **Companies Act 2016**

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONT'D)

42. CONTINGENT LIABILITIES

- (a) Dolomite Engineering Sdn. Bhd. ("DE"), a wholly owned subsidiary of the Company, commenced arbitration proceedings against its customer for monies owing in a project to carry out road and drain works. The amount claimed is RM525,889 for certified sums and RM876,818 for uncertified sums.

The customer alleged that the works were defective and counterclaimed for RM379,003. The customer further alleged delay in completion and counterclaimed RM5,000 per day for liquidated damages.

Based on the legal counsel advice, the amount of contingent liabilities will depend on the issue of delay and defective works, which will have to be investigated during the hearing through the testimony of witnesses of fact and expert witnesses.

- (b) Shandong Dolomite Thermal Power Co. Ltd.'s ("SDTP") main contractor has filed action against SDTP to recover the outstanding progress claims of RMB108,673,296 (RM70,148,004) of which RMB50,304,477 (RM32,471,258) has been recognised in the book of SDTP (Note 26). In the same matter, SDTP has filed a counter claim against the main contractor for delaying in completing the construction of infrastructure assets in Shandong Province of China amounting to RMB35,607,650 (RM22,984,539), costs incurred by SDTP to complete the balance of works amounting to RMB26,640,817 (RM17,196,498) and legal fee of RMB980,000 (RM632,585).

The case is currently under arbitration. Based on the understanding with solicitors in China, the directors are optimistic with the outcome of the case.

43. COMPARATIVE FIGURES

During the financial year, the Directors noted that there were arithmetical errors in the computation of the fair value of redeemable convertible preference shares and classification of foreign currency translation of additional investment in a foreign operation. In addition, there were some reclassifications that have been adjusted to conform with the current financial year presentation.

Accordingly, the financial statements of the Group for the financial year ended 31 December 2015 and the opening consolidated statement of financial position as at 1 January 2015 have been restated to correct the error.

	Note	As previously reported RM'000	Adjustments RM'000	As restated RM'000
Group				
31 December 2015				
Statement of financial position				
Equity				
Share premium	23	(377)	331	(46)
Accumulated losses		46,283	(308)	45,975
Reserves	24	(73,552)	1,500	(72,052)
Non-current liabilities				
Loans and borrowings	25	(219,837)	(1,523)	(221,360)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

(CONT'D)

43. COMPARATIVE FIGURES (CONT'D)

	Note	As previously reported RM'000	Adjustments RM'000	As restated RM'000
Group				
31 December 2015				
Statement of comprehensive income				
Other income		(17,105)	(308)	(17,413)
Other comprehensive loss, net of tax				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations		1,013	308	1,321
Earnings per share attributable to owners of the Company				
- Basic (sen)	33	0.15	0.12	0.27
- diluted (sen)	33	0.15	0.12	0.27
1 January 2015				
Statement of financial position				
Equity				
Share premium	23	(107)	94	(13)
Reserves	24	(74,835)	1,429	(73,406)
Non-current liabilities				
Loans and borrowings	25	(177,523)	(1,523)	(179,046)
Current liabilities				
Other payables, deposits and accruals	26	(56,151)	5,731	(50,420)
Provision	28	-	(5,731)	(5,731)
Company				
31 December 2015				
Statement of financial position				
Equity				
Share premium	23	(377)	331	(46)
Reserves	24	(70,051)	1,192	(68,859)
Non-current liabilities				
Loans and borrowings	25	(4,455)	(1,523)	(5,978)
1 January 2015				
Statement of financial position				
Equity				
Share premium	23	(107)	94	(13)
Reserves	24	(70,321)	1,429	(68,892)
Non-current liabilities				
Loans and borrowings	25	(4,455)	(1,523)	(5,978)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONT'D)

SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

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

The following analysis of realised and unrealised profits or losses included in the retained earnings of the Group and of the Company at 31 December 2016 and 31 December 2015 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries				
- realised	70,029	41,710	(7,856)	(9,797)
- unrealised	3,455	17,179	-	-
	73,484	58,889	(7,856)	(9,797)
Total share of accumulated losses of associate:				
- realised	(675)	(675)	-	-
	72,809	58,214	(7,856)	(9,797)
Less: Consolidation adjustments	(113,634)	(104,189)	-	-
Total accumulated losses	(40,825)	(45,975)	(7,856)	(9,797)

LIST OF PROPERTIES

AS AT 31 DECEMBER 2016

Location/Address	Description/ Existing Use	Tenure	Land Area	Approximate Age of Building	Net Book Value (RM'000)	Date of Valuation
PN 6338 and PN 6339 Lot 5704 and 5705 Mukim of Hulu Langat Selangor Postal address: 11 3/4 Miles, Sungai Serai 43100 Hulu Langat, Selangor	Quarry land together with quarry plant, office and workshop	Leasehold/ expiring on 8-Jun-2019	36,125,483 sq.ft.	30 years	7,983	31-May-2002
Lot 6022, C.T.18267 Mukim Batu District of Kuala Lumpur Selangor	Commercial land	Freehold	104,053 sq.ft.	N/A	24,698	31-May-2002
Lot No. 32 and 33 Mukim Batu District of Gombak, Selangor	2 plots of industrial land	Freehold	78,846 sq.ft.	N/A	6,212	31-May-2002
Lot No. 52334 and Lot No. 30 Mukim Batu District of Gombak, Selangor	2 plots of industrial land	Freehold	61,667 sq.ft.	N/A	19,130	30-Dec-2016
Geran 53437 Lots 70208-70210 and Lots 70212-70214, Mukim Batu District of Gombak, Selangor	6 plots of commercial land	Freehold	143,140 sq.ft.	N/A	31,704	N/A
Geran 44117, Lot 1476 Mukim Rawang District of Gombak, Selangor	Mixed residential, agricultural and commercial land	Freehold	26.6383 hectares	N/A	87,669	N/A

ANALYSIS OF SHAREHOLDINGS

AS AT 20 MARCH 2017

ORDINARY SHARES

Number of Issued Shares	-	272,578,457
Class of Shares	-	Ordinary Shares
Voting Rights	-	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares Held
1 - 99	18	0.621	752	0.000
100 - 1,000	1,035	35.751	853,141	0.312
1,001 - 10,000	1,268	43.799	5,765,566	2.115
10,001 - 100,000	468	16.165	15,396,058	5.648
100,001 - 13,628,921 (*)	102	3.523	109,803,304	40.283
13,628,922 and above (**)	4	0.138	140,759,636	51.640
Total	2,895	100.000	272,578,457	100.000

Remarks:* - Less than 5% of issued shares
 ** - 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct	No. of Shares Held		%
		%	Indirect	
1. Bong Sin Rubber Estates Company Sdn Berhad	81,091,500	29.749	-	-
2. Huang Jen Soong	16,904,150	6.201	88,361,180 ¹	32.417
3. Lim Beng Keat	44,011,626	16.146	-	-
4. Lim Beng Teck	16,618,054	6.097	-	-
5. Lau Huang Nam	7,841,682	2.876	10,604,669 ²	3.891
6. Yap Koon Wah	400,000	0.147	87,961,180 ³	32.270
7. Bong Sin Construction Company Sdn Berhad	6,869,680	2.520	81,091,500 ⁴	29.749

Notes:

- Deemed interest by virtue of his wife, Madam Yap Koon Wah's substantial shareholdings in Bong Sin Rubber Estates Company Sdn Berhad and Bong Sin Construction Company Sdn Berhad.
- Deemed interest by virtue of his brother, Lau Huan Yeong's direct interest in Dolomite Corporation Berhad and his and Lau Huan Yeong's deemed interest in Calwealth Corporation Pte Ltd.
- Deemed interest by virtue of her substantial shareholdings in Bong Sin Rubber Estates Company Sdn Berhad and Bong Sin Construction Company Sdn Berhad.
- Deemed interest by virtue of its substantial shareholdings in Bong Sin Rubber Estates Company Sdn Berhad.

ANALYSIS OF SHAREHOLDINGS AS AT 20 MARCH 2017 (CONT'D)

DIRECTORS' SHAREHOLDINGS

Name of Directors	No. of Ordinary Shares Held			
	Direct	%	Indirect	%
1. Tan Sri Dato' Seri Mohd Jamil Bin Johari	-	-	-	-
2. Lim Beng Keat ²	44,011,626	16.146	-	-
3. Huang Jen Soong ²	16,904,150	6.201	88,361,180 ¹	32.417
4. Lew Choong Keong	510,000	0.187	-	-
5. Dominic Aw Kian-Wee	-	-	-	-
6. Seow Yoo Lin	-	-	-	-

Notes:

- Deemed interest by virtue of his wife, Madam Yap Koon Wah's substantial shareholdings in Bong Sin Rubber Estates Company Sdn Berhad and Bong Sin Construction Company Sdn Berhad.
- By virtue of their shareholdings in the Company, they are deemed to have interest in the shares of the subsidiaries of the Company.

ORDINARY SHARES

LIST OF TOP 30 SHAREHOLDERS

(Without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name of Shareholders	No. of Shares Held	% of Shares Held
1.	Bong Sin Rubber Estates Company Sdn Berhad	81,091,500	29.749
2.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Beng Keat	26,182,986	9.605
3.	Huang Jen Soong	16,904,150	6.201
4.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Beng Teck	16,581,000	6.083
5.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Beng Keat	10,000,000	3.668
6.	Lau Huan Yeong	8,311,669	3.049
7.	Maybank Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd for Lau Huang Nam	7,841,682	2.876
8.	Lim Beng Keat	7,828,640	2.872
9.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Abu Sahid Bin Mohamed	6,937,300	2.545
10.	Khiam Huat Industrial Works Sdn Berhad	6,187,301	2.269

ANALYSIS OF SHAREHOLDINGS AS AT 20 MARCH 2017 (CONT'D)

ORDINARY SHARES (CONT'D)

LIST OF TOP 30 SHAREHOLDERS (CONT'D)

No. Name of Shareholders	No. of Shares Held	% of Shares Held
11. Bong Sin Construction Company Sdn Berhad	5,726,380	2.100
12. Lim May Lee	4,300,000	1.577
13. Cheah Song Kang @ Chiah Jee Ba	3,473,373	1.274
14. Ng Ping Ho	3,380,000	1.240
15. UOBM Nominees (Tempatan) Sdn Bhd Exempt An for Areca Capital Sdn Bhd	3,103,000	1.138
16. DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt An for Bank of Singapore Limited	2,293,000	0.841
17. True Paragon Sdn Bhd	2,023,200	0.742
18. Public Invest Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohamed Nizam Bin Abdul Razak	1,658,786	0.608
19. Ng Swee Seong	1,628,955	0.597
20. Teo Boon Huang Andy	1,614,800	0.592
21. Moo Khean Choong @ Mu Kan Chong	1,540,300	0.565
22. Ng Kiam Neiw	1,500,000	0.550
23. Gill Satwant Singh	1,440,000	0.528
24. How Yam Hooi	1,394,358	0.511
25. Bong Sin Construction Company Sdn Berhad	1,143,300	0.419
26. Mohd Taufik Bin Abdullah	1,120,000	0.410
27. Khoo Ee Ping	965,000	0.354
28. Wan Sau Leong	957,500	0.351
29. Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kuah Siong Wee @ Kua Seong Wee	900,000	0.330
30. Maybank Nominees (Tempatan) Sdn Bhd Nomura Singapore Limited for Lim Lian Hock	800,000	0.293
Total	228,828,180	83.949

ANALYSIS OF SHAREHOLDINGS AS AT 20 MARCH 2017 (CONT'D)

REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS")

Number of Issued Shares	-	12,374,428
Class of Shares	-	RCPS
Voting Rights	-	The RCPS holders shall carry no right to vote at any general meeting of the Company except for the following circumstances: (a) when the dividend or part of the dividend on the RCPS is in arrears for more than 24 months; (b) on a proposal to reduce the Company's share capital; (c) on a proposal for the disposal of a substantial (as defined in Section 223(2)(b) of the Companies Act 2016 ("the Act"))# portion of the Company's property, business and undertaking; (d) on a proposal that affects the rights attached to the RCPS; (e) on a proposal to wind-up the Company; and (f) during the winding-up of the Company.

Note :

Section 223(2)(b) of the Act provides inter-alia that in the case of a company where all or any of its shares are quoted on a stock exchange, or its subsidiary, the term "substantial value" or "substantial portion" shall mean the same value prescribed in the listing requirements of the stock exchange where approval of the shareholders at a general meeting is required.

DISTRIBUTION OF RCPS HOLDINGS

Size of RCPS Holdings	No. of RCPS Holders	% of RCPS Holders	No. of RCPS Held	% of RCPS Held
1 - 99	2	0.877	100	0.000
100 - 1,000	189	82.894	38,150	0.308
1,001 - 10,000	22	9.649	66,800	0.539
10,001 - 100,000	7	3.070	250,779	2.026
100,001 - 618,720 (*)	3	1.315	533,978	4.315
618,721 and above (**)	5	2.192	11,484,621	92.809
Total	228	100.000	12,374,428	100.000

Remarks: * - Less than 5% of issued RCPS

** - 5% and above of issued RCPS

ANALYSIS OF SHAREHOLDINGS AS AT 20 MARCH 2017 (CONT'D)

REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS") (CONT'D)

SUBSTANTIAL RCPS HOLDERS

Name of RCPS Holders	Direct	No. of RCPS Held		
		%	Indirect	%
1. Bong Sin Rubber Estates Company Sdn Berhad	7,148,842	57.771	-	-
2. Huang Jen Soong	1,925,231	15.558	7,148,842 ¹	57.771
3. Lim Beng Keat	1,000,000	8.081	-	-
4. Lau Huang Nam	784,168	6.337	229,300 ²	1.853
5. Yap Koon Wah	-	-	7,148,842 ³	57.771
6. Bong Sin Construction Company Sdn Berhad	-	-	7,148,842 ⁴	57.771

Notes:

- Deemed interest by virtue of his wife, Madam Yap Koon Wah's substantial shareholdings in Bong Sin Rubber Estates Company Sdn Berhad.
- Deemed interest by virtue of his and his brother, Lau Huan Yeong's deemed interest in Calwealth Corporation Pte Ltd.
- Deemed interest by virtue of her substantial shareholdings in Bong Sin Rubber Estates Company Sdn Berhad.
- Deemed interest by virtue of its substantial shareholdings in Bong Sin Rubber Estates Company Sdn Berhad.

DIRECTORS' RCPS HOLDINGS

Name of Directors	Direct	No. of RCPS Held		
		%	Indirect	%
1. Tan Sri Dato' Seri Mohd Jamil Bin Johari	-	-	-	-
2. Lim Beng Keat	1,000,000	8.081	-	-
3. Huang Jen Soong	1,925,231	15.558	7,148,842 ¹	57.771
4. Lew Choong Keong	40,000	0.323	-	-
5. Dominic Aw Kian-Wee	-	-	-	-
6. Seow Yoo Lin	-	-	-	-

Notes:

- Deemed interest by virtue of his wife, Madam Yap Koon Wah's substantial shareholdings in Bong Sin Rubber Estates Company Sdn Berhad.

ANALYSIS OF WARRANT HOLDINGS FOR WARRANT C 2012/2017

AS AT 20 MARCH 2017

Number of Warrants Issued - 2,547,175
 Exercise Price of Warrants - RM0.50 per warrant
 Expiry Date of Warrants - 8 August 2017
 Voting Rights - Nil

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants Held	% of Warrants Held
1 - 99	2	0.851	100	0.003
100 - 1,000	194	82.553	43,250	1.697
1,001 - 10,000	27	11.489	84,100	3.301
10,001 - 100,000	8	3.404	240,379	9.437
100,001 - 127,357 (*)	0	0.000	0	0.000
127,358 and above (**)	4	1.702	2,179,346	85.559
Total	235	100.000	2,547,175	100.000

Remarks:* - Less than 5% of issued warrants

** - 5% and above of issued warrants

DIRECTORS' WARRANT HOLDINGS

Name of Directors	Direct	No. of Warrants Held		%
		%	Indirect	
1. Tan Sri Dato' Seri Mohd Jamil Bin Johari	-	-	-	-
2. Lim Beng Keat	1,000,000	39.259	-	-
3. Huang Jen Soong	-	-	-	-
4. Lew Choong Keong	40,000	1.570	-	-
5. Dominic Aw Kian-Wee	-	-	-	-
6. Seow Yoo Lin	-	-	-	-

ANALYSIS OF WARRANT HOLDINGS FOR WARRANT C 2012/2017 AS AT 20 MARCH 2017 (CONT'D)

LIST OF TOP 30 WARRANT HOLDERS

(Without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name of Warrant Holders	No. of Warrants Held	% of Warrants Held
1.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Beng Keat	1,000,000	39.259
2.	Maybank Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd for Lau Huang Nam	784,168	30.785
3.	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt An for Bank of Singapore Limited	229,300	9.002
4.	Public Invest Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohamed Nizam Bin Abdul Razak	165,878	6.512
5.	Mohamed Nizam Bin Abdul Razak	77,939	3.059
6.	Maybank Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd for Linda Hung Siu Yee	60,000	2.355
7.	Lew Choong Keong	40,000	1.570
8.	Yeoh Loo Kim	14,600	0.573
9.	HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd for Ewe Hong Khoon	13,000	0.510
10.	Tsen Kui Lan @ Margaret Tsen	12,000	0.471
11.	Siew Hoi Pat	11,640	0.456
12.	Leong Ah Meng @ Leong Mee	11,200	0.439
13.	Goh Wan Ching	7,600	0.298
14.	Chow Thin Chun @ Chiew Hay Chun	7,000	0.274
15.	Thi See Kiat	7,000	0.274
16.	Wan Sau Leong	4,400	0.172
17.	Au Shiun Chour	4,000	0.157
18.	Hew Wei Then @ Hew Wee Ting	4,000	0.157

ANALYSIS OF WARRANT HOLDINGS FOR WARRANT C 2012/2017 AS AT 20 MARCH 2017 (CONT'D)

LIST OF TOP 30 WARRANT HOLDERS (CONT'D)

No.	Name of Warrant Holders	No. of Warrants Held	% of Warrants Held
19.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Hiap Loon	4,000	0.157
20.	Lee Siew Hwa	4,000	0.157
21.	Yee Lai Fun	4,000	0.157
22.	Chiew Mei Yee	3,000	0.117
23.	Lim Chye Len	3,000	0.117
24.	Ng Sew Teng	3,000	0.117
25.	Bong Hua	2,000	0.078
26.	Chow Sook Fei	2,000	0.078
27.	Hew Wei Then @ Hew Wee Ting	2,000	0.078
28.	Hew Wei Then @ Hew Wee Ting	2,000	0.078
29.	Khaw Yean Thye	2,000	0.078
30.	Liew Meow Kheong	2,000	0.078
	Total	2,486,725	97.626

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Third Annual General Meeting of the Company will be held at Jasmine & Orchid Room, Level C, One World Hotel, First Avenue, Bandar Utama City Centre, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 23 May 2017 at 2.30 p.m. to transact the following businesses:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Directors' and Auditors' Reports thereon. **(Note 8)**
2. To approve the payment of fees to the Directors in respect of the financial year ended 31 December 2016. **Ordinary Resolution 1**
3. To re-elect Mr Lim Beng Keat who is retiring pursuant to the Articles of Association of the Company. **Ordinary Resolution 2**
4. To re-elect Mr Seow Yoo Lin who is retiring pursuant to the Articles of Association of the Company. **Ordinary Resolution 3**
5. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

As Special Business

To consider and, if thought fit, to pass the following ordinary resolution:-

6. **Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares**

"That pursuant to Section 76 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until:-

- (i) the conclusion of the next Annual General Meeting held; or
- (ii) at the expiry of the period within which the next Annual General Meeting is required to be held,

whichever is the earlier and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such allotment and issue." **Ordinary Resolution 5**

BY ORDER OF THE BOARD

Tai Yit Chan (MAICSA 7009143)
Chan Su San (MAICSA 6000622)
Lo Sze Min (MIA 3439)
Company Secretaries

Selangor Darul Ehsan
Date: 28 April 2017

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint more than two (2) proxies to attend at the same meeting. Where a member appoints two (2) or more proxies, the member shall specify in each proxy form the proportion of the member's shareholdings to be represented by each proxy.
2. A proxy may but need not be a member of the Company.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy and the power of attorney or authority, if any, under which it is signed or notarially certified copy of that power or authority shall be deposited at the registered office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll.
6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of the meeting will be put to vote by way of poll.
7. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 15 May 2017 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.
8. The Audited Financial Statements in Agenda 1 is meant for discussion only as approval from shareholders is not required pursuant to Section 340 (1)(a) of the Companies Act 2016. Hence, this Agenda is not put forward for voting by shareholders of the Company.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

9. ***Ordinary Resolution No. 5 - Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares***

The Company had obtained its shareholders' approval for the general mandate for issuance of shares pursuant to the then Section 132D of the Companies Act, 1965 at the Twenty-Second Annual General Meeting held on 24 May 2016. The Company did not issue any shares pursuant to this mandate obtained.

The Ordinary Resolution 5 is a renewal of the general mandate for the issuance of shares by the Company pursuant to Section 76 of the Companies Act 2016. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total 10% of the total number of issued shares of the Company for purpose of funding the working capital or future investments of the Group. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect thereof.

Proxy Form

I/We,

(Please use Block Letters)

*NRIC No./Passport No./Company No.

of

being (a) member(s) of DOLOMITE CORPORATION BERHAD and entitled to vote hereby appoint

NRIC No./Passport No.

of

or failing him/her,

NRIC No./Passport No.

of

or failing *him/her, the Chairman of the meeting as *my/our proxy to attend and vote for *me/us on *my/our behalf at the Twenty-Third Annual General Meeting of the Company to be held at Jasmine & Orchid Room, Level C, One World Hotel, First Avenue, Bandar Utama City Centre, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 23 May 2017 at 2.30 p.m. and at any adjournment thereof in respect of my/our shareholding in the manner indicated below:

No.	Resolutions	For	Against
Ordinary Resolution 1	Approval of payment of fees to the Directors in respect of the financial year ended 31 December 2016		
Ordinary Resolution 2	Re-election of Mr Lim Beng Keat as Director		
Ordinary Resolution 3	Re-election of Mr Seow Yoo Lin as Director		
Ordinary Resolution 4	Re-appointment of Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration		
Ordinary Resolution 5	Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares		

Please indicate with an "X" in the spaces provided how you wish your votes to be cast. If no specific direction is given on the voting, the proxy/proxies will vote or abstain from voting on the resolutions at his/her discretion.

Dated this day of 2017.

Number of share(s) held

Signature of *Shareholder or Common Seal

** Please delete whichever is inapplicable*

Notes:

- A member of the Company entitled to attend and vote at the meeting is entitled to appoint more than two (2) proxies to attend at the same meeting but only one (1) proxy shall be entitled to vote on a show of hands. Where a member appoints two (2) or more proxies, the member shall specify in each proxy form the proportion of the member's shareholdings to be represented by each proxy.
- A proxy may but need not be a member of the Company.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy and the power of attorney or authority, if any, under which it is signed or notarially certified copy of that power or authority shall be deposited at the registered office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of the meeting will be put to vote by way of poll.
- For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 15 May 2017 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

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Stamp

The Company Secretaries

DOLOMITE CORPORATION BERHAD (290455-W)

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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