

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR
THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON**

CERTIFIED TRUE COPY

MITRAJAYA HOLDINGS BERHAD
(268257 - T)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2016

Baker Tilly Montelro Heng
No. AF 0117
Chartered Accountants


Lee Kong Weng
No. 02967/07/2019 J
Chartered Accountant

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

MITRAJAYA HOLDINGS BERHAD
(Incorporated in Malaysia)



**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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(Incorporated in Malaysia)



DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activity whilst the principal activities of the subsidiaries are as disclosed in Note 8 to the financial statements. There has been no significant change in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year		
- Continuing operations	119,749,441	33,801,103
- Discontinued operation	1,517,223	-
	<u>121,266,664</u>	<u>33,801,103</u>
Attributable to:		
Owners of the Company	118,683,809	33,801,103
Non-controlling interests	2,582,855	-
	<u>121,266,664</u>	<u>33,801,103</u>

DIVIDEND

The amounts of dividends paid by the Company since the end of the previous financial year was as follows:

	RM
First and final single tier dividend of 10% on 668,464,912 ordinary shares of RM0.50 each in respect of the financial year ended 31 December 2015, paid on 2 August 2016	<u>33,423,246</u>

At the forthcoming Annual General Meeting, a first and final single tier dividend of RM0.05 per share will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2017.

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RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the financial year have been disclosed in the statements of changes in equity.

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

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

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, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances that 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 methods 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 and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, and
- (ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial year.

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

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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 that would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up capital of the Company increased from RM 321,084,776 to RM 334,861,036 by way of issuances of:

- (a) 24,031,383 new ordinary shares of RM0.50 each arising from the exercise of Warrants C;
- (b) 95,938 new ordinary shares of RM0.50 each arising from the exercise of Warrants D; and
- (c) 3,425,200 new ordinary shares of RM0.50 each arising from the exercise of share options under the Employees’ Share Option Scheme (“ESOS”).

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

During the financial year, the Company did not issue any debentures.

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WARRANTS

Warrants C

By virtue of a Deed Poll executed on 21 June 2011 for the 47,729,947 Warrants C ("Warrants C") issued in connection with the Share Split and Bonus Issue allotted and credited on 1 July 2011, each Warrants C entitles the registered holder the right at any time during the exercise period from 5 July 2011 to 4 July 2016 to subscribe in cash for one new ordinary share at an exercise price of RM0.90 each.

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

In accordance with the provisions under the Deed Poll-Warrants C and consequential to the Bonus Issue on 19 August 2015, an additional 8,593,789 Warrants C were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 20 August 2015. The exercise price for the Warrants C was revised from RM0.90 to RM0.60 each.

Warrants D

By virtue of a Deed Poll executed on 3 July 2015 for the 85,614,556 Warrants D ("Warrants D") issued in connection with the Bonus Issue of free warrants allotted and credited on 1 September 2015, each Warrants-D entitles the registered holder the right at any time during the exercise period from 24 August 2015 to 23 August 2020 to subscribe in cash for one new ordinary share at an exercise price of RM1.09 each.

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

	Number of warrants				At 31.12.2016
	At 1.1.2016	Allotted	Exercised	Lapsed	
Warrants C	25,777,640	-	(24,031,383)	(1,746,257)	-
Warrants D	85,614,556	-	(95,938)	-	85,518,618

Warrants C has lapsed on 4 July 2016.

TREASURY SHARES

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

The shareholders of the Company by an ordinary resolution passed in the fifteenth Annual General Meeting held on 17 June 2008, approved the mandate for the Company's plan to repurchase its own ordinary shares. On 3 June 2016, the shareholders of the Company at the twenty-third Annual General Meeting granted their mandate for the Company's renewal of authority to repurchase its own ordinary shares.

During the financial year, the Company repurchased 20,000 shares from the open market at an average price of RM1.28 per share. The total consideration paid for the repurchase, was RM25,698 and they were financed by internally generated funds.

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TREASURY SHARES (Continued)

As at 31 December 2016, the Company held a total of 580,000 treasury shares of its 669,722,072 issued ordinary shares. Such treasury shares are held at a carrying amount of RM572,350. Details are disclosed in Note 21 to the financial statements.

EMPLOYEES' SHARE OPTION SCHEME

The Company's Employees' Share Option Scheme ("ESOS") is governed by the by-laws approved by the shareholders of the Company at an Extraordinary General Meeting held on 23 June 2015.

The salient features and other details of the ESOS are disclosed in Note 19(c) to the financial statements.

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

Grant date	Exercise price RM	Number of option over ordinary shares				
		At 1.1.2016	Granted	Exercised	Lapsed	At 31.12.2016
18.08.2015	1.15	30,411,500	-	(2,925,200)	(1,423,500)	26,062,800
12.02.2016	0.98	-	8,000,000	(500,000)	-	7,500,000
		30,411,500	8,000,000	(3,425,200)	(1,423,500)	33,562,800

The Company has been granted relief by Companies Commission of Malaysia to disclose the name of holders who hold less than 683,000 unissued ordinary shares of RM0.50 each.

Details of option holders granted 683,000 options or more are as follows:

Name	Exercise price	Grant date	Expiry date	Number of options	
				Granted	Exercised
Bibhuti Nath Jha	1.15	18.08.2015	23.07.2020	345,000	-
Bibhuti Nath Jha	0.98	12.02.2016	23.07.2020	5,000,000	250,000
Chan Yeen Kong	1.15	18.08.2015	23.07.2020	423,000	-
Chan Yeen Kong	0.98	12.02.2016	23.07.2020	3,000,000	250,000
Tan Eng Piow	1.15	18.08.2015	23.07.2020	1,987,500	-
Foo Chek Lee	1.15	18.08.2015	23.07.2020	1,528,500	-
Kok Siew Leng	1.15	18.08.2015	23.07.2020	1,462,500	950,000
Sia Guat Hun	1.15	18.08.2015	23.07.2020	895,500	-
Cho Wai Ling	1.15	18.08.2015	23.07.2020	865,500	-
Tan Mei Yin	1.15	18.08.2015	23.07.2020	838,500	42,000
Tan Eng Ching	1.15	18.08.2015	23.07.2020	787,500	-
Choo Yee Ling	1.15	18.08.2015	23.07.2020	753,000	70,000
Soong Hong Kun	1.15	18.08.2015	23.07.2020	697,500	697,500
Khoo Kui Hong	1.15	18.08.2015	23.07.2020	693,000	-

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DIRECTORS

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

General Tan Sri Ismail Bin Hassan (R)
 Tan Eng Piow
 Foo Chek Lee
 Cho Wai Ling
 Tan Sri Dato’ Seri Mohamad Noor Bin Abdul Rahim
 Ir Zakaria Bin Nanyan
 Roland Kenneth Selvanayagam

DIRECTORS’ INTERESTS

According to the register of directors’ shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those Directors who held office at the end of the financial year in shares, warrants and share options of the Company and its related corporations during the financial year ended 31 December 2016 are as follows:

	Number of ordinary shares of RM0.50 each			
	At 1.1.2016	Exercise of warrants/ ESOS/ Bought	Sold	At 31.12.2016
The Company				
Direct interest				
Tan Eng Piow	259,547,489	12,297,585	-	271,845,074
Foo Chek Lee	1,216,252	-	-	1,216,252
Indirect interest				
Tan Eng Piow	3,648,750 ¹	42,000	-	3,690,750 ¹
Foo Chek Lee	36,487 ²	-	-	36,487 ²

	Number of Warrants-C Issued Pursuant To the Deed Poll dated 21.6.2011 exercisable at any time from 5.7.2011 to 4.7.2016			
	At 1.1.2016	Alloted	Exercised	At 31.12.2016
The Company				
Direct interest				
Tan Eng Piow	12,297,585	-	(12,297,585)	-

¹ Shares held through children.

² Shares held through spouse.

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DIRECTORS' INTERESTS (Continued)

**Number of Warrants-D Issued Pursuant
To the Deed Poll dated 3.7.2015
exercisable at any time from
24.8.2015 to 23.8.2020**

	At 1.1.2016	Alloted	Exercised	At 31.12.2016
The Company				
Direct interest				
Tan Eng Piow	34,606,331	-	-	34,606,331
Foo Chek Lee	162,166	-	-	162,166
Indirect interest				
Tan Eng Piow	486,500 ¹	-	-	486,500 ¹
Foo Chek Lee	4,865 ²	-	-	4,865 ²

Number of shares under the ESOS

	At 1.1.2016	Granted	Exercised	At 31.12.2016
The Company				
Direct interest				
Tan Eng Piow	1,987,500	-	-	1,987,500
Foo Chek Lee	1,528,500	-	-	1,528,500
Cho Wai Ling	865,500	-	-	865,500
Indirect interest				
Tan Eng Piow	838,500 ¹	-	(42,000)	796,500 ¹

¹ Warrants/ Share options held through children.

² Warrants/ Share option held through spouse.

By virtue of his interest in the ordinary shares of the Company and pursuant to Section 6A of the Companies Act, 1965 in Malaysia, Tan Eng Piow is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

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

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DIRECTORS’ BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 34 to the financial statements or the fixed salary of a full time employee of the Company and its related corporations) by reason of a contract made by the Company or a related corporation with any 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, except for any deemed benefits which may arise from transactions entered into in the ordinary course of business as disclosed in Note 42(b) to the financial statements.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, other than those arising from the share options granted under the ESOS.


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 46 to the financial statements.

AUDITORS

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

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:


.....
TAN ENG PIOW
Director


.....
FOO CHEK LEE
Director

Date: 13 April 2017

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**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	121,195,513	75,281,611	1	1
Land held for property development	6	131,407,297	94,225,338	-	-
Investment properties	7	6,663,509	6,920,529	-	-
Investment in subsidiaries	8	-	-	287,534,856	152,049,025
Investment in an associate	9	833,769	584,346	-	-
Goodwill on consolidation	10	2,216,219	3,300,760	-	-
Deferred tax assets	11	5,518,726	2,627,195	-	-
Total non-current assets		267,835,033	182,939,779	287,534,857	152,049,026
Current assets					
Amount due from customers for contract work	12	103,857,230	96,511,226	-	-
Property development costs	13	99,494,415	175,098,360	-	-
Inventories	14	192,307,676	131,238,678	-	-
Trade and other receivables	15	493,026,093	391,651,823	21,947	123,404
Tax recoverable		2,571,335	2,218,494	-	-
Other investment	16	19,600,867	1,463,394	19,600,867	1,463,394
Amount due from subsidiaries	17	-	-	89,091,085	222,322,257
Deposits, cash and bank balances	18	58,180,152	39,830,636	11,359,327	11,839,870
Total current assets		969,037,768	838,012,611	120,073,226	235,748,925
TOTAL ASSETS		1,236,872,801	1,020,952,390	407,608,083	387,797,951

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MITRAJAYA HOLDINGS BERHAD
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STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016 (Continued)

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	19	334,861,036	321,084,776	334,861,036	321,084,776
Share premium	20	23,714,353	17,741,130	23,714,353	17,741,130
Treasury shares	21	(572,350)	(546,652)	(572,350)	(546,652)
Other reserves	22	8,592,528	(2,939,487)	13,315,209	11,619,179
Retained earnings		251,962,228	165,160,593	35,357,622	34,979,765
Shareholders' funds		618,557,795	500,500,360	406,675,870	384,878,198
Non-controlling interests		(1,424,466)	1,126,775	-	-
Total equity		617,133,329	501,627,135	406,675,870	384,878,198
Non-current liabilities					
Borrowings	23	39,468,065	18,976,372	-	-
Deferred tax liabilities	11	2,066,849	1,440,694	-	-
Total non-current liabilities		41,534,914	20,417,066	-	-
Current liabilities					
Amount due to customers for contract work	12	10,003,272	6,811,954	-	-
Trade and other payables	28	336,936,573	336,657,138	163,568	2,134,275
Amount due to subsidiaries	29	-	-	-	10,809
Borrowings	23	215,468,668	143,503,975	379,618	174,700
Tax payable		15,796,045	11,935,122	389,027	599,969
Total current liabilities		578,204,558	498,908,189	932,213	2,919,753
TOTAL LIABILITIES		619,739,472	519,325,255	932,213	2,919,753
TOTAL EQUITY AND LIABILITIES		1,236,872,801	1,020,952,390	407,608,083	387,797,951

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

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**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	Note	Group		Company	
		2016 RM	2015 RM Restated	2016 RM	2015 RM
Continuing Operations					
Revenue	30	966,170,766	861,694,455	26,700,000	23,000,000
Cost of sales	31	(753,095,327)	(685,917,559)	-	-
Gross Profit		213,075,439	175,776,896	26,700,000	23,000,000
Other income		6,711,355	5,365,863	9,824,396	9,365,723
Administrative expenses		(33,198,222)	(27,089,343)	(469,822)	(637,392)
Other operating expenses		(15,797,389)	(15,546,546)	(307,874)	(623,433)
Share option expenses		(3,068,131)	(11,641,531)	-	-
Operating Profit	32	167,723,052	126,865,339	35,746,700	31,104,898
Finance costs	35	(7,840,127)	(4,994,249)	(16,141)	(37,329)
Share of results of an associate, net of tax		249,423	234,346	-	-
Profit before tax		160,132,348	122,105,436	35,730,559	31,067,569
Income tax expense	36	(40,382,907)	(37,352,727)	(1,929,456)	(2,300,954)
Profit for the financial year from continuing operations		119,749,441	84,752,709	33,801,103	28,766,615
Profit for the financial year from discontinued operation, net of tax	37	1,517,223	2,217,445	-	-
Profit for the financial year		121,266,664	86,970,154	33,801,103	28,766,615
Other comprehensive income/(loss):					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation		11,377,057	(4,205,432)	-	-
Other comprehensive loss for the year, net of tax		11,377,057	(4,205,432)	-	-
Total comprehensive income for the financial year		132,643,721	82,764,722	33,801,103	28,766,615

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**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Continued)**

	Note	Group		Company	
		2016 RM	2015 RM Restated	2016 RM	2015 RM
Profit/(Loss) attributable to:					
Owners of the Company					
-from continuing operations		118,508,433	85,346,572	33,801,103	28,766,615
-from discontinued operation		175,376	1,229,723	-	-
		<u>118,683,809</u>	<u>86,576,295</u>	<u>33,801,103</u>	<u>28,766,615</u>
Non-controlling interests					
-from continuing operations		1,241,008	(593,863)	-	-
-from discontinued operation		1,341,847	987,722	-	-
		<u>121,266,664</u>	<u>86,970,154</u>	<u>33,801,103</u>	<u>28,766,615</u>
Total comprehensive income/ (loss) attributable to:					
Owners of the Company					
-from continuing operations		129,885,490	81,141,140	33,801,103	28,766,615
-from discontinued operation		175,376	1,229,723	-	-
		<u>130,060,866</u>	<u>82,370,863</u>	<u>33,801,103</u>	<u>28,766,615</u>
Non-controlling interests					
-from continuing operations		1,241,008	(593,863)	-	-
-from discontinued operation		1,341,847	987,722	-	-
		<u>132,643,721</u>	<u>82,764,722</u>	<u>33,801,103</u>	<u>28,766,615</u>
Basic earnings per share (sen):					
-from continuing operations	38(a)	18.07	13.65		
-from discontinued operation	38(a)	0.03	0.20		
		<u>18.10</u>	<u>13.85</u>		
Diluted earnings per share (sen):					
-from continuing operations	38(b)	15.30	11.16		
-from discontinued operation	38(b)	0.02	0.16		
		<u>15.32</u>	<u>11.32</u>		

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

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

Group	Note	Atributable to owners of the Company										Total equity RM	
		Share capital RM	Share premium RM	Other reserves Total RM	Foreign exchange reserves RM	Revaluation reserves RM	Share option reserve RM	Share reserve RM	Retained profits RM	Treasury shares RM	Equity attributable to owners of the parent RM		Non-controlling interests RM
At 1 January 2016		321,084,776	17,741,130	(2,939,487)	(23,458,125)	8,899,459	11,619,179		165,160,593	(546,652)	500,500,360	1,126,775	501,627,135
Profit for the financial year		-	-	-	-	-	-	118,683,809		-	118,683,809	2,582,855	121,266,664
Other comprehensive income		-	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation	22	-	-	11,377,057	11,377,057	-	-	11,377,057		-	11,377,057	-	11,377,057
Total comprehensive income		-	-	11,377,057	11,377,057	-	-	118,683,809		-	130,060,866	2,582,855	132,643,721
Realisation of revaluation reserves	22	-	-	(1,541,072)	122,797	(1,663,869)	-	1,541,072		-	-	-	-
Transactions with owners		-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	21	-	-	-	-	-	-	-		(25,698)	(25,698)	-	(25,698)
		-	-	-	-	-	-	-		(25,698)	(25,698)	-	(25,698)

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

MITRAJAYA HOLDINGS BERHAD
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Continued)**

Group	Note	Attributable to owners of the Company										Total equity RM		
		Non-distributable					Distributable							
		Share capital RM	Share premium RM	Other reserves Total RM	Foreign exchange reserves RM	Revaluation reserves RM	Share option reserve RM	Retained profits RM	Treasury shares RM	Equity attributable to owners of the parent RM	Non-controlling interests RM			
Transactions with owners (Continued)														
Share option (ESOS) granted	22	-	-	3,068,131	-	-	-	3,068,131	-	-	-	-	3,068,131	
Dividends on ordinary shares	39	-	-	-	-	-	-	-	-	(33,423,246)	-	-	(33,423,246)	
Issuance of ordinary shares arising from:	19													
- exercise of Warrants		12,063,660	2,459,741	-	-	-	-	-	-	-	-	-	14,523,401	-
- exercise of share option (ESOS)		1,712,600	3,513,482	(1,372,101)	-	-	(1,372,101)	-	-	-	-	-	3,853,981	-
Disposal of a subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	(5,134,096)
Total transactions with owners		13,776,260	5,973,223	1,696,030	-	-	1,696,030	(33,423,246)	(25,698)	(12,003,431)	(5,134,096)	(17,137,527)		
At 31 December 2016		334,861,036	23,714,353	8,592,528	(11,958,271)	7,235,590	13,315,209	251,962,228	(572,350)	618,557,795	(1,424,466)	617,133,329		

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

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

MITRAJAYA HOLDINGS BERHAD
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Continued)**

Group	Note	Share capital RM	Attributable to owners of the Company										Total equity RM		
			Non-distributable					Distributable						Equity attributable to owners of the parent RM	Non-controlling interests RM
			Share premium RM	Other reserves Total RM	Foreign exchange reserves RM	Revaluation reserves RM	Share option reserve RM	Retained profits RM	Treasury shares RM	Share option reserve RM	Share option reserve RM	Share option reserve RM			
At 1 January 2015		198,765,901	-	(8,847,410)	(19,454,276)	10,606,866	-	-	(1,038,417)	394,418,080	749,781	395,167,861			
Profit for the financial year		-	-	-	-	-	-	-	86,576,295	-	393,859	86,970,154			
Other comprehensive income		-	-	-	-	-	-	-	-	-	-	-			
Foreign currency translation	22	-	(4,205,432)	(4,205,432)	-	-	-	-	(4,205,432)	-	-	(4,205,432)			
Total comprehensive income		-	(4,205,432)	(4,205,432)	-	-	-	-	86,576,295	-	393,859	82,764,722			
Realisation of revaluation reserves	22	-	(1,505,824)	201,583	(1,707,407)	-	-	-	1,505,824	-	-	-			
Transactions with owners															
Purchase of treasury shares	21	-	-	-	-	-	-	-	(610,842)	-	-	(610,842)			
Share option (ESOS) granted	22	-	11,641,531	-	-	11,641,531	-	-	11,641,531	-	-	11,641,531			
		-	11,641,531	-	-	11,641,531	-	-	(610,842)	-	-	11,030,689			

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

MITRAJAYA HOLDINGS BERHAD
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**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Continued)**

Company	Note	← Attributable to owners of the Company →					Total equity RM
		Non-distributable			Distributable		
		Share capital RM	Share premium RM	Share option (ESOS) reserve RM	Treasury shares RM	Retained profits RM	
At 1 January 2015		198,765,901	-	-	(1,038,417)	134,635,147	332,362,631
Profit for the financial year		-	-	-	-	28,766,615	28,766,615
Transactions with owners							
Purchase of treasury shares	21	-	-	-	(610,842)	-	(610,842)
Dividends on ordinary shares	39	-	-	-	-	(21,403,670)	(21,403,670)
Share option (ESOS) granted		-	-	11,641,531	-	-	11,641,531
Resale of treasury shares		-	5,465,940	-	1,102,607	-	6,568,547
Issuance of ordinary shares arising from:	19						
- exercise of Warrants		15,273,048	12,217,088	-	-	-	27,490,136
- exercise of share option (ESOS)		27,500	58,102	(22,352)	-	-	63,250
- bonus issue		107,018,327	-	-	-	(107,018,327)	-
Total transactions with owners		122,318,875	17,741,130	11,619,179	491,765	(128,421,997)	23,748,952
At 31 December 2015		321,084,776	17,741,130	11,619,179	(546,652)	34,979,765	384,878,198
Profit for the financial year		-	-	-	-	33,801,103	33,801,103
Transactions with owners							
Purchase of treasury shares	21	-	-	-	(25,698)	-	(25,698)
Dividends on ordinary shares	39	-	-	-	-	(33,423,246)	(33,423,246)
Share option (ESOS) granted		-	-	3,068,131	-	-	3,068,131
Issuance of ordinary shares arising from:	19						
- exercise of Warrants		12,063,660	2,459,741	-	-	-	14,523,401
- exercise of share option (ESOS)		1,712,600	3,513,482	(1,372,101)	-	-	3,853,981
Total transactions with owners		13,776,260	5,973,223	1,696,030	(25,698)	(33,423,246)	(12,003,431)
At 31 December 2016		334,861,036	23,714,353	13,315,209	(572,350)	35,357,622	406,675,870

The accompanying notes form an integral part of these financial statements

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

MITRAJAYA HOLDINGS BERHAD
(Incorporated in Malaysia)



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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES:				
Profit before taxation				
-Continuing operations	160,132,348	122,105,436	35,730,559	31,067,569
-Discontinued operation	1,855,757	2,770,858	-	-
Adjustments for:				
Bad debts written off	3,292	202,108	-	-
Depreciation of:				
- property, plant and equipment	5,404,947	2,462,032	-	-
- investment properties	38,944	252,252	-	-
Loss/(Gain) on disposal of:				
- property, plant and equipment	(957,712)	(927,513)	-	-
- investment in a subsidiary	1,325,367	-	(1,493,300)	-
Member's voluntary liquidation of a subsidiary	-	149,130	-	(36,463)
Impairment losses of:				
- investment properties	-	2,154,310	-	-
- investment in a subsidiary	-	-	-	136,004
- trade receivables	289,952	-	-	-
Interest expense	8,213,883	5,301,493	16,141	37,329
Interest income	(1,326,827)	(849,157)	-	-
Property, plant and equipment written off	45,258	2,087,877	-	-
Reversal of impairment loss on trade receivable	-	(202,108)	-	-
Unrealised (gain)/loss from foreign exchange	(58,725)	186,337	-	-
Changes in fair value of other investment	-	(36,120)	-	(36,120)
Share of profit in an associate	(249,423)	(234,346)	-	-
Share option expense	3,068,131	11,641,531	-	-
	177,785,192	147,064,120	34,253,400	31,168,319
Changes in working capital:				
Amount due from/(to) customers for contract work	46,319,117	(68,722,445)	-	-
Inventories	(54,867,618)	(36,884,701)	-	-
Property development costs	43,614,712	3,123,650	-	-
Trade and other receivables	(120,160,949)	(208,528,978)	101,457	(23,011,238)
Trade and other payables	(8,866,788)	211,760,583	(1,970,707)	(4,901,065)
Cash flows generated from operations	83,823,666	47,812,229	32,384,150	3,256,016
Tax paid	(39,829,087)	(32,469,057)	(2,140,398)	(2,099,589)
Net Operating Cash Flows	43,994,579	15,343,172	30,243,752	1,156,427

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

MITRAJAYA HOLDINGS BERHAD
(Incorporated in Malaysia)



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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	1,326,827	849,157	-	-
Uplift/(Placement) of non short term fixed deposits	11,803,551	(455,576)	11,803,552	(455,576)
Investment in an associate	-	(350,000)	-	-
Placement of other investment	(18,137,473)	(1,427,274)	(18,137,473)	(1,427,274)
Proceed from disposal of property, plant and equipment	1,108,577	2,052,928	-	-
Proceeds from winding up of investment in subsidiary	-	-	-	188,660
Disposal of subsidiary, net of cash	4,164,634	-	5,100,000	-
Expenditure on :				
- land held for development	(206,821)	(11,793,593)	-	-
- investment properties	(421,707)			
Purchase of property, plant and equipment (Note 5(b))	(28,440,979)	(23,654,439)	-	-
Net Investing Cash Flows	(28,803,391)	(34,778,797)	(1,233,921)	(1,694,190)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Interest paid	(8,213,883)	(5,301,493)	(16,141)	(37,329)
Advances to subsidiaries	-	-	(2,804,037)	(11,059,779)
Dividend paid	(33,423,246)	(21,403,670)	(33,423,246)	(21,403,670)
Drawdown of term loans	25,330,000	-	-	-
Repayment of term loans	(3,350,883)	(2,997,452)	-	-
(Repayment)/Drawdown of other borrowings				
- bankers' acceptance	(7,702,000)	2,261,000	-	-
- on-shore foreign currency loan	-	(3,106,079)	-	-
- short term revolving credit	61,796,000	23,500,000	-	-
Payment of hire purchase	(39,638,241)	(16,017,264)	-	-
Proceeds from the warrants exercised	14,523,401	27,490,136	14,523,401	27,490,136
Proceeds from the re-sale of treasury shares	-	6,568,547	-	6,568,547
Purchase of treasury shares	(25,698)	(610,842)	(25,698)	(610,842)
Proceeds from ESOS exercised	3,853,981	63,250	3,853,981	63,250
Net Financing Cash Flows	13,149,431	10,446,133	(17,891,740)	1,010,313

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

MITRAJAYA HOLDINGS BERHAD
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Continued)

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
NET CHANGE IN CASH AND CASH EQUIVALENTS		28,340,619	(8,989,492)	11,118,091	472,550
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		4,692,369	(743,208)	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		(21,103,831)	(11,371,131)	(138,382)	(610,932)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		11,929,157	(21,103,831)	10,979,709	(138,382)
Cash and bank balances	18	34,872,171	19,428,313	60,975	15,089
Deposits with licensed financial banks	18	23,307,981	20,402,323	11,298,352	11,824,781
		58,180,152	39,830,636	11,359,327	11,839,870
Bank overdrafts	24	(46,250,995)	(49,130,916)	(379,618)	(174,700)
		11,929,157	(9,300,280)	10,979,709	11,665,170
Less: Non short term fixed deposits		-	(11,803,551)	-	(11,803,552)
		11,929,157	(21,103,831)	10,979,709	(138,382)

The accompanying notes form an integral part of these financial statements

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

MITRAJAYA HOLDINGS BERHAD
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NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is principally engaged in investment holding activity whilst the principal activities of the subsidiaries are as disclosed in Note 8. There has been no significant change in the nature of these principal activities during the financial year.

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

The registered office and principal place of business of the Company are located at No. 9, Blok D, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor Darul Ehsan.

The financial statements are expressed in Ringgit Malaysia. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 13 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.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



2. BASIS OF PREPARATION (Continued)

2.2 New FRS, Amendments/Improvements to FRSs and new IC Interpretation (“IC Int”)

(a) Adoption of Amendments/Improvements to FRSs

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

Amendments/Improvements to FRSs

FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments: Disclosures
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of 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.

(b) New FRS, Amendments/Improvements to FRSs and new IC Interpretation (“IC Int”) that have been issued, but not yet effective

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

	Effective for financial periods beginning on or after
<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	1 January 2018

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



2. BASIS OF PREPARATION (Continued)

2.2 New FRS, Amendments/Improvements to FRSs and new IC Interpretation (“IC Int”) (Continued)

(b) New FRS, Amendments/Improvements to FRSs and new IC Interpretation (“IC Int”) that have been issued, but not yet effective (Continued)

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 statement 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 statement of financial position.

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

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



2. BASIS OF PREPARATION (Continued)

2.2 New FRS, Amendments/Improvements to FRSs and new IC Interpretation (“IC Int”) (Continued)

(b) New FRS, Amendments/Improvements to FRSs and new IC Interpretation (“IC Int”) that have been issued, but not yet effective (Continued)

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 2 Share-based Payment

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

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

Amendments to FRS 12 Disclosure of Interests in Other Entities

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

Amendments to FRS 107 Statement of Cash Flows

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

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



2. BASIS OF PREPARATION (Continued)

2.2 New FRS, Amendments/Improvements to FRSs and new IC Interpretation (“IC Int”) (Continued)

(b) New FRS, Amendments/Improvements to FRSs and new IC Interpretation (“IC Int”) that have been issued, but not yet effective (Continued)

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.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



2. BASIS OF PREPARATION (Continued)

2.2 New FRS, Amendments/Improvements to FRSs and new IC Interpretation (“IC Int”) (Continued)

(c) MASB Approved Accounting Standards, MFRSs

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

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

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of 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.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



2. BASIS OF PREPARATION (Continued)

2.2 New FRS, Amendments/Improvements to FRSs and new IC Interpretation (“IC Int”) (Continued)

(c) MASB Approved Accounting Standards, MFRSs (Continued)

MFRS 15 Revenue from Contracts with Customers

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

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

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

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

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.

2.3 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 the summary of significant accounting policies.

2.4 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 management 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 management’s 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.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (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 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 as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

In business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest’s proportionate share of the acquiree net identifiable assets.

Any excess of the cost of acquisition over the Group’s share in the net fair value of the identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 3.7. Any excess of the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised as bargain purchase gain in profit or loss on the date of acquisition.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Transaction costs for acquisition between 1 January 2006 and 31 December 2010, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Transaction costs for acquisition on or after 1 January 2011 will no longer be capitalised as part of the cost of acquisition but will be expensed immediately.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.1 Basis of Consolidation (Continued)**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Prior to 1 January 2011, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be regarded as cost on initial measurement of the investment.

3.2 Transactions with Non-Controlling Interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity.

The losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have deficit balance. The change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per share.

Prior to 1 January 2011, where losses applicable to the non-controlling interests exceed the Company's interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interest, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

3.3 Separate financial statements

In the Company's statement of financial position, investments in subsidiaries are measured at cost less any impairment losses, unless the investment is classified as held for sale or distribution.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of Consolidation (Continued)

3.4 Foreign Currency

(i) 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 the entity operates (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company’s functional currency.

(ii) Foreign Currency Transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange difference arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group’s net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

(iii) Foreign Operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the end of the reporting period and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Fixtures, fittings and office equipment	10% - 50%
Renovations	10% - 20%
Plant and machinery	10% - 40%
Motor vehicles	20% - 25%

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

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

3.6 Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment loss.

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11.

No depreciation is provided on the freehold land as it has indefinite useful life. Depreciation of buildings is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at 2% of annual rates.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Investment Properties (Continued)

Freehold land of the Group under investment properties have not been revalued since they were first revalued in 1993. The Directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of International Accounting Standard No. 16 ("IAS16") (Revised), Property, Plant and Equipment, these assets continue to be stated at their 1993 valuation less accumulated depreciation. Surplus arising from revaluation is credited directly to revaluation reserve.

3.7 Intangible Assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any impairment loss.

For acquisition prior to 1 January 2006, goodwill represents the excess of the cost of acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

For acquisition between 1 January 2006 and 31 December 2010, goodwill represents the excess of the cost of the acquisition over the Group's net interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree.

For acquisition on or after 1 January 2011, the Group considers the following in measuring goodwill at the acquisition date:

- The fair value of the consideration transferred;
- The recognised amount of any non-controlling interests in the acquisition;
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; and
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit, including allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.7 Intangible Assets (Continued)****Goodwill (Continued)**

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed off and the portion of the cash-generating unit retained.

As permitted under the transitional provision of FRS 121: The Effects of Changes in Foreign Exchange Rates, goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 3.4 (iii).

3.8 Subsidiaries

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

3.9 Associates

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

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

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

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

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Associates (Continued)

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

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

3.10 Financial Assets

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not a fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for sale financial assets.

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

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income on the financial assets at fair value through profit or loss are recognised separately in the profit or loss as part of other losses or other income.

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

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Financial Assets (Continued)

(ii) *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. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortization process.

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

(iii) *Held-to-maturity investment*

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

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortization process.

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

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

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

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

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less any impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the end of the reporting period.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.10 Financial Assets (Continued)**

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

3.11 Impairment of Non-Financial Assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset’s recoverable amount.

An asset’s recoverable amount is the higher of an asset’s fair value less costs of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units (“CGU”)).

In assessing value in use, the estimated future value cash flows expected to be generated by the asset 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. Where the carrying amount of the assets exceeds its recoverable amount, the asset is written down 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 are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss 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. Impairment loss on goodwill is not reversed in subsequent period.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Impairment of Financial Assets

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

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

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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

(ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Impairment of Financial Assets (Continued)

(iii) Available-for-sale financial assets

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

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity instruments are not reversed in 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 in profit or loss of an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

3.13 Construction Contracts

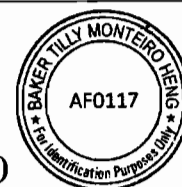
Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work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

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

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

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

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

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.14 Land Held for Property Development and Property Development Costs****(i) Land Held for Property Development**

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property Development Costs

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

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

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

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

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

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

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Inventories

Inventories are stated at the lower of cost and net realisable value and cost is determined based on the following methods:

Raw materials	First-in-first-out
Medicine and consumables	First-in-first-out
Completed development properties	Specific identification

The cost of raw materials, medicine and consumables comprise the cost of purchase plus the cost of bringing the inventories to their present location and condition. The cost of unsold completed development units and leasehold land comprises cost associated with the acquisition of land, construction costs and appropriate proportions of common development costs.

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

3.16 Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include cash in hand and at bank, deposits at call and short term (with maturity of three months or less) highly liquid investments which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

3.17 Financial Liabilities

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

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

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

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.17 Financial Liabilities (Continued)****(ii) Other financial liabilities**

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

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

3.18 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 of a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group as issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.19 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.

(i) Lessee accounting

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

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

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

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

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

(ii) Lessor accounting

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

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

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.20 Provisions for Liabilities**

Provisions are recognised when the Group has a present obligation 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 are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

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

3.21 Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their 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.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

3.22 Employee Benefits**(i) Short Term Employee Benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in profit or loss as incurred.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Employee Benefits (Continued)

(iii) Share-based Compensation

The Company Employees' Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

The Company recognised the impact of the estimate of the number of options that are expected to become exercisable on vesting date, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred directly to retained profits.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

3.23 Revenue and Other Operating Income Recognition

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

(i) 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.

(ii) Sale of properties

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.

(iii) Golf Management, Photorefractive and Keratectomy

Revenue of the Group from golf management and photorefractive keratectomy are recognised when services are rendered.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.23 Revenue and Other Operating Income Recognition (Continued)

(iv) Sales of Goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. 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.

(v) Interest Income

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

(vi) Dividend Income

Dividend income of the Group and of the Company is recognised when the right to receive payment is established.

(vii) Rental Income

Rental income is recognised on a straight line basis over the term of the lease.

(viii) Income from Short Term Funds

Income from short term funds is recognised when right to receive payment is established.

3.24 Taxes

(i) 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.

Current Tax

Income 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.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.24 Taxes (Continued)

(i) Income Tax (Continued)

Deferred Tax (Continued)

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.24 Taxes (Continued)

(i) Income Tax (Continued)

Deferred Tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period 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 assets and liabilities are measured at the tax rates that are expected to apply to the year the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

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 and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(ii) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (“GST”) except:

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

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

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.25 Discontinued Operation**

A disposal group qualifies as discontinued operation if it is a component of an entity 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 of 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 be classified as held for sale. When an operation is classified as discontinued operation, the comparative statements of profit or loss and other comprehensive income is represented as if the operation had been discontinued from the start of the comparative period.

3.26 Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are reviewed regularly by the chief operating decision maker, which is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.27 Share Capital and Share Issuance Expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in liabilities in the period in which they are declared.

3.28 Treasury Shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.29 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 of the Group.

3.30 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.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

(i) Deferred Tax Assets (Note 11)

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised. Directors’ judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

(ii) Net Realisable Values of Inventories (Note 14)

Reviews are made periodically by directors on future saleability and net realisable value of its inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

As at the end of the reporting period, the Directors of the Company are of the opinion that there is no adjustment required resulting from the review.

(iii) Depreciation of Property, Plant and Equipment (Note 5)

The cost of property, plant and machinery is depreciated on a straight-line basis over the assets’ useful lives. Directors estimate the useful lives of these property, plant and machinery to be within 2 to 50 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iv) Impairment of Investment Properties (Note 7)

The Group assesses impairment of investment properties when events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. The Group considers internal and external factors such as market price and latest transacted price of properties within the same vicinity and nature.

The Group assessed the market price of the investment properties based on information available through internal research and Directors’ best estimates.

(v) Impairment of Investment in Subsidiaries (Note 8)

The Group reviews the investment in subsidiaries for impairment when there is an indication of impairment. The Group and the Company carried out the impairment test based on a variety of estimation including fair value less costs of disposal and valuation techniques. Valuation techniques include, amongst others, and in some cases, based on current market indicators and estimates that provide reasonable approximations to the detailed computation.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)



4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(vi) Impairment of Goodwill (Note 10)

The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flow from the CGU and also choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill are given in Note 10.

(vii) Impairment of Trade and Other Receivables (Note 15)

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(viii) Construction (Note 12)

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

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

(ix) Property Development (Note 13)

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

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

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)**4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)****(x) Income Tax (Note 35)**

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(xi) Share-based payments (Note 19)

The Company grants share options to employees who have met the specified conditions. The share options granted are measured at fair value at grant date using a binomial option pricing model. The key assumptions or inputs used in binomial option pricing model include: (a) the current price, (b) the exercise price, (c) the risk-free rate, (d) the volatility of the share price, (e) the dividend yield and (f) the time period of maturity, and with an adjustment for early exercise of option. As the volatility of the share price is estimated based on past price movements, the actual volatility may not coincide with the estimates made. Similarly, the actual early exercise of options granted may not coincide with the estimates made.

These differences may affect the fair value measurement of the options granted but they are not adjusted retrospectively because the equity component of the options granted is not remeasured to fair value subsequent to their initial recognition.

The carrying amount of share option reserve and assumptions and models used for estimating fair value for share based payment transactions are disclosed in Note 19(c).

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

Group 2016 Cost	Freehold	Buildings	Fixtures, fittings and office equipment	Renovations	Motor vehicles	Plant and machinery	Total
	land RM	RM	RM	RM	RM	RM	RM
At 1 January 2016	1,039,007	7,479,854	9,438,549	6,264,551	17,658,619	138,420,478	180,301,058
Additions	-	17,216,322	994,158	523,574	2,725,762	73,985,770	95,445,586
Transfer from investment properties	700,000	-	-	-	-	-	700,000
Disposals	-	-	(7,118)	-	(681,700)	(114,772)	(803,590)
Written off	-	-	(220,530)	-	-	(2,319,808)	(2,540,338)
Disposal of a subsidiary	-	(17,216,322)	(3,709,008)	(4,698,672)	(283,063)	(34,130,673)	(60,037,738)
Exchange differences	276,423	-	77,975	-	96,786	207,922	659,106
At 31 December 2016	2,015,430	7,479,854	6,574,026	2,089,453	19,516,404	176,048,917	213,724,084
Accumulated Depreciation							
At 1 January 2016	-	1,425,303	6,016,141	3,370,694	9,532,246	84,675,063	105,019,447
Depreciation for the financial year	-	288,080	888,887	386,764	2,656,397	20,486,782	24,706,910
Disposals	-	-	(2,411)	-	(537,278)	(113,036)	(652,725)
Written off	-	-	(178,997)	-	-	(2,316,083)	(2,495,080)
Disposal of a subsidiary	-	(114,775)	(3,224,208)	(2,533,031)	(163,779)	(28,344,076)	(34,379,869)
Exchange differences	-	-	73,050	-	96,786	160,052	329,888
At 31 December 2016	-	1,598,608	3,572,462	1,224,427	11,584,372	74,548,702	92,528,571
Carrying Amount							
At 31 December 2016	2,015,430	5,881,246	3,001,564	865,026	7,932,032	101,500,215	121,195,513

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APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group 2015 Cost	Freehold	Buildings	Fixtures, fittings and office equipment	Renovations	Motor vehicles	Plant and machinery	Total
	land RM	RM	RM	RM	RM	RM	RM
At 1 January 2015	1,154,110	7,160,399	8,369,603	6,693,512	13,558,247	104,397,196	141,333,067
Additions	-	1,422,451	2,292,008	1,323,477	5,420,595	44,836,589	55,295,120
Disposals	-	(1,102,996)	(98,771)	-	(1,275,708)	(1,268,820)	(3,746,295)
Written off	-	-	(1,091,955)	(1,752,438)	(4,650)	(9,456,131)	(12,305,174)
Exchange differences	(115,103)	-	(32,336)	-	(39,865)	(88,356)	(275,660)
At 31 December 2015	1,039,007	7,479,854	9,438,549	6,264,551	17,658,619	138,420,478	180,301,058
Accumulated Depreciation							
At 1 January 2015	-	1,511,886	6,486,693	4,136,765	8,649,690	79,153,493	99,938,527
Depreciation for the financial year	-	124,824	710,929	457,834	2,044,332	14,713,258	18,051,177
Disposals	-	(211,407)	(79,522)	-	(1,117,262)	(1,212,689)	(2,620,880)
Written off	-	-	(1,072,447)	(1,223,905)	(4,649)	(7,916,296)	(10,217,297)
Exchange differences	-	-	(29,512)	-	(39,865)	(62,703)	(132,080)
At 31 December 2015	-	1,425,303	6,016,141	3,370,694	9,532,246	84,675,063	105,019,447
Carrying Amount							
At 31 December 2015	1,039,007	6,054,551	3,422,408	2,893,857	8,126,373	53,745,415	75,281,611

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APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Office equipment	
	2016 RM	2015 RM
Company		
Cost		
At 1 January/31 December	1,511	1,511
Accumulated Depreciation		
At 1 January/31 December	1,510	1,510
Carrying Amount		
At 31 December	1	1



- (a) Carrying amount of property, plant and equipment held under hire purchase are as follows:

	Group	
	2016 RM	2015 RM
Plant and machinery	73,954,152	38,650,922
Motor vehicles	5,045,312	6,920,142
	<u>78,999,464</u>	<u>45,571,064</u>

- (b) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM95,445,586 (2015: 55,295,120) of which RM58,417,442 (2015: RM31,640,681) and RM8,587,165 (2015: Nil) were acquired by means of hire purchase and on credit terms respectively.
- (c) In previous financial year, included in property, plant and equipment was a building and certain plant and machinery with carrying amount of RM1,507,576 which is pledged to a financial institution to secure the term loan facility granted to the Group as disclosed in Note 26.
- (d) Certain freehold lands of the Group with carrying amount of RM700,000 (2015: RM nil) were revalued by the Directors in the financial year 1993 based on an independent valuation carried out on an existing use basis. The property has continued to be stated on the basis of the 1993 valuation, as allowed by the transitional provisions of IAS16 (Revised), Property, Plant and Equipment, issued by the Malaysian Accounting Standards Board by virtue of which a reporting enterprise is allowed to retain revalued amounts on the basis of their previous revaluations (subject to continuity in depreciation policy and the requirement to write an asset down to its recoverable amount). The above-mentioned freehold lands were revalued on 25 October 1993.

Had the revalued freehold lands of the Group been carried under the cost model, the carrying amount would have been RM360,044 (2015: RM nil).

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



6. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold	Leasehold	Development	Total
2016	land	land	cost	RM
	RM	RM	RM	RM
Cost				
At 1 January	45,524,456	46,076,697	3,324,185	94,925,338
Additions	72,882	-	206,821	279,703
Reclassification	3,052,307	(3,052,307)	-	-
Transfer from property development costs (Note 13)	17,420,691	-	18,308,110	35,728,801
Disposal	(548,976)	-	(709,021)	(1,257,997)
Exchange difference	2,431,452	-	-	2,431,452
At 31 December	67,952,812	43,024,390	21,130,095	132,107,297
Accumulated impairment losses				
At 1 January/ 31 December	700,000	-	-	700,000
Net carrying amount				
At 31 December	67,252,812	43,024,390	21,130,095	131,407,297
2015				
Cost				
At 1 January	37,913,070	46,076,697	3,817,582	87,807,349
Additions	11,793,593	-	-	11,793,593
Transfer to property development costs (Note 13)	(3,052,307)	-	(493,397)	(3,545,704)
Exchange difference	(1,129,900)	-	-	(1,129,900)
At 31 December	45,524,456	46,076,697	3,324,185	94,925,338
Accumulated impairment losses				
At 1 January/ 31 December	700,000	-	-	700,000
Net carrying amount				
At 31 December	44,824,456	46,076,697	3,324,185	94,225,338

The carrying amount of RM41,947,522 (2015: RM41,947,522) of the land held for development of the Group has been pledged to financial institutions to secure the term loan facility granted to the Group as disclosed in the Note 26.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)



7. INVESTMENT PROPERTIES

	Group	
	2016 RM	2015 RM
Cost		
At 1 January	11,917,862	11,917,862
Transfer from/(to) :		
Property development costs (Note 13)	481,924	-
Property, plant and equipment	(700,000)	-
At 31 December	11,699,786	11,917,862
Accumulated depreciation		
At 1 January	574,854	322,602
Depreciation for the financial year	38,944	252,252
At 31 December	613,798	574,854
Accumulated impairment losses		
At 1 January	4,422,479	2,268,169
Impairment loss for the financial year	-	2,154,310
At 31 December	4,422,479	4,422,479
Carrying amount		
At 31 December	6,663,509	6,920,529

- (a) In previous financial year, certain freehold lands of the Group with carrying amount of RM700,000 were revalued by the Directors in the financial year 1993 based on an independent valuation carried out on an existing use basis. The property has continued to be stated on the basis of the 1993 valuation, as allowed by the transitional provisions of IAS16 (Revised), Property, Plant and Equipment, issued by the Malaysian Accounting Standards Board by virtue of which a reporting enterprise is allowed to retain revalued amounts on the basis of their previous revaluations (subject to continuity in depreciation policy and the requirement to write an asset down to its recoverable amount). The above-mentioned freehold lands were revalued on 25 October 1993.

Had the revalued freehold lands of the Company been carried under the cost model, the carrying amount would have been RM360,044.

- (b) In previous financial year, a further impairment loss of RM2,154,310 was recognised in the profit or loss under other operating expenses line item on certain properties as their recoverable amount is assessed to be lower than their carrying amount based on fair value less costs of disposal.
- (c) Included in investment properties is a building on a freehold land under construction with carrying amount of RM481,924 (2015: RMNil).

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



7. INVESTMENT PROPERTIES (Continued)

- (d) The Group’s investment properties comprise commercial properties that are leased to third parties. Each lease contains an initial non-cancellable period of 3 years with option to renew for subsequent 3 years. Subsequent renewals are negotiated with the lessee.

	Group	
	2016 RM	2015 RM
Rental income	84,000	98,000
Direct operating expenses:		
- Income generating investment properties	11,943	11,999
- non-income generating investment properties	35,981	35,821

- (e) *Fair value information*

The fair value for the above investment properties of approximately RM12.2million (2015: RM23.8 million) are determined based on information available through internal research and Directors’ best estimate.

Fair value of investment properties are categorised as follows:

	Level 1 RM’000	Level 2 RM’000	Level 3 RM’000	Total RM’000
Group				
2016	-	-	12,233,269	12,233,269
2015	-	-	23,753,276	23,753,276

Policy on transfer between levels

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

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



8. INVESTMENT IN SUBSIDIARIES

	Company	
	2016 RM	2015 RM
Unquoted shares, at cost	136,936,798	140,543,498
Investment in redeemable cumulative convertible preference shares of subsidiaries	136,024,400	-
ESOS granted to employees of subsidiaries	14,709,662	11,641,531
	<u>287,670,860</u>	<u>152,185,029</u>
Less: Impairment losses	(136,004)	(136,004)
At 31 December	<u>287,534,856</u>	<u>152,049,025</u>

Details of the subsidiaries are as follows:

Name of Company	Principal Place of Business and Country of Incorporation	Proportion Ownership Interest/ Voting Rights		Principal Activities
		2016 %	2015 %	
Held by the Company:				
Pembinaan Mitrajaya Sdn. Bhd.	Malaysia	100	100	Civil engineering, building and road construction works and supply of construction material
Daya Asphalt Sdn. Bhd.	Malaysia	100	100	Investment holding
Dutawani Sdn. Bhd.	Malaysia	100	100	Maintenance of properties
Mitrajaya Homes Sdn. Bhd.	Malaysia	100	100	Construction and property development
Mitrajaya Equipment Resource Sdn. Bhd.	Malaysia	100	100	Dormant
Mitrajaya Development Sdn. Bhd.	Malaysia	100	100	Investment holding
Primaharta Development Sdn. Bhd.	Malaysia	100	100	Property development
Leo Vista Sdn. Bhd.	Malaysia	100	100	Property development
Awana Prisma Sdn. Bhd.	Malaysia	100	100	Property development

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



8. INVESTMENT IN SUBSIDIARIES (Continued)

Details of the subsidiaries are as follows: (Continued)

Name of Company	Principal Place of Business and Country of Incorporation	Proportion Ownership Interest/ Voting Rights		Principal Activities
		2016 %	2015 %	
Held by the Company:				
(Continued)				
Kina-Bijak Sdn. Bhd.	Malaysia	100	100	Property development
Skyway Development Sdn. Bhd.	Malaysia	72	72	Property development
Optimax Eye Specialist Centre Sdn. Bhd.	Malaysia	-	51	Photorefractive keratectomy and related
Kemajuan Sekim Baru Sdn. Bhd.	Malaysia	100	100	Property development
Held through Daya Asfalt Sdn. Bhd.:				
Maha-Mayang Sdn. Bhd.	Malaysia	100	100	Sub-contract for landscaping and road works
Held through Pembinaan Mitrajaya Sdn. Bhd.:				
Consortium of Pembinaan Mitrajaya Sdn Bhd & Syarikat Ismail Ibrahim Sdn Bhd #	Malaysia	51	51	Civil engineering, building and road construction works and supply of construction material

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



8. INVESTMENT IN SUBSIDIARIES (Continued)

Details of the subsidiaries are as follows: (Continued)

Name of Company	Principal Place of Business and Country of Incorporation	Proportion Ownership Interest/ Voting Rights		Principal Activities
		2016 %	2015 %	
Held through Mitrajaya Development Sdn. Bhd.:				
Mitrajaya SA (Pty) Ltd. *	South Africa	100	100	Civil engineering, building and road construction works and property development
Kyalami & Mitrajaya Civil Engineering (Pty) Ltd. *	South Africa	100	100	Civil engineering, building and road construction works and property development
Kyalami & Mitrajaya Builders (Pty) Ltd. *	South Africa	100	100	Builders
Mitrajaya Development SA (Pty) Ltd. *	South Africa	100	100	Property development
Held through Mitrajaya Development SA (Pty) Ltd.:				
Blue Valley Golf and Country Club (Pty) Ltd.*	South Africa	100	100	Golf management
Held through Optimax Eye Specialist Centre Sdn. Bhd.:				
Optimax Laser Eye Centre Sdn. Bhd.	Malaysia	-	70	Photorefractive keratectomy and related services
Optimax Eye Specialist Centre (Shah Alam) Sdn. Bhd.	Malaysia	-	70	Photorefractive keratectomy and related services

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



8. INVESTMENT IN SUBSIDIARIES (Continued)

Details of the subsidiaries are as follows: (Continued)

Name of Company	Principal Place of Business and Country of Incorporation	Proportion Ownership Interest/ Voting Rights		Principal Activities
		2016 %	2015 %	
Held through Optimax Eye Specialist Centre Sdn. Bhd.:				
(Continued)				
Optimax Eye Specialist Centre (Kota Kinabalu) Sdn. Bhd.	Malaysia	-	70	Photorefractive keratectomy and related services
Visual Series Sdn. Bhd.	Malaysia	-	100	Photorefractive keratectomy and related services
Optimax Eye Specialist Centre (Kajang) Sdn. Bhd.	Malaysia	-	70	Photorefractive keratectomy and related services
Optimax Eye Specialist Centre (Ampang) Sdn. Bhd.	Malaysia	-	70	Photorefractive keratectomy and related services
Optimax Eye Specialist Centre (Kuching) Sdn. Bhd.	Malaysia	-	75	Photorefractive keratectomy and related services
Held through Optimax Eye Specialist Centre (Shah Alam) Sdn. Bhd.:				
Optimax Eye Specialist Centre (Sunway) Sdn. Bhd.	Malaysia	-	65	Photorefractive keratectomy and related services
Optimax Eye Specialist Centre (Seremban) Sdn. Bhd.	Malaysia	-	70	Photorefractive keratectomy and related services

* Audited by audit firm other than Baker Tilly Monteiro Heng.

Unincorporated entity

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



8. INVESTMENT IN SUBSIDIARIES (Continued)

(a) Disposal of Optimax Eye Specialist Centre Sdn. Bhd. (“Optimax”)

On 18 October 2016, the Company completed its disposal of 51% equity interest in Optimax. The disposal had given rise to a loss on disposal of subsidiaries of RM1,325,367 as disclosed in Note 37. The effect of disposal on the financial position of the Group disclosed in Note 37.

(b) Investment in Redeemable cumulative convertible preference shares of subsidiaries (“RCCPS”)

During the financial year, the Company, via capitalisation of the amount due from subsidiaries subscribed for:

- (i) 3,000,000 RCCPS of RM1 each in Mitrajaya Homes Sdn. Bhd. at an issue price of RM30 each;
- (ii) 400 RCCPS of RM1 each in Mitrajaya Equipment Resource Sdn. Bhd. at an issue price of RM61 each;
- (iii) 250,000 RCCPS of RM1 each in Kina-Bijak Sdn. Bhd. at an issue price of RM80 each and
- (iv) 2,600,000 RCCPS of RM1 each in Primaharta Development Sdn. Bhd. at an issue price of RM10 each.

The Salient features of the RCCPS are as follows:

(a) Dividends

- (i) Each RCCPS shall confer on the holder thereof the right to be paid, out of such profits of the respective RCCPS issuer available for distribution determined by the Directors at their discretion to be distributed in respect of each financial year or other accounting period of the RCCPS issuer and rank pari passu to any payment in respect of any other class of shares in the capital of the RCCPS issuer, a cumulative dividend at a rate as Board of Directors and the holders of the RCCPS shall mutually agree from time to time.
- (ii) The holder of the RCCPS shall not be entitled to participate in the surplus profits or assets of the RCCPS issuer beyond such rights as are expressly set out herein.

(b) Voting rights

The RCCPS carry rights to vote at any general meeting of the respective RCCPS issuer if:

- (i) any resolution is proposed for the winding up of the RCCPS issuer, in which case the holder of the RCCPS may only then vote at such general meeting on the election of a chairman, any motion for adjournment and the resolution for winding up; or

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8. INVESTMENT IN SUBSIDIARIES (Continued)

(b) *Investment in Redeemable cumulative convertible preference shares of subsidiaries (“RCCPS”) (Continued)*

The Salient features of the RCCPS are as follows: (Continued)

(b) Voting rights (Continued)

- (ii) the meeting is convened for the purpose of considering the reduction of the capital of the respective RCCPS issuer; or
- (iii) the meeting is relating to any dividend or part thereof unpaid on any RCCPS; or
- (iv) the proposition which is submitted to the meeting proposes to abrogate or vary or otherwise directly affects the special rights and privileges attaching to the RCCPS

in which event the holder of the RCCPS shall have such number of votes for each RCCPS registered in his name equivalent to the number of ordinary shares, which solely for the purpose of calculating the number of votes of the holder of the RCCPS is entitled to, one RCCPS held by the holder of RCCPS shall be deemed to be equivalent to one of ordinary share of the RCCPS issuer. The holder of the RCCPS shall further be entitled to speak, demand a poll, to move resolutions and participate in the meeting of the shareholders of RCCPS of the respective RCCPS issuer.

(c) Redemption

- (i) Subject to the provision of the Companies Act 1965, the RCCPS issuer shall have the right to redeem all or any of the RCCPS at anytime after the date of issuance of RCCPS; and
- (ii) no RCCPS redeemed by the respective RCCPS issuer shall be capable of reissue.

(d) Conversion

The respective RCCPS issuer is entitled, at any time during the period commencing on the date of issuance of RCCPS to convert all or any of the RCCPS registered in the name of each holder of the RCCPS. Each RCCPS shall be converted into 1 ordinary shares of RM1 each in the share capital of the respective RCCPS issuer. The ordinary shares issued and allotted herein shall rank pari passu in all respects with all other ordinary shares in issue at the date of conversion.

(c) The Group does not have any material non-controlling interests.

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9. INVESTMENT IN AN ASSOCIATE

	Group	
	2016 RM	2015 RM
Unquoted shares - at cost	350,000	350,000
Share of post - acquisition reserves	483,769	234,346
	833,769	584,346

Details of the associate is as follows:

Name of Associate	Principal Place of Business and Country of Incorporation	Proportion Ownership Interest/ Voting Rights		Principal Activities
		2016	2015	
		%	%	
Held by Daya Asfalt Sdn. Bhd.:				
Maha-Mayang Quarry Sdn. Bhd. *	Malaysia	35	35	Quarrying, rough trimming and sawing of monumental and building

* Audited by audit firm other than Baker Tilly Monteiro Heng.

The Group does not have any material associate.

10. GOODWILL ON CONSOLIDATION

	Group	
	2016 RM	2015 RM
At 1 January	3,300,760	3,248,574
Disposal of a subsidiary	(957,843)	-
Exchange differences	(126,698)	52,186
At 31 December	2,216,219	3,300,760

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10. GOODWILL ON CONSOLIDATION (Continued)

Goodwill has been allocated to the Group’s cash generating units (“CGU”) identified according to business segments as follows:

	2016	2015
	RM	RM
Property development	2,216,219	2,342,917
Healthcare	-	957,843
	<u>2,216,219</u>	<u>3,300,760</u>

The goodwill allocated to healthcare segment is not significant to the Group.

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount. As the Group are of the opinion that since the CGU are to be held on a long term basis, value-in-use would best reflect its recoverable amount. The value-in-use is determined by discounting future cash flows over a three-year period. The future cash flows are based the Group’s three-year business plan, which is the best estimate of future performance. The ability to achieve the business plan targets is a key assumption in determining the recoverable amount for each cash-generating unit.

There remains a risk that, due to unforeseen changes in the economies in which the cash-generating units operate and/or global economic conditions, the ability to achieve management’s business plan will be adversely affected. Key assumptions on which the Group has based its cash flow projection for the purposes of impairment testing of goodwill on property development are pre-tax discount rate, budgeted sales and operating expenses of the CGU.

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

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11. DEFERRED TAX ASSETS/(LIABILITIES)

(a) The deferred tax assets and liabilities are made up of the following:

	Group	
	2016 RM	2015 RM
At 1 January	(1,186,501)	(837,961)
Disposal of a subsidiary (Note 37)	13,996	-
Exchange differences	(54,711)	7,156
Recognised in profit or loss (Note 36)	(2,224,661)	(355,696)
At 31 December	<u>(3,451,877)</u>	<u>(1,186,501)</u>
Presented after appropriate offsetting:-		
Deferred tax assets	(5,518,726)	(2,627,195)
Deferred tax liabilities	2,066,849	1,440,694
	<u>(3,451,877)</u>	<u>(1,186,501)</u>

(b) The components of recognised deferred tax assets and liabilities are as follows:

	Group	
	2016 RM	2015 RM
Deferred tax assets:		
- Unrealised profit arising from development activities	(2,850,593)	(2,627,195)
- Tax implication arising from development property activities reclassified to investment property	(497,813)	-
- Tax implication arising from disposal of development property	(2,578,272)	-
	<u>(5,926,678)</u>	<u>(2,627,195)</u>

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11. DEFERRED TAX ASSETS/(LIABILITIES) (Continued)

- (b) The components of recognised deferred tax assets and liabilities are as follows:
(Continued)

	Group	
	2016 RM	2015 RM
Deferred tax liabilities:		
- Accelerated capital allowances	2,474,801	1,440,694
	2,474,801	1,440,694
	(3,451,877)	(1,186,501)

- (c) Deferred tax assets have not been recognised in respect of the following temporary difference items:

	Group	
	2016 RM	2015 RM
Unused tax losses	16,787,323	14,917,767
Unabsorbed capital allowances	2,779,847	2,779,847
Other deductible temporary differences	26,590	13,474
	19,593,760	17,711,088

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholdings of those subsidiaries under Section 44(5A) and (5B) of Income Tax Act, 1967 and guidelines issued by the tax authorities.

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12. AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	Group	
	2016 RM	2015 RM
Aggregate construction contract costs incurred to date	1,634,625,839	1,253,711,825
Add: Attributable profits	335,147,861	220,204,068
	<u>1,969,773,700</u>	<u>1,473,915,893</u>
Less: Progress billings	(1,876,332,028)	(1,383,830,778)
	<u>93,441,672</u>	<u>90,085,115</u>
Exchange difference	412,286	(385,843)
	<u>93,853,958</u>	<u>89,699,272</u>
Amount due from customers for contract work	103,857,230	96,511,226
Amount due to customers for contract work	(10,003,272)	(6,811,954)
	<u>93,853,958</u>	<u>89,699,272</u>

The following are costs incurred during the financial year:

	2016 RM	2015 RM
Depreciation of property, plant and equipment	15,236,986	12,361,223
Employee benefits expense:		
- wages and salaries	33,320,721	27,505,967
- social security costs	230,244	161,007
- defined contribution plans	4,135,721	2,627,609
- others	5,912,450	5,152,057
Hire of plant and machinery	19,777,949	25,641,128

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



13. PROPERTY DEVELOPMENT COSTS

	Leasehold land RM	Freehold land RM	Development cost RM	Total RM
Group				
2016				
Cost				
At 1 January 2016	25,791,432	39,678,028	224,339,094	289,808,554
Add:				
Incurred during the financial year	-	-	74,615,628	74,615,628
Transfer from/(to):				
- inventories	(5,836,488)	(1,781,285)	(74,416,766)	(82,034,539)
- investment properties (Note 7)	-	(118,450)	(363,474)	(481,924)
- land held for property development (Note 6)	-	(17,420,691)	(18,308,110)	(35,728,801)
Less:				
Completed project	(578,907)	-	(6,678,423)	(7,257,330)
Exchange difference	-	5,053,221	18,090,189	23,143,410
At 31 December 2016	<u>19,376,037</u>	<u>25,410,823</u>	<u>217,278,138</u>	<u>262,064,998</u>
Accumulated development cost recognised in Profit or Loss				
At 1 January 2016	1,017,401	18,409,622	95,283,171	114,710,194
Add:				
Recognised during the financial year	1,208,172	218,916	34,974,415	36,401,503
Less:				
Completed project	(578,907)	-	(6,678,423)	(7,257,330)
Exchange difference	-	4,297,389	14,418,827	18,716,216
At 31 December 2016	<u>1,646,666</u>	<u>22,925,927</u>	<u>137,997,990</u>	<u>162,570,583</u>
Carrying amount				
At 31 December 2016	<u>17,729,371</u>	<u>2,484,896</u>	<u>79,280,148</u>	<u>99,494,415</u>

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13. PROPERTY DEVELOPMENT COSTS (Continued)



	Leasehold land RM	Freehold land RM	Development Cost RM	Total RM
Group 2015				
At 1 January 2015	29,196,344	43,716,183	237,108,609	310,021,136
Add:				
Incurred during the financial year	-	-	95,801,280	95,801,280
Transfer from/(to):				
- inventories	(2,653,688)	(1,789,437)	(44,344,493)	(48,787,618)
- land held for property development (Note 6)	3,052,307	-	493,397	3,545,704
Less:				
Completed project	(3,803,531)	-	(57,139,631)	(60,943,162)
Exchange difference	-	(2,248,718)	(7,580,068)	(9,828,786)
At 31 December 2015	<u>25,791,432</u>	<u>39,678,028</u>	<u>224,339,094</u>	<u>289,808,554</u>
Accumulated development cost recognised in Profit or Loss				
At 1 January 2015	3,803,532	17,242,061	114,673,333	135,718,926
Add:				
Recognised during the financial year	1,017,400	2,969,019	43,803,704	47,790,123
Less:				
Completed project	(3,803,531)	-	(57,139,631)	(60,943,162)
Exchange difference	-	(1,801,458)	(6,054,235)	(7,855,693)
At 31 December 2015	<u>1,017,401</u>	<u>18,409,622</u>	<u>95,283,171</u>	<u>114,710,194</u>
Carrying amount				
At 31 December 2015	<u>24,774,031</u>	<u>21,268,406</u>	<u>129,055,923</u>	<u>175,098,360</u>

The carrying amount of RM78,095,395 (2015: RM50,426,288) of the leasehold land and development costs of the Group has been pledged to financial institutions to secure the banking facility granted to the Group as disclosed in the Note 24.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

13. PROPERTY DEVELOPMENT COSTS (Continued)

The following are costs incurred during the financial year:



	Group	
	2016	2015
	RM	RM
Depreciation of property, plant and equipment	2,455,845	864,270
Directors' remuneration:		
- wages and salaries	1,814,600	1,729,600
- social security costs	1,829	1,240
- defined contribution plan	280,550	264,400
- others	50,625	109,325
Employee benefits expense:		
- wages and salaries	3,646,235	3,632,838
- social security costs	26,710	23,350
- defined contribution plans	524,188	424,885
- others	182,814	349,325
Interest expense	3,122,610	2,029,323
Hire of plant and machinery	427,425	648,108

14. INVENTORIES

	Group	
	2016	2015
	RM	RM
At Cost		
Completed development units	163,861,436	101,915,880
Leasehold land	28,424,020	28,424,020
Medicine and consumables	-	876,558
Other stocks	22,220	22,220
	<u>192,307,676</u>	<u>131,238,678</u>

Included in the inventories are completed development units of RM47,086,470 (2015: RM57,011,450) which are pledged to financial institution to secure banking facilities as disclosed in Note 24.

During the financial year, inventories of the Group recognised as cost of sales amounted to RM21,507,358 (2015: RM30,874,775).

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

15. TRADE AND OTHER RECEIVABLES



	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade receivables				
Trade receivables	330,348,034	289,132,027	-	-
Retention sums	104,318,265	62,096,595	-	-
Stakeholder sums	2,814,836	2,430,920	-	-
	<u>437,481,135</u>	<u>353,659,542</u>	-	-
Less: Allowance for impairment	(289,952)	-	-	-
	<u>437,191,183</u>	<u>353,659,542</u>	-	-
Accrued billings in respect of property development costs	8,890,805	17,697,798	-	-
Other receivables				
Other receivables	6,998,088	6,161,283	9,017	123,404
Amount due from an associate	1,025,997	1,325,797	-	-
GST refundable	13,634,515	7,685,500	12,729	-
Advances to sub-contractors	16,321,874	-	-	-
Deposits	2,249,044	2,197,714	201	-
Prepayments	6,714,587	2,924,189	-	-
	<u>493,026,093</u>	<u>391,651,823</u>	<u>21,947</u>	<u>123,404</u>

(a) Trade receivables

- (i) Trade receivables are non-interest bearing and the Group’s normal trade credit terms ranging from 30 to 90 days (2015: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. The credit period varies from customers to customers after taking into consideration their payment track record, financial background, length of business relationship and size of transactions. They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (ii) In previous financial year, included in trade receivables of the Group is an amount of RM264,652 due from certain Directors of the Company and companies in which certain Directors have interest in.
- (iii) Stakeholder sums on property development are amounts held by the Group’s solicitors.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

15. TRADE AND OTHER RECEIVABLES (continued)



(a) Trade receivables (Continued)

Ageing analysis of trade receivables

The ageing analysis of the Group’s trade receivables is as follows:

	Group	
	2016 RM	2015 RM
Neither past due nor impaired	389,053,184	304,383,621
Past due not impaired:		
1 to 30 days	14,293,464	16,916,291
31 to 90 days	8,012,164	26,111,189
61 to 90 days	6,635,395	-
91 to 120 days	7,907,414	20,454
More than 121 days	11,289,562	6,227,987
	48,137,999	49,275,921
Impaired	289,952	-
	437,481,135	353,659,542

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and amount due from house buyers which are mostly with end financiers. In respect of house buyers with no end financing facilities, the Group retains the legal title to all properties sold until the full contracted sales value is settled. Accordingly, under normal circumstances, amounts due from house buyers are not impaired.

Receivables that are impaired

The Group’s trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2016 RM	2015 RM
Individually impaired		
Trade receivables		
- nominal value	289,952	-
Less : Allowance for impairment	(289,952)	-
	-	-

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

15. TRADE AND OTHER RECEIVABLES (continued)



(a) Trade receivables (Continued)

Receivables that are impaired (Continued)

Movement in allowance accounts:

	Group	
	2016	2015
	RM	RM
As at 1 January	-	202,108
Charge for the year (Note 32)	289,952	-
Reversal of impairment losses (Note 32)	-	(202,108)
As at 31 December	289,952	-

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties or have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Amount due from an associate

The amount due from an associate are non-trade, unsecured, repayable on demand, bear no interest and is to be settled in cash.

(c) Deposits

Included in the deposits of the Group are down payment paid for the acquisition of plant and equipment amounting to RM322,143 (2015: RMNil). The balance of these purchase considerations are disclosed as capital commitment in Note 43. The acquisition have been completed in the current financial year.

16. OTHER INVESTMENT

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Financial Assets at Fair Value through Profit or Loss:				
Short term funds				
- redeemable upon 1 day notice	19,600,867	1,463,394	19,600,867	1,463,394

Short term funds comprise fixed income fund placed with financial institution.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

17. AMOUNT DUE FROM SUBSIDIARIES

Included in the amount due from subsidiaries are amounts of RM66,933,015 (2015: RM222,189,849) of which the balances are non-trade, unsecured, repayable on demand, bears interest rate at 3.20% to 5.65% (2015: 4.05% to 5.85%) per annum and are to be settled in cash. The remaining balance of amount due from the other subsidiaries is non-trade, unsecured, repayable on demand, bears no interest and is to be settled in cash.



18. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash in hand and at banks	34,872,171	19,428,313	60,975	15,089
Deposits with licensed banks	23,307,981	20,402,323	11,298,352	11,824,781
	<u>58,180,152</u>	<u>39,830,636</u>	<u>11,359,327</u>	<u>11,839,870</u>

(a) Included in cash and bank balances for the Group is an amount of RM673,306 (2015: RM109,933) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966.

(b) The interest rates and maturity period of deposits are as follows:

	Group	
	2016	2015
Interest rates (%) per annum	3.00 - 7.40	3.00 - 6.45
Maturity period (days)	30 - 90	30 - 180

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

19. SHARE CAPITAL



	Group and Company			
	2016			2015
	Number of shares Unit	RM	Number of shares Unit	RM
<i>Ordinary shares of RM0.50 each</i>				
Authorised:				
At 1 January/ 31 December	1,000,000,000	500,000,000	1,000,000,000	500,000,000
Issued and fully paid:				
At 1 January	642,169,551	321,084,776	397,531,801	198,765,901
Issuance of shares:				
- exercise of Warrants C	24,031,383	12,015,691	30,546,096	15,273,048
- exercise of Warrants D	95,938	47,969	-	-
- exercise of share options	3,425,200	1,712,600	55,000	27,500
- pursuant to bonus issue	-	-	214,036,654	107,018,327
At 31 December	669,722,072	334,861,036	642,169,551	321,084,776

(a) Share Capital

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.

During the financial year, the issued and paid-up capital of the Company was increased from RM321,084,776 to RM 334,861,036 by way of issuance of:

- (a) 24,031,383 new ordinary shares of RM0.50 each arising from the exercise of Warrants C;
- (b) 95,938 new ordinary shares of RM0.50 each arising from the exercise of Warrants D; and
- (c) 3,425,200 new ordinary shares of RM0.50 each arising from the exercise of share options under the Employees’ Share Option Scheme (“ESOS”) granted.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**19. SHARE CAPITAL (Continued)****(b) Warrants****Warrants C**

By virtue of a Deed Poll executed on 21 June 2011 for the 47,729,947 Warrants C ("Warrants C") issued in connection with the Share Split and Bonus Issue allotted and credited on 1 July 2011, each Warrants C entitles the registered holder the right at any time during the exercise period from 5 July 2011 to 4 July 2016 to subscribe in cash for one new ordinary share at an exercise price of RM0.90 each.

In accordance with the provisions under the Deed Poll-Warrants C and consequential to the Bonus Issue on 19 August 2015, an additional 8,593,789 Warrants C were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 20 August 2015. The exercise price for the Warrants C was revised from RM0.90 to RM0.60 each.

The salient features of the warrants are as follows:

- (i) entitles its registered holder for free one (1) warrant for every eight (8) ordinary shares held;
- (ii) each warrant entitles the holder to subscribe for one (1) new ordinary share at the exercise price at time during the exercise period;
- (iii) the warrants may be exercised at any time within a period commencing on or after the date the Warrants are used and ending at 5pm on the date immediately preceding the fifth (5th) anniversary not exercised during the exercise period shall thereafter lapse and cease to be valid; and
- (iv) The new ordinary shares to be issued pursuant to the exercise of the warrants shall, upon issue and allotment rank pari passu in all respects with the then existing ordinary shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of the allotment of the new ordinary shares arising from the exercise of the Warrants.



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

19. SHARE CAPITAL (Continued)



(b) Warrants (Continued)

Warrants D

By virtue of a Deed Poll executed on 3 July 2015 for the 85,614,556 Warrants D ("Warrants D") issued in connection with the Bonus Issue of free warrants allotted and credited on 1 September 2015, each Warrants D entitles the registered holder the right at any time during the exercise period from 24 August 2015 to 23 August 2020 to subscribe in cash for one new ordinary share at an exercise price of RM1.09 each.

The salient features of the warrants are as follows:

- (i) entitles its registered holder for one (1) free warrant for every five (5) ordinary shares held;
- (ii) each warrant entitles the holder to subscribe for one (1) new ordinary share at the exercise price at time during the exercise period;
- (iii) the warrants may be exercised at any time within a period commencing on or after the date the Warrants are used and ending at 5pm on the date immediately preceding the fifth anniversary not exercised during the exercise period shall thereafter lapse and cease to be valid; and
- (iv) the new ordinary shares to be issued pursuant to the exercise of the warrants shall, upon issue and allotment rank *pari passu* in all respects with the then existing ordinary shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of the allotment of the new ordinary shares arising from the exercise of the Warrants.

The movement of both Warrants C and Warrants D during the financial year are as follows:

	Warrants C	Warrants D
	Units	Units
At 1 January 2016	25,777,640	85,614,556
Exercise of warrants	(24,031,383)	(95,938)
Lapsed of warrants	(1,746,257)	-
At 31 December 2016	<u>-</u>	<u>85,518,618</u>

Warrants C has lapsed on 4 July 2016.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

19. SHARE CAPITAL (Continued)

(c) Employees’ Share Option Scheme (“ESOS”)



The Company Employees' Share Option Scheme ("ESOS") is governed by the ESOS By-Laws approved by the shareholders of the Company at an Extraordinary General Meeting held on 23rd June 2015. The main features of the ESOS are as follows:

- (i) the ESOS options granted to Eligible Directors (including Non-Executive and/or Independent Director) and Eligible Employees of the Company and its subsidiaries which are not dormant (“the Group”) to subscribe for new ordinary shares of RM0.50 each in the Company.

An Eligible Employee and/or Director is an employee of the Group who at the date of allocation:

- (i) has attained the age of eighteen (18) years and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings; and
- (ii) is a confirmed employee of the Group with at least one (1) year of continuous service;
- (ii) the ESOS is for a period of five (5) years commencing from 24 July 2015, subject to an extension for a further period of five (5) years commencing from the expiration of the aforesaid five (5) years, provided always that the ESOS does not exceed ten (10) years in aggregate from the effective date of the ESOS;
- (iii) the maximum number of shares to be offered shall not exceed 15% of the issued and paid-up capital of the Company at any point in time during the existence of the ESOS and the number of shares of the Company that may be offered to each Eligible Employee is determined by ESOS Committee appointed by the Board of Directors in accordance with the ESOS By-Laws;
- (iv) the options granted under the ESOS cannot be assigned, transferred or otherwise disposed of in any manner whatsoever;
- (v) the option price of each share shall be based on a discount of not more than 10% of the weighted average market price of the ordinary shares of the Company as shown in the Daily Official List for the five market days immediately preceding the offer date, subject to the minimum price of RM0.50 being the par value of the ordinary shares of the Company;
- (vi) the option may be exercised in full or in part provided that such exercise of the option shall not be less than and shall be multiples of 100 shares. Subject to the foregoing, a partial exercise of an option shall not preclude the grantee from exercising his option with respect to the balance of the new shares comprised in his option; and
- (vii) the new shares to be allotted upon the exercise of the ESOS options shall rank pari passu with the existing issued ordinary shares of the Company.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

19. SHARE CAPITAL (Continued)



(c) Employees’ Share Option Scheme (“ESOS”) (Continued)

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise price (“WAEP”) of, and movements in share options during the financial year:

	2016		2015	
	Number of shares Unit	WAEP RM	Number of shares Unit	WAEP RM
Outstanding at 1 January	30,411,500	1.15	-	-
- Granted	8,000,000	0.98	30,651,000	1.15
- Execised	(3,425,200)	1.13	(55,000)	1.15
- Lapsed	(1,423,500)	1.15	(184,500)	1.15
Outstanding at 31 December	<u>33,562,800</u>		<u>30,411,500</u>	
Exercisable at 31 December	<u>33,498,300</u>	1.11	<u>28,645,500</u>	1.15

During the financial year, the Company has granted a total of 8,000,000 options to eligible employees of the Company and certain of its subsidiaries.

The weighted average share price at the date of exercise of the options exercised during the financial year was RM1.32 (2015: RM1.19).

The weighted average exercise price for options outstanding at the end of the financial year was RM1.11 (2015: RM1.15). The weighted average remaining contracted life these options is approximately 3.5 years (2015: 4.5 years).

20. SHARE PREMIUM

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 is not distributable by way of cash dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965 in Malaysia.

21. TREASURY SHARES

The shareholders of the Company by an ordinary resolution passed in the fifteenth Annual General Meeting held on 17 June 2008, approved the mandate for the Company's plan to repurchase its own ordinary shares. On 3 June 2016, the shareholders of the Company at the twenty-third Annual General Meeting granted their mandate for the Company's renewal of authority to repurchase its own ordinary shares.

During the financial year, the Company repurchased 20,000 (2015:595,000) shares from the open market at an average price of RM1.28 (2015: RM1.03) per share. The total consideration paid for the repurchase, was RM25,698 (2015: RM610,842) and they were financed by internally generated funds.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

21. TREASURY SHARES (Continued)

As at 31 December 2016, the Company held a total of 580,000 (2015: 560,000) treasury shares of its 669,722,072 (2015: 642,164,551) issued ordinary shares. Such treasury shares are held at a carrying amount of RM572,350 (2015: RM546,652).



22. OTHER RESERVES

	Exchange reserves RM	Revaluation reserve RM	Share option (ESOS) reserve RM	Total RM
Group				
At 1 January 2015	(19,454,276)	10,606,866	-	(8,847,410)
Other comprehensive income:				
Foreign currency translation	(4,205,432)	-	-	(4,205,432)
Realisation of revaluation reserve	201,583	(1,707,407)	-	(1,505,824)
Transaction with owners:				
Share option (ESOS) granted	-	-	11,641,531	11,641,531
Share option (ESOS) exercised	-	-	(22,352)	(22,352)
At 31 December 2015	(23,458,125)	8,899,459	11,619,179	(2,939,487)
Other comprehensive income:				
Foreign currency translation	11,377,057	-	-	11,377,057
Realisation of revaluation reserve	122,797	(1,663,869)	-	(1,541,072)
Transaction with owners:				
Share option (ESOS) granted	-	-	3,068,131	3,068,131
Share option (ESOS) exercised	-	-	(1,372,101)	(1,372,101)
At 31 December 2016	(11,958,271)	7,235,590	13,315,209	8,592,528

	Share option (ESOS) reserve	
	2016 RM	2015 RM
Company		
At 1 January	11,619,179	-
Transaction with owners:		
Share option (ESOS) granted	3,068,131	11,641,531
Share option (ESOS) exercised	(1,372,101)	(22,352)
At 31 December	13,315,209	11,619,179

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

22. OTHER RESERVES (Continued)



(a) *Exchange reserves*

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

(b) *Revaluation reserves*

The balance represents net revaluation surplus arising from valuation of freehold lands.

(c) *Share option reserve*

The share option reserve comprises the cumulative value of the Group’s employee services received for the issue of share options. The reserve is recorded over the vesting period commencing from the grant date and is reduced by the expiry or exercise of the share options. When the option is exercised, the amount from the share option reserve is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained profits.

The fair value of share options granted were determined using a binomial option pricing model, and the inputs were:

	2016	2015
Fair value of share options and assumptions		
Fair value of share option at grant date (RM)	0.37	0.61
Weighted average share price (RM)	1.11	1.96
Option life (years)	4.50	5.00
Risk-free rate (%)	3.36	3.47
Expected dividend yield (%)	3.00	5.00
Expected volatility (%)	37.30	38.57

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not be necessarily be the actual outcome.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

23. BORROWINGS



	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Current Liabilities				
Secured:				
Bank overdrafts (Note 24)	43,871,377	46,956,215	-	-
Term loans (Note 26)	1,656,913	2,131,866	-	-
Hire purchase and finance lease payables (Note 27)	39,609,760	18,384,193	-	-
	<u>85,138,050</u>	<u>67,472,274</u>	-	-
Unsecured:				
Bank overdrafts (Note 24)	2,379,618	2,174,701	379,618	174,700
Bankers' acceptance (Note 25)	21,655,000	29,357,000	-	-
Short term revolving credit (Note 25)	106,296,000	44,500,000	-	-
	<u>215,468,668</u>	<u>143,503,975</u>	<u>379,618</u>	<u>174,700</u>
Non-current Liabilities				
Secured:				
Term loans (Note 26)	22,954,320	12,751,446	-	-
Hire purchase and finance lease payables (Note 27)	16,513,745	6,224,926	-	-
	<u>39,468,065</u>	<u>18,976,372</u>	-	-
Total Borrowings				
Secured:				
Bank overdrafts (Note 24)	43,871,377	46,956,215	-	-
Term loans (Note 26)	24,611,233	14,883,312	-	-
Hire purchase and finance lease payables (Note 27)	56,123,505	24,609,119	-	-
	<u>124,606,115</u>	<u>86,448,646</u>	-	-
Unsecured:				
Bank overdrafts (Note 24)	2,379,618	2,174,701	379,618	174,700
Bankers' acceptance	-	29,357,000	-	-
Short term revolving credit (Note 25)	106,296,000	44,500,000	-	-
	<u>233,281,733</u>	<u>162,480,347</u>	<u>379,618</u>	<u>174,700</u>

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

24. BANK OVERDRAFTS

The secured bank overdrafts amounting to RM43,871,377 (2015: RM46,956,215) bear interest rates ranging from 6.65% to 7.85% (2015: 6.85% to 7.85%) per annum are secured and supported by:

- completed development units as disclosed in Note 14;
- leasehold land in property development costs as disclosed in Note 13;
- corporate guarantee provided by the Company.



The unsecured bank overdrafts amounting to RM2,379,618 (2015: RM2,174,701) bear interest rate ranging from 7.65% to 7.85% (2015: 7.85%) per annum.

25. SHORT TERM BORROWINGS

The bankers’ acceptance bear interest rates ranging from 3.58% to 5.28% (2015: 4.25% to 4.80%) per annum and are supported by corporate guarantee provided by the Company.

The short term revolving credit bear interest rates ranging from 3.83% to 5.01% (2015: 4.12% to 5.55%) per annum and are supported by corporate guarantee provided by the Company.

26. TERM LOANS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Within the next twelve months	1,656,913	2,131,866	-	-
After the next twelve months				
- not later than two years	6,213,682	1,882,426	-	-
- later than two years but not later than five years	14,257,888	6,190,185	-	-
- later than five years	2,482,750	4,678,835	-	-
	22,954,320	12,751,446	-	-
	24,611,233	14,883,312	-	-

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

26. TERM LOANS (Continued)

(i) In previous financial year, the Term Loan I bears interest rate at 6.85% per annum and repayable by 36 monthly instalments. The term loan is secured and supported by:

- specific debentures created over certain plant and machinery (Note 5); and
- corporate guarantee provided by the Company.



Term Loan I has been derecognised during the financial year due to disposal of a subsidiary.

(ii) The Term Loan II bear interest rates ranging from 5.60% to 5.85% (2015: 5.85%) per annum and repayable by 75 (2015: 87) months. The term loan is secured and supported by:

- land held under Lot PT29 ‘A’ Seksyen 28, Daerah Petaling, Negeri Selangor (Note 6); and
- corporate guarantee provided by the Company.

(iii) The Term Loan III bear interest rates ranging from 6.65% to 6.85% (2015: Nil) per annum and repayable by 36 (2015: Nil) months. The term loan is secured and supported by:

- completed development units as disclosed in Note 14;
- leasehold land in property development costs as disclosed in Note 13;
- corporate guarantee provided by the Company.

27. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	Group	
	2016	2015
	RM	RM
Minimum hire purchase payments:		
- not later than one year	42,553,759	19,259,571
- later than one year but not later than five years	15,566,629	6,299,824
	58,120,388	25,559,395
Less: Future finance charges	(1,996,883)	(950,276)
Present value of hire purchase payables	56,123,505	24,609,119
Represented by:		
Current		
- not later than one year	39,609,760	18,384,193
Non-current		
- later than one year but not later than five years	16,513,745	6,224,926
	56,123,505	24,609,119

The hire purchase bears interest rates ranging from 2.30% to 3.92% (2015: 2.38 % to 3.74%) per annum.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

28. TRADE AND OTHER PAYABLES



	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade payables				
Trade payables	253,664,139	271,899,025	-	-
Retention sum	47,065,379	28,917,227	-	-
	<u>300,729,518</u>	<u>300,816,252</u>	-	-
Progress billings in respect of property development costs	1,955,999	399	-	-
Other payables				
Other payables	5,578,336	9,464,255	20,987	1,976,209
Accruals	15,989,350	17,571,900	136,700	158,066
GST payable	12,683,370	8,804,332	5,881	-
	<u>34,251,056</u>	<u>35,840,487</u>	<u>163,568</u>	<u>2,134,275</u>
	<u>336,936,573</u>	<u>336,657,138</u>	<u>163,568</u>	<u>2,134,275</u>

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group ranging from 30 to 90 days (2015: 90 days).

Included in trade payables of the Group are amounts totalling RM1,420,775 (2015: RM1,971,937) due to companies in which certain Directors have interest in.

(b) Other payables

During the previous financial year, included in other payables of the Group are amounts totalling RM387,257 due to companies in which certain Directors have interest in.

29. AMOUNT DUE TO SUBSIDIARIES

Amount due to subsidiaries is non-trade, unsecured, repayable on demand, bear no interest and is expected to be settled in cash.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

30. REVENUE

	Group		Company	
	2016 RM	2015 RM Restated	2016 RM	2015 RM
Continuing operations				
Revenue from construction works	845,572,899	767,224,993	-	-
Revenue from property development	120,597,867	94,469,462	-	-
Dividend income from subsidiaries	-	-	26,700,000	23,000,000
	<u>966,170,766</u>	<u>861,694,455</u>	<u>26,700,000</u>	<u>23,000,000</u>



Included in revenue from property development are revenue recognised based on the stage of completion method in respect of the property units sold amounting to RM48,572,018 (2015: RM43,581,661).

31. COST OF SALES

	Group	
	2016 RM	2015 RM Restated
Continuing operations		
Construction costs	693,928,470	632,326,866
Development costs	59,166,857	53,589,311
Others	-	1,382
	<u>753,095,327</u>	<u>685,917,559</u>

Included in development costs are cost of sales recognised based on the stage of completion method in respect of the property units sold amounting to RM36,401,503 (2015: RM32,500,540).

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

32. OPERATING PROFIT

Operating profit of continuing operations has been arrived at:



	Group		Company	
	2016 RM	2015 RM Restated	2016 RM	2015 RM
After charging :				
Audit fees:				
- statutory audit:				
· current year	195,528	192,455	36,000	36,000
· prior years	7,207	21,421	-	6,305
- other services	11,500	15,000	8,000	8,000
Bad debts written off	19	202,108	-	-
Depreciation of:				
- property, plant and equipment	4,846,047	1,799,135	-	-
- investment properties	38,944	252,252	-	-
Directors' remuneration	7,086,889	7,296,933	161,776	158,816
Employee benefits expense (Note 33)	20,646,185	23,158,301	-	-
Hire of plant and machinery	46,747	29,979	-	-
Impairment losses on:				
- investment properties	-	2,154,310	-	-
- trade receivables	289,952	-	-	-
Loss on foreign exchange:				
- realised	822,862	-	-	-
- unrealised	-	186,337	-	-
Office rental	151,695	-	-	-
Property, plant and equipment written-off	13	1,420,040	-	-

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

32. OPERATING PROFIT (Continued)

Operating profit of continuing operations has been arrived at: (Continued)



	Group		Company	
	2016 RM	2015 RM Restated	2016 RM	2015 RM
And crediting:				
Gain on foreign exchange:				
- realised	153,175	398,222	-	-
- unrealised	58,725	-	-	-
Gain on disposal of:				
- property, plant and equipment	954,919	239,779	-	-
- investment in a subsidiary	-	-	1,493,300	-
Gain on voluntary winding up of subsidiary	-	-	-	36,463
Interest income				
- subsidiaries	-	-	7,502,070	8,767,842
- other interest income	2,138,952	1,359,989	778,294	510,832
Income from short term fund	2,289	14,467	2,289	14,467
Rental income:				
- land	720,000	531,760	-	-
- building	892,944	1,451,460	-	-
- others	1,989,987	-	-	-
Reversal of impairment loss on trade receivables	-	202,180	-	-
Changes in fair value of other investment	14,613	36,120	14,613	36,120

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

33. EMPLOYEE BENEFITS EXPENSE

	Group	
	2016 RM	2015 RM Restated
Wages, salaries and fees	15,990,366	11,040,471
Social security costs	118,481	69,925
Share options granted under ESOS	1,235,131	8,664,854
Defined contribution plans	2,081,546	2,143,161
Other staff related expenses	1,220,661	1,239,890
	20,646,185	23,158,301



34. DIRECTORS’ REMUNERATION

	Group		Company	
	2016 RM	2015 RM Restated	2016 RM	2015 RM
Directors of the Company				
Executive				
- salaries, allowances and bonuses	2,531,000	2,395,265	-	-
- share options granted under ESOS	-	1,780,642	-	-
- defined contribution plans	355,490	336,151	-	-
- others	52,183	210,875	-	-
	2,938,673	4,722,933	-	-
Non-executive				
- allowances	107,200	163,200	47,200	43,200
- defined contribution plans	4,576	5,616	4,576	5,616
- fees	110,000	110,000	110,000	110,000
Total	3,160,449	5,001,749	161,776	158,816
Directors of subsidiaries				
Executive				
- salaries, allowances and bonuses	3,677,457	2,902,184	-	-
- share options granted under ESOS	1,833,000	1,196,035	-	-
- defined contribution plans	375,049	286,000	-	-
- others	188,538	333,849	-	-
	6,074,044	4,718,068	-	-
Total	9,234,493	9,719,817	161,776	158,816

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

35. FINANCE COSTS

	Group		Company	
	2016 RM	2015 RM Restated	2016 RM	2015 RM
Continuing operations				
Interest expenses				
- hire purchase	2,184,285	1,018,631	-	-
- bank borrowings	5,653,827	3,975,618	16,141	37,329
- others	2,015	-	-	-
	<u>7,840,127</u>	<u>4,994,249</u>	<u>16,141</u>	<u>37,329</u>



36. INCOME TAX EXPENSE

	Group		Company	
	2016 RM	2015 RM Restated	2016 RM	2015 RM
Continuing operations				
Income tax				
- current year				
- Malaysian income tax	37,929,703	32,627,858	1,938,240	2,280,847
- Foreign income tax	4,914,643	5,229,944	-	-
- prior years				
- Malaysian income tax	(236,778)	(592,367)	(8,784)	20,107
- Foreign income tax	-	8,115	-	-
	<u>42,607,568</u>	<u>37,273,550</u>	<u>1,929,456</u>	<u>2,300,954</u>
Deferred tax (Note 11)				
- current year	(2,183,023)	(686,964)	-	-
- prior years	(41,638)	766,141	-	-
	<u>(2,224,661)</u>	<u>79,177</u>	<u>-</u>	<u>-</u>
Tax expense attributable to continuing operations	<u>40,382,907</u>	<u>37,352,727</u>	<u>1,929,456</u>	<u>2,300,954</u>
Discontinued operation				
Tax expense attributable to discontinued operation (Note 37)	338,534	553,413	-	-
Total tax expense recognised in profit or loss	<u>40,721,441</u>	<u>37,906,140</u>	<u>1,929,456</u>	<u>2,300,954</u>

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

36. INCOME TAX EXPENSE (Continued)

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

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

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

	Group		Company	
	2016 RM	2015 RM Restated	2016 RM	2015 RM
Profit before tax from continuing operations	160,132,348	122,105,436	35,730,559	31,067,569
Profit before tax from discontinued operation (Note 37)	3,181,125	2,770,858	-	-
Total profit before tax	163,313,473	124,876,294	35,730,559	31,067,569
Tax at applicable statutory tax rate of 24% (2015: 25%)	39,195,234	31,219,074	8,575,334	7,766,892
Tax effects arising from				
- effect of different tax rates in other country	606,106	555,942	-	-
- effect of different tax rates arising from RGPT	-	(111,159)	-	-
- effect of share of result of an associate	(59,862)	(58,587)	-	-
- non-deductible expenses	1,425,613	7,204,785	174,960	285,267
- non-taxable income	(619,075)	(961,114)	(6,812,054)	(5,771,312)
Origination of deferred tax assets not recognised	477,316	410,107	-	-
Utilisation of previous unrecognised deferred tax	(25,475)	-	-	-
Deferred tax relating to reversal of temporary differences	-	(53,972)	-	-
Changes in tax rate	-	(22,742)	-	-
(Over)/Under accrual in prior years	(278,416)	(276,194)	(8,784)	20,107
Tax expense for the year	40,721,441	37,906,140	1,929,456	2,300,954



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

37. DISCONTINUED OPERATION

On 5 February 2016, the Company entered into a Sale and Purchase Agreement with Optimax Healthcare Services Sdn. Bhd. for disposal of 1,275,000 ordinary shares of RM1.00 each, representing 51% equity interest in Optimax Eye Specialist Centre Sdn. Bhd. (“Optimax”), which is the healthcare segment of the Group, for a total cash consideration of RM5,100,000. The disposal was completed on 18 October 2016 and consequently, Optimax together with its subsidiaries ceased to be subsidiaries of the Group. The healthcare segment was not a discontinued operation or classified as held for sale as at 31 December 2015 and as such, the comparative statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operation.

(a) An analysis of the results of disposal of the subsidiaries are as follows:



	Group	
	2016 RM	2015 RM
Revenue	21,666,064	29,036,862
Cost of sales	(11,448,340)	(15,857,001)
Gross Profit	10,217,724	13,179,861
Other income	756,070	1,437,225
Administrative expenses	(4,790,850)	(7,090,110)
Other operating expenses	(2,628,063)	(4,448,874)
Profit from operations	3,554,881	3,078,102
Finance costs	(373,756)	(307,244)
Profit before tax	3,181,125	2,770,858
Income tax expense (Note 36)	(338,534)	(553,413)
Profit after tax	2,842,591	2,217,445
Loss on disposal	(1,325,368)	-
Profit for the financial year	1,517,223	2,217,445
Profit attributable to:		
Owners of the Company	175,376	1,229,723
Non-controlling interests	1,341,847	987,722
	1,517,223	2,217,445

(b) Cash flows generated from/(used in) discontinued operation:

	2016 RM	2015 RM
Net cash flows from operating activities	6,669,940	3,680,960
Net cash flows used in investing activities	(17,965,152)	(56,826)
Net cash flows generated from/(used in) financing activities	8,154,594	(2,642,025)
	(3,140,618)	982,109

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

37. DISCONTINUED OPERATION (Continued)

(c) The following amounts have been included in arriving at profit before tax of the discontinued operation:

	2016 RM	2015 RM
Audit fees		
- current year	34,348	45,771
- prior year	-	(340)
Bad debt written off	3,273	-
Depreciation of property, plant and equipment	558,900	662,897
Directors' remuneration (ii)	229,986	318,319
Employee benefits expense (i)	3,765,758	5,324,345
Hire of plant and machinery	3,805	7,947
Interest expenses	373,756	307,244
Office rental	942,890	1,335,388
Property, plant and equipment written off	45,246	667,837
Gain on disposal of property, plant and equipment	2,793	687,734
Rental income		
- building	17,600	-
- others	-	20,400



(i) *Employee benefits expense*

	Group	
	2016 RM	2015 RM
Wages, salaries and fees	3,330,076	4,667,895
Social security costs	39,510	52,418
Defined contribution plans	384,357	587,947
Other staff related expenses	11,815	16,085
	<u>3,765,758</u>	<u>5,324,345</u>

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

37. DISCONTINUED OPERATION (Continued)

(c) The following amounts have been included in arriving at profit before tax of the discontinued operation: (Continued)

(ii) *Director's remuneration*

	Group	
	2016	2015
	RM	RM
Salaries and fees	209,700	290,000
Social security costs	534	620
Defined contribution plans	19,752	27,699
	229,986	318,319



(d) Effect of disposal of subsidiary on the financial position of the Group:

	Note	Group 2016 RM
Property, plant and equipment	5	25,657,869
Goodwill	10	957,843
Inventories		958,314
Trade and other receivables		1,496,630
Tax assets		318,416
Cash and cash equivalents		935,366
Deferred tax asset	11	13,996
Trade and other payables		(6,500,652)
Finance lease payables		(12,278,319)
Net assets attributable to discontinued operations		11,559,463
Non-controlling interest		(5,134,096)
Cash consideration received		(5,100,000)
Loss on disposal of subsidiaries	8	1,325,367

(e) The cash flows attributable to the disposed subsidiaries are as follows:

	Group 2016 RM
Net cash inflow arising from disposal:	
Cash consideration received	5,100,000
Cash and cash equivalents	(935,366)
	4,164,634

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

38. EARNINGS PER SHARE

(a) Basic

Basic earnings per share are calculated by dividing the net profit for the financial year attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.



	Group	
	2016 RM	2015 RM
Profit for the financial year attributable to owners of the Company:		
- Continuing operations	118,508,433	85,346,572
- Discontinued operation	175,376	1,229,723
	118,683,809	86,576,295
	Number of shares	
	Unit	Unit
Number of shares in issue (less treasury share) as of 1 January	641,609,551	394,099,155
Effect of:		
- Share buyback, net of resale	(6,749)	1,369,517
- Exercise of Warrants C	12,464,013	15,474,417
- Exercise of Warrants D	29,707	-
- Bonus issue	-	214,036,654
- Exercise of share options	1,653,861	9,625
	655,750,384	624,989,368
Weighted average number of ordinary shares in issue		
	655,750,384	624,989,368
Basic earnings per share (sen)		
- Continuing operations	18.07	13.65
- Discontinued operation	0.03	0.20
	18.10	13.85

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

38. EARNINGS PER SHARE (Continued)

(b) Diluted



For the purpose of calculating diluted earnings per share, the 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 have been adjusted for the dilutive effects of all potential ordinary shares, arising from warrants and ESOS.

	Group	
	2016 RM	2015 RM
Profit for the financial year attributable to owners of the Company		
- Continuing operations	118,508,433	85,346,572
- Discontinued operation	175,376	1,229,723
	<u>118,683,809</u>	<u>86,576,295</u>
	Number of shares	
	Unit	Unit
Weighted average number of ordinary shares in issue	655,750,384	624,989,368
Effect of:		
- dilution of Warrants C	-	25,777,640
- dilution of Warrants D	85,518,618	85,614,556
- dilution of share options	33,498,300	28,590,500
Weighted average number of ordinary shares at 31 December	<u>774,767,302</u>	<u>764,972,064</u>
Diluted earnings per share (sen)		
- Continuing operations	15.30	11.16
- Discontinued operation	0.02	0.16
	<u>15.32</u>	<u>11.32</u>

Subsequent to the end of the financial year, the issued and paid-up capital of the Company was increased by 306,500 new ordinary shares arising from the exercise of share options.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

39. DIVIDENDS

Group and Company	Amount		Net dividend per ordinary share	
	2016	2015	2016	2015
	RM	RM	RM	RM
Dividend on ordinary shares:				
- First and final single tier dividend of 10% on 428,073,397 ordinary shares of RM0.50 each paid for the year ended 31 December 2014	-	21,403,670	-	0.05
- First and final single tier dividend of 10% on 668,464,912 ordinary shares of RM0.50 each paid for the year ended 31 December 2015	33,423,246	-	0.05	-



At the forthcoming Annual General Meeting, a single tier final dividend of RM0.05 (2015: RM0.05) per ordinary share, amounting to RM33,457,104 (2015: RM33,423,246) based on outstanding ordinary shares, net of treasury shares as at financial year end in respect of the current financial year, will be proposed for the shareholders’ approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

40. CORPORATE AND PERFORMANCE GUARANTEES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Corporate guarantees to financial institutions for:				
- banking facilities granted to subsidiaries	-	-	332,977,707	244,963,787
- hire purchase facilities granted to subsidiaries	-	-	48,406,619	19,884,830
Corporate guarantees to trade payables of subsidiaries	-	-	600,000	500,000
Performance guarantees extended to third parties				
- project related	14,899,053	17,041,638	14,885,053	15,045,053
	<u>14,899,053</u>	<u>17,041,638</u>	<u>396,869,379</u>	<u>280,393,670</u>

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

40. CORPORATE AND PERFORMANCE GUARANTEES (Continued)

At the end of the financial year, it was not probable that the counterparties to the corporate guarantee contracts will claim under the contract.



41. SEGMENT REPORTING

General Information

The Group identifies its operating segments on the basis of internal reports that are regularly reviewed by the Group managing director in order to allocate resources to the segments and assess their performance.

The information reported to the Group managing director to make decisions about resources to be allocated and for assessing their performance is based on the nature of the industry (business segments) and operational location (geographical segments) of the Group.

Measurement of Reportable Segments

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

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

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

All the Group’s assets are allocated to reportable segments other than assets used centrally for the Group and deferred tax assets.

All the Group’s liabilities are allocated to reportable segments other than liabilities incurred centrally for the Group and deferred tax liabilities.

(a) Business Segments

The Group operates predominantly in the construction, property development, healthcare and involving various types of activities as disclosed in Note 8.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

41. SEGMENT REPORTING (Continued)

(a) Business Segments (Continued)

	Continuing Operations						Discontinued Operation												
	Construction		Property development		Investment in South Africa		Others		Eliminations		Note		Consolidated		Healthcare		Consolidated		
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	
Revenue	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	845,573	767,225	89,641	55,186	30,957	39,283	-	-	-	-	-	966,171	861,694	-	-	21,666	29,037	987,837	890,731
Inter-segment sales	1,614	314	-	3,086	-	-	26,700	23,000	(28,314)	(26,400)	-	-	-	-	-	-	-	-	-
Total segment revenue	847,187	767,539	89,641	58,272	30,957	39,283	26,700	23,000	(28,314)	(26,400)	966,171	861,694	966,171	861,694	21,666	29,037	987,837	890,731	
Segment results	116,786	102,374	34,543	8,592	15,206	16,501	9,097	8,007	(7,909)	(8,609)	(b)	167,723	126,865	167,723	126,865	3,555	3057	171,278	129,922
Results from operating activities												167,723	126,865	167,723	126,865			171,278	129,922
Finance costs	(7,130)	(3,804)	(7,937)	(6,949)	(54)	(136)	(50)	(75)	7,331	5,970	(b)	(7,840)	(4,994)	(7,840)	(374)	(307)	(307)	(8,214)	(5,301)
Share of results of associate												249	234	(40,383)	(37,353)	(338)	(553)	249	234
Taxation												119,749	84,752	119,749	84,752			(40,721)	(37,906)
Profit net of tax												1,517	2,217	1,517	2,217			122,592	86,949
Profit from discontinued operation												121,266	86,969	121,266	86,969				
Non-controlling interest												(2,583)	(394)	(2,583)	(394)				
Net profit attributable to owners of the parent												118,683	86,575	118,683	86,575				
Segments assets	705,501	558,954	422,160	371,812	79,592	64,614	23,268	5,984	-	-	-	1,230,521	1,001,364	1,230,521	1,001,364	-	16,377	1,230,521	1,017,741
Investment in associate												833	584	833	584			833	584
Unallocated corporate assets												5,518	2,627	5,518	2,627			5,518	2,627
Total assets									101	192		1,236,872	1,004,575	1,236,872	1,004,575			1,236,872	1,020,952



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

41. SEGMENT REPORTING (Continued)

(a) Business Segments (Continued)

	Continuing Operations						Discontinued Operation								
	Property development		Investment in South Africa		Others		Eliminations		Consolidated		Healthcare		Consolidated		
	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	
Segment liabilities	492,029	399,120	89,051	4,119	6,975	931	2,921	-	-	601,876	498,067	-	7,882	601,876	505,949
Tax payable	8,027	10,924	-	614	22	389	600	-	-	15,796	11,546	-	389	15,796	11,935
Deferred tax liabilities	1,573	559	494	-	341	-	-	-	-	2,067	1,441	-	-	2,067	1,441
Total liabilities	70,872	47,693	6,589	5,575	11	316	-	-	-	77,472	53,584	17,974	1,711	95,446	55,295
Capital expenditure	19,338	13,835	3,150	1,374	74	50	16	17	-	22,578	15,276	2,168	3,027	24,746	18,303
Impairment loss of investment properties	-	2,154	-	-	-	-	-	-	-	-	2,154	-	-	-	2,154
Non-cash items other than depreciation and impairment loss of investment properties	3,303	9,775	55	2,799	(59)	572	-	102	-	3,299	13,248	45	668	3,344	13,916

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

41. SEGMENT REPORTING (Continued)

(b) Reconciliation of segment results are as follow:

	Continuing Operations		Discontinued Operation		Consolidated	
	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Reconciliation of segment results						
Elimination of inter-segment finance costs	7,331	5,970	-	21	7,331	5,991
Elimination of inter-segment profits	(15,290)	(14,653)	-	-	(15,290)	(14,653)
Others	50	74	-	-	50	74
	(7,909)	(8,609)	-	21	(7,909)	(8,588)

(c) Other non-cash items other than depreciation and impairment loss of property, plant and equipment and investment properties consist of the following:

	Continuing Operations		Discontinued Operation		Consolidated	
	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Impairment loss on trade receivables	290	-	-	-	290	-
Unrealised (gain)/loss from foreign exchange	(59)	186	-	-	(59)	186
Property, plant and equipment written-off	-	1,420	45	668	45	2,088
Share options granted under ESOS	3,068	11,642	-	-	3,068	11,642
	3,299	13,248	45	668	3,344	13,916

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

41. SEGMENT REPORTING (Continued)

(c) Geographical Information

The Group's four major business segments are operating in two principal geographical areas. In Malaysia, its home country, the Group is principally involved in the civil engineering, building and road construction works, property development and healthcare. In South Africa, the Group is principally involved in civil engineering, construction works, property development and golf management.

	Continuing Operations			Discontinued Operation						
	Malaysia		South Africa	Malaysia		Consolidated				
	2016	2015	2016	2016	2015	2016				
Total revenue from external customers	935,214	822,411	30,957	39,283	966,171	861,694	21,666	29,037	987,837	890,731
Non-current assets (exclude deferred tax assets and financial assets)	235,925	147,144	26,391	23,266	262,316	170,410	-	9,903	262,316	180,313

(d) Information about major customers

Four (2015: Four) major customers from construction segment contribute approximately 51% (2015: 57%) of the Group's total revenue.

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APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

42. RELATED PARTY TRANSACTIONS

(a) Identification of Related Parties

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

Related parties of the Group include:

- (i) Direct subsidiaries;
- (ii) Associate; and
- (iii) Key management personnel which comprise persons (including the Directors of the Company) having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

(b) Related party transactions and balances

Related party transactions other than disclosed elsewhere in the financial statements are shown below. Information on outstanding balances with related parties of the Company are disclosed in Notes 15, 17, 28 and 29.

Group	2016	2015
	RM	RM
Transactions with companies in which Directors have substantial controlling interests:		
<u>Purchases of hardware by certain subsidiaries from Mitrajaya Trading Sdn. Bhd., a company in which a director of the Company has interest in</u>	3,949,557	7,143,118
Rent payable by certain subsidiaries to Modal Saujana Sdn. Bhd., a company in which a director of Optimax Eye Specialist Centre Sdn. Bhd. ("OESC") has interest in	98,573	137,940
Rent payable by OESC to Sena Diecasting Industries Sdn. Bhd., a company in which a director of OESC has interest in	-	12,168
Rent payable by OESC to Sena Letrik Sdn. Bhd., a company in which a director of OESC has interest in	33,768	138,074



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

42. RELATED PARTY TRANSACTIONS (Continued)

(b) Related party transactions and balances (Continued)

Group	2016 RM	2015 RM
Transactions with companies in which Directors have substantial controlling interests: (Continued)		
Rent payable by OESC to Top Compliment Sdn. Bhd., a company in which a director of OESC has interest in	42,330	-
Sale of development properties to companies in which a director of the Company has interest in	-	1,647,384
Sale of development properties to immediate family members of the Company's director	-	4,963,732
Subcontractor work, mobilisation cost, hire of plant and machinery and transportation charges payable by certain subsidiaries to Pembinaan Segamuda Sdn. Bhd., a company in which a person connected to a director of the Company has interest in	573,560	514,197
Doctor fees payable by OESC to See Well Services Sdn. Bhd., a company in which a director of OESC has interest in	912,433	2,039,862
Doctor fees payable by Optimax Eye Specialist Centre (Shah Alam) Sdn. Bhd. ("OESC-SA") to RZ70 Sdn. Bhd., a company in which a director of OESC- SA has interest in	169,695	470,112
Doctor fees payable by Optimax Eye Specialist Centre (Seremban) Sdn. Bhd. ("OESC-Seremban") to SuraVision Sdn Bhd., a company in which a director of OESC-Seremban has interest in	80,307	272,960
Doctor fees payable by Optimax Eye Specialist Centre (Kajang) Sdn. Bhd. ("OESC-Kajang") to Aquiline Vision Sdn. Bhd., a company in which a director of OESC-Kajang has interest in	-	171,476
Consultation fees payable by OESC to Optimax Healthcare Services Sdn. Bhd., a company in which a director of OESC has interest in	3,060	60,000
Consultation fees payable by OESC to Sena Letrik Sdn. Bhd., a company in which a director of OESC has interest in	-	3,000



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

42. RELATED PARTY TRANSACTIONS (Continued)

(b) Related party transactions and balances (Continued)



Company	2016	2015
	RM	RM
Transactions with subsidiaries:		
Exempt dividend income from:		
- Pembinaan Mitrajaya Sdn. Bhd.	(15,000,000)	(23,000,000)
- Kemajuan Sekim Baru Sdn. Bhd.	(11,700,000)	-
Interest income from:		
- Daya Asfalt Sdn. Bhd.	(34,211)	(37,821)
- Kina-Bijak Sdn. Bhd.	(996,258)	(1,595,156)
- Maha-Mayang Sdn. Bhd.	(298,327)	(342,840)
- Pembinaan Mitrajaya Sdn. Bhd.	(528,144)	(26,185)
- Mitrajaya Homes Sdn. Bhd.	(2,511,012)	(3,427,531)
- Skyway Development Sdn. Bhd.	(2,403,561)	(2,301,225)
- Optimax Eye Specialist Centre Sdn. Bhd.	-	(20,645)
- Primaharta Development Sdn. Bhd.	(725,468)	(1,016,439)
- Kemajuan Sekim Baru Sdn. Bhd.	(5,089)	-
Subscription of Redeemable Cumulative Convertible Preference Shares in subsidiaries (“RCCPS”) by way of capitalisation of the amount due from subsidiaries:		
- Kina-Bijak Sdn. Bhd.	20,000,000	-
- Mitrajaya Homes Sdn. Bhd.	90,000,000	-
- Primaharta Development Sdn. Bhd.	26,000,000	-
- Mitrajaya Equipment Resource Sdn. Bhd.	24,400	-

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

42. RELATED PARTY TRANSACTIONS (Continued)

(c) Key management personnel remuneration

The remuneration of the key management personnel during the financial year is as follows:



	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Salaries and allowances	9,997,415	9,565,097	47,200	43,200
Defined contribution plans	1,367,938	1,323,564	4,576	5,616
Share options granted under ESOS	2,972,424	4,056,888	-	-
Fees	110,000	110,000	110,000	110,000
Others	441,809	945,920	-	-
	<u>14,889,586</u>	<u>16,001,469</u>	<u>161,776</u>	<u>158,816</u>

Included in the key management personnel is:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Directors' remuneration	<u>9,234,493</u>	<u>9,719,817</u>	<u>161,776</u>	<u>158,816</u>

Directors' interest in employees' share option scheme

In the previous financial year, 4,381,500 share options were granted to three of the Company's executive directors under the existing ESOS plan at an exercise price of RM1.15 each; and

No option were exercised by these directors during the financial year.

At the reporting date, the total number of outstanding share options granted by the Company to the above-mentioned directors under the ESOS plan amounts to 4,381,500 (2015: 4,381,500).

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

43. CAPITAL COMMITMENT

	Group	
	2016 RM	2015 RM
Approved and contracted for:		
- Property, plant and equipment	9,809,456	19,185,028
Approved but not contracted for:		
- Property, plant and equipment	330,000	18,087,485
	10,139,456	37,272,513



44. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

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

	Loans and receivables RM	Financial assets at fair value through profit or loss RM	Financial liabilities at amortised cost RM	Total RM
Group				
2016				
Financial Assets				
Amount due from customers				
for contract work	103,857,230	-	-	103,857,230
Trade and other receivables *	456,032,974	-	-	456,032,974
Other investment	-	19,600,867	-	19,600,867
Deposits, cash and bank balances	58,180,152	-	-	58,180,152
	618,070,356	19,600,867	-	637,671,223
Financial Liabilities				
Borrowings	-	-	254,936,733	254,936,733
Trade and other payables #	-	-	322,297,204	322,297,204
	-	-	577,233,937	577,233,937

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

44. FINANCIAL INSTRUMENTS (Continued)

(a) Classification of financial instruments (Continued)



	Loans and receivables RM	Financial assets at fair value through profit or loss RM	Financial liabilities at amortised cost RM	Total RM
Group				
2015				
Financial Assets				
Amount due from customers for contract work	96,511,226	-	-	96,511,226
Trade and other receivables *	381,042,134	-	-	381,042,134
Other investment	-	1,463,394	-	1,463,394
Deposits, cash and bank balances	39,830,636	-	-	39,830,636
	517,383,996	1,463,394	-	518,847,390
Financial Liabilities				
Borrowings	-	-	162,480,347	162,480,347
Trade and other payables #	-	-	327,852,407	327,852,407
	-	-	490,332,754	490,332,754
Company				
2016				
Financial Assets				
Amount due from subsidiaries	89,091,085	-	-	89,091,085
Trade and other receivables *	9,218	-	-	9,218
Other investment	-	19,600,867	-	19,600,867
Deposits, cash and bank balances	11,359,327	-	-	11,359,327
	100,459,630	19,600,867	-	120,060,497
Financial Liabilities				
Borrowings	-	-	379,618	379,618
Trade and other payables #	-	-	157,687	157,687
	-	-	537,305	537,305

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

44. FINANCIAL INSTRUMENTS (Continued)

(a) Classification of financial instruments (Continued)



	Loans and receivables	Financial assets at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RM	RM	RM	RM
	RM		RM	RM
Company				
2015				
Financial Assets				
Amount due from subsidiaries	222,322,257	-	-	222,322,257
Trade and other receivables *	123,404	-	-	123,404
Other investment	-	1,463,394	-	1,463,394
Deposits, cash and bank balances	11,839,870	-	-	11,839,870
	234,285,531	1,463,394	-	235,748,925
Financial Liabilities				
Amount due to subsidiaries	-	-	10,809	10,809
Borrowings	-	-	174,700	174,700
Trade and other payables #	-	-	2,134,275	2,134,275
	-	-	2,319,784	2,319,784

* *Down payment paid for acquisition of plant and equipment, advances to sub-contractors, prepayments and GST refundable were excluded from trade and other receivables.*

Progress billings in respect of property development costs and GST payable were excluded from trade and other payables.

(b) Financial Risk Management and Objectives

The Group seeks to manage effectively the various risks namely credit, interest rate, liquidity and foreign currency risks, to which the Group is exposed to in its daily operations.

(i) Credit Risk

Credit risks, or the risk of counterparties defaulting, are controlled by application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by strictly limiting the Group's associations to customers with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures. The Group through its Directors and management reviews all significant exposure to individual customers and counterparties and reviews any major concentration of credit risk related to any financial instruments. The management has a credit procedure in place to monitor and minimise the exposure of default. The management has a credit policy in place to monitor on an on-going basis.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

44. FINANCIAL INSTRUMENTS (Continued)



(b) Financial Risk Management and Objectives (Continued)

(i) Credit Risk (Continued)

(a) Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of trade and other receivables recognised in the statement of financial position.

Information regarding credit enhancements for trade receivables is disclosed in Note 15.

(b) Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the ageing profile of its trade receivables on an on-going basis. The Group's trade receivables credit risk is concentrated in Malaysia.

The credit risk concentration profile of the Group at the reporting date arising from construction segment of RM255,714,326 (2015: RM 241,506,677) representing approximately 59% (2015: 68%) of the total trade receivables in the current financial year.

(c) Financial assets that are neither past due nor impaired

Information regarding to trade receivables that are neither past due nor impaired is disclosed in Note 15.

Deposits with banks and other financial institutions are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

(d) Inter-company balance

The Company provides advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at the end of reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

(e) Financial guarantee contacts

The Company is exposed to credit risk in relation to corporate and performance guarantees in respect of bank facilities granted to certain subsidiaries and trade payables of subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks is disclosed in Note 40.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

44. FINANCIAL INSTRUMENTS (Continued)



(b) Financial Risk Management and Objectives (Continued)

(i) Credit Risk (Continued)

(e) Financial guarantee contacts (Continued)

As at the reporting date, there was no indication that the subsidiaries would default on repayment.

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

(ii) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt; the Group had no substantial long term interest-bearing assets as at 31 December 2016. The investments in financial assets are mainly short term in nature and have been mostly placed in short term deposit.

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The Group's primary interest rate risk relates to interest-bearing debts as at 31 December 2016.

	Effective Interest Rate % per annum	Within 1 Year RM	Carrying Amount		Total RM
			1 - 5 Years RM	more than 5 Years RM	
Group					
2016					
Financial Liabilities					
Bank overdrafts	6.65 - 7.85	46,250,995	-	-	46,250,995
Bankers' acceptances	3.58 - 5.28	21,655,000	-	-	21,655,000
Term loans	5.60 - 6.85	1,656,913	20,471,570	2,482,750	24,611,233
Short term revolving credit	3.83 - 5.01	106,296,000	-	-	106,296,000
2015					
Financial Liabilities					
Bank overdrafts	6.85 - 7.85	49,130,916	-	-	49,130,916
Bankers' acceptances	4.25 - 4.80	29,357,000	-	-	29,357,000
Term loans	5.85 - 6.85	2,131,866	8,072,611	4,678,835	14,883,312
Short term revolving credit	4.12 - 5.55	44,500,000	-	-	44,500,000

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

44. FINANCIAL INSTRUMENTS (Continued)



(b) Financial Risk Management and Objectives (Continued)

(ii) Interest Rate Risk (Continued)

Company	Effective Interest Rate % per annum	Within 1 Year RM	Carrying Amount		Total RM
			1 - 5 Years RM	more than 5 Years RM	
2016					
Financial Liabilities					
Bank overdrafts	7.65 - 7.85	379,618	-	-	379,618
2015					
Financial Liabilities					
Bank overdrafts	7.85	174,700	-	-	174,700

Interest rate risk sensitivity

An increase in market interest rates by 1% on financial liabilities of the Group which have variable interest rates at the end of the reporting period would decrease the profit before tax by RM1,988,132 (2015: RM1,378,712). This analysis assumes that all other variables remain unchanged.

A decrease in market interest rates by 1% on financial liabilities of the Group which have variable interest rates at the end of the reporting period would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

(iii) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group’s and the Company’s exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group’s and the Company’s objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

44. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management and Objectives (Continued)

(iii) Liquidity Risk (Continued)



Analysis of financial instruments by remaining contractual maturities

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

	Carrying Amount RM	Contractual Cash Flows			Total RM
		On demand or within one year RM	One to five years RM	Over five years RM	
Group					
2016					
Financial liabilities					
Borrowings	254,936,733	219,883,572	38,638,831	2,567,964	261,090,367
Trade and other payables #	322,297,204	322,297,204	-	-	322,297,204
	577,233,937	542,180,776	38,638,831	2,567,964	583,387,571
2015					
Financial liabilities					
Borrowings	162,480,347	145,200,462	16,433,305	4,997,486	166,631,253
Trade and other payables #	327,852,407	327,852,407	-	-	327,852,407
	490,332,754	473,052,869	16,433,305	4,997,486	494,483,660

Progress billings in respect of property development costs and GST payable were excluded from trade and other payables.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

44. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management and Objectives (Continued)

(iii) Liquidity Risk (Continued)



Analysis of financial instruments by remaining contractual maturities (Continued)

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On demand or within one year RM
Company			
2016			
Financial liabilities			
Borrowings	379,618	379,618	379,618
Trade and other payables #	157,687	157,687	157,687
Financial guarantee contracts *	-	381,984,326	381,984,326
	537,305	382,521,631	382,521,631
2015			
Financial liabilities			
Amount due to subsidiaries	10,809	10,809	10,809
Borrowings	174,700	174,700	174,700
Trade and other payables	2,134,275	2,134,275	2,134,275
Financial guarantee contracts *	-	265,348,617	265,348,617
	2,319,784	267,668,401	267,668,401

* The Company has given corporate guarantee to bank and trade payables on behalf of certain subsidiaries. The potential exposure of the financial guarantee contracts is equivalent to the amount of the banking facilities being utilised by the said subsidiaries.

GST payable were excluded from trade and other payables.

(iv) Foreign Currency Risk

The Group is exposed to currency translation risk arising from its net investments in subsidiaries in South Africa.

The Group does not hedge its investment in South Africa.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

44. FINANCIAL INSTRUMENTS (Continued)

(c) Fair values

(i) Determination of Fair Value

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

(i) *Deposits, cash and bank balances, trade and other receivables and payables*

The carrying amounts approximate fair values due to the relatively short term maturities of these financial assets and liabilities.

(ii) *Other investment*

The fair value of short term funds is derived based on their redemption price.

(iii) *Borrowings*

The carrying amounts of bank overdrafts, bankers’ acceptance, short term revolving credits and short term loans approximate fair values due to the relatively short term maturities of these financial liabilities.

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

The fair value of hire purchase and finance lease payables is estimated using discounted cash flow analysis, based on current lending rates for similar types of lending arrangements.



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

44. FINANCIAL INSTRUMENTS (Continued)



(c) Fair values

(ii) Fair Value Hierarchy

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
Group						
2016						
Financial assets						
Other investment	19,600,867	-	-	19,600,867	19,600,867	19,600,867
Financial liabilities						
Term loans	-	(24,611,233)	-	(24,611,233)	(24,611,233)	(24,611,233)
Hire purchase and finance lease payable	-	(56,354,740)	-	(56,354,740)	(56,354,740)	(56,123,505)
	-	(80,965,973)	-	(80,965,973)	(80,965,973)	(80,734,738)
2015						
Financial assets						
Other investment	1,463,394	-	-	1,463,394	1,463,394	1,463,394
Financial liabilities						
Term loans	-	(14,883,312)	-	(14,883,312)	(14,883,312)	(14,883,312)
Hire purchase and finance lease payable	-	(24,668,165)	-	(24,668,165)	(24,668,165)	(24,609,119)
	-	(39,551,477)	-	(39,551,477)	(39,551,477)	(39,492,431)
Company						
2016						
Financial assets						
Other investment	19,600,867	-	-	19,600,867	19,600,867	19,600,867
2015						
Financial assets						
Other investment	1,463,394	-	-	1,463,394	1,463,394	1,463,394

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

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

45. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2016 and 31 December 2015.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, term loan, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the Company.

	Group	
	2016 RM	2015 RM
Borrowings	254,936,733	162,480,347
Trade and other payables (Note 28) #	322,297,204	327,852,407
Less: Deposits, cash and bank balances (Note 18)	(58,180,152)	(39,830,636)
Net debt	519,053,785	450,502,118
Equity attributable to the owners of the Company	618,557,795	500,500,360
Total capital	618,557,795	500,500,360
Capital and net debt	1,137,611,580	951,002,478
Gearing ratio	46%	47%



Progress billings in respect of property development costs and GST payable were excluded from trade and other payables.

A subsidiary of the Company is required to maintain certain gearing ratio for its revolving credit and bank guarantee facilities granted by a financial institution. The subsidiary has complied with this capital requirement as at the financial year end.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

46. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END



(a) Companies Act 2016

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

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

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

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

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

(b) On 27 February 2017, the Company has entered into Global Joint Venture agreement (“GJVA”) with Gema Padu Sdn. Bhd. (“GPSB”) to jointly develop various parcels of land with the following salient terms:

- i. the Company to acquire 600 shares at the consideration of RM600 in Centennial March Sdn. Bhd. (“CMSB”) representing 60% equity interest. CMSB will acquire leasehold lands from Creative First Sdn. Bhd., a subsidiary of GPSB for RM85.2 million;
- ii. the Company to acquire freehold land in Eminent Earnings Sdn. Bhd. (“EESB”), a subsidiary of GPSB through acquiring 60% equity interest in EESB for RM33.6 million; and
- iii. Mitrajaya Equipment Resource Sdn. Bhd. (“MERSB”), a 60% owned subsidiary of Mitrajaya Holdings Berhad to acquire a leasehold land each from Pembinaan Damai Gemilang Sdn. Bhd. and Visible Profit Sdn. Bhd., both subsidiaries of GPSB for a total consideration of RM40 million and RM4.22 million respectively.

GPSB will have 40% equity interest in CMSB, EESB and MERSB. The freehold and leasehold lands are located in Southern Kuala Lumpur and the Company is to satisfy the above consideration through cash, infrastructure works and development properties.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

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

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

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profits of the Group and the Company as at 31 December 2016 are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained profits/(loss) of the Company and it subsidiaries:				
- Realised	319,676,727	239,877,372	35,357,622	34,979,765
- Unrealised	882,983	(1,627,031)	-	-
	<u>320,559,710</u>	<u>241,504,403</u>	<u>35,357,622</u>	<u>34,979,765</u>
Total share of retained profits from an associate:				
- Realised	249,423	234,346	-	-
- Unrealised	-	-	-	-
	<u>249,423</u>	<u>234,346</u>	<u>-</u>	<u>-</u>
Consolidation adjustments	(68,846,905)	(76,578,156)	-	-
At 31 December	<u>251,962,228</u>	<u>165,160,593</u>	<u>35,357,622</u>	<u>34,979,765</u>



The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

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

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

MITRAJAYA HOLDINGS BERHAD
(Incorporated in Malaysia)



STATEMENT BY DIRECTORS

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

We, TAN ENG PIOW and FOO CHEK LEE, being two of the directors of MITRAJAYA HOLDINGS BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 9 to 120 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 their cash flows for the financial year then ended.

The supplementary information set out on page 121 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 ENG PIOW
Director

.....
FOO CHEK LEE
Director

Selangor Darul Ehsan

Date: 13 April 2017

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

MITRAJAYA HOLDINGS BERHAD
(Incorporated in Malaysia)



STATUTORY DECLARATION

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

I, **CHO WAI LING**, being the director primarily responsible for the financial management of MITRAJAYA HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 9 to 120 and the supplementary information set out on page 121 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.

.....
CHO WAI LING

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 13 April 2017.

Before me,



.....
Commissioner for Oaths

Lot 1.08, Tingkat 1,
Bangunan KWSP, Jln Raja Laut
50350 Kuala Lumpur.
Tel: 019-6680745

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



BAKER TILLY

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INDEPENDENT AUDITORS’ REPORT TO THE MEMBERS OF MITRAJAYA HOLDINGS BERHAD (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mitrajaya Holdings 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 9 to 120.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the 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.

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 for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)



Key Audit Matters (Continued)

Revenue and cost recognition (Note 4 (viii), 4(ix), 30 and 31 to the financial statements)

We focused on this area because the amount of revenue and corresponding cost of sales recognised in the construction business and property development requires the directors to apply significant judgement. The revenue and corresponding cost of sales is recognised based on the estimated total project revenue and costs, the extent of costs incurred to date and the stage of completion. The stage of completion is determined by reference to costs incurred for work performed to date bear to the estimated total costs for each project. The estimated total revenue and costs is affected by a variety of uncertainties that depend of the outcome of future events.

Our audit response:

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

- evaluating the design and implementation of controls over the Group's process in recording project costs, preparing project budget and the calculation of the stage of completion;
- challenging the Group's major assumptions by comparing to contractual terms, historical margin and our understanding gathered from the analysis of changes in assumptions from previous year;
- discussing the progress of the projects and expected outcome with the respective project directors to obtain an understanding of the basis on which the estimates are made;
- assessing the reasonableness of computed stage of completion for identified projects against architect certificates or project reports; and
- checking the mathematical computation of the recognised revenue and corresponding cost of sales recognised during the financial year.

Inventory valuation (Note 4(ii) and 14 to the financial statements)

We focused on this area because the Group held significant number of unsold properties. In addition, the review of future saleability and valuation of these properties at lower of cost and net realisable value by the directors require judgement and estimates.

Our audit response:

Our audit procedures included, among others:

- evaluating the design and implementation of controls associated with estimation of the net realisable value of the properties;
- performing physical sighting to examine the physical existence and condition of the selected properties;
- challenging the Group's assessment of the selling price of unsold properties by comparing to, where applicable, recently transacted prices, prices of comparable properties located in the same or surrounding vicinity and independent valuation report; and
- evaluating the appropriateness of the valuation approach used in the valuation report where independent valuation is involved to determine the market value of properties.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (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.

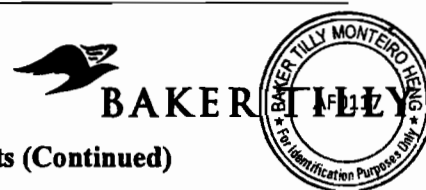
In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the 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.

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.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)



Auditors’ Responsibilities for the Audit of the Financial Statements (Continued)

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:

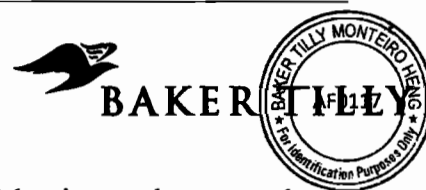
- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS’ REPORT THEREON (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 8 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) The auditors’ reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 121 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants (“MIA Guidance”) and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

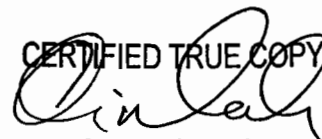
Lee Kong Weng
No. 2967/07/17 (J)
Chartered Accountant

Kuala Lumpur

Date: 13 April 2017

**APPENDIX V – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR
FYE 31 DECEMBER 2017**

CERTIFIED TRUE COPY



05 MAR 2018

MITRAJAYA HOLDINGS BERHAD (268257-T)

INTERIM FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

These figures have not been audited.

LEONG OI WAH
COMPANY SECRETARY
MAICSA 7023802

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Revenue	269,293	273,709	1,164,202	966,171
Cost of sales	(230,673)	(193,016)	(1,008,080)	(753,096)
	38,620	80,693	156,122	213,075
Other income	1,738	1,394	7,226	6,711
Administrative expenses	(7,538)	(11,624)	(29,842)	(33,198)
Share options expenses	-	(116)	(523)	(3,068)
Other operating expenses	(5,779)	(5,227)	(20,507)	(15,797)
Profit from operations	27,041	65,120	112,476	167,723
Finance costs	(2,918)	(2,140)	(10,739)	(7,840)
Profit before associate and tax	24,123	62,980	101,737	159,883
Share of results of associate	148	(170)	340	249
Profit before tax	24,271	62,810	102,077	160,132
Taxation	(7,926)	(16,166)	(29,122)	(40,383)
Profit net of tax from continued operations	16,345	46,644	72,955	119,749
Discontinued Operations				
Profit for the period from a discontinued operations	-	(1,326)	-	1,517
Profit net of tax	16,345	45,318	72,955	121,266
Profit attributable to:				
Owners of the parent	17,270	43,700	80,456	118,684
Non-controlling interests	(925)	1,618	(7,501)	2,582
	16,345	45,318	72,955	121,266
Earnings per share (sen)				
(a) basic	2.51	6.53	11.87	18.10
(b) diluted	2.20	5.55	10.37	15.32

(The above consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.)

**APPENDIX V – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR
FYE 31 DECEMBER 2017 (CONT'D)**

MITRAJAYA HOLDINGS BERHAD (268257-T)

INTERIM FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

These figures have not been audited.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	16,345	45,318	72,955	121,266
Currency translation differences arising from consolidation	2,786	5,432	801	11,377
Total comprehensive income	19,131	50,750	73,756	132,643
Total comprehensive income attributable to:				
Owners of the parent	20,056	49,132	81,257	130,061
Non-controlling interests	(925)	1,618	(7,501)	2,582
	19,131	50,750	73,756	132,643

(The above consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.)

**APPENDIX V – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR
FYE 31 DECEMBER 2017 (CONT'D)**

**MITRAJAYA HOLDINGS BERHAD (268257-T)
INTERIM FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED 31.12.2017 RM'000	AUDITED 31.12.2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	116,446	121,196
Land held for property development	254,783	131,407
Investment properties	70,875	6,664
Investment in an associate	1,173	834
Goodwill on consolidation	2,209	2,216
Deferred taxation	3,244	5,519
	448,730	267,836
Current assets		
Amount due from customers for contract work	81,647	103,857
Property development costs	129,079	99,495
Inventories	178,325	192,308
Trade and other receivables	526,393	493,026
Tax Recoverable	2,598	2,571
Other investment	-	19,601
Deposits with licensed financial institutions	5,045	23,308
Cash and bank balances	20,715	34,872
	943,802	969,037
TOTAL ASSETS	1,392,532	1,236,873
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	381,213	334,862
Revaluation reserves	6,972	7,235
Share premium	-	23,714
Capital reserves	134	-
ESOS reserves	11,604	13,315
Exchange reserves	(11,137)	(11,958)
Treasury shares	(585)	(572)
Retained earnings	299,580	251,962
	687,781	618,558
Non-controlling interests	65,667	(1,424)
Total equity	753,448	617,134
Non-current liabilities		
Long term borrowings	43,039	39,468
Deferred taxation	5,498	2,067
	48,537	41,535
Current liabilities		
Amount due to customers for contract work	16,152	10,003
Trade and other payables	291,885	336,936
Short term borrowings	280,492	215,469
Provision for taxation	2,018	15,796
	590,548	578,204
Total liabilities	639,084	619,739
TOTAL EQUITY AND LIABILITIES	1,392,532	1,236,873
Remarks:		
Net assets per share attributable to ordinary equity holders of the parent (RM) - Note (a)	1.09	0.92

(The above consolidated statement of financial position ("CSFP") should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.)

Note (a): The computation of Net assets per share ("NAPS") does not take into account the number of shares bought back and treasury shares as shown in the CSFP. The Board is of the view that the NAPS will be overstated by reflecting the shares bought back in the computation.

APPENDIX V – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR FYE 31 DECEMBER 2017 (CONT'D)

METRALAYA HOLDINGS BERHAD (268257-T)
INTERIM FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Company											
				Non-Distributable				Treasury Shares RM'000	Distributable Reserves RM'000	Equity attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves Total RM'000	Foreign Exchange Reserves RM'000	ESOS Reserves RM'000	Capital Reserves RM'000	Revaluation Reserves RM'000					
Financial year ended 30.09.2017												
At 1.1.2017	334,862	23,714	8,592	(11,958)	13,315	-	7,235	(572)	251,962	618,558	(1,424)	617,134
Profit for the financial year	-	-	-	-	-	-	-	-	80,456	80,456	(7,501)	72,955
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	800	800	-	-	-	-	-	800	-	800
	334,862	23,714	9,392	(11,158)	13,315	-	7,235	(572)	332,418	699,614	(8,925)	690,689
Realisation of revaluation reserves	-	-	(242)	21	-	-	(263)	-	242	-	-	-
Transactions with owners												
Purchase of treasury shares	-	-	-	-	-	-	-	(13)	-	(13)	-	(13)
Dividends on ordinary shares	-	-	-	-	-	-	-	-	(34,079)	(34,079)	-	(34,079)
Share options granted and lapsed	-	-	(610)	-	(610)	-	-	-	1,133	523	-	523
Non-controlling interest arising from acquisition of new subsidiaries	-	-	-	-	-	-	-	-	-	-	74,592	74,592
Redemption of RCCPS from subsidiary	-	-	134	-	-	134	-	-	(134)	-	-	-
Issuance of ordinary share:												
-Exercise of Warrants	18,478	-	-	-	-	-	-	-	-	18,478	-	18,478
-Exercise of share options	4,097	62	(1,101)	-	(1,101)	-	-	-	-	3,058	-	3,058
Transfer from share premium to share capital	23,776	(23,776)	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	46,351	(23,714)	(1,577)	-	(1,711)	134	-	(13)	(33,080)	(12,033)	74,592	62,559
At 31.12.2017	381,213	-	7,815	(11,137)	11,604	134	6,972	(585)	299,338	687,581	65,667	753,448
Financial year ended 31.12.2016												
At 1.1.2016	321,085	17,741	(2,940)	(25,458)	11,619	-	8,899	(546)	165,161	600,501	1,127	601,628
Profit for the financial year	-	-	-	-	-	-	-	-	118,663	118,663	2,583	121,246
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	11,377	11,377	-	-	-	-	-	11,377	-	11,377
	321,085	17,741	8,437	(12,081)	11,619	-	8,899	(546)	283,844	630,561	3,710	634,271
Realisation of revaluation reserves	-	-	(1,541)	123	-	-	(1,664)	-	1,541	-	-	-
Transactions with owners												
Purchase of treasury shares	-	-	-	-	-	-	-	(26)	-	(26)	-	(26)
Dividends on ordinary shares	-	-	-	-	-	-	-	-	(33,423)	(33,423)	-	(33,423)
Share options granted	-	-	3,068	-	3,068	-	-	-	-	3,068	-	3,068
Issuance of ordinary share:												
-Exercise of Warrants	12,054	2,460	-	-	-	-	-	-	-	14,514	-	14,514
-Exercise of share options	1,713	3,513	(1,372)	-	(1,372)	-	-	-	-	3,854	-	3,854
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	(5,134)	(5,134)
Total transactions with owners	13,777	5,973	1,696	-	1,696	-	-	(26)	(33,423)	(12,003)	(5,134)	(37,127)
At 31.12.2016	334,862	23,714	8,802	(11,958)	13,315	-	7,235	(572)	251,962	618,558	(1,424)	617,134

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

**APPENDIX V – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR
FYE 31 DECEMBER 2017 (CONT'D)**
**MITRAJAYA HOLDINGS BERHAD (268257-T)
INTERIM FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**
CONSOLIDATED STATEMENT OF CASH FLOWS

	UNAUDITED 31.12.2017 RM'000	AUDITED 31.12.2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit before tax		
-Continuing operations	102,077	160,132
-Discontinuing operations	-	1,856
	<u>102,077</u>	<u>161,988</u>
Adjustments for:		
Bad debts written off	-	3
Depreciation of property, plant and equipment	7,266	5,405
Depreciation of investment properties	35	39
Gain on disposal of property, plant and equipment	(518)	(958)
Loss on disposal of investment in subsidiary	-	1,325
Impairment loss on trade receivables	-	290
Interest expense	10,739	8,214
Interest income	(1,356)	(1,326)
Property, plant and equipment written off	47	45
Unrealised loss/ (gain) from foreign exchange	26	(59)
Share of (profit)/ loss in an associate company	(340)	(250)
Share options expenses	523	3,068
	<u>118,499</u>	<u>177,782</u>
Changes in working capital:		
Amount due to/ (from) customers on contract work	47,800	46,319
Inventories	15,585	(54,868)
Property development costs	(27,979)	43,615
Trade and other receivables	(31,875)	(120,161)
Trade and other payables	(37,322)	(8,867)
	<u>84,708</u>	<u>83,821</u>
Tax paid	(37,667)	(39,829)
Net Operating Cash Flows	<u>47,041</u>	<u>43,992</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	1,356	1,326
Uplift of deposit with licensed banks	-	11,804
Withdrawal/ (Placement) of other investment	19,601	(18,137)
Proceeds from disposal of property, plant and equipment	2,697	1,109
Deposit paid for purchase of land	(906)	-
Expenditure on investment properties	(8,080)	(422)
Expenditure on land held for development	(124,285)	(207)
Purchase of property, plant and equipment	(10,484)	(28,441)
Acquisition of subsidiary, net of cash acquired	(33,575)	-
Disposal of subsidiary, net of cash	-	4,165
	<u>(153,676)</u>	<u>(28,802)</u>
Net Investing Cash Flows	<u>(153,676)</u>	<u>(28,802)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Interest paid	(10,739)	(8,214)
Dividend paid	(34,079)	(33,423)
Drawdown of borrowings	54,808	36,435
Proceeds from the warrants exercised	18,478	14,523
Purchase of treasury shares	(13)	(26)
Proceeds from ESOS exercised	3,058	3,854
Subscription of shares by non-controlling interest	52,350	-
	<u>83,863</u>	<u>13,150</u>
Net Financing Cash Flows	<u>83,863</u>	<u>13,150</u>
Net change in cash & cash equivalents	(22,772)	28,340
Cash & cash equivalents at the beginning of the financial year	11,928	(21,104)
Effect of exchange differences on translation	1,269	4,692
Cash & cash equivalents at the end of the financial year	<u>(9,575)</u>	<u>11,928</u>
Analysis of cash & cash equivalents:		
Deposits with licensed banks	5,045	23,308
Cash and bank balances	20,715	34,872
	<u>25,760</u>	<u>58,179</u>
Bank overdrafts	(35,335)	(46,251)
	<u>(9,575)</u>	<u>11,928</u>

(The above consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.)

APPENDIX V – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR FYE 31 DECEMBER 2017 (CONT'D)

MITRAJAYA HOLDINGS BERHAD (268257-T) INTERIM FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Part A: Explanatory Notes Pursuant To FRS 134: Interim Financial Reporting

A1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards (FRS) 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standard Board (MASB) and Paragraph 9.22 of the Main Market Listing requirements.

This interim financial statements should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2016. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2016.

A2 Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements of the Group for the year ended 31 December 2016, except for the adoption of the following Amendments/ Improvement to FRSs and new IC Int with effect from 1 January 2017.

Amendments/ Improvement to FRSs

FRS 12	Disclosures of Interests in Other Entities
FRS 107	Statement of Cash Flows
FRS 112	Income Taxes

The adoption of the above Amendments/ Improvement to FRSs and New IC Int did not have significant impact on the Group.

Malaysian Financial Reporting Standards ("MFRS")

On 19 November 2011, The Malaysian Accounting Standards Board ("MASB") issued the new MASB approved accounting framework, the MFRS.

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.

MASB also has issued MFRS 15 Revenue from Contracts with Customers and Amendments to MFRS 116 and MFRS 141 (Agriculture: Bearer Plants). MFRS 15 is effective for annual periods beginning on or after 1 January 2018 while the Bearer Plants amendments is effective for annual periods beginning on or after 1st January 2016.

The Group and the Company falls within the definition of Transitioning Entities and has opted to defer adoption of the new MFRS. Accordingly, the Group and the Company will be required to prepare its first MFRS financial statements for the year ending 31 December 2018. The Group will quantify the financial effects arising from the transition to the MFRS framework. 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.

A3 Seasonality or Cyclicity of Operations

The business operations of the Group are not materially affected by the seasonal or cyclical factors.

A4 Unusual Items Affecting the Financial Statements

There were no unusual items affecting the assets, liabilities, equity, net income or cash flow during the financial period under review.

A5 Material Changes in Estimates

There was no change in estimates that have any material effect on the financial year-to-date.

**APPENDIX V – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR
FYE 31 DECEMBER 2017 (CONT'D)**

**MITRAJAYA HOLDINGS BERHAD (268257-T)
INTERIM FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

Part A: Explanatory Notes Pursuant To FRS 134: Interim Financial Reporting

A6 Debt and Equity Securities

For the financial year-to-date, the Company issued 2,807,500 ordinary shares pursuant to the Company's employee share options scheme. As at 31 December 2017, a total of 29,189,800 share options to subscribe for ordinary shares remain unexercised.

For the financial year-to-date, 16,951,841 ordinary shares were issued pursuant to the exercise of Warrants-D.

During the current quarter under review, the Company did not purchase any of its issued shares from the open market. The total number of shares held as treasury shares as at 31 December 2017 was 590,000 at a total cost of RM0.59 million. The repurchased shares are being held as treasury shares in accordance with the provision of Section 127 of the Companies Act, 2016.

A7 Dividend Paid

There were no dividend paid in the current quarter ended 31 December 2017.

A8 Segment Reporting

Details of segmental analysis (by business segment) are as follow:-

Financial period ended 31.12.2017

	Construction RM'000	Property Development RM'000	South Africa RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE						
External revenue	994,208	144,899	24,696	399	-	1,164,202
Inter-segment revenue	8,451	-	-	28,770	(37,221)	-
Total segment revenue	1,002,659	144,899	24,696	29,169	(37,221)	1,164,202
RESULTS						
Profit/(loss) from operations	52,398	52,244	8,777	2,792	(3,735)	112,476
Finance cost	(9,573)	(3,932)	(16)	(1,235)	4,017	(10,739)
Profit/(loss) before tax	42,825	48,312	8,761	1,557	282	101,737
Share of results of associate						340
Taxation						(29,122)
Profit net of tax						72,955

Financial period ended 31.12.2016

	Construction RM'000	Property Development RM'000	South Africa Investment RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE						
External revenue	845,573	89,641	30,957	-	-	966,171
Inter-segment revenue	1,614	-	-	26,700	(28,314)	-
	847,187	89,641	30,957	26,700	(28,314)	966,171
RESULTS						
Profit/(loss) from operations	116,786	34,543	15,206	9,097	(7,909)	167,723
Finance cost	(7,130)	(7,936)	(54)	(50)	7,330	(7,840)
Profit/(loss) before tax	109,656	26,607	15,152	9,047	(579)	159,883
Share of results of associate						249
Taxation						(40,383)
Profit net of tax from continued operations						119,749
Profit from discontinued operations						1,517
						121,266

**APPENDIX V – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR
FYE 31 DECEMBER 2017 (CONT'D)**

**MITRAJAYA HOLDINGS BERHAD (268257-T)
INTERIM FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

Part A: Explanatory Notes Pursuant To FRS 134: Interim Financial Reporting

A9 Valuation of property, plant and equipment

The valuations of property, plant and equipment have been brought forward, without amendment from the preceding annual financial statements.

A10 Material Event Subsequent to the End of the Current Quarter

There was no material event subsequent to the end of the current quarter.

A11 Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial year-to-date.

A12 Changes in Contingent Liabilities and Contingent Assets

The changes in the Group's contingent liabilities are as follow:-

	Financial Year-To-Date 31.12.2017 RM'000	Previous Financial Year 31.12.2016 RM'000
- Performance quarantees extended to a third party (Project related)	17,221	14,899
	<u>17,221</u>	<u>14,899</u>

There were no financial impact for the financial assistance provided in the Group for the current quarter and financial year-to-date ended 31 December 2017.

There were no contingent assets as at end of the previous financial year and 31 December 2017.

A13 Capital Commitments

	Financial Year-To-Date 31.12.2017 RM'000	Previous Financial Year 31.12.2016 RM'000
Approved and contracted for Property, Plant & Equipment	4,941	9,809
Approved but not contracted for Property, Plant & Equipment	1,740	330

**APPENDIX V – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR
FYE 31 DECEMBER 2017 (CONT'D)**

**MITRAJAYA HOLDINGS BERHAD (268257-T)
INTERIM FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

Part B: Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

B1 Review of the Performance

For the fourth quarter ended 31 December 2017, the Group's revenue decreased slightly by RM4.41 million (1.6%) to RM269.30 million from RM273.71 million as reported in the preceding year's corresponding quarter. Nevertheless, the Group's profit before associate and tax reduced substantially by RM38.86 million (61.7%) from RM62.98 million to RM24.13 million in the current quarter under review.

For the twelve (12) months ended 31 December 2017, the Group reported a revenue of RM1.16 billion, an increase of RM198.03 million (20.5%) over the revenue of RM966.17 million as reported in the twelve (12) months of 2016. However, the Group's profit before associate and tax has reduced by RM58.15 million (36.4%) from RM159.88 million to RM101.74 million for the current financial year ended 31 December 2017.

Further analysis of the divisional performances is as follows:-

	Individual Quarter		Cumulative Period	
	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Construction	234,153	226,743	994,208	845,573
Property Development	30,935	35,272	144,899	89,641
South Africa Investment	4,101	11,694	24,696	30,957
Others	104	-	399	-
	269,293	273,709	1,164,202	966,171
PROFIT BEFORE ASSOCIATE AND TAX				
Construction	11,120	34,407	42,825	109,656
Property Development	12,423	21,131	48,312	26,607
South Africa Investment	1,645	5,458	8,761	15,152
Others	(494)	2,488	1,557	9,047
Elimination	(571)	(504)	282	(579)
	24,123	62,980	101,737	159,883

Construction

Individual quarter

The Construction division's revenue has increased slightly by RM7.41 million (3.3%) to RM234.15 million from RM226.74 million in the preceding year corresponding quarter. However, the profit before tax has decreased substantially by RM23.29 million (67.7%) from RM34.41 million to RM11.12 million in the current fourth quarter.

Cumulative quarter

For the twelve (12) months ended 31 December 2017, the Construction division's revenue has increased by RM148.64 million (17.6%) to RM994.21 million as compared to RM845.57 million reported in the previous financial year. Nevertheless, the profit before tax has decreased substantially by RM66.83 million (60.9%) to RM42.83 million as compared to RM109.66 million reported in the previous financial year.

The higher revenue recognition was reflective of the work progress from our sizeable order book. However the reduction in profit compared to last year is attributable to lower profit margin from the current on-going projects and generally the escalating cost of some construction material and labour cost.

Property Development

Individual quarter

The Property development division has contributed lower revenue of RM30.94 million in the fourth quarter of 2017, a decrease of RM4.34 million (12.3%) as compared to RM35.27 million in the preceding year corresponding quarter. Correspondingly, profit before tax has decreased to RM12.42 million as compared to RM21.13 million in the preceding year corresponding quarter.

**APPENDIX V – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR
FYE 31 DECEMBER 2017 (CONT'D)**

**MITRAJAYA HOLDINGS BERHAD (268257-T)
INTERIM FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

Part B: Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

B1 Review of the Performance (Continued)

Property Development (Continued)

Cumulative quarter

For the twelve (12) months ended 31 December 2017, property division's revenue has increased substantially by RM55.26 million (61.6%) to RM144.90 million from RM89.64 million in the preceding year corresponding period. The profit before tax has also increased significantly by RM21.71 million (81.6%) from RM26.61 million to RM48.31 million for financial year ended 31 December 2017.

The wholly-owned subsidiary, Kemajuan Sekim Baru Sdn Bhd has recognised compensation sum from compulsory land acquisition of RM15.95 million for financial year ended 31 December 2017. This compulsory land acquisition has contributed profit before tax of RM14.66 million to the Group for financial year ended 31 December 2017.

South Africa Investment

Individual quarter

For the fourth quarter ended 31 December 2017, our property project in South Africa has contributed lower revenue of RM4.10 million, RM7.59 million (64.9%) lower as compared to RM11.69 million in the preceding year corresponding quarter. Correspondingly, profit before tax decreased by RM3.81 million (69.9%) to RM1.65 million from RM5.46 million in the preceding year corresponding quarter.

Cumulative quarter

The revenue for cumulative twelve (12) months has decreased by RM6.26 million (20.2%) from RM30.96 million to RM24.70 million. Correspondingly, profit before tax decreased by RM6.39 million (42.2%) from RM15.15 million to RM8.76 million in the current financial year ended 31 December 2017. In 2016, the South African project's sales were mostly parcels of land that gave higher profit margin. For the current financial year ended 31 December 2017, the sales of land together with building fetched a higher revenue but the profit margin were lower, attributing to the lower profit before tax in the current year.

B2 Comparison with Preceding Quarter Results

	Current Quarter ended 31.12.2017 RM'000	Preceding Quarter ended 30.09.2017 RM'000	Variance %
Revenue	269,293	299,006	-9.9%
Profit before tax	24,271	27,415	-11.5%
Profit margin	9.0%	9.2%	

The Group's revenue in the current quarter has decreased by RM29.71 million (9.9%) to RM269.29 million from the preceding quarter's revenue of RM299.00 million. Correspondingly, the Group's profit before tax has decreased by RM3.14 million (11.5%) from RM27.42 million to RM24.27 million in the current quarter. The decrease in both revenue and profit before tax were mainly due to lower contribution from all three (3) major divisions.

B3 Profit for the period

Individual Quarter 3 months ended		Cumulative Period 12 months ended	
31.12.2017	31.12.2016	31.12.2017	31.12.2016
RM'000	RM'000	RM'000	RM'000

**Profit for the period is arrived at after
crediting/(charging):**

Depreciation and amortisation	(1,994)	(2,063)	(7,301)	(5,366)
Gain/(loss) on disposal of property, plant and equipment	190	73	518	958
Interest income	(249)	403	1,356	2,139
Interest expenses	(2,918)	(2,514)	(10,739)	(8,214)
Other income	1,798	(4,399)	5,353	(1,703)
Property, plant and equipment written off	-	(36)	(47)	(45)
Realised gain/ (loss) on foreign exchange	-	976	(18)	153
Share options expenses	-	(116)	(523)	(3,068)
Unrealised gain/ (loss) on foreign exchange	-	95	(26)	59

**APPENDIX V – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR
FYE 31 DECEMBER 2017 (CONT'D)**

**MITRAJAYA HOLDINGS BERHAD (268257-T)
INTERIM FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

Part B: Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

B4 Prospects for the current financial year ending 31 December 2018

The Construction division will continue to contribute significant revenue and profits to the Group on the back of its sizeable outstanding order book. This division has secured one (1) new project for total value of RM103.05 million in early January 2018 and bring our outstanding order to RM1.66 billion. The current on-going projects are expected to contribute positively to the Group's bottom line in the next 2 financial years.

The Property Development division is expected to bring higher contribution to the Group in 2018 as the construction work progresses well for the existing on-going project 'Wangsa 9 Residency'. Besides, the newly launched phase 2 - block A (227 units) is expected to generate additional sales revenue. The Affordable Homes project in Puchong Prima launched in early 2017 left with balance 3 units unsold out of total 408 units. The current unbilled sales for this division amounting to RM181.87 million which will contribute positively to the Group in 2018 and 2019.

The Group expects lower revenue contribution from our investment in South Africa in 2018 as all vacant stands are fully sold. This division has embarked on developing the remaining land to residential and commercial units. We expect this development activities will continue to contribute positively to the Group's revenue and profits in the coming financial years.

B5 Profit Forecast

The Group did not issue any profit forecast for the year.

B6 Taxation

	Current Quarter ended 31.12.2017 RM'000	Financial Year-To-Date ended 31.12.2017 RM'000
Taxation based on profit for the period		
- current year	5,915	24,072
- under/ (over) provision in prior years	(575)	(273)
	<u>5,341</u>	<u>23,800</u>
Deferred taxation	2,585	5,323
	<u>7,926</u>	<u>29,122</u>

B7 Status of Corporate Proposals

On 13 October 2017, the Company has via AmInvestment Bank Berhad announced that the Company is proposing to undertake a renounceable rights issue of up to 157,483,898 new ordinary shares ("Rights Shares") on the basis of one (1) Rights Share for every five (5) existing MHB ordinary shares held on an entitlement date to be determined later, together with up to 78,741,949 free detachable warrants ("Warrants E") and an attached bonus issue of up to 78,741,949 new ordinary shares ("Bonus Shares") on the basis of one (1) Warrant E and one (1) Bonus Share for every two (2) Rights Shares subscribed. ("The Proposed Rights Issues").

The Proposed Rights Issue were approved by the shareholders at the Extraordinary General Meeting held on 12 February 2018.

B8 Material Contracts Pending Completion

There is no material contracts pending completion as at the date of issue of this quarterly report.

B9 Group Borrowings and Debt Securities

	Short term RM'000	Long term RM'000
Secured	34,662	38,105
Unsecured	245,830	4,933
	<u>280,492</u>	<u>43,038</u>

B10 Material Litigation

The Group is not engaged in any material litigations either as plaintiff or defendant, which will have a material effect on the financial position of the Group.

B11 Dividend

The Directors are recommending for shareholders' approval at the forthcoming AGM, a first and final single tier cash dividend of 2 sen per share in respect of the financial year ended 31 December 2017.

**APPENDIX V – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR
FYE 31 DECEMBER 2017 (CONT'D)**

**MITRAJAYA HOLDINGS BERHAD (268257-T)
INTERIM FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

Part B: Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

B12

	Individual Quarter		Cumulative Period	
	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
(a) Basic Earnings				
Profit attributable to equity holders of the Company (RM'000)	17,270	43,700	80,456	118,684
Weighted average number of ordinary shares in issue ('000)	688,891	669,067	677,998	655,750
Basic earnings per share (sen)	2.51	6.53	11.87	18.10
(b) Diluted Earnings				
Profit attributable to equity holders of the Company (RM'000)	17,270	43,700	80,456	118,684
Weighted average number of ordinary shares in issue ('000)	688,891	669,067	677,998	655,750
Effect of dilution ('000)	97,757	119,017	97,757	119,017
Adjusted weighted average number of ordinary shares in issue ('000)	786,649	788,084	775,756	774,767
Diluted earnings per share (sen)	2.20	5.55	10.37	15.32

B13 Auditors' Report of Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2016 was not qualified.

By Order of the Board
Leong Oi Wah
Secretary

APPENDIX VI – REPORTING ACCOUNTANTS’ LETTER ON THE SUFFICIENCY OF RESERVES FOR THE CAPITALISATION FOR THE BONUS SHARES TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE

PKF
(AF 0911)

PKF
Accountants &
business advisers

The Board of Directors
Mitrajaya Holdings Berhad
No.9, Blok D
Pusat Perdagangan Puchong Prima
Persiaran Prima Utama
Taman Puchong Prima
47150 Puchong
Selangor Darul Ehsan.

Dear Sirs,

**MITRAJAYA HOLDINGS BERHAD (“MHB” OR “COMPANY”)
LETTER ON THE SUFFICIENCY OF RESERVES FOR CAPITALISATION FOR THE BONUS SHARES
TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE (AS DEFINED HEREIN)**

We report on the sufficiency of the Company’s share premium account and retained earnings (collectively, “Reserves”) as at 31 December 2016 (being latest audited reporting year) and 31 December 2017 (being the latest unaudited financial statements), in connection with the renounceable rights issue of up to 157,433,598 new ordinary shares (“MHB Share(s)”) (“Rights Share(s)”) on the basis of one (1) Rights Share for every five (5) existing MHB Shares held together with up to 78,716,799 free detachable warrants (“Warrant(s) E”) and an attached bonus issue of up to 78,716,799 new MHB Shares (“Bonus Share(s)”) on the basis of one (1) Warrant E and one (1) Bonus Share for every two (2) Rights Shares subscribed (“Rights Issue”), pursuant to Paragraph 6.30(2)(b) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad (“Listing Requirements”).

Responsibilities

It is the sole responsibility of the directors of MHB to ensure that the Reserves of the Company as at 31 December 2016 and 31 December 2017 as set forth in the Annexure are properly stated and are sufficient cover the capitalisation of the Bonus Shares pursuant to the Rights Issue.

It is our responsibility to form an opinion on the sufficiency of the Reserves of the Company as at 31 December 2016 and 31 December 2017 to cover the capitalisation of the Bonus Shares in connection with to the Rights Issue, pursuant to Paragraph 6.30(2)(b) of the Listing Requirements.

In providing this opinion, we are not updating or refreshing any report or opinion on any financial information used in assessing the sufficiency of Reserves of the Company and we have not performed any audit or review on the unaudited management accounts of the Company subsequent to the end of the financial year ended 31 December 2016 and unaudited financial statements of the Company for the financial year ended 31 December 2017.

APPENDIX VI – REPORTING ACCOUNTANTS’ LETTER ON THE SUFFICIENCY OF RESERVES FOR THE CAPITALISATION FOR THE BONUS SHARES TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE (CONT’D)



Basis of opinion

We conducted our work in accordance with the approved standard for assurance engagements in Malaysia, ISAE 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus”. Our work, which involved no independent examination of any of the underlying financial information, consisted of:

- (i) agreeing the Reserves of the Company as at 31 December 2016 to the audited financial statements of the Company for the financial year ended 31 December 2016 and the Reserves of the Company as at 31 December 2017 to the latest unaudited financial statements of the Company for the financial year ended 31 December 2017;
- (ii) considering the evidence supporting any adjustments to the Reserves of the Company as at 31 December 2016 and as at 31 December 2017 (the “Adjustments”); and
- (iii) assessing the sufficiency of Reserves of the Company after incorporating the Adjustments as at 31 December 2016 and as at 31 December 2017 available to cover the capitalisation of the Bonus Shares pursuant to the Rights Issue.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Reserves of the Company after incorporating the Adjustments as at 31 December 2016 and 31 December 2017 are sufficient to cover the capitalisation of the Bonus Shares pursuant to the Rights Issue.

Our opinion

In our opinion, the Reserves of the Company after incorporating the Adjustments as at 31 December 2016 and 31 December 2017 are sufficient to cover the capitalisation of the Bonus Shares in connection with the Rights Issue.

Other Matters

This report is issued for the sole purpose for inclusion in the Abridged Prospectus in relation to the Rights Issue. As such, this report should not be used or referred to, in whole or in part, for any purpose without prior written consent.

A handwritten signature or logo consisting of the letters 'PKF' in a stylized, cursive font.

PKF
AF 0911
CHARTERED ACCOUNTANTS

A handwritten signature in black ink, appearing to read 'NGU SIOW PING'.

NGU SIOW PING
03033/11/2019 J
CHARTERED ACCOUNTANT

12 MAR 2018

APPENDIX VI – REPORTING ACCOUNTANTS’ LETTER ON THE SUFFICIENCY OF RESERVES FOR THE CAPITALISATION FOR THE BONUS SHARES TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE (CONT’D)

The following adjustments on pro forma movements of reserves of the Company have been prepared by the management solely for illustrative purpose only, to reflect the effects of the issuance of the Bonus Shares pursuant to the Rights Issue by way of capitalisation of the reserves of the Company based on the audited financial statements as at 31 December 2016 and unaudited financial statements as at 31 December 2017:-

MHB (Company level)	Minimum Scenario			Maximum Scenario		
	Share Premium RM	Retained Profits RM	Total RM	Share Premium RM	Retained profits RM	Total RM
Audited as at 31 December 2016	23,714,353	35,357,622	59,071,975	23,714,353	35,357,622	59,071,975
<i>Adjusted for the following events subsequent to the FYE 31 December 2016 up to and including 27 February 2018 being the latest practicable date prior to the date of this letter:-</i>						
Exercised of ESOS Options (“Employees’ share option scheme”) before 31 January 2017 ⁽¹⁾	61,271	-	61,271	61,271	-	61,271
Reversal from the ESOS reserves to the retained profits pursuant to the 2,858,000 ESOS Options lapsed ⁽²⁾	-	1,161,491	1,161,491	-	1,161,491	1,161,491
First and final single tier dividend of RM0.05 to the shareholders of MHB for the FYE 31 December 2016	-	(34,078,531)	(34,078,531)	-	(34,078,531)	(34,078,531)
Dividend income received from subsidiaries	-	28,770,000	28,770,000	-	28,770,000	28,770,000
Amount to be capitalised for the Bonus Shares ⁽³⁾	23,775,624	31,210,582	54,986,206	23,775,624	31,210,582	54,986,206
Estimated expenses for the Rights Issue	(23,775,624)	(10,668,947)	(34,444,571)	(23,775,624)	(15,582,776)	(39,358,400)
After the Rights Issue	-	(1,650,000)	(1,650,000)	-	(1,650,000)	(1,650,000)
	-	18,891,635	18,891,635	-	13,977,806	13,977,806

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IDENTIFICATION ONLY.
PKF (AF 0911)
Chartered Accountants

APPENDIX VI – REPORTING ACCOUNTANTS' LETTER ON THE SUFFICIENCY OF RESERVES FOR THE CAPITALISATION FOR THE BONUS SHARES TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE (CONT'D)

MHB (Company level)	Minimum Scenario		Maximum Scenario		Total	Total
	Share Premium* RM	Retained Profits RM	Share Premium* RM	Retained profits RM		
Unaudited as at 31 December 2017	23,775,624	31,916,593	23,775,624	31,916,593	55,692,217	55,692,217
Amount to be capitalised for the Bonus Shares ⁽³⁾	(23,775,624)	(10,666,947)	(23,775,624)	(15,582,776)	(34,444,571)	(39,356,400)
Reversal from the ESOS reserves to the retained profits pursuant to the 70,000 ESOS Options lapsed from 1 January 2018 up to the LPD ⁽²⁾	-	28,448	-	28,448	28,448	28,448
Estimated expenses for the Rights Issue	-	(1,650,000)	-	(1,650,000)	(1,650,000)	(1,650,000)
After the Rights Issue	-	19,626,094	-	14,712,265	19,626,094	14,712,265

Notes:

- (1) A total of 58,000 ESOS Options were exercised at an exercise price of RM1.15 per ESOS Option with a total fair value of RM23,571 transferred to the share premium account. ESOS Options exercised subsequent to 31 January 2017 are entirely capitalised to the Company's share capital account.
- (2) Represents the fair value of the ESOS Options that were lapsed.
- (3) Calculated based on the latest known par value of MHB Shares of RM0.50 each prior to the enforcement of the Companies Act, 2016.
- * Pursuant to the transitional provision under the Companies Act, 2016, the sum of RM23,775,624 standing to the credit of the share premium account has been reclassified and become part of the share capital as reflected in the unaudited financial statements for the financial year 31 December 2017. However, such amount may within 24 months from 31 January 2017 be utilised in the manner as allowed under the Companies Act, 2016.

STAMPED FOR THE PURPOSE OF
IDENTIFICATION ONLY.
PKF (AF 0911)
Chartered Accountants

APPENDIX VII – DIRECTORS' REPORT



MITRAJAYA HOLDINGS BERHAD
(Company No. 268257-T)

Registered Office

No.9 Blok D
Pusat Perdagangan Puchong Prima
Persiaran Prima Utama
Taman Puchong Prima
47150 Puchong
Selangor Darul Ehsan
Malaysia

Date: 14 March 2018

To: The Shareholders of Mitrajaya Holdings Berhad ("MHB")

Dear Sir/Madam,

On behalf of the Board of Directors of MHB ("Board"), I wish to report, after making due enquiries in relation to the period between 31 December 2016 (being the date on which the latest audited consolidated financial statements of MHB and its subsidiaries ("MHB Group") have been made up) and the date hereof (being a date not earlier than fourteen (14) days before the date of issuance of this Abridged Prospectus), that:-

- (i) in the opinion of the Board, the business of the MHB Group has been satisfactorily maintained;
- (ii) in the opinion of the Board, no circumstance has arisen since the last audited consolidated financial statements of the MHB Group which has adversely affected the trading or the value of the assets of the MHB Group;
- (iii) the current assets of the MHB Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) save as disclosed in Section 9.3 of the Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantee or indemnity given by the MHB Group;
- (v) there has been, since the last audited consolidated financial statements of the MHB Group, no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowing of the MHB Group; and
- (vi) save as disclosed in the consolidated statement of comprehensive income and consolidated statement of financial position of the unaudited financial statements of the Group for the financial year ended 31 December 2017, there has been no material change in the published reserves or any unusual factor affecting the profits of the MHB Group since the last audited consolidated financial statements of the MHB Group.

Yours faithfully,
For and on behalf of the Board of
MITRAJAYA HOLDINGS BERHAD

CHO WAI LING
Executive Director

No. 9, Blok D,
Pusat Perdagangan Puchong Prima,
Persiaran Prima Utama, Taman Puchong Prima,
47150 Puchong, Selangor Darul Ehsan,
Malaysia.

Tel : +603 8060 9999
Fax : +603 8060 9998
E-mail : mhb@mitrajaya.com.my
Website : www.mitrajaya.com.my

APPENDIX VIII – ADDITIONAL INFORMATION

1. SHARE CAPITAL

Save for the Rights Shares, Warrants E and Bonus Shares, no securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of this Abridged Prospectus.

As at the LPD, there is only one (1) class of shares in our Company, namely ordinary shares in the share capital in our Company, all of which rank *pari passu* with one another.

As at the date of the Abridged Prospectus, save as disclosed below, no person has been or is entitled to be granted an option to subscribe for any securities in our Company and no capital in our Group is under any option or agreed conditionally or unconditionally to be put under any option:-

- (i) our Entitled Shareholders who will be provisionally allotted the Rights Shares with attached Bonus Shares and Warrants E under the Rights Issue;
- (ii) the Warrants D which were issued on 23 August 2015 and due to expire on 23 August 2020. The Warrant Holders are entitled to subscribe for one (1) MHB Share at an exercise price of RM1.09 (subject to adjustments to be made in accordance with the deed poll dated 3 July 2015). The Warrants D were issued at no cost to the entitled shareholders of MHB; and
- (iii) the ESOS Options held by each grantee of the ESOS Options pursuant to the by-laws dated 23 June 2015. The grantees are entitled to subscribe for one (1) MHB Share at an exercise price of RM1.15 or RM0.98 (subject to adjustments to be made in accordance with the by-laws dated 23 June 2015). The ESOS Options were issued at no cost to the eligible directors or employees of MHB Group.

2. REMUNERATION OF DIRECTORS

The provisions in our Company's Articles of Association in relation to the remuneration of our Directors are as follows:-

Article 93

- (a) The fees payable to the Directors shall from time to time be determined by a resolution of the Company in general meeting. Provided that such fees shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.
- (b) Save as provided in Article 93(a) hereof, an executive director shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine. All remuneration, other than the fees provided for in Articles 93(a) hereof, payable to the non-executive Directors shall be determined by a resolution of the Company in general meeting.
- (c) Fees payable to non-executive Directors shall be a fixed sum, and not by a commission on or a percentage of profits or turnover.
- (d) Salaries payable to executive Directors may not include a commission on or a percentage of turnover.
- (e) Any fee paid to an Alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

APPENDIX VIII – ADDITIONAL INFORMATION (CONT'D)

Article 94

- (a) The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending Board Meetings of the Company.
- (b) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a Member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or a percentage of turnover) as may be determined by the Company in general meeting and such remuneration may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the Directors. Extra remuneration payable to non-executive Director(s) shall not include a commission on or a percentage of turnover or profits.

Article 117(a)

A Director may appoint another Director or any person approved by a majority of his co-directors to act as his Alternate Director and at his discretion by way of a notice to the Company, remove such Alternate Director from office. PROVIDED ALWAYS that any fee paid by the Company to an Alternate Director shall be deducted from that Director's remuneration.

Article 119

The remuneration of a Managing Director or Managing Directors shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these mode but shall not include a commission on or a percentage of turnover.

3. CONSENTS

Our Principal Adviser, Underwriter, Principal Bankers, Share Registrar and the Solicitors for the Rights Issue have given and have not subsequently withdrawn their consents for the inclusion of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Our Company Secretary has given and has not subsequently withdrawn her consent for the inclusion of her name and all references thereto in the form and context in which it appears in this Abridged Prospectus.

Baker Tilly Monteiro Heng, being our Auditors, has given and has not subsequently withdrawn its consent for the inclusion of its name and all references thereto in the form and context in which it appears in this Abridged Prospectus, including the independent auditors' report to MHB Group on the audited financial statements for the FYE 31 December 2016.

PKF, being our Reporting Accountants, has given and has not subsequently withdrawn its consent for the inclusion of its name and all references thereto in the form and context in which it appears in this Abridged Prospectus, including the pro forma consolidated statements of financial position of our Group as at 31 December 2016 together with the Reporting Accountants' letter thereon and the Reporting Accountants' letter on the sufficiency of reserves for the capitalisation for the Bonus Shares to be issued pursuant to the Rights Issue.

APPENDIX VIII – ADDITIONAL INFORMATION (CONT'D)

Bloomberg Finance L.P. has given and has not subsequently withdrawn its consent for the inclusion of its name and citation of the market data of MHB Shares and all references thereto, in the form and context in which they appear in this Abridged Prospectus.

4. CONFLICT OF INTEREST**AmInvestment Bank**

AmInvestment Bank, its subsidiary and associated companies, as well as its holding company, AMMB Holdings Berhad and the subsidiaries and associated companies of AMMB Holdings Berhad ("**AmBank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage securities trading, asset and funds management and credit transaction service businesses. The AmBank Group has engaged and/or may in the future, engage in transactions with and perform services for the Company and/or our affiliates, in addition to the roles involved in the Rights Issue. In addition, in the ordinary course of business, any member of the AmBank Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of the MHB Group, shareholders of MHB, and/or affiliates of MHB or any other entity or person, holding long or short term positions, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of the Company. This is a result of the businesses of the AmBank Group generally acting independently of each other and accordingly there may be situations where parts of the AmBank Group and/or its customers now have or in the future, may have interest or take action that may conflict with the interests of the Company.

AmBank Group has, in the ordinary course of their banking businesses, extended credit facilities to the MHB Group and Mr. Tan Eng Piow, the Group Managing Director of MHB. Furthermore, a portion of the proceeds from the Rights Issue amounting to RM26.0 million will be used to repay revolving credit facilities from AmBank Islamic Bank Berhad.

AmInvestment Bank is of the view that the aforementioned extension of credit facilities does not result in conflict of interest situations in respect of its capacities as the Principal Adviser for the Rights Issue as the said credit facilities have been extended by the AmBank Group in the ordinary course of its banking business and the terms and conditions of such facilities were offered on an arm's length basis. Furthermore, the total credit facilities granted to MHB Group and Mr. Tan Eng Piow amounting to RM448.5 million are not material in comparison with the audited total assets of AmBank Group as at 31 March 2017 of approximately RM134.8 billion, which represents 0.3% to the audited total asset of AmBank Group as at 31 March 2017.

Save as disclosed above, AmInvestment Bank is not aware of any possible conflict of interest which exists or is likely to exist in its capacity as the Principal Adviser in respect of the Rights Issue.

APPENDIX VIII – ADDITIONAL INFORMATION (CONT'D)**5. MATERIAL CONTRACTS**

Save as disclosed below, neither our Company nor our subsidiary companies have entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past two (2) years immediately preceding the date of this Abridged Prospectus:-

- (i) Global Joint Venture Agreement dated 27 February 2017 entered into between our Company and Gema Padu Sdn Bhd (“**GJVA**”) to govern the joint venture arrangement with our Company having a 60% equity interest in Eminent Earnings Sdn Bhd, Mitrajaya Equipment Resource Sdn Bhd (currently known as Mitrajaya Warisan Sdn Bhd) and Centennial March Sdn Bhd whereby Gema Padu Sdn Bhd has 40% equity interest. Pursuant to the GJVA, our Company and Gema Padu Sdn Bhd have entered into the shareholders’ agreements in respect of Centennial March Sdn Bhd, Eminent Earnings Sdn Bhd and Mitrajaya Equipment Resource Sdn Bhd (currently known as Mitrajaya Warisan Sdn Bhd) and the details of the shareholders’ agreements are as set out in paragraphs (vi), (vii) and (viii) of this section;
- (ii) Subscription Agreement dated 27 February 2017 entered into between our Company, Eminent Earnings Sdn Bhd and Gema Padu Sdn Bhd for our Company to subscribe 600,000 ordinary shares and 33,000,000 redeemable cumulative convertible preference shares in Eminent Earnings Sdn Bhd for a total cash consideration of RM33,600,000 only. As at the LPD, our Company and Gema Padu Sdn Bhd are holding 60% and 40% equity interest in Eminent Earnings Sdn Bhd respectively;
- (iii) Sale and Purchase Agreement dated 27 February 2017 entered into between Pembinaan Damai Gemilang Sdn Bhd and Mitrajaya Equipment Resource Sdn Bhd (currently known as Mitrajaya Warisan Sdn Bhd), pursuant to which Mitrajaya Equipment Resource Sdn Bhd (currently known as Mitrajaya Warisan Sdn Bhd) agreed to purchase a piece of leasehold land measuring approximately 81,551 square metres, situated in Mukim Dengkil, Daerah Sepang, Negeri Selangor, from Pembinaan Damai Gemilang Sdn Bhd for a total cash consideration of RM40,000,000 only. The sale and purchase transaction was completed on 3 November 2017;
- (iv) Sale and Purchase Agreement dated 27 February 2017 entered into between Creative First Sdn Bhd and Centennial March Sdn Bhd (“**SPA**”), pursuant to which Centennial March Sdn Bhd agreed to purchase 14 parcels of leasehold land measuring approximately 1,180,465 square metres, all situated in Mukim Setul, Daerah Seremban, Negeri Sembilan, from Creative First Sdn Bhd for a total cash consideration of RM85,200,000 only. As at the LPD, the sale and purchase of 13 out of the 14 parcels of leasehold land have been completed and the sale and purchase of the remaining 1 piece of the leasehold land measuring approximately 158,100 square metres is pending fulfillment of condition precedent as stipulated in the SPA;
- (v) Sale and Purchase Agreement dated 23 March 2017 between Mitrajaya Equipment Resource Sdn Bhd (currently known as Mitrajaya Warisan Sdn Bhd) and Visible Profit Sdn Bhd pursuant to which Mitrajaya Equipment Resource Sdn Bhd (currently known as Mitrajaya Warisan Sdn Bhd) agreed to purchase a piece of leasehold land measuring approximately 0.8621 hectares, situated in Mukim Dengkil, Daerah Sepang, Negeri Selangor, from Visible Profit Sdn Bhd for a total cash consideration of RM4,220,000 only. The sale and purchase transaction was completed on 21 July 2017;

APPENDIX VIII – ADDITIONAL INFORMATION (CONT'D)

- (vi) Shareholders' Agreement dated 27 February 2017 entered into between our Company and Gema Padu Sdn Bhd in respect of the terms and conditions of the relationship, rights and obligations of our Company and Gema Padu Sdn Bhd *inter se* and other arrangements agreed between our Company and Gema Padu Sdn Bhd in relation to their participation in Centennial March Sdn Bhd and the manner in which the affairs of Centennial March Sdn Bhd shall be regulated. As at the LPD, our Company and Gema Padu Sdn Bhd are holding 60% and 40% equity interest in Centennial March Sdn Bhd respectively;
- (vii) Shareholders' Agreement dated 27 February 2017 entered into between our Company and Gema Padu Sdn Bhd in respect of the terms and conditions of the relationship, rights and obligations of our Company and Gema Padu Sdn Bhd *inter se* and other arrangements agreed between our Company and Gema Padu Sdn Bhd in relation to their participation in Eminent Earnings Sdn Bhd and the manner in which the affairs of Eminent Earnings Sdn Bhd shall be regulated. As at the LPD, our Company and Gema Padu Sdn Bhd are holding 60% and 40% equity interest in Eminent Earnings Sdn Bhd respectively;
- (viii) Shareholders' Agreement dated 27 February 2017 entered into between our Company and Gema Padu Sdn Bhd in respect of the terms and conditions of the relationship, rights and obligations of our Company and Gema Padu Sdn Bhd *inter se* and other arrangements agreed between our Company and Gema Padu Sdn Bhd in relation to the parties' participation in Mitrajaya Equipment Resource Sdn Bhd (currently known as Mitrajaya Warisan Sdn Bhd) and the manner in which the affairs of Mitrajaya Equipment Resource Sdn Bhd (currently known as Mitrajaya Warisan Sdn Bhd) shall be regulated. As at the LPD, our Company and Gema Padu Sdn Bhd are holding 60% and 40% equity interest respectively in Mitrajaya Equipment Resource Sdn Bhd (currently known as Mitrajaya Warisan Sdn Bhd);
- (ix) Underwriting Agreement dated 12 March 2018 entered into between our Company and AmlInvestment Bank Berhad pursuant to which the Underwriter agreed to underwrite up to 94,751,068 Rights Shares (representing around 60.18% of the total Rights Shares under the Maximum Scenario) at the Rights Issue Price. The Underwriting Commission is 1.50% of the value of the underwritten shares; and
- (x) Deed Poll executed by our Company dated 12 March 2018, constituting the Warrants E pursuant to the Rights Issue, the salient terms of which are set out in Section 2.4 of this Abridged Prospectus.

6. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, neither we nor our subsidiary companies are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware of any proceedings, pending or threatened, against our Group, or of any facts likely to give rise to any proceedings which may materially affect the business or financial position of our Group.

7. GENERAL

- (i) There are no existing or proposed service contracts entered or to be entered into by our Company with any Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of issuance of this Abridged Prospectus; and

APPENDIX VIII – ADDITIONAL INFORMATION (CONT'D)

- (ii) Save as disclosed in Sections 6, 7 and 9 of this Abridged Prospectus and to the best of their knowledge, our Board is not aware of the following:-
 - (a) material information including special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group;
 - (b) known trends, demands, commitments, events or uncertainties that will result in or are likely to materially increase or decrease our Group's liquidity;
 - (c) material commitments for capital expenditure;
 - (d) unusual, infrequent events or transactions or significant economic changes that materially affect the amount of reported income from our operations; and
 - (e) known trends or uncertainties that have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on our Group's revenues or operating income.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at No. 9, Blok D, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, 47150 Puchong, Selangor Darul Ehsan, Malaysia during normal office hours from Mondays to Fridays (except public holidays) for a period of twelve (12) months from the date of issuance of this Abridged Prospectus:

- (i) Memorandum and Article of Association of the Company;
- (ii) Audited consolidated financial statements of MHB Group for the past two (2) financial year up to the FYE 31 December 2016 and the latest unaudited financial statement for the FYE 31 December 2017;
- (iii) The Reporting Accountants' letter on the sufficiency of reserves for the capitalisation for the Bonus Shares;
- (iv) The pro forma consolidated statements of financial position of MHB Group as at 31 December 2016 together with the Reporting Accountants' letter thereon;
- (v) The letter of consent and declarations of interest referred to in Section 3 and 4 of this Appendix, respectively;
- (vi) The Directors' Report referred to in Appendix VII;
- (vii) The irrevocable and unconditional undertaking letters dated 7 December 2017, 5 March 2018 and 7 March 2018 respectively in relation to the Undertaking Shareholders' Undertakings as referred to in Section 3.1;
- (viii) The executed Deed Poll dated 12 March 2018 constituting Warrants E;
- (ix) The executed deed poll dated 3 July 2015 constituting Warrants D; and
- (x) The material contracts referred to in Section 5 of this Appendix.

APPENDIX VIII – ADDITIONAL INFORMATION (CONT'D)

9. RESPONSIBILITY STATEMENT

Our Board has seen and approved the Abridged Prospectus and all the documentation relating to the Rights Issue. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make any statement in the Documents false or misleading.

AmInvestment Bank being our Principal Adviser for the Rights Issue, acknowledge that, based on all available information, and to the best of their knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.

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NOTICE OF PROVISIONAL ALLOTMENT

Terms defined in the abridged prospectus dated 26 March 2018 ("Abridged Prospectus") issued by Mitrajaya Holdings Berhad ("MHB" or the "Company") shall have the same meanings when used in this Notice of Provisional Allotment ("NPA") unless stated otherwise. The Provisional Rights Shares (as defined herein) as contained in this NPA are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 as amended from time to time, including Securities Industry (Central Depositories) Amendment Act, 1998 ("SICDA") and therefore, the SICDA and the Rules of Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") shall apply in respect of dealings in the Provisional Rights Shares.



MITRAJAYA HOLDINGS BERHAD

(Company No. 268257-T)
(Incorporated in Malaysia under the Companies Act 2016)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 157,433,598 NEW ORDINARY SHARES IN MITRAJAYA HOLDINGS BERHAD ("MHB") ("MHB SHARE(S)" OR "SHARE(S)") ("RIGHTS SHARE(S)") AT AN ISSUE PRICE OF RM0.59 PER RIGHTS SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FIVE (5) EXISTING MHB SHARES HELD AS AT 5.00 P.M. ON 26 MARCH 2018, TOGETHER WITH UP TO 78,716,799 FREE DETACHABLE WARRANTS ("WARRANT(S) E") AND AN ATTACHED BONUS ISSUE OF UP TO 78,716,799 NEW MHB SHARES ("BONUS SHARE(S)") ON THE BASIS OF ONE (1) WARRANT E AND ONE (1) BONUS SHARE FOR EVERY TWO (2) RIGHTS SHARES SUBSCRIBED

Principal Adviser and Underwriter



AmInvestment Bank

AmInvestment Bank Berhad

(Company No. 23742-V)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

To: Entitled Shareholders

Dear Sir / Madam,

Our Board of Directors ("**Board**") has provisionally allotted to you, in accordance with the resolution passed at the Extraordinary General Meeting of our Company held on 12 February 2018 and the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") via its letter dated 22 January 2018, the number of Rights Shares as indicated below ("**Provisional Rights Shares**").

We wish to advise you that the following Provisional Rights Shares to you has been confirmed by Bursa Depository and upon acceptance will be credited into your Central Depository System ("**CDS**") account(s), subject to the terms and conditions stated in the Abridged Prospectus and the Rights Subscription Form ("**RSF**") issued by our Company.

Bursa Securities has already prescribed our Company's securities listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares are prescribed securities and as such, all dealings in the Provisional Rights Shares will be by book entry through CDS accounts and will be governed by the SICDA and the Rules of Bursa Depository.

ALL RIGHTS SHARES, BONUS SHARES AND WARRANTS E TO BE ISSUED PURSUANT TO THE RIGHTS SHARES WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS SHARES, BONUS SHARES AND WARRANTS E INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE). NO PHYSICAL SHARE CERTIFICATES OR WARRANT CERTIFICATES WILL BE ISSUED.

It is the intention of our Board to allot the Excess Rights Shares, if any, in a fair and equitable manner to the Entitled Shareholders and/or their renounee(s) and/or transferee(s) who have applied for the Excess Rights Shares in the following priority:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on their respective shareholdings as per their CDS Account as at the Entitlement Date;
- (iii) thirdly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of Excess Rights Shares applied in their respective CDS Account; and
- (iv) fourthly, for allocation to renounee(s) and/or transferee(s) who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of Excess Rights Shares applied in their respective CDS Account.

In the event of any Excess Rights Shares balance after steps (i) to (iv) are carried out, steps (ii) to (iv) will be repeated to allocate the balance Excess Rights Shares.

Nevertheless, our Board reserves the right to allot the Excess Rights Shares applied for under Part I(B) of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board set out in (i) to (iv) above is achieved.

NAME, ADDRESS AND CDS ACCOUNT NUMBER OF ENTITLED SHAREHOLDER

--

NUMBER OF ORDINARY SHARES HELD AT 5.00 P.M. ON 26 MARCH 2018	NUMBER OF RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU	NUMBER OF BONUS SHARES ATTACHED TO RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU	NUMBER OF WARRANTS E ATTACHED TO RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM0.59 PER RIGHTS SHARE (RM)

IMPORTANT RELEVANT DATES AND TIMES

Entitlement date	: Monday, 26 March 2018 at 5.00 p.m.
Last date and time for:	
Sale of Provisional Allotments	: Monday, 2 April 2018 at 5.00 p.m.
Transfer of Provisional Allotments	: Thursday, 5 April 2018 at 4.00 p.m.
Acceptance and payment	: Tuesday, 10 April 2018 at 5.00 p.m.
Excess Application and payment	: Tuesday, 10 April 2018 at 5.00 p.m.

By Order of the Board,

LEONG OI WAH (MAICSA NO.7023802)
Company Secretary

Share Registrar
Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel no. : (603) 2783 9299
Fax no. : (603) 2783 9222

THIS NOTICE OF PROVISIONAL RIGHTS SHARES IS DATED 26 MARCH 2018

RIGHTS SUBSCRIPTION FORM

TERMS DEFINED IN THE ABRIDGED PROSPECTUS DATED 26 MARCH 2018 ("ABRIDGED PROSPECTUS") SHALL HAVE THE SAME MEANINGS WHEN USED IN THIS RIGHTS SUBSCRIPTION FORM ("RSF") AND THE NOTES AND INSTRUCTIONS FOR COMPLETING THIS RSF UNLESS STATED OTHERWISE. THIS RSF IS ISSUED FOR THE PURPOSE OF ACCEPTING THE RIGHTS SHARES (AS DEFINED HEREIN) AND APPLYING FOR EXCESS RIGHTS SHARES PURSUANT TO THE RIGHTS ISSUE (AS DEFINED HEREIN) OF MITRAJAYA HOLDINGS BERHAD ("MHB" OR THE "COMPANY"). THIS RSF IS ONLY APPLICABLE TO PERSONS WHO HAVE PROVISIONAL RIGHTS SHARES STANDING TO THE CREDIT OF HIS / HER / THEIR CENTRAL DEPOSITORY SYSTEM ("CDS") ACCOUNT.



MITRAJAYA HOLDINGS BERHAD

(Company No. 268257-T)

(Incorporated in Malaysia under the Companies Act 2016)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 157,433,598 NEW ORDINARY SHARES IN MITRAJAYA HOLDINGS BERHAD ("MHB") ("MHB SHARE(S)" OR "SHARE(S)") ("RIGHTS SHARE(S)") AT AN ISSUE PRICE OF RM0.59 PER RIGHTS SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FIVE (5) EXISTING MHB SHARES HELD AS AT 5.00 P.M. ON 26 MARCH 2018, TOGETHER WITH UP TO 78,716,799 FREE DETACHABLE WARRANTS ("WARRANT(S) E") AND AN ATTACHED BONUS ISSUE OF UP TO 78,716,799 NEW MHB SHARES ("BONUS SHARE(S)") ON THE BASIS OF ONE (1) WARRANT E AND ONE (1) BONUS SHARE FOR EVERY TWO (2) RIGHTS SHARES SUBSCRIBED

NAME AND ADDRESS
(in block letters as per the record of Bursa Malaysia Depository Sdn Bhd ("Bursa Depository"))

NRIC NO./ PASSPORT NO.
(state country) / **COMPANY NO.***

CDS ACCOUNT NO.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

NUMBER OF ORDINARY SHARES HELD AT 5.00 P.M. ON 26 MARCH 2018	NUMBER OF RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU	NUMBER OF BONUS SHARES ATTACHED TO RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU	NUMBER OF WARRANTS E ATTACHED TO RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM0.59 PER RIGHTS SHARE (RM)

Note: If you have subsequently purchased additional Provisional Rights Shares from the open market, you should indicate your acceptance of the total Provisional Rights Shares that you have standing to the credit in your CDS account under Part I(A) below.

To: The Board of Directors of MHB ("Board")

PART I - ACCEPTANCE OF RIGHTS SHARES AND APPLICATION FOR EXCESS RIGHTS SHARES

- In accordance with the terms of this RSF and the Abridged Prospectus, I / we* hereby irrevocably:-
 a) *accept the number of Rights Shares as stated below, which were provisionally allotted / transferred / renounced to me / us;
 b) *apply for the number of excess Rights Shares as stated below in addition to the above;

in accordance with and subject to the Constitution of MHB.

I / We* enclose herewith the appropriate remittance(s) for the payment stated below, in favour of the respective account stated below and crossed "**ACCOUNT PAYEE ONLY**", being the full amount payable for the said number of Rights Shares accepted / applied for, and hereby request for the said Rights Shares and excess Rights Shares to be credited into my / our* valid and subsisting CDS account as stated below:-

NUMBER OF RIGHTS SHARES ACCEPTED / EXCESS RIGHTS SHARES APPLIED FOR	AMOUNT PAYABLE BASED ON RM0.59 PER RIGHTS SHARE (RM)	BANKER'S DRAFT / CASHIER'S ORDER / MONEY ORDER / POSTAL ORDER NO.	PAYABLE TO
(A) ACCEPTANCE			MHB RIGHTS SHARES ACCOUNT
(B) EXCESS			MHB EXCESS RIGHTS SHARES ACCOUNT

I / We* hereby authorise you to refund without interest, the full or the balance (as the case may be) amount of my / our* application money for the Provisional Allotments and/or the Excess Rights Shares if such application is unsuccessful or late or partially successful (as the case may be) to me / us* at my / our* address in Malaysia as shown in the Record of Depositors by ordinary post at my / our own risk.

PART II - DECLARATION

I / We* hereby confirm and declare that:-

- (i) All information provided by me / us is true and correct;
- (ii) All information is identical with the information in the records of Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") and further agree and confirm that in the event the said information differs from Bursa Depository's record as mentioned earlier, the exercise of my / our rights may be rejected; and
 - * I am 18 years of age or over.
 - * I am / We are* resident(s) of Malaysia.
 - * I am / We are* resident(s) of (country) and having citizenship.
 - * I am / We are* nominee(s) of a person who is a *Bumiputera / *Non-Bumiputera / *Non Citizen resident in(country) and having citizenship.

I / We* consent to the Company and the Share Registrar collecting the information and personal data (collectively, "**Data**") required herein, to process and disclose such Data to any person for the purposes of implementing the Rights Issue and storing such Data in any servers located in Malaysia or outside Malaysia in accordance with the relevant laws and regulations.

I / We* have read and understood and hereby accept all the terms and conditions set out in this RSF and the Abridged Prospectus and further confirm compliance with all requirements for acceptance and payment.

Signature/Authorised Signatory(ies)
(Corporate bodies must affix their Common Seal)



_____ Date

_____ Contact telephone number during office hours

LAST DATE AND TIME FOR:

Acceptance and payment	: Tuesday, 10 April 2018 at 5.00 p.m.
Excess Application and payment	: Tuesday, 10 April 2018 at 5.00 p.m.

* Please delete whichever is not applicable.

THIS RSF IS NOT A TRANSFERABLE OR NEGOTIABLE INSTRUMENT.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately. All enquiries concerning the Rights Issue should be addressed to our 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, Malaysia (Tel: +603 - 2783 9299). **YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE ABRIDGED PROSPECTUS TO WHICH THIS RSF RELATES TO BEFORE COMPLETING THIS RSF. IN ACCORDANCE WITH THE CAPITAL MARKETS AND SERVICES ACT, 2007, THIS RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE ABRIDGED PROSPECTUS.**

The Abridged Prospectus, together with the NPA and RSF (collectively, the "Documents"), are despatched only to our Entitled Shareholders whose names appear on our Record of Depositors as at 5.00 p.m. on 26 March 2018 ("Entitled Shareholders") at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 26 March 2018. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia, are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and other professional advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue, application for excess Rights Shares, or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue would result in the contravention of any law of such countries or jurisdictions. We, AmlInvestment Bank and/or the advisers named herein shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements, application for excess Rights Shares or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue made by any Entitled Shareholders and/or their renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which Entitled Shareholders and/or their renounee(s) (if applicable) are residents.

The Abridged Prospectus has been registered by the Securities Commission Malaysia ("SC"). The registration of the Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in the Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the Companies Commission of Malaysia who takes no responsibility for the contents of the Documents.

The approval from our shareholders for the Rights Issue was obtained at our EGM held on 12 February 2018. The approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for all the Rights Shares, Bonus Shares, Warrants E, additional warrants 2015/2020 in MHB ("Additional Warrant D") and new MHB Shares to be issued upon the exercise of the Warrants E and Additional Warrants D on Bursa Securities was obtained vide its letter dated 22 January 2018. The listing of and quotation for the said new securities on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue.

Our Board has seen and approved the Documents and they, collectively and individually, accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in the Documents false or misleading.

Unless otherwise stated, the unit of currency used in this RSF is RM and sen.

INSTRUCTIONS:-**(i) LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT**

This RSF is valid for acceptance until **5.00 p.m. on Tuesday, 10 April 2018**. If acceptance of and payment for the **Provisional Rights Shares** (whether in full or in part, as the case may be) are not received by MHB's 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, Malaysia by **5.00 p.m. on Tuesday, 10 April 2018**, the provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. The Board will then have the right to allot such Rights Shares not taken up to applicants applying for excess Rights Shares in the manner as set out in item (iii) below.

(ii) FULL OR PART ACCEPTANCE OF THE RIGHTS SHARES

The Rights Issue is renounceable in full or in part. If you wish to accept all or part of your entitlement to the Provisional Rights Shares, please complete Parts I(A) and II of this RSF in accordance with the notes and instructions contained herein and submit this RSF together with the appropriate remittance made in RM for the full amount payable for the Rights Issue accepted in the form of Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia, must be made payable to "**MHB RIGHTS SHARES ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name in block letters and your CDS account number, and must be received by MHB's 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, Malaysia by **5.00 p.m. on Tuesday, 10 April 2018**. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

The payment must be made for the exact amount payable for the Rights Shares accepted. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. No acknowledgment will be issued for the receipt of this RSF or application monies in respect of the Rights Issue. However, if your application is successful, a notice of allotment will be despatched to you and/or your renounee(s) by ordinary post to the address as shown on Bursa Depository's record at your own risk within eight (8) market days from the closing date of acceptance and payment for the Provisional Rights Shares or such other period as may be prescribed by Bursa Securities.

In respect of unsuccessful or partially accepted applications, the full amount or the surplus application monies, as the case may be, will be refunded without interest by ordinary post to the address as shown on Bursa Depository's record at your own risk within fifteen (15) market days from the closing date of acceptance and payment for the Rights Shares.

(iii) EXCESS RIGHTS SHARES APPLICATION

If you wish to apply for additional Rights Shares in excess of your entitlement, you may do so by completing Part I(B) of this RSF (in addition to Parts I(A) and II) and forwarding it with a separate remittance made in RM for the full amount payable for the excess Rights Shares with applied for in the form of Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia must be made payable to "**MHB EXCESS RIGHTS SHARES ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name in block letters and your CDS account number, and must be received by MHB's 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, Malaysia by **5.00 p.m. on Tuesday, 10 April 2018**. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

The payment must be made for the exact amount payable for the excess Rights Shares applied for. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. No acknowledgment will be issued for the receipt of the excess Rights Shares application or application monies in respect thereof. However, if your application is successful, a notice of allotment will be despatched to you and/or your transferee(s) and/or your renounee(s) by ordinary post to the address as shown on Bursa Depository's record at your own risk within eight (8) market days from the last date of application and payment of the excess Rights Shares or such other period as may be prescribed by Bursa Securities.

In respect of unsuccessful or partially successful excess Rights Shares applications, the full amount or the surplus application monies, as the case may be, will be refunded without interest by ordinary post to the address as shown on Bursa Depository's record at your own risk within fifteen (15) market days from the last date of application and payment of the excess Rights Shares.

It is the intention of our Board to allot the Excess Rights Shares, if any, in a fair and equitable manner to the Entitled Shareholders and/or their renounee(s) and/or transferee(s) who have applied for the Excess Rights Shares in the following priority:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on their respective shareholdings as per their CDS Account as at the Entitlement Date;
- (iii) thirdly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of Excess Rights Shares applied in their respective CDS Account; and
- (iv) fourthly, for allocation to renounee(s) and/or transferee(s) who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of Excess Rights Shares applied in their respective CDS Account.

In the event of any Excess Rights Shares balance after steps (i) to (iv) are carried out, steps (ii) to (iv) will be repeated to allocate the balance Excess Rights Shares.

Nevertheless, our Board reserves the right to allot the Excess Rights Shares applied for under Part I(B) of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board set out in (i) to (iv) above is achieved.

(iv) SALE OR TRANSFER OF PROVISIONAL RIGHTS SHARES

Should you wish to sell or transfer all or part of your entitlement to the Provisional Rights Shares to one (1) or more persons, you may do so through your stockbroker for the period up to the last date and time for sale or transfer of the Provisional Rights Shares (in accordance with the Rules of Bursa Depository) without first having to request the Company for a split of the Provisional Rights Shares standing to the credit of your CDS account. To sell or transfer all or part of your entitlement to the Provisional Rights Shares, you may sell such entitlement on the open market for the period up to the last date and time for sale of the Provisional Rights Shares (in accordance with the Rules of Bursa Depository) or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository for the period up to the last date and time for transfer of the Provisional Rights Shares (in accordance with the Rules of Bursa Depository).

In selling or transferring all or part of your Provisional Rights Shares, you are not required to deliver any document, including this RSF to your stockbroker in respect of the portion of the Provisional Rights Shares sold or transferred. You are however advised to ensure that you have sufficient number of Provisional Rights Shares standing to the credit of your CDS account before selling or transferring.

Transferee(s) and/or renounee(s) may obtain a copy of the Abridged Prospectus and this RSF from his/her/their stockbroker, MHB's registered office in Malaysia, MHB's Share Registrar or Bursa Securities' website at www.bursamalaysia.com.

If you have sold or transferred only part of the Provisional Rights Shares, you may still accept the balance of the Provisional Rights Shares by completing Parts I(A) and II of this RSF.

(v) GENERAL INSTRUCTIONS

- (a) All applicants must sign on the front page of this RSF. All corporate bodies must affix their Common Seals.
- (b) A Malaysian Revenue Stamp (NOT POSTAGE STAMP) of RM10.00 must be affixed on the RSF.
- (c) The Rights Shares subscribed by the Entitled Shareholders and/or their renounee(s) (if applicable) will be credited into their respective CDS accounts as stated in this RSF or the exact account(s) appearing on Bursa Depository's record of depositors.
- (d) Any interest or other benefit accruing on or arising from or in connection with any application monies shall be for the benefit of the Company and the Company shall not be under any obligation to account for such interest or other benefit to you.
- (e) The contract arising from the acceptance of the Provisional Rights Shares by you shall be governed by and construed in accordance with the laws of Malaysia, and you shall be deemed to have irrevocably and unconditionally submitted to the exclusive jurisdiction of the courts of Malaysia in respect of any matter in connection with this RSF and the contract arising therefrom.
- (f) The Company reserves the right to accept or reject any acceptance and/or application if the instructions above are not strictly adhered to or which are illegal.
- (g) Entitled Shareholders and/or their renounee(s) should note that any RSF and remittances lodged with MHB's Share Registrar shall be irrevocable and shall not be subsequently withdrawn.