STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of MBMR ("**Board**") oversees the corporate governance practices and procedures for the whole Group to ensure compliance with legal and regulatory requirements as well as good corporate governance standards.

This statement sets out the principles of good corporate governance practised by MBMR and the extent to which the Company complies with the principles and standards of governance and behaviour recommended by the Securities Commission of Malaysia contained in the Malaysian Code on Corporate Governance 2012 ("**MCCG 2012**") as required by Paragraph 15.25 in Part E of Chapter 15 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("**Listing Requirements**").

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear functions reserved for the Board and those delegated to Management

The Board has full and effective control over the business undertakings of the Company subject to the powers reserved for shareholders under the Company's Constitution, the Listing Requirements and applicable laws. This includes responsibility for determining the Company's overall strategic direction as well as the approval of annual and interim results, specific items of investments and divestments, as well as the risk management framework and internal control policies and procedures for the Company.

The Board has adopted a Board Charter which sets out the functions that are reserved for the Board.

The Chief Executive Officer of the Company, is responsible for matters which are not specifically reserved for the Board or delegated to the Board Committees (such as the day-to-day management of the operations of the Company).

The Board however, continues to oversee and monitor the Chief Executive Officer to ensure that all actions taken and decisions made by him are consistent with the achievement of the Company's short term and long term goals, the decisions of the Board and within the limits of authority which have been approved by the Board. Actions taken by the Chief Executive Officer are reported to and reviewed by the Board at least on a quarterly basis.

Clear roles and responsibilities

The Board's role and responsibilities are set out in the Company's Board Charter. While the day-to-day management of the operations of the Company is delegated to the Chief Executive Officer, the Board retains effective control over important policies and processes covering areas such as internal controls, risk management and the remuneration of executives and employees of the Company.

The Board also assumes among others, responsibilities which include reviewing, approving, adopting and monitoring the implementation of the annual strategic and business plan for the Company and the Group as a whole, overseeing the conduct of the Company's business to ensure that it is being properly managed, and taking appropriate measures in succession planning including the recruitment, appointment, training and replacement of key management, where appropriate.

The Board has delegated certain of its responsibilities to the Board Committees, which operate within clearly defined terms of reference. Standing committees of the Board include

- the Audit and Risk Management Committee (please refer to the Report on the Audit and Risk Management Committee set out on pages 40 to 44);
- the Nominating and Remuneration Committee; and
- the Long Term Incentive Plan Committee.

The Board Committees' Terms of Reference detailing the responsibilities of each Committee and how they exercise their authority are available on the Company's website.

Except in the case of transient transitional periods, there is a clear division of responsibility between the Chairman and Chief Executive Officer to ensure a balance of power and authority. The principal duties of the Chairman are to conduct the meetings of the Board and shareholders and to facilitate constructive discussions at these meetings. The Chief Executive Officer is responsible for the day-to-day running of the businesses of the Group and to develop and implement strategies.

Code of Conduct

The Board has adopted a formal Code of Conduct that applies to the activities of the Directors as well as all employees of the Group. The Code of Conduct is reviewed periodically by the Board and revised as and when appropriate. A summary of the code is made available on the Company's website.

The Board has established and approved a whistleblowing policy to encourage all its employees and persons who have dealings with the Group to report suspected and/or known fraud, corruption, unlawful acts, violation of the Group's policies or standard operating procedures and instances of waste or abuse of corporate resources. The policy sets out and identifies the appropriate communication and feedback channels which facilitate whistleblowing. All whistleblowing cases are referred to the Audit and Risk Management Committee for review and instructions with respect to investigations and actions to be taken by the Management in such cases.

Promoting sustainability

MBMR's approach to governance is to drive business revenues and profits and manage risks prudently in order to deliver long-term profitability and provide value to shareholders on a sustainable basis. This approach includes meeting expectations of stakeholders such as customers, shareholders, regulators, bankers, joint venture partners and the communities in which the MBMR Group operates.

MBMR's Board and management view its commitment to Business Sustainability and Environmental, Economic and Social (EES) objectives as part of its responsibility to its stakeholders and the communities in which it operates. MBMR is committed to the implementation of safe work practices and aims to provide an injury free workplace for all its employees.

The MBMR Group of companies engages in the wider community through Corporate Social Responsibility programs undertaken at the level of each Group company and by its staff. Details of the Group's community initiatives are detailed in Social Responsibility on pages 18 and 19.

Board members' access to information and advice

Each Board member receives quarterly operating results, including a comprehensive review and analysis. Prior to each Board meeting, Directors are sent an agenda and a full set of Board papers for each agenda item to be discussed at the meeting. Wherever possible, this is issued in sufficient time, at least three business days in advance to enable the Directors to obtain further explanations, where necessary, in order to be sufficiently briefed before the meeting.

Directors have access to all information within the Company whether as full Board or in their individual capacity, in furtherance of their duties. Directors also have direct access to the advice and the services of internal and external legal advisers and the Group's Company Secretary who is responsible for ensuring that Board procedures are followed.

Qualified and competent Company Secretary

The Group's Company Secretaries are appointed by the Board of Directors. The appointment is based on criteria related to the qualifications, experience and competence of the individuals concerned to carry out their duties and responsibilities having regard to the Group's business, size of operations and compliance with the Listing Requirements. The roles and responsibilities of the Group's Company Secretaries are set out more specifically in the Board Charter.

Formalise and review Board Charter

The Board has adopted a formal Board Charter which is available on the Company's website (http://www.mbmr.com.my/Automotive/About-Us/BOD/Board-Charter/). The Board Charter is subject to an annual review and more frequently, if required, due to a change of law or of company policy that affects the Board Charter. The current Board Charter was last reviewed and approved on 22 February 2017.

PRINCIPLE 2: STRENGTHEN COMPOSITION

DIRECTORS

Composition of the Board and Board Committees

Currently, the Board has eight members, of whom six are Non-Executive Directors, and three of whom are Independent Directors. No individual or group of individuals dominates the Board's decision-making and the number of Directors fairly reflects the investment of the shareholders.

Details of the members of Board and Board Committees are set out on pages 20 to 23.

The Company considers that its complement of Non-Executive Directors provide for an effective Board with a mix of industry-specific knowledge and commercial experience. This balance enables the Board to provide clear and effective leadership to the Company and bring informed and independent judgement to many aspects of the Company's strategy and performance so as to ensure that the Company maintains the highest standards of conduct, integrity and character.

One-third of the Board comprises Independent Directors as required by the Listing Requirements. The Company recognises the contribution of Independent Directors as vital to the development of the Company's strategies, the importance of representing the interest of public shareholders and providing a balanced and independent view to the Board. All Independent Directors are independent of management and free from any relationship that could interfere with their independent judgement.

The Nominating and Remuneration Committee ("NRC") comprises two Independent Directors and one Non-Independent Non-Executive Director. This Committee is empowered to bring to the Board recommendations as to the appointment of any new Executive or Non-Executive Director, provided that the Chairman of the NRC in developing such recommendations, consults all Directors and reflects that consultation in any recommendation of the NRC brought forward to the Board. The NRC periodically reports to the Board on succession planning for the Board Chairman, Directors and key management personnel. The NRC is also responsible for Group remuneration policies and the remuneration of Executive Directors as provided for under its terms of reference.

Criteria for recruitment

The NRC ensures that the Board has an appropriate balance of a broad range of skills, expertise, experience and competence. The NRC also ensures, through its selection, interview and review processes that prior to appointment, each of the Company's Directors, including the Chief Executive Officer and Executive Director, and the Group Financial Controller has the requisite character, experience, integrity, competence and time to effectively discharge his/her role and responsibilities. An assessment against the requisite criteria is also performed as part of the annual evaluation process in respect of each Director who retires by rotation and puts himself/herself up for re-election.

In addition to these criteria, when considering new candidates to fill a vacancy or to add to its Board, the Company will apply its policy of promoting gender and boardroom diversity as well as to ensure a highly effective and committed board of directors. The policy generally advocates that whilst all Board appointments will be based on its merits wherein candidates are measured against objective criteria, due consideration is still given towards the benefits of diversity on the Board and the Board's goals in this regard.

Nomination and Election process

The NRC regularly reviews the required skills and attributes that would form part of a director's profile. This profile is used to assess the suitability as Executive or Non-Executive Directors of candidates put forward by the Directors. All new candidates will be assessed by the NRC in accordance with the steps laid out in the Company's Procedure for Appointment of New Directors which comprises among others, the following steps:

1. Evaluation of the current Board to identify current gaps;
2. Assessing the need for additional Directors;
3. Assessing the suitability of the proposed candidates based on the skills, knowledge, expertise, experience, time, commitment, character, professionalism and integrity;
4. Assessing independence (for Independent Directors).

On appointment, Directors take part in an induction programme where they receive a presentation package that provides them with a business and financial overview of the Company as well as latest information about the

Group. This is supplemented by visits to key locations and meetings with senior executives. Directors are also advised, upon appointment, of their legal and other obligations as a director of a public-listed company.

In accordance with the Company's Constitution, all Directors shall retire from office once at least in each three years but shall be eligible for re-election.

Annual Assessment

The NRC carries out an annual assessment of the effectiveness of the Board as a whole and the performance of each of the Board Committees against a set of criteria that encompasses a diverse set of skills and experience in the fields of accounting, law, business and management, marketing, risk management, information technology and finance. The assessment also includes aspects of Board's and Board Committees' structure, operational conduct and its roles and responsibilities.

The assessment is conducted by way of questionnaires to review the performance and effectiveness of the Board and the Board Committees as well as to promote awareness on the criteria and obligations in which the Board and the Board Committees are required to possess and perform. A summary of the responses and comments made in the questionnaires is subsequently prepared by the Company Secretary and presented to the NRC and the Board in February each year in respect of the preceding calendar year's assessment.

Activities Undertaken by the NRC

The NRC undertook the following activities for the financial year ended 31 December 2016:

i. Assessment of Independence for the existing Independent Directors;
ii. Assessment of the overall effectiveness and performance of the Board and the Board Committees;
iii. Restructuring of the members of the Board Committees to achieve optimum time commitment and diversity.

For the financial year ended 2016, the NRC and the Board upon the annual assessment carried out on 16 February 2017 and 22 February 2017 respectively, was satisfied that:

i. the current size, structure and composition of the Board and the Board Committees maintain a desirable balance for the discharge of its duties professionally and is conducive for effective discussion and decision making;
ii. the Board consists of an appropriate mix of skills, knowledge, attributes and core competencies; and
iii. the Independent Directors comply with the definition of Independent Director in line with the Bursa Malaysia Listing Requirements and the Corporate Governance Guide (2nd edition) issued by Bursa Malaysia Berhad on 1 October 2013, and that they continue to bring independent and objective judgment to decisions taken by the Board.

Board remuneration policies and procedures

The NRC also reviews and approves the annual salaries, incentive arrangements, service arrangements and other employment conditions for the Executive Directors save for remuneration matters under the Long Term Incentive Plan ("LTIP") of the Company which came into effect on 20 April 2015.

The determination of the remuneration for Directors is a matter for the Board as a whole, subject to the Company's shareholders approving the Directors' fees payable at the Company's Annual General Meeting. The Executive Directors are not present when matters affecting their own remuneration arrangements are considered.

The policy of the NRC is in line with the Group's overall practice on compensation and benefits, which is to reward employees competitively, taking into account performance, market comparisons and competitive pressures in the industry. Whilst not seeking to maintain a strict market position, it takes into account comparable roles in similar organisations.

The remuneration package for the Chairman, Chief Executive Officer and other Directors comprise some or all of the following elements:

- **Basic Salaries and Fees**

In setting the basic salary for each executive director, the NRC takes into account the compensation practices of other companies and the performance of each individual director. Salaries are reviewed (although not necessarily increased) annually depending on the category of employment. Salaries are increased only where the NRC believes that adjustments are appropriate to reflect performance, increased responsibilities and/or market pressures.

The Board determines fees and any benefits payable to all Directors subject to the approval of shareholders at each Annual General Meeting. The non-executive members of the Board of Directors receive a fixed base fee as consideration for their Board duties. In addition, the Board members receive a fixed fee for their work on committees established by the Board.

The remuneration of the Board of Directors is determined on the basis of standards in the market and reflects demands to the expected competencies and efforts in light of the scope of their work and the number of board and board committee meetings.

- **Annual Incentive Plan (Bonus Scheme)**

The Group operates a bonus scheme for all employees, including the Executive Directors, and the criteria for this scheme is dependent on the financial performance of the Group. Bonuses payable to the Executive Directors are reviewed by the NRC and approved by the Board.

- **LTIP**

The Company's LTIP was approved by shareholders at an extraordinary general meeting held on 19 November 2014 and came into effect on 20 April 2015. The LTIP is administered by the LTIP Committee comprising four non-executive directors, one of whom is an Independent Director. The present members of the LTIP Committee are:

- Dato' Abd Rahim Abd Halim
- Encik Shamshin @ Shamshir Ghazali
- Mr Ng Seng Kong
- Mr Low Hin Choong

The LTIP serves to retain, motivate and reward key employees of our Group through the grant of MBMR Shares as determined by the LTIP Committee in accordance with the By-Laws.

The LTIP comprises the Restricted Share Plan and Performance Share Plan. The main differences between the features of the RSP and the PSP relate to:

(a) the eligibility of the Employees under the RSP and PSP in terms of their job grades within the Group;

(b) the performance metrics to be met under the RSP and PSP which will be determined prior to the grants; and

(c) the vesting periods of the grants to the eligible employees.

In addition to the By-Laws, the LTIP is administered in accordance with the terms of a trust deed executed between the Company and TMF Trustees Malaysia Berhad (as trustee) on 6th April 2015.

- **Retirement Plan**

Contributions are made to the Employees Provident Fund ("EPF"), the national mandatory defined contribution plan, in respect of all Malaysian-resident Executive Directors. A scheme of retirement gratuity is also provided for all eligible Directors and is reviewed annually by the NRC and approved by the Board.

- **Other Benefits**

Other benefits include car and driver allowances as well as medical insurance coverage.

Details of the directors' remuneration are set out on page 33.

PRINCIPLE 3: REINFORCE INDEPENDENCE

Assessment of Independent Directors

The independence of Directors is assessed against a list of criteria and materiality thresholds that have been incorporated into the MBMR Board Charter. Each Director, who is listed as an Independent Director complies with the relevant criteria for independence set out in the Board Charter.

Tenure of Independent Director not to exceed nine years

The Company has in place a policy not to allow Independent Directors to remain on the Board as independent directors for more than nine years.

As at the date of this Statement, there are three Independent Directors on the Board whose individual tenure does not exceed nine years.

Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive Officer of MBMR are undertaken by separate persons. The Chairman is a Non-Executive member of the Board.

Non-independent Chairman

Departure from Recommendation: The MCCG recommends that the Chairman of the Board should be an Independent Director where the majority of the Directors are not independent. The Chairman, Dato' Abd Rahim Abd Halim, is not considered independent by virtue of his significant shareholding interest in the Company. However, it is a factor that brings his interest into alignment with the interests of the Company.

The Board believes that the interests of shareholders are best served by a Chairman who is sanctioned by shareholders and who will act in the best interests of shareholders as a whole. The Chairman is a Non-Executive Director with over 40 years' experience in management and the automotive industry; with his skills, knowledge (which includes a valuable insight on the Group's operations from his previous stewardship of the Company) and experience considerably adding to the depth of decisions made by the Board, he is well placed to act in the best interests of all shareholders.

PRINCIPLE 4: FOSTER COMMITMENT

Commitment expectations

The Board and Board Committees have regular pre-scheduled meetings annually. As the meeting dates for the next financial year are decided a year in advance by the Board, members of the Board are aware of the commitments with respect to time and resources that each has to commit as a member of the Board and each committee.

Details of attendance of Board and Board Committees meetings are set out on page 32.

Directors are also required to notify the Chairman before accepting any new directorships with assurance that time commitment with the Company will not be affected. None of the Directors holds more than five directorships in public listed companies.

Continuing education programmes

The Board via the NRC evaluates and determines the training needs of the Directors which will assist them in the discharge of their duties in accordance with the Bursa Malaysia Securities Berhad's Mandatory Accreditation Programme requirements. In addition, individual Directors may also attend additional training courses according to their needs as a Director or member of Board Committees on which they serve.

Details of the training attended by directors in 2016 are set out on pages 34 and 35.

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with applicable financial reporting standards

On behalf of the Board, the Audit and Risk Management Committee monitors:

(a) the integrity of the MBMR's financial reporting and the operation of the financial reporting processes. The processes are aimed at ensuring that the interim and year-end financial statements and related notes are complete, in accordance with applicable law and accounting standards, and give a true and fair view of MBMR's financial position. During its review of the year-end financial statements, the Audit and Risk Management Committee meets at least once with the external auditors in the absence of management;

(b) the appointment of the external auditors. The Audit and Risk Management Committee reviews the appointment, the terms of the engagement and the performance of the external auditors prior to making recommendations to the Board on the appointment of the external auditors; and

(c) the engagement of the internal audit firm (as MBMR has an outsourced internal audit undertaking). The Audit and Risk Management Committee reviews the terms of engagement and the performance of the internal audit team performing the internal audit function on behalf of MBMR. It also approves the scope and implementation of the internal audit role and the annual audit plans.

For financial reporting through quarterly reports to Bursa Malaysia Securities Berhad and the Annual Report to shareholders, the Directors have a responsibility to present a fair assessment of the Group's position and prospects. The Audit and Risk Management Committee assists the Board in reviewing information for disclosure to ensure accuracy, adequacy and completeness. The Statement by Directors pursuant to Section 251(3) of the Companies Act 2016 is set out on page 46 of this annual report.

Assessment of external auditors

The Audit and Risk Management Committee reports to the Board, prior to the approval of the quarterly and year-end financial reports on its monitoring of the independence and suitability of the external auditors.

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

Sound risk management framework

MBMR has established policies and procedures for the oversight and management of significant business and financial risks as well as the monitoring of the internal controls that are in place.

The risk management policy sets out procedures which are designed to identify, assess, monitor and manage risk at each of the businesses of the MBMR Group within the risk appetite and tolerance parameters determined by the Board. The risks covered in the procedures and monitored by the Company's Risk Management Unit include economic, exchange rate, business continuity, projects, operational, market (both business and finance risks), legal and credit risks. The risk registers of the business units contain risk descriptions, evaluations, control effectiveness and the risk treatment applicable to each risk. These registers are provided monthly to the Group Risk Management Unit and are reviewed with the business units. The Management and the Board carry out an annual review of the risk profiles affecting the Group's business objectives as well as the effectiveness of the risk management framework. The Risk Management Unit reports on a quarterly basis to the ARMC and the Board on the Group's risks.

Internal audit function reporting to the Audit and Risk Management Committee

The internal audit plan and programme of activities are developed by the Internal Auditor in consultation with management with the main objective of evaluating and testing the effectiveness of internal controls and priority is given to areas that are considered to be of higher risk to the achievement of the Group's objectives. Risk evaluation is carried out with reference to the business impact of an event and likelihood. The internal audit plan is approved by the Audit and Risk Management Committee which also oversees MBMR's internal audit function and risk management framework.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Appropriate corporate disclosure policies and procedures

MBMR has a corporate disclosure policy which seeks to promote effective communication to its shareholders and other stakeholders. The policy emphasises timely and complete disclosure of all relevant information to shareholders as required by the Listing Requirements and applicable laws and is in line with MBMR's policy of building and maintaining a sustainable business based on delivering value to its shareholders. The communication channels include MBMR's annual reports, disclosures and announcements made to Bursa Malaysia Securities Berhad, press statements and other public communications, notices of meetings and explanatory documents issued to shareholders.

Using information technology for effective dissemination

MBMR has a corporate website which provides copies of all public communications and other relevant company information.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Dialogue Between the Company and Shareholders/Investors

As part of the Board's responsibility in developing and implementing an investor relations programme, regular formal and informal dialogues were held between senior management and analysts/fund managers throughout the year. Permissible disclosures are made to explain the Group's performance and major development programmes. Price-sensitive information about the Group is, however, not disclosed in these exchanges until after the prescribed announcement to Bursa Malaysia Securities Berhad have been made. During the year 2016, the Company held formal analysts/fund managers briefings on 25 February 2016 and 26 August 2016, conducted by the former Group Managing Director and senior executives of the Group.

Encourage Shareholder Participation at General Meetings

The Annual General Meeting is the principal forum for dialogue with shareholders. MBMR makes every effort to encourage maximum participation of shareholders at the Annual General Meeting and extraordinary general meetings. Notice of the Annual General Meeting and Annual Report are sent out to shareholders at least 21 days before the date of meeting.

Besides the usual agenda for the Annual General Meeting, the Board provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. All Directors are available to provide responses to questions from the shareholders during these meetings.

For re-election of Directors, the Board ensures that full information is disclosed through the notice of meeting regarding Directors who are retiring and who are willing to serve if re-elected.

An explanatory statement to facilitate full understanding and evaluation of the issues involved will accompany items of special business included in the notice of the meeting.

Poll Voting

MBMR has in place a procedure to draw shareholders' attention to their rights to demand poll voting in respect of resolutions put before the shareholders at general meetings. Pursuant to the latest amendments to the Listing Requirements, MBMR will take the requisite steps to comply with the requirement for poll voting at the forthcoming Annual General Meeting so as to ensure accurate and efficient outcomes of the voting process.

Communications and Engagements with Shareholders

Aside from general meetings, MBMR encourages shareholders to provide feedback and raise queries to the Company through other channels of communication including the use of the corporate website, by email or sending written communications to MBMR's Company Secretary or to the Company directly.

Minutes of the Company's previous Annual General Meeting including the questions raised by the shareholders during the Annual General Meeting are published to MBMR's website, as soon as practicable after the conclusion of the Annual General Meeting.

STATEMENT OF COMPLIANCE

The Company is committed to achieving high standards of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings. Apart from noted departures, the Board considers that the Company is in compliance with the Principles and Recommendations set out in MCCG 2012 as at the date of this Statement.

This Statement is made in accordance with the resolution of the Board of Directors dated 31 March 2017.

ATTENDANCE AT BOARD OF DIRECTORS' MEETINGS, BOARD COMMITTEE MEETINGS AND GENERAL MEETINGS

	BODM	ARMCM	NRCM	AGM	LTIPCM
Independent Non-Executive Directors					
Encik Iskander Ismail Mohamed Ali	5/5	4/4	3/3	1/1	
Encik Mustapha Mohamed*	5/5	1/1	3/3	1/1	
Encik Shamshin @ Shamshir Ghazali**	4/5	3/3		1/1	2/2
Non-Independent Non-Executive Directors					
Dato' Abd Rahim Abd Halim	5/5			1/1	2/2
Encik Aqil Ahmad Azizuddin	5/5	4/4		1/1	
Mr. Low Hin Choong	5/5		3/3	1/1	2/2
Mr. Ng Seng Kong	5/5			1/1	2/2
Non-Independent Executive Directors					
Mr. Looi Kok Loon *(Resigned on 8 February 2017)*	5/5			1/1	
Ms. Wong Fay Lee	5/5			1/1	
Total number of meetings for 2016	**5**	**4**	**3**	**1**	**2**

Chairman
Member
Non-member

BODM : Board of Directors' Meeting
ARMCM : Audit and Risk Management Committee Meeting
NRCM : Nominating and Remuneration Committee Meeting
AGM : Annual General Meeting
LTIPCM : Long Term Incentive Plan Committee Meeting

* Ceased office as an Audit and Risk Management Committee member on 1 April 2016

** Appointed as an Audit and Risk Management Committee member on 1 April 2016

DIRECTORS' REMUNERATION

The aggregate remuneration of the Directors of the Company (including the remuneration for services rendered to the Group) for the financial year ended 31 December 2016 is as follows:

Category	Salaries and Other Emoluments RM'000	Director's Fees RM'000	Bonus RM'000	Share-based payments RM'000	Total RM'000
Company					
Executive Director	1,330	-	157	291	1,778
Non-Executive Director	90	631	-	-	721
Group					
Executive Director	1,330	7	157	291	1,785
Non-Executive Director	285	767	-	-	1,052

The number of directors of the Company whose total remuneration during the financial year fall within the following bands is as follows:

Range of Remuneration	Executive Directors RM'000	Non-Executive Directors RM'000
RM50,0001 – RM100,000	-	3
RM100,001 – RM150,000	-	2
RM150,001 – RM200,000	-	1
RM350,001 – RM400,000	-	1
RM800,001 – RM850,000	1	-
RM900,001 – RM950,000	1	-

SUMMARY OF DIRECTORS' TRAINING FOR 2016

No.	Director's Name	Seminar Name	Organiser	Date	Duration
1.	Iskander Ismail Mohamed Ali	Capital Market Director Programme for Fund Management, Equities and Futures Broking (Module 1)	Securities Industry Development Corporation	25 July 2016	4 hours
		Capital Market Director Programme for Fund Management, Equities and Futures Broking (Module 2A)	Securities Industry Development Corporation	26 July 2016	4 hours
		Capital Market Director Programme for Fund Management, Equities and Futures Broking (Module 2B)	Securities Industry Development Corporation	27 July 2016	4 hours
		Capital Market Director Programme for Fund Management, Equities and Futures Broking (Module 3)	Securities Industry Development Corporation	28 July 2016	4 hours
		Capital Market Director Programme for Fund Management, Equities and Futures Broking (Module 4)	Securities Industry Development Corporation	29 July 2016	4 hours
		Latest Amendments to Listing Requirements ("LR"); Corporate Disclosure Policy under the LR; and Roles and Responsibilities of Directors under the LR.	Tricor Knowledge House Sdn Bhd	30 August 2016	4 hours
2.	Shamshin @ Shamshir Ghazali	Latest Amendments to Listing Requirements ("LR"); Corporate Disclosure Policy under the LR; and Roles and Responsibilities of Directors under the LR.	Tricor Knowledge House Sdn Bhd	30 August 2016	4 hours
3.	Looi Kok Loon	Invest Malaysia 2016, The Capital Market Conversation, Sustainable at the Core	Bursa Malaysia and Maybank	12 April 2016	
		Second Half 2016 Market Outlook	AllianceDBS Research	12 July 2016	
		Latest Amendments to Listing Requirements ("LR"); Corporate Disclosure Policy under the LR; and Roles and Responsibilities of Directors under the LR.	Tricor Knowledge House Sdn Bhd	30 August 2016	4 hours
4.	Low Hin Choong	CG Breakfast Series with Directors – "The Strategy, the Leadership, the Stakeholders and the Board".	Bursa Malaysia Berhad & Malaysian Directors Academy ("MINDA")	6 May 2016	3 hours
		Tax Transparency and Disclosure.	HSBC Private Bank	14 July 2016	2 hours
		Cyber Security Crash Course for CEOs .	Boardroom Business Solution Sdn Bhd & SysArmy Sdn Bhd	26 July 2016	3.5 hours
		Latest Amendments to Listing Requirements ("LR"); Corporate Disclosure Policy under the LR; and Roles and Responsibilities of Directors under the LR.	Tricor Knowledge House Sdn Bhd	30 August 2016	4 hours
		CG Breakfast Series with Directors – "The Cybersecurity Threat and How Board should Mitigate the Risks".	Bursa Malaysia Berhad & MINDA	18 November 2016	3 hours

No.	Director's Name	Seminar Name	Organiser	Date	Duration
5.	Wong Fay Lee	Capital Market Director Programme for Module 1: Directors as gatekeepers of market participants	Securities Industry Development Corporation	18 April 2016	4 hours
		Capital Market Director Programme for Module 2B: Business Challenges & Regulatory Expectations	Securities Industry Development Corporation	19 April 2016	4 hours
		Capital Market Director Programme for Module 3: Risk Oversight & Compliance – Action Plan for Board of Directors	Securities Industry Development Corporation	19 April 2016	3 hours
		Capital Market Director Programme for Module 4: Current & Emerging Regulatory Issues in the Capital Market	Securities Industry Development Corporation	20 April 2016	4 hours
		Latest Amendments to Listing Requirements ("LR"); Corporate Disclosure Policy under the LR; and Roles and Responsibilities of Directors under the LR.	Tricor Knowledge House Sdn Bhd	30 August 2016	4 hours
		Crucial IR Knowledge for People Managers	MECA Employers Consulting Agency Sdn Bhd	20 September 2016	4 hours
		Corporate Governance Education Program/Empowering Women Series	Bursa Malaysia Berhad	10 November 2016	
6.	Aqil Ahmad Azizuddin	Latest Amendments to Listing Requirements ("LR"); Corporate Disclosure Policy under the LR; and Roles and Responsibilities of Directors under the LR.	Tricor Knowledge House Sdn Bhd	30 August 2016	4 hours
7.	Ng Seng Kong	Audit Oversight Board New Auditor's Report - Sharing The UK Experience	Securities Commission Malaysia	13 January 2016	2.5 hours
		Top Management Engagement ISO 9001:2015 Transition	Ascenda Consulting Sdn Bhd	25, 28 & 29 July 2016	20 hours
		The Leadership Challenge	LS Human Capital Sdn Bhd	26 & 27 July 2016	16 hours
		Advocacy Sessions On Management Discussion and Analysis Statement (MD & A)	Tricor Knowledge House Sdn Bhd	8 August 2016	4 hours
		Latest Amendments to Listing Requirements ("LR"); Corporate Disclosure Policy under the LR; and Roles and Responsibilities of Directors under the LR.	Tricor Knowledge House Sdn Bhd	30 August 2016	4 hours
		The Interplay Between CG, NFI And Investment Decision – What Boards Of Listed Companies Need To Know	Securities Industry Development Corporation	28 September 2016	4 hours
		Budget 2017 Highlights & Latest Tax Developments	PC & CO	29 November 2016	3 hours

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This statement is prepared in accordance with the requirement under Paragraph 15.26 (b) of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**")'s Main Market Listing Requirements ("**Listing Requirements**") and as guided by the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" and Practice Note 9 issued by Bursa Malaysia. The Board of Directors of MBMR is committed to the continuous improvement of internal controls and risk management practices within the Group to meet its corporate and business objectives.

RESPONSIBILITIES

The Board is responsible for overseeing the establishment and implementation of the risk management and internal control system for the Group. In carrying out this function, the Board has approved the risk management policies and parameters that prescribe the risk appetite and tolerance for the Group to provide greater assurance towards the achievement of MBMR's strategies and business objectives as well as safeguarding the shareholders' investment and the Group's assets. To ensure an appropriate focus on risk, the Board has delegated to the Audit and Risk Management Committee ("**ARMC**"), amongst other things, specific responsibility to review the Group's risk management framework and internal control system, evaluate the Group's risk management policies and to direct the implementation of the Group's risk management policies and processes.

The Board has also delegated responsibility for the implementation of the risk management framework to the Chief Executive Officer and other senior members of Management who, being responsible for the day-to-day management of the Group's business operations, are accountable to ensure that the risks associated with the Group's business are managed according to the risk appetite and risk tolerance levels determined by the Board.

The Company has set up a Group Risk Management Unit ("**RMU**") that monitors, coordinates, and receives regular reports on, the business risks and risk management activities of the Group. The RMU provides quarterly reports to the ARMC and the Board on the levels of significant risks faced by the Group, the risk scorecard of each subsidiary, risk incidents, incident responses and progress of actions taken during the reporting period and whether the risks are being managed in accordance with the Group's policies and parameters.

Due to limitations that are inherent in any system of internal controls, these systems are designed to raise awareness of, manage and mitigate, rather than eliminate, the respective inherent risks that exist in achieving the Group's business objectives. Therefore, such systems of internal controls and risk management can only provide reasonable, and not absolute, assurance against material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

The Group has implemented a risk management framework under which the Group's significant risks are identified, evaluated and managed. We have established a system for enterprise-wide risk management ("ERM") that is integrated with the subsidiaries' operations and planning processes. Under the ERM framework, risks are identified at departmental level with assigned risk owners to provide assurance to the MBMR Board that extreme and high risks are being properly identified, monitored, addressed, evaluated, reduced and mitigated as appropriate. The Company receives monthly risk management reports from the heads of the various core businesses of the Group on the risk management activities relating to those businesses. These activities have been conducted for the financial year under review and up to the date of approval of the Annual Report and financial statements. Risk management is carried out with the objective of optimizing the financial performance of the MBMR Group within the risk appetite and tolerance levels approved by the Board.

The main features of the Company's risk management framework are as follows:

1. The Company has issued within the Group a Risk Management Policy Statement that explains the risk management philosophy adopted by the Board and the measures in place to manage the significant risks faced by the Group in meeting its strategic and business objectives;

2. The Company has also developed the corporate risk profile of each subsidiary's business and identified with the business the key principal risks that might prevent, degrade or delay the achievement of the company's and Group's objectives – this profile is reviewed on a periodic basis by the business heads;

3. The Board has determined and communicated to all business heads the Group's policies and parameters applicable to the evaluation of the principal risks affecting the business of the Group, as well as the risk appetite and risk tolerance in relation to the business and new projects undertaken by the Group.

4. Each business head, who is also a risk owner, is required to assess the control effectiveness applicable to the business and project risks on an ongoing basis and address the risks depending on the risk attitude and according to the treatment plans agreed with the head of the RMU. Each subsidiary's risk profile is mapped out on a risk register that lists at least twenty risks, such as economic risks, market concentration risk, credit risk, business continuity risks and project risks, and contains details of risk scores, controls, control effectiveness score, risk attitude and identified treatment plans.

5. The business heads submit a monthly risk report to the RMU which contains the updated risk evaluations and details of the report under agreed risk treatment plans. Any change in risk scoring must be substantiated and any delay or non-implementation of risk treatment plans has to be explained to the RMU.

6. Based on the monthly risk reports and risk conversations between the RMU and the business heads relating to the reports, the RMU provides a quarterly risk reports to the ARMC summarizing the risk profile of each major subsidiary and actions being taken in addressing extreme and high risks relating to the business, investments and projects;

7. Risk awareness and management is embedded in the operations of the Group's subsidiaries to varying degrees. The ARMC and RMU are continuously improving the penetration of risk management principles and practices in all levels of operations within the Group. To date, enterprise risk management is integrated in approximately half of the Group's operations applying a combination of the COSO risk management framework, ISO 31000 and TS 16949 principles;

8. The ARMC, through its oversight of the internal audit program, also ensures prioritization of internal audit on structural, functional and operational areas based on the risk management reports;

9. The Management is responsible for developing and maintaining an awareness culture to ensure greater understanding of the importance of effective internal control and risk management systems and that its principles are embedded in key operational processes. This is undertaken through MBMR's Board Charter, Risk Management Policy Statement, Code of Conduct, procedures and policies manuals, staff briefings, leadership by example and the Group's remuneration policies.

Except as otherwise indicated, the above risk management processes have been in effect within the Group throughout the financial year under review up to the date of the approval of this Statement. The Board conducts an annual review of its existing risk management policies and practices and the effectiveness of the existing risk management framework to ensure that it is appropriate and continues to remain relevant to the Group's operations. The Management is responsible to review the policies and practices and bring to the Board's attention any policy or practice that may need to be reviewed, updated, amended or added to in the light of changing market, economic and business conditions.

INTERNAL AUDIT FUNCTION

The ARMC evaluates the effectiveness of the internal auditors in relation to their defined responsibilities and the internal audit proposal approved for each year. The independent internal audit function is outsourced to a professional service firm which carries out the internal audit reviews based on internal audit plans approved by the ARMC and consequently, the Board of Directors. The internal audit plans are developed with inputs from Management into the profiling and rating of risks which exist in the business units and various areas of operations. The results of the audits are presented to the ARMC at their quarterly meetings.

Follow up reviews are also carried out by a management committee to assess the status of implementation of management action plans, which are based on internal audit recommendations. The results of these follow up reviews are also highlighted to the ARMC at the committee's quarterly meetings.

OTHER KEY FEATURES OF THE INTERNAL CONTROL SYSTEM

The risk management framework and internal audit function are part of the Group's internal control system that is designed to ensure the presence of adequate controls and procedures within the Group's operations and optimise the achievement of the Group's strategic and business objectives. In addition to the abovementioned policies and processes, the following controls are in place within the Group:

1. The Group's internal control policies and procedures are documented in the Standard Operating Procedures ("SOP") and other procedures manuals applicable to the Group's operations. Our policies and SOP are reviewed and updated on a continuous basis to address the risk of fraud and leakages, minimize waste and to ensure compliance with applicable laws and requirements related to claims from principals and customers, where appropriate. In 2016, the Group undertook a major project to review and revise the processes and SOP in its Motor Trading Division to address internal control weaknesses and maximize efficiencies. These revisions also covered authority limits and approvals that are in place at the various levels of operations and business decision-making. The business units' policies, processes and SOP constitute the Group's "first line of defense" under its internal control system.

2. MBMR has set up a Group Compliance Unit ("GCU") that monitors, reviews and reports on the effectiveness of the business units' organizational structures, processes and SOP in ensuring compliance with the Group's SOP and relevant laws, and in addressing fraud and legal risks.

3. The GCU receives a monthly Incidents Report from business units on fraud-related incidents, legal actions taken by or against the company and other incidents arising from a breach of the MBMR Code of Conduct or laws affecting the business of the company. The GCU follows up with the individual business units on the resolution and closure of reported "incidents". The omission of any incident from the Incidents Report is taken seriously by the GCU.

4. The Group carries out a continuous improvement program for its business processes to adhere to "Lean" principles. This program, supervised by the GCU, is intended to ensure the continuing effectiveness of the Group's processes and SOP in meeting the Group's strategic objectives and addressing internal control weaknesses.

5. The ARMC and Board receive and review regular reports from the management on key operating statistics, internal control issues, incidents resulting from lapses in controls, risk management reports, legal, regulatory and environment matters that affect the Group operations. The Board approves appropriate responses, or significant amendments to the Group's policies, if required.

6. There is a comprehensive budgeting and forecasting system in place that is governed by the policies and guidelines of the Group. The financial results of the various business lines of the Group are reported monthly in the management reports where variances are analysed against respective budget and acted on in a timely manner. Where necessary, budgets are revised at mid-year, taking into account any changes in business and economic conditions.

7. The Group's Internal Auditors, reporting to the ARMC, perform periodic reviews of business processes against the SOP and other documented and approved policies to assess the overall continuing effectiveness of internal controls and highlight any significant deviation from these policies that might enhance risks faced by the Group. The ARMC conducts annual reviews on the adequacy of the internal audit function's scope of work and resources and approves the internal audit plan for the year.

8. The ARMC, on behalf of the Board, regularly reviews and holds discussions with management on the actions taken on internal control issues identified in reports prepared by the Internal Auditors, the External Auditors and the management.

9. There is a clearly defined framework for appraising significant transactions that involve commitment of the Group's assets, such as the acquisition and disposal of any business, acceptance of projects, capital expenditure and approval of borrowings. Post implementation reviews are conducted and reported to the Board.

10. The Company has a Group whistle blowing policy and procedures that provide for all whistle blowing complaints to be reported to the ARMC, evaluation of all complaints, investigation of complaints where appropriate and protection of all genuine whistle blowers.

11. While the Company has no control over or involvement in the management of associates, the Company is represented on the boards of directors and some of the board committees of the Group's associated companies. Information on the financial performance of the associated companies is provided regularly to the Management of the Company, and ultimately to the Board of MBMR.

Lapses in internal controls within the Group's operations have been reported or identified for the year under review but these are not deemed material and have not been reported in this Statement, as these lapses/incidents have not materially affected the business, objectives or financial position of the Group. Nevertheless, the lapses have been investigated, taken action on and the internal control weaknesses have been or are being addressed.

REVIEW AND CONCLUSION

Throughout the financial year 2016, the business and operational risks of the Group were adequately and satisfactorily managed. Non-major internal control weaknesses identified have not resulted in any material loss that would require disclosure in the Group's financial statements. Nonetheless, the Company is committed to strengthening the internal control system of the Group through ongoing programmes involving improvements to the SOP and the compliance framework, business continuity plans and financial controls.

The External Auditors have reviewed this Statement of Risk Management and Internal Control, in accordance with Recommended Practice Guide 5 ("RPG 5") issued by the Malaysian Institute of Accountants. RPG 5 does not require them to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk. In accordance with the External Auditors' report issued to the Board, nothing has come to their attention that resulted in them believing that this Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the internal control and risk management systems of the Group.

The Board has also received assurance from the Chief Executive Officer and the Group Financial Controller that the Group's internal control and risk management system is operating adequately and effectively, in all material aspects, based on the risk management framework and internal control system implemented throughout the Group.

This statement is made in accordance with the resolution of the Board of Directors dated 31 March 2017.

REPORT ON AUDIT AND RISK MANAGEMENT COMMITTEE

MEMBERSHIP OF THE AUDIT AND RISK MANAGEMENT COMMITTEE AND ATTENDANCE

Chairman
Encik Iskander Ismail Mohamed Ali
Independent Non-Executive Director

Members
Encik Mustapha Mohamed
Independent Non-Executive Director (Ceased office on 1 April 2016)

Encik Shamshin @ Shamshir Ghazali
Independent Non-Executive Director (Appointed on 1 April 2016)

Encik Aqil Ahmad Azizuddin
Non-Independent Non-Executive Director

Committee Members	Number of ARMC meetings held during members' tenure in office	Number of meetings attended by members
Encik Iskander Ismail Mohamed Ali	4	4
Encik Mustapha Mohamed (Ceased office on 1 April 2016)	1	1
Encik Shamshin @ Shamshir Ghazali (Appointed on 1 April 2016)	3	3
Encik Aqil Ahmad Azizuddin	4	4

The ARMC met on 18 February 2016, 12 May 2016, 18 August 2016 and 17 November 2016, and the meetings were fully attended by all members in office as of these dates. The former Group Managing Director, the Executive Director, the Group General Manager, the Group Financial Controller and the Internal Auditors were invited to the meetings to brief the ARMC on the activities involving their areas of responsibilities. At the appropriate instances, the external auditors and other members of management were also invited to attend the ARMC meetings.

SUMMARY OF TERMS OF REFERENCE

The ARMC's duties and responsibilities are as follows:

1. Financial Reporting

- To review the quarterly and year-end financial statements of the Group and the Company with Management, focusing particularly on any changes in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from audits, the going concern assumptions and compliance with applicable approved accounting standards and other legal and regulatory requirements.

- To discuss and note any new financial accounting standards that may be adopted into the financial reporting of the Group for any financial year.

- To prepare the annual ARMC Report for inclusion in the Group's Annual Reports.

- To review annually the Board's Statement of Corporate Governance and Statement on Risk Management and Internal Control as required under the Malaysian Code of Corporate Governance 2012 and Bursa Malaysia's Listing Requirements and Corporate Governance Guide 2013, for inclusion in the Group's Annual Reports.

2. Internal Control and Risk Management

- To review policies and parameters proposed by the management for the Groups' risk management framework comprised of risk profiles, risk registers, risk evaluations, risk ratings, risk attitudes and treatment linking to value creation and the strategic objectives of the Group.

- To oversee the development of and regularly review the risk management framework, risk management policies and procedures, system of internal controls and reporting system proposed by the management and recommend to the Board for approval.

- To direct the implementation of the risk management framework, policies and procedures, system of internal controls and reporting system approved by the Board.

- To direct the development of an appropriate risk culture throughout the Group and develop policies and processes to implement the appropriate levels of risk awareness, risk attitudes and risk management within the Group.

- To review the effectiveness of the MBMR Group's risk management framework and system of internal controls in relation to the core strategic objectives of the Group.

- To review regular risk management reports from management which enable the Committee to assess the risks involved in the Group's businesses and how they are controlled and monitored by management.

- To monitor and review the effectiveness of the risk management function, and to seek such assurance as it may deem appropriate that the function is adequately resourced and has appropriate standing within the Group.

- To consider the risks associated with proposed strategic acquisitions or disposals.

- To review treasury policies from time to time.

- To review regularly the process for monitoring the Group's compliance with the Group's Standard Operating Procedures.

- To review the Group's procedures for handling allegations from whistleblowers from time to time.

- To review the Group's procedures concerning the prevention and detection of fraud and financial crime.

- To review the Group's arrangements for regulatory compliance and consider any material findings from regulatory reviews.

- To ensure that there is proper compliance with the Group's established internal policies and procedures and that exceptions are reported to the Committee.

3. Internal Audit

- To review the internal audit charter to ensure the appropriate company structures, authority, access and reporting arrangements are in place.

- To advise the Board on the appointment of the head of internal audit (in the case of an in-house function) and/ or recommending a specific appointment (outsourced/ co-sourced).

- To ensure that the internal audit function is adequately resourced and enjoys appropriate standing within the Group.

- To assist the Board to ensure that senior management establishes and maintains adequate and effective internal controls.

- To ensure adequate monitoring and review of the effectiveness of the systems established by management to identify, assess, manage and monitor the various risks arising from the Group's activities.

- To review the internal audit coverage and annual work plan, and monitoring progress of the work plan as well as fees or costs associated with the internal audit function.

- To advise the Board on the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved internal audit plan.

- To oversee the coordination of audit programmes conducted by the internal audit function.

- To review all internal audit reports and advising the CEO (or his equivalent) and the Board on significant issues identified in internal audit reports and the action taken on the issues raised, including the identification and dissemination of best practices.

- To monitor management's implementation of internal audit recommendations.

- To assist the Board to ensure that appropriate controls are in place for monitoring compliance with laws, regulations and supervisory requirements and relevant internal policies.

- To periodically review the performance of the internal audit function.
- To act as a forum for communication between the Board, senior management and internal audit function.

4. Related Party Transactions

- To review recurrent related party transactions entered into by the Company, Group and its subsidiaries.
- To consider any related party transactions and conflict of interest situations that may arise within the Group, including any transaction, procedure or course of conduct that may affect management integrity.

5. External Audit

- To recommend to the Board on the appointment, reappointment and removal of the Company's external auditor, ensure there is a formal process to evaluate the effectiveness and efficiency of the external auditor.
- To ensure the independence and impartiality of the external auditor, taking into consideration relevant regulatory requirements.
- To establish a formal mechanism to ensure there is frank and candid dialogue with the external auditors.
- To review with the external auditor, the audit plan.
- To study and evaluate the audit plan, especially the approach to be deployed by the external auditor. The audit plan should include the following:
    - scope of the audit, timing of the audit and reporting deadlines;
    - audit team;
    - key areas of business risk and significant transactions for the Group, as appropriate;
    - major accounting systems and systems of internal control to be reviewed;
    - extent of planned testing of controls;
    - areas where contention may arise;
    - nature and extent of audit procedures to be performed, including materiality level;
    - identification or anticipation of significant changes for the financial report as a result of new or revised accounting policies and/or regulatory requirements;
    - locations to be visited and audit procedures to be undertaken in respect of those locations not visited;
    - liaison with subsidiaries' auditors on consolidation of financial statements;
    - coordination with internal audit to avoid duplication of efforts and to optimise the effectiveness of the audit function efficiency;
    - the extent to which the planned audit scope can be relied upon to detect errors or irregularities (i.e. fraud); and
    - frequency of meetings with the ARMC and any reports or other deliverables the ARMC and management are likely to receive.
- To review with the external auditors, their evaluation of the system of internal controls.
- To review the audit report with the external auditors.
- To review the assistance given by the employees of the listed issuer to the external auditors.
- To discuss with the external auditors before the audit commences, the nature and scope of the audit, including the terms as detailed in the external auditor's engagement letter.
- To obtain written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- To discuss and resolve any problems and reservations arising from the interim and final audit of the Group's financial statements that the external auditors might have, and discuss any matters the external auditors may wish to table (in absence of management where necessary), before recommendation to the Board of Directors for their approval.
- To review with external auditors the Group's Statement on Risk Management and Internal Control before recommendation of the same for inclusion into the Group's Annual Reports.
- To review the external auditors' management letters and management's responses.
- To review any letter of resignation from the external auditors of the Company.
- To review whether there is reason (supported by grounds) to believe that the listed issuer's external auditor is not suitable for re-appointment.
- To consider the appointment of the external auditors, the audit fees charged and the circumstances with regards to their resignation or dismissal if this event should occur.

6. Others

- To have explicit authority to investigate certain matters, with the resources with which it needs to do so, e.g. professional advice, and with full access to information.
- To consider the major findings of any internal investigation and the management's response.
- To promptly report to Bursa Malaysia Securities Berhad on matters reported by it to the Board that have not been satisfactorily resolved that may result in a breach of the Listing Requirements of Bursa Malaysia Securities Berhad.
- To report its activities, including how it has discharged its responsibilities, to the Board on a regular basis and promptly provide to the Board copies of the minutes of meetings of the ARMC.
- To undertake other duties as requested by the Board from time to time.
- To annually review these terms of reference and monitor and evaluate the performance of the ARMC and make recommendations to the Board with regard to any adjustments that are deemed necessary.

7. Occupational Safety, Health and Environment Compliance

- The Group's Safety and Health Committee met four times during 2016 on 3 February 2016, 27 April 2016, 3 August 2016 and 26 October 2016 and reports on safety, health and related legal requirements were tabled at the ARMC for adoption.
- To receive regular updates from the Safety and Health Committee regarding compliance with related laws and regulations and provide oversight on such compliance.
- To review the measures taken to ensure the occupational safety and health of persons at the workplace and any related matters arising.
- To review the findings of any examination of non-compliance by regulatory authorities and internal auditors' observations relating to occupational safety and health matters.

SUMMARY OF ACTIVITIES DURING 2016

In 2016, the ARMC discharged its duties in accordance to its Terms of Reference and its Responsibilities and Duties.

The Committee met four times during 2016 and undertook the following activities:

1. Financial Reporting

- Reviewed the financial statements and the quarterly announcements to Bursa Malaysia Securities Berhad, with emphasis on significant changes to accounting policies and practices, adjustments arising from audits, compliance with accounting standards and other legal requirements, before presentation of these financial statements and announcements to the Board of Directors for their approval, and subsequent release of the quarterly announcements to Bursa Malaysia Securities Berhad.
- Arranged for Directors to be updated on any new Malaysian and International Financial Reporting Standards that would be adopted into the quarterly and annual financial reports of the Group.

2. Internal Control and Risk Management Reviews

- Provided oversight of the Company's program to review and benchmark the Group's business processes and improve the Group's Standard Operating Procedures.
- Reviewed the Statement of Corporate Governance, Statement of Risk Management and Internal Control and Report of the ARMC for inclusion in the Group's 2016 Annual Report.
- Reviewed with Management the quarterly risk management reports received from the Risk Management Unit and deliberated on actions taken in response to reported risk incidents relating to the operations of the Group and reported to the Board on the quarterly reviews.
- Reviewed the reports of Management and the reports and recommendations of the internal and external auditors on areas of concern relating to the internal control system of the Group and made the appropriate recommendations to the Board of Directors.

3. Internal Audit

- Reviewed and approved the Group Internal Audit Plan and reviewed the internal audit reports covering the activities of all the subsidiaries;
- Discussed with internal auditors on their scope of work, adequacy of resources, management and employee cooperation and co-ordination with external auditors;
- Reviewed the reports prepared by the internal auditors on the state of internal control over the Group's functions and processes and any matters arising therefrom to ensure that appropriate action has or will be immediately taken to overcome any weaknesses, according to the internal audit recommendations;

- Received updates from the internal auditors and ensured follow-up of audit findings and remedial actions recommended in the internal audit reports.

4. Related Party Transactions

- Reviewed and approved the proposed circular to shareholders for approval of the Group's recurrent related party transactions and reports on related party transactions entered into by the Group companies within and outside of the shareholders' mandate;
- Reviewed related party transactions entered into by the Group and its subsidiaries to ensure that they were transacted in accordance with best practices and comply with the Listing Requirements of Bursa Malaysia Securities Berhad and relevant accounting and financial reporting standards.

5. External Auditors

- Reviewed with the external auditors the Group's Statement on Risk Management and Internal Control before recommending the same for inclusion in the Group's 2016 Annual Report.
- Reviewed the financial statements together with external auditors' management letter and management's responses, before recommending approval of the financial statements and reporting the external audit findings to the Board of Directors.
- Reviewed and discussed with external auditors their audit plan and scope for the year as well as the audit procedures to be utilised.
- Reviewed the external audit findings and recommendations, focusing on the steps taken and assurances given by employees of the Group to be satisfied that all appropriate steps have been taken.
- Reviewed the suitability, independence and the performance of the External Auditors on 28 March 2017.
- Conducted benchmarking of external audit fees based on quotations from other service providers to gauge the competitiveness of fees and adequacy of the scope of external audit activities provided to the Group.
- Obtained the written assurance from the External Auditors on 17 November 2016 to the ARMC that in accordance with the terms of all relevant professional and regulatory requirements, they had been independent throughout the audit engagement for 2016.

6. Others

- Reviewed amendments to the terms of reference of the ARMC and recommended for approval by the Board of Directors the revised terms of reference of the ARMC.
- Reviewed the Group's whistle blowing policy, provided oversight of whistle blowing investigations and reviewed whistle blowing reports and recommended appropriate actions to the Board;
- Reviewed reports from the Group's Safety and Health Committee and review the effectiveness of safety measures undertaken by the Group in relation to traffic and road safety.
- The Chairman of ARMC regularly engaged with the Group Managing Director, the Executive Director, the Group Financial Controller and the Internal Auditors in order to be kept informed of matters with regards to the Group and the Company's affairs in a timely manner.

INTERNAL AUDIT FUNCTION

The Group's Internal Audit function is currently outsourced to a professional service firm, NGL Tricor Governance Sdn Bhd, which reports directly to the ARMC.

The principal responsibility of the Group's Internal Auditor is to undertake regular and systematic reviews of the systems of internal controls so as to provide reasonable assurance that these systems are adequate and effective, and continue to operate satisfactorily within the Group. The scope of work of the Group's Internal Auditor is determined and approved annually by the ARMC, and takes into consideration feedback from Management.

The cost incurred for the internal audit function in the financial year 2016 was made up of fees paid to the Internal Auditors amounting to RM390,000.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDITOR DURING 2016

During the financial year ended 31 December 2016, the Group's Internal Auditor's activities were as follows:

- Proposed the Group Internal Audit Plan and Internal Audit fees to the ARMC;
- Conducted audits in accordance with the audit plan approved by the ARMC. This included management audits, functional audits and operations audits to test the effectiveness of the system of internal controls and follow up reviews to determine the status of implementation of agreed management action plans;
- Presented the results of the audits and recommended actions to the ARMC at their quarterly meetings.

OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. EMPLOYEE SHARE SCHEME

The Company had on 26 September 2016 implemented a Long-Term Incentive Plan ("LTIP") for eligible employees and Executive Directors of the Group. The LTIP was approved by shareholders at the Company's EGM held on 19 November 2014. The total number of shares which may be granted under the LTIP shall not exceed in aggregate 10% of the issued and paid-up share capital of the Company.

The LTIP is comprised of two types of share plans, namely the Restricted Share Plan ("RSP") and Performance Share Plan ("PSP"). On 26 September 2016, 1,182,300 ordinary shares comprised of 0.3% of the issued and paid-up ordinary share capital of the Company, were granted to the Executive Directors and selective senior management personnel.

Details of the LTIP grants are as follows:

Types of Share Plan	Total Shares Granted	Total Shares Vested	Total Shares Outstanding
RSP	174,700	(174,700)	-
PSP	1,007,600	-	1,007,600

The aggregate shares granted to the executive directors are as follows:

Types of Share Plan	Total Shares Granted	Total Shares Vested	Total Shares Outstanding
RSP	97,800	(97,800)	-
PSP	513,100	-	513,100

No shares were granted to the non-executive Directors pursuant to the LTIP in respect of the financial year ended 31 December 2016.

2. UTILISATION OF PROCEEDS

There were no proceeds raised nor any outstanding proceeds unutilised by the Company.

3. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to the external auditiors of the Company and its Subsidiaries are as follows:

Fees paid/payable	Group (RM'000)	Company (RM'000)
Audit	543	82
Non-Audit	-	-

4. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving the interest of the Directors, Chief Executives who is not a director or Major Shareholders, either subsisting at the end of the financial year ended 31 December 2016 or entered into since the end of previous financial year.

DIRECTORS' RESPONSIBILITY STATEMENT IN RELATION TO THE FINANCIAL STATEMENTS

This statement is prepared as required by the Companies Act, 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at the end of each financial year, and of the results and cash flows of the Group and of the Company for that year then ended.

The Directors consider that in preparing the financial statements:

- the Group and the Company have used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgements and estimates were made; and
- all applicable approved accounting standards in Malaysia have been adhered to.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company, and that the financial statements comply with the requirements of the Companies Act, 2016.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

LIST OF PROPERTIES

Location	Land Area (Built-up Area) Sq Metre	Description of Property and Existing Use	Approx. Age of Building	Tenure	Book Value as at 31.12.16 (RM'000)
Proprietor: Daihatsu (Malaysia) Sdn Bhd					
Lot 2B, Jalan Keluli, Section 15 40000 Shah Alam Selangor Darul Ehsan	9,821	Industrial land with building used as workshop	26	Leasehold (expiring on 26.1.2087)	6,533
Lot 1, Lorong 51A/227C 46100 Petaling Jaya Selangor Darul Ehsan	1,677 (674)	Industrial land building used as workshop	24	Leasehold (expiring on 13.3.2074)	1,253
B-317, Blue Lagoon Port Dickson Negeri Sembilan Darul Khusus	(78)	2-bedroom condominium used for leisure and recreation	24	Freehold	87
Lot 1, Jalan Keluli, Section 15 40000 Shah Alam Selangor Darul Ehsan	11,294 (4,860)	Industrial land with building used as showroom, workshop and office	28	Leasehold (expiring on 12.1.2086)	5,596
Lot 2A, Jalan Keluli, Section 15 40000 Shah Alam Selangor Darul Ehsan	14,928 (4,608)	Industrial land with building used as workshop and store	24	Leasehold (expiring on 26.1.2087)	4,050
Lot 68-G, 68-1 Lot 69-G, 69-1 Selayang Baru, Selangor Darul Ehsan	(944)	2 units of Ground & 1st Floor of shop office building	24	Leasehold (expiring in year 2092)	941
Apartment 401 Block 2, Jalan SS18/47 40000 Shah Alam, Selangor Darul Ehsan	(66)	3-bedroom apartment used as accommodation for employees when attending training	24	Leasehold (expiring on 29.7.2096)	30
20, Jalan 54 Desa Jaya, Kepong 52100 Kuala Lumpur	270 (1,080)	4-storey shop lot used as showroom and workshop	23	Leasehold (expiring on 8.3.2081)	562
47, Jalan Tun Abdul Razak 30100 Ipoh Perak Darul Ridzuan	3,728 (750)	Land with double-storey building used as showroom and workshop	28	Freehold	1,725
32, Jalan Tun Abdul Razak 80200 Johor Bahru Johor Darul Takzim	4,805 (939)	Land with building used as showroom and workshop	22	Leasehold (expiring on 21.12.2030)	994
Lot 1A, Jalan Keluli, Section 15 40000 Shah Alam Selangor Darul Ehsan	440	Commercial land with building used as showroom	21	Leasehold (expiring on 12.1.2086)	379

Location	Land Area (Built-up Area) Sq Metre	Description of Property and Existing Use	Approx. Age of Building	Tenure	Book Value as at 31.12.16 (RM'000)
Lot 27, 28 and 29 Selayang Baru Selangor Darul Ehsan	(1,131)	3 units of 1 1/2-storey terrace factory used as workshop	23	Leasehold (expiring in year 2092)	963
1, Jalan Memanda 7/1, Ampang Triangle Off Jalan Ampang 68000 Kuala Lumpur	304 (1,331)	Corner 4 1/2-storey shop lot used as showroom	21	Freehold	1,101
2, Jalan 19/36, 45300 Petaling Jaya, Selangor Darul Ehsan	(966)	Land with 4-storey corner shophouse	20	Freehold	1,927
Lot 6165A Bukit Beruntung Industrial Park Selangor Darul Ehsan	5,681	Industrial land with building	22	Freehold	1,735
3/G10 Ground & First Floor Api Api Centre Kota Kinabalu, Sabah	127 (242)	Showroom	20	Leasehold (expiring on 6.2.2094)	550
5/G8 Ground & First Floor Api Api Centre Kota Kinabalu, Sabah	127 (242)	Showroom	20	Leasehold (expiring on 6.2.2094)	697
Lot 2, Jalan Gergaji 15/4 Shah Alam Selangor Darul Ehsan	12,070	Industrial land with building	18	Leasehold (expiring in year 2094)	3,703
Lot 48 & 57, Bukit Beruntung Industrial Park Selangor Darul Ehsan	8,247	Industrial land	22	Freehold	3,491
Units 3, 4, 7 and 8, Level 4 and 5 Block K, Bandar Bukit Beruntung Apartments, Selangor Darul Ehsan	(653)	8 units apartments	22	Freehold	91
Lot 7, 8 and 9 HS (D) 70978, 67686 Bandar Kuala Lumpur	502	Commercial land with building used as showroom	22	Leasehold (expiring on 12.1.2067)	7,134
111, Jalan Laksamana Cheng Ho 75000 Melaka	5,263 (814)	Land with double-storey building used as showroom and workshop	24	Freehold	1,626
Lot 2702, Palm Spring, Port Dickson Negeri Sembilan Darul Khusus	834	Bungalow lot	23	Freehold	188
Block SA-01, Signature Offices Mid Valley, Phase 1 Bandar Kuala Lumpur	(3,062)	11-storey office, commercial building	15	Leasehold (expiring in year 2098)	9,998

Location	Land Area (Built-up Area) Sq Metre	Description of Property and Existing Use	Approx. Age of Building	Tenure	Book Value as at 31.12.16 (RM'000)
No 1, Jalan 7/3 Kawasan Perindustrian Sri Kembangan, Selangor	25,287	Industrial land with 2 1/2 semi detached factory	17	Leasehold (expiring on 7.4.2088)	2,032
Lot 65, Section 22 Kuching Town District, Sarawak	3,173	Industrial land with building used as showroom and workshop	14	Leasehold (expiring on 31.12.2090)	2,173
1/2 Miles, Jalan Tuaran PO Box 22432 Kota Kinabalu, Sabah	10,361	Industrial land with building used as showroom, workshop and office	10	Leasehold	13,590
No 57, Jalan BRP 1/4 Bukit Rahman Putra 47000 Sg. Buloh, Selangor	3,803	Conner 3 1/2-storey shop lot used as showroom	12	Freehold	1,487
No.29, Jalan SR 1/9 Taman Serdang Raya 43300 Seri Kembangan	(1,944)	3 1/2-storey shop lot	10	Leasehold (expiring in 16.6.2095)	903
Lot 12, Jalan Dua Off Jalan Chan Sow Lin 55200 Kuala Lumpur	5,364	Detached open sided factory	9	Leasehold (expiring in 27.4.2068)	15,690
Proprietor: DMM Sales Sdn Bhd					
1262, Jalan Baru, 13700 Perai Pulau Pinang	10,775	Industrial land with building	18	Freehold	1,172
No 1, Jalan Damai Utama Taman Industri Damaiplus 83000 Batu Pahat, Johor	6,787	Industrial land with building	17	Freehold	1,075
Lot No. 27140Bandar Seremban Utama Seremban Negeri Sembilan	1,740	Industrial Land	3	Freehold	968
Proprietor: DMM Engineering Sdn Bhd					
No. 6, Jalan Angsana SD 2/2A Bandar Baru Sri Damansara 5220 Kuala Lumpur	121 (100)	Single story Link house	4	Freehold	368
Proprietor: Federal Auto Holdings Berhad					
1103TS 910 NED Penang 89-A Sungei Pinang Road, Penang	1,874	Industrial land with building used as showroom, workshop and office	34	Freehold	2,797
Lot 4297, Mukim of Kuala Kinta District of Kinta 127, Jalan Kuala Kangsar, Ipoh, Perak	8,465	Industrial land with building used as showroom, workshop and office	34	Freehold	2,729

Location	Land Area (Built-up Area) Sq Metre	Description of Property and Existing Use	Approx. Age of Building	Tenure	Book Value as at 31.12.16 (RM'000)
Lot No. 420 Mukim of Tebrau District of Johor Bahru, Johor	10,652	Industrial land with building used as showroom, workshop and office	33	Freehold	12,795
Lot 43, Jalan Pelukis U/46 Seksyen U1, Mukim Damansara Daerah Petaling	7,657	Industrial land with building used as showroom, workshop and office	10	Freehold	36,525
Ground Floor and 1st Floor Menara MBMR, 1 Jalan Syed Putra 58000 Kuala Lumpur	(1,332)	Showroom	2	Freehold	14,584
19-01, 19-02, 19-03, 19-3A Menara MBMR, 1 Jalan Syed Putra 58000 Kuala Lumpur	(997)	4 units commercial office lots	2	Freehold	8,835
Proprietor: F.A. Serve Sdn Bhd					
Lot No. PT 13270, Mukim of Batu District of Kuala Lumpur	2,608	Petrol station	15	Freehold	2,031
Proprietor: KMA Marketing Sdn Bhd					
SEDCO/LIKAS Industrial Estate, Kolombong, Off Jalan Tuaran, 88450 Kota Kinabalu, Sabah	6,235	Industrial land with building used as showroom, workshop and office	34	Leasehold (expiring on 31.12.2072)	761
Units Nos. 2-1-14B and 2-1-15, Level 1 Ground Floor, Wawasan Plaza Kota Kinabalu	333	Level One (Ground Floor) shop units for rent	18	Leasehold (expiring on 31.12.2086)	2,167
Proprietor: Hirotako Acoustics Sdn Bhd					
H.S. (D) 63563, PT No 560 Mukim Damansara Daerah Petaling Negeri Selangor	24,212	Industrial land with building used as manufacturing plant and office	11	Freehold	16,726
Lot 308 & 316 Block 26 Lot 601 Block 30, and Lot 308 & Lot 313 Block 39 Jalan Selayang Satu 27/27A Taman Bunga Negara, Section 27 40400 Shah Alam, Selangor Darul Ehsan	(344)	5 units of apartment	20	Freehold	394

Location	Land Area (Built-up Area) Sq Metre	Description of Property and Existing Use	Approx. Age of Building	Tenure	Book Value as at 31.12.16 (RM'000)
Proprietor: Oriental Metal Industries (M) Sdn Bhd					
Lot 51 Jalan Utas 15/7 40200 Shah Alam, Selangor	26,756	Industrial land with building used as manufacturing plant and office	32	Leasehold (expiring on 4.5.2074)	15,840
Lot 15017, Seksyen 20 MukimSerendah Daerah Hulu Selangor	79,920	Industrial land with building used as manufacturing plant and office	8	Leasehold (expiring on 25.10.2098)	31,627
Proprietor: Summit Vehicles Body Works Sdn Bhd					
Lot 42684, Jalan Omboh 34/1 Off Jalan Bukit Kemuning, Seksyen 34 40470 Shah Alam, Selangor	13,850 (2,637)	Industrial land with building	10	Freehold	4,321
Proprietor: MBMR Properties Sdn Bhd					
16-01, 16-02, 16-03, 16-3A, 17-01, 17-02, 17-03, 17-3A, 20-01, 20-02, 20-03, 20-3A, 21-01, 21-02, 21-03, 21-3A, 22-01, 22-03, 23-01, 23A-01, Menara MBMR, 1 Jalan Syed Putra 58000 Kuala Lumpur	(5,197)	20 units commercial office lots	2	Freehold	51,269
LG1,LG2,LG3 & LG5, Carpark 1&2 B-G-1,B-G-2,B1-1,B-1-2, The Signature, Jalan 22/70A Desa Sri Hartamas, 50480 Kuala Lumpur	(3,791)	8 units commercial lots	2	Freehold	24,486
PT 6389 to PT6392, Bandar Sri Sendayan District of Seremban Negeri Sembilan Darul Khusus	82,005	Vacant land	0	Freehold	20,128
Lot 44747, Desa Lang Indah BT3, Jalan Tunku Abdul Rahman Jalan Kuala Kangsar, Ipoh, Perak	5,798	Vacant land	0	Freehold	7,040

ANALYSIS OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS

As At 31 March 2017

Paid-up & Issued Share Capital	:	390,885,453
Type of Shares	:	Ordinary Shares
No. of Shareholders	:	3,272
Voting Rights	:	One (1) vote per ordinary Share

SIZE OF SHAREHOLDINGS

As At 31 March 2017

Size of Holdings	No. of Holders	%	No. of Shares	%
1-99	539	16.47	10,827	0.00
100-1,000	336	10.27	200,194	0.05
1,001-10,000	1,864	56.97	6,806,558	1.74
10,001-100,000	397	12.13	11,180,777	2.86
100,001-19,544,271 (*)	132	4.03	144,742,069	37.03
19,544,272 and above (**)	4	0.12	227,945,028	58.32
TOTAL	**3,272**	**100.00**	**390,885,453**	**100.00**

Remark: * - Less than 5% of issued shares

**- 5% and above of issued shares

SUBSTANTIAL SHAREHOLDINGS

As At 31 March 2017

	Direct		Indirect	
	No. of Shares Held	**%**	**No. of Shares Held**	**%**
Substantial Shareholders				
Med-Bumikar Mara Sdn Bhd	193,504,349	49.50	2,213,402 [1]	0.57
Employees Provident Fund Board	58,163,479	14.88	-	-

[1] Deemed interest by virtue of its shareholdings in Central Shore Sdn. Bhd.

DIRECTORS' SHAREHOLDINGS

As At 31 March 2017

	Name of Directors	Direct Interest No. of Shares	Direct Interest %	Indirect Interest No. of Shares	Indirect Interest %	Total No. of Shares	Total %
1.	Dato' Abd Rahim Abd Halim	1,056,276	0.27	2,100,000 [1]	0.54	3,156,276	0.81
2.	Ms. Wong Fay Lee	33,100	0.01	174,000 [3]	0.04	207,100	0.05
3.	Encik Aqil Ahmad Azizuddin	734,219	0.19	3,141,099 [2]	0.80	3,875,318	0.99
4.	Mr. Low Hin Choong	32,000	0.01	1,432,956 [1]	0.37	1,464,956	0.37
5.	Mr. Ng Seng Kong	160,000	0.04	1,459,715 [3]	0.37	1,619,715	0.41
6.	Encik Iskander Ismail Mohamed Ali	-	-	-	-	-	-
7.	Encik Mustapha Mohamed	-	-	-	-	-	-
8.	Encik Shamshin @ Shamshir Ghazali	-	-	-	-	-	-

[1] Deemed interest by virtue of shares held by close family members

[2] Deemed interest by virtue of shares held by close family members and related company

[3] Deemed interest by virtue of shares held by related company

ANALYSIS OF SHAREHOLDERS

CATEGORY OF SHAREHOLDERS

As At 31 March 2017

Category of Shareholders		No.of Holders			No. of Securities			%		
		Malaysian		Foreign	Malaysian		Foreign	Malaysian		Foreign
		Bumi	Non-Bumi		Bumi	Non-Bumi		Bumi	Non-Bumi	
1	Individual	276	2,427	23	7,872,953	28,859,863	432,979	2.01	7.38	0.11
2	Body Corporate									
a.	Banks/Finance Companies	23	-	-	33,402,820	-	-	8.55	0.00	0.00
b.	Investment Trusts/ Foundation/ Charities	-	-	-	-	-	-	0.00	0.00	0.00
c.	Industrial and Commercial Companies	8	54	1	97,856,580	12,956,849	6,132	25.03	3.31	0.00
3	Government Agencies/ Institutions	1	-	-	2,151	-	-	0.00	0.00	0.00
4	Nominees	216	187	55#	24,850,347	172,439,519	12,205,240#	6.36	44.12	3.12#
5	Others	-	1	-	-	20	-	0.00	0.00	0.00
6	Trustee	-	-	-	-	-	-	0.00	0.00	0.00
	SUB TOTAL	524	2,669	79	163,984,851	214,256,251	12,644,351	41.95	54.81	3.23
MALAYSIAN TOTAL		3,193			378,241,102			96.76		
GRAND TOTAL (Malaysian + Foreign)		**3,272**			**390,885,453**			**100.00**		

These holdings include securities registered in the nominee companies with foreign beneficiaries

LIST OF TOP 30 SHAREHOLDERS

As At 31 March 2017

No.	Names	Holdings No. of Shares	Holdings %
1	MED-BUMIKAR MARA SDN BHD	97,204,349	24.87
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	48,440,679	12.39
3	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MED-BUMIKAR MARA SDN BHD (SAM)	46,500,000	11.90
4	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MED-BUMIKAR MARA SDN BHD (PIVB)	35,800,000	9.16
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	16,505,500	4.22
6	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MED-BUMIKAR MARA SDN BHD (CBD-GR6)	14,000,000	3.58
7	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR CIMB ISLAMIC DALI EQUITY THEME FUND	6,364,800	1.63
8	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	5,879,900	1.50
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AFFIN-HWG)	5,600,000	1.43
10	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM GEMILANG FOR AMANAH SAHAM KESIHATAN	5,009,400	1.28
11	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM NASIONAL	4,778,900	1.22
12	FEDERAL REALTY COMPANY SDN BHD	3,596,788	0.92
13	AMANAHRAYA TRUSTEES BERHAD PUBLIC ITTIKAL SEQUEL FUND	3,285,900	0.84
14	ONG CHOO BOO & SONS SDN BERHAD	2,756,233	0.71
15	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 9)	2,665,800	0.68
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (F TEMPLETON)	2,604,500	0.67

LIST OF TOP 30 SHAREHOLDERS

As At 31 March 2017

No.	Names	Holdings No. of Shares	Holdings %
17	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	2,586,431	0.66
18	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	2,574,100	0.66
19	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM GEMILANG FOR AMANAH SAHAM PENDIDIKAN	2,494,300	0.64
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD BANK KERJASAMA RAKYAT (M) BERHAD (412803)	2,435,400	0.62
21	LOOI KOK LOON	2,215,415	0.57
22	CENTRAL SHORE SDN BHD	2,213,402	0.57
23	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPTIMAL GROWTH FUND	2,073,300	0.53
24	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM NATIONAL 2	1,978,600	0.51
25	ZAHARAH BINTI NORDIN	1,660,000	0.42
26	LOOI KUM PAK @ LOOI KAM PHAK	1,634,398	0.42
27	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	1,599,020	0.41
28	YAP SIEW CHIN	1,432,956	0.37
29	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD ASIAN ISLAMIC INVESTMENT MANAGEMENT SDN BHD FOR LEMBAGA TABUNG HAJI	1,386,700	0.35
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ASIAN ISLAMIC)	1,380,300	0.35
	TOTAL	**328,657,071**	**84.08**

ANALYSIS OF WARRANT HOLDINGS

ANALYSIS OF WARRANT HOLDINGS

As At 31 March 2017

No. of Warrants in Issue	:	73,090,236
Issue Date	:	15 June 2012
Expiry Date	:	14 June 2017
No. of Warrant Holders	:	1,492
Exercise Price per Warrant	:	RM3.20
Conversion Ratio	:	One warrant : One share

SIZE OF WARRANT HOLDINGS

As At 31 March 2017

Size of Holdings	No. of Holders	%	No. of Warrants	%
1-99	250	16.76	1,467	0.00
100-1,000	509	34.12	280,921	0.38
1,001-10,000	424	28.42	1,648,756	2.26
10,001-100,000	235	15.75	9,452,081	12.93
100,001-3,654,510 (*)	71	4.76	25,111,492	34.36
3,654,511 and above (**)	3	0.20	36,595,519	50.07
TOTAL	**1,492**	**100.00**	**73,090,236**	**100.00**

Remark: * - Less than 5% of issued warrants

**- 5% and above of issued warrants

DIRECTOR'S WARRANT HOLDINGS

As At 31 March 2017

	Name of Directors	Direct Interest		Indirect Interest		Total	
		No. of Warrants	%	No of Warrants	%	No of Warrants	%
1.	Dato' Abd Rahim Abd Halim	201,100	0.28	405,000 [1]	0.55	606,100	0.83
2.	Ms. Wong Fay Lee	-	-	27,900 [3]	0.04	27,900	0.04
3.	Encik Aqil Ahmad Azizuddin	132,134	0.18	480,280 [2]	0.66	612,414	0.84
4.	Mr. Low Hin Choong	6,000	0.01	268,679 [1]	0.37	274,679	0.38
5.	Mr. Ng Seng Kong	-	-	273,696 [3]	0.37	273,696	0.37
6.	Encik Iskander Ismail Mohamed Ali	-	-	-	-	-	-
7.	Encik Mustapha Mohamed	-	-	-	-	-	-
8.	Encik Shamshin @ Shamshir Ghazali	-	-	-	-	-	-

[1] Deemed interest by virtue of warrants held by close family members

[2] Deemed interest by virtue of warrants held by close family members and related company

[3] Deemed interest by virtue of warrants held by related company

ANALYSIS OF WARRANT HOLDERS

CATEGORY OF WARRANT HOLDERS

As At 31 March 2017

Category of Warrant Holders	No.of Holders			No. of Securities			%		
	Malaysian		Foreign	Malaysian		Foreign	Malaysian		Foreign
	Bumi	Non-Bumi		Bumi	Non-Bumi		Bumi	Non-Bumi	
1 Individual	140	1,105	6	5,379,719	16,605,777	52,220	7.36	22.72	0.07
2 Body Corporate									
a. Banks/Finance Companies	1	-	-	75,000	-	-	0.10	0.00	0.00
b. Investment Trusts/ Foundation/ Charities	-	-	-	-	-	-	0.00	0.00	0.00
c. Industrial and Commercial Companies	5	26	1	23,078,417	1,573,541	1,800	31.58	2.15	0.00
3 Government Agencies/ Institutions	-	-	-	-	-	-	0.00	0.00	0.00
4 Nominees	119	79	10#	7,243,026	18,950,716	130,020#	9.91	25.93	0.18#
5 Others	-	-	-	-	-	-	0.00	0.00	0.00
6 Trustee	-	-	-	-	-	-	0.00	0.00	0.00
SUB TOTAL	265	1,210	17	35,776,162	37,130,034	184,040	48.95	50.80	0.25
MALAYSIAN TOTAL	1,475			72,902,196			99.74		
GRAND TOTAL (Malaysian + Foreign)			**1,492**			**73,090,236**			**100.00**

These holdings include securities registered in the nominee companies with foreign beneficiaries

LIST OF TOP 30 WARRANT HOLDERS

As At 31 March 2017

No.	Names	Holdings	
		No. of Warrants	%
1	MED-BUMIKAR MARA SDN BHD	22,995,518	31.46
2	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MED-BUMIKAR MARA SDN BHD (SAM)	6,833,333	9.35
3	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MED-BUMIKAR MARA SDN BHD (PIVB)	6,766,668	9.26
4	LAM YEE FOON	2,669,900	3.65
5	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG YING CHIANG (E-PLT)	2,543,800	3.48
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD MOHAMED SHAHRUL BIN ABDUL RAHMAN	1,510,000	2.07
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	1,132,600	1.55
8	GOH KUN SENG	798,200	1.09
9	SHARIFAH ROZAINA BINTI SYED HUSSIN	723,000	0.99
10	FEDERAL REALTY COMPANY SDN BHD	614,760	0.84
11	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAW SOW LING @ HO SOW LING (CCTS)	500,000	0.68
12	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG GUAN KEAT (REM 802)	500,000	0.68
13	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW VOON TAH (029)	466,700	0.64
14	SYARIFAH NORAINI BINTI HUSSIN ALJUNID	458,500	0.63
15	CENTRAL SHORE SDN BHD	420,000	0.57
16	HAU BENG HAN	420,000	0.57
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHUA KA HWA	400,000	0.55
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD MUHAMAD NUR BIN ABD KADIR	400,000	0.55

LIST OF TOP 30 WARRANT HOLDERS

As At 31 March 2017

No.	Names	Holdings	
		No. of Warrants	%
19	BEH BOON SIAN	377,700	0.52
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG BEE CHIN	366,000	0.50
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD SHAH RIZAL BIN MOHD ZAWAWI	359,900	0.49
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NGEO GUAN AN	354,000	0.48
23	WONG LOCK JAM @ WONG LOK JAM	340,000	0.47
24	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR POH SENG HEE (8073193)	338,700	0.46
25	CHOW KWAI LAN	335,700	0.46
26	LEE CHEE KIM	313,000	0.43
27	LEE BEE GEOK	300,000	0.41
28	POH SEN TECK	300,000	0.41
29	ZAHARAH BINTI NORDIN	300,000	0.41
30	LIM LEE PENG	280,000	0.38
	TOTAL	**54,117,979**	**74.04**

REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS

For The Year Ended 31 December 2016

REPORT OF THE DIRECTORS

The directors of **MBM RESOURCES BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries, joint venture and associates are as disclosed in Notes 47, 48 and 49 to the financial statements respectively.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Profit before tax	82,756	57,121
Income tax expense	(6,864)	(598)
Profit for the year	75,892	56,523
Profit attributable to:		
Equity holders of the Company	66,070	56,523
Non-controlling interests	9,822	-
	75,892	56,523

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the recognition of an impairment loss on goodwill and property, plant and equipment amounting to RM24,850,000 and RM5,400,000 respectively as disclosed in Note 9 to the financial statements.

DIVIDENDS

The amounts of dividends paid by the Company since 1 January 2016 are as follows:

	RM'000
In respect of the financial year ended 31 December 2015:	
Second interim single tier dividend of 3% on 390,710,753 ordinary shares, declared on 25 February 2016 and paid on 23 March 2016	11,722
In respect of the financial year ended 31 December 2016:	
First interim single tier dividend of 3% on 390,710,753 ordinary shares, declared on 25 August 2016 and paid on 27 September 2016	11,722
	23,444

On 23 February 2017, the directors declared a second interim single tier dividend of 3% on 390,885,453 ordinary shares amounting to RM11,727,000 in respect of the current financial year ended 31 December 2016 which was paid on 22 March 2017.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the current financial year.

WARRANTS

The Company's warrants were issued on 21 June 2012 together with the listing and quotation for the Rights Shares on the Main Market of Bursa Malaysia Securities Berhad. The exercise price of the warrants was fixed at RM3.20 per warrant.

The main features of the warrants are disclosed in Note 31(b) to the financial statements. There were no warrants exercised during the current financial year.

SHARE GRANTS

The Long-Term Incentive Plan ("LTIP") of the Company is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 19 November 2014. The LTIP was implemented on 26 September 2016 and will be in force for a period of 10 years from the effective date.

The LTIP comprises 2 schemes, i.e., Performance Share Plan ("PSP") and Restricted Share Plan ("RSP").

The salient features of the LTIP are disclosed in Note 44 to the financial statements.

Movements in the Company's PSP during the financial year are as follows:

	Number of grants in respect of ordinary shares of RM1 each				
Date of grant	**As of 1.1.2016**	**Granted**	**Vested**	**Lapsed**	**As of 31.12.2016**
26.9.2016	-	1,007,600	-	-	1,007,600

Movements in the Company's RSP during the financial year are as follows:

	Number of grants in respect of ordinary shares of RM1 each				
Date of grant	**As of 1.1.2016**	**Granted**	**Vested**	**Lapsed**	**As of 31.12.2016**
26.9.2016	-	174,700	(174,700)	-	-

The ordinary shares in respect of the Company's vested RSP were subsequently issued on 12 January 2017 as disclosed in Note 31(c) to the financial statements.

OTHER STATUTORY INFORMATION

Before the statements of profit or loss and other comprehensive income and the statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper 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 no known bad debts need to be written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

(a) which would require the writing off of bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; and

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

In the opinion of the directors, 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 operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The following directors served on the Board of the Company since the date of last report:

Dato' Abd Rahim bin Abd Halim
Iskander bin Ismail Mohamed Ali
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin
Low Hin Choong
Mustapha bin Mohamed
Wong Fay Lee
Ng Seng Kong
Shamshin @ Shamshir bin Ghazali
Looi Kok Loon (Resigned on 8 February 2017)

DIRECTORS' INTERESTS

The shareholdings in the Company and in the related companies of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 are as follows:

	Number of Ordinary Shares of RM1 each			
	As of 1.1.2016	Bought	Sold	As of 31.12.2016
Shares in the Company				
Direct interest				
Dato' Abd Rahim bin Abd Halim	1,056,276	-	-	1,056,276
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	724,219	10,000	-	734,219
Low Hin Choong	32,000	-	-	32,000
Ng Seng Kong	160,000	-	-	160,000
Looi Kok Loon	2,250,715	-	-	2,250,715
Indirect interest				
Dato' Abd Rahim bin Abd Halim	2,100,000	-	-	2,100,000
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	3,013,099	128,000	-	3,141,099
Low Hin Choong	1,432,956	-	-	1,432,956
Wong Fay Lee	174,000	-	-	174,000
Ng Seng Kong	1,459,715	-	-	1,459,715
Looi Kok Loon	4,818,138	-	-	4,818,138
Shares in the holding company, Med-Bumikar Mara Sdn. Bhd.				
Direct interest				
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	1,309,506	-	-	1,309,506
Ng Seng Kong	446,548	-	-	446,548
Looi Kok Loon	1,000,000	-	-	1,000,000
Indirect interest				
Dato' Abd Rahim bin Abd Halim	8,215,536	-	-	8,215,536
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	8,116,536	-	-	8,116,536
Low Hin Choong	8,225,223	-	-	8,225,223
Wong Fay Lee	6,494,235	-	-	6,494,235
Ng Seng Kong	7,147,089	-	-	7,147,089
Looi Kok Loon	7,205,285	-	-	7,205,285

	Number of Warrants			
	As of 1.1.2016	Bought	Sold	As of 31.12.2016
Warrants in the Company				
Direct interest				
Dato' Abd Rahim bin Abd Halim	201,100	-	-	201,100
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	132,134	-	-	132,134
Low Hin Choong	6,000	-	-	6,000
Looi Kok Loon	1,270,372	-	-	1,270,372
Indirect interest				
Dato' Abd Rahim bin Abd Halim	405,000	-	-	405,000
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	480,280	-	-	480,280
Low Hin Choong	268,679	-	-	268,679
Wong Fay Lee	27,900	-	-	27,900
Ng Seng Kong	273,696	-	-	273,696
Looi Kok Loon	988,196	-	(590,000)	398,196

	Number of grants in respect of ordinary shares of RM1 each			
	As of 1.1.2016	Granted	Vested	As of 31.12.2016
Shares granted pursuant to the PSP of the Company				
Direct interest				
Wong Fay Lee	-	181,100	-	181,100
Looi Kok Loon	-	332,000	-	332,000
Shares granted pursuant to the RSP of the Company				
Direct interest				
Wong Fay Lee	-	33,100	(33,100)	-
Looi Kok Loon	-	64,700	(64,700)	-

By virtue of the above directors' interest in the shares of the Company and of the holding company, the abovementioned directors are also deemed to have an interest in the shares of the subsidiaries to the extent that the Company and the holding company have an interest.

None of the other directors in office at the end of the financial year held shares or had beneficial interest in the shares of the Company or its related companies during and at the beginning and end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors or being fixed salary of a full-time employee of the Company as disclosed in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain directors of the Company are also directors and/or shareholders as disclosed in Note 41 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than the warrants in the Company as disclosed above and shares granted to certain directors pursuant to the Company's Long Term Incentive Plan as disclosed under Directors' Interests.

HOLDING COMPANY

The immediate and ultimate holding company of the Company is Med-Bumikar Mara Sdn. Bhd., a company incorporated in Malaysia.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

Signed on behalf of the Board, as approved by the Board
in accordance with a resolution of the Directors,

DATO' ABD RAHIM BIN ABD HALIM

WONG FAY LEE

31 March 2017

STATEMENT BY DIRECTORS

The directors of **MBM RESOURCES BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions 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 of 31 December 2016 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 50 to the financial statements, which is not part of the financial statements, is prepared in all material respects, 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 and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with
a resolution of the Directors,

DATO' ABD RAHIM BIN ABD HALIM

WONG FAY LEE

Kuala Lumpur
31 March 2017

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **CHIN TZE FUI**, the officer primarily responsible for the financial management of **MBM RESOURCES BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, 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.

CHIN TZE FUI

Subscribed and solemnly declared by the abovenamed **CHIN TZE FUI** at **KUALA LUMPUR** on this 31st day of March 2017.

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MBM RESOURCES BERHAD

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MBM RESOURCES BERHAD**, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 78 to 155.

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 year then ended in accordance with Malaysian Financial Reporting Standards, International 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

(Forward)

Revenue Recognition

- The risk - Revenue is recognised when the risks and rewards of the underlying products have been transferred to the customer. The accounting policies for revenue recognition are set out in Note 2 to the financial statements and the different revenue streams for the Group have been disclosed in Note 5 to the financial statements. The timing of revenue recognition was identified as a significant risk because the Group has a risk of recognising the revenue in advance of risks and rewards transferred or services rendered to external customers, due to the lead time between billing and delivery of goods and services.

- Our response - We obtained an update on our understanding of the Group's revenue recognition process and tested the operating effectiveness of business process controls related to it. We reviewed the terms and conditions of major sales transactions to ascertain whether revenue recognised conforms to the requirements of MFRS 118 Revenue. We assessed sales transactions taking place at either side of the reporting date as well as credit notes issued after the reporting date to assess whether revenue was recognised in the correct period. We also developed an expectation of the current year revenue balance based on trend analysis information taking into account historical sales information and our understanding of each market. We then compared this expectation to actual results.

Valuation of Goodwill

- The risk - Goodwill of RM157,508,000 represents 6.6% of the total assets of the Group. The directors conducted an annual impairment test to assess the recoverability of the carrying value of goodwill and accordingly, a further impairment amounting to RM24,850,000 was recognised in the current year's profit or loss as disclosed in Note 23 to the financial statements. The said impairment test is performed using discounted cash flow models. There are a number of key sensitive judgements made in determining the inputs into these models which include revenue growth rate and the discount rates applied to the projected future cash flows.

- Our response - We verified the mathematical accuracy of the discounted cash flow models adopted by management and agreed all the relevant data incorporated in the models to the Board approved budget. We analysed the projected future cash flows (including the key assumptions) used in the models to determine whether they are reasonable and supportable given the current macroeconomic climate and our understanding of the industries' prospects. Our analysis includes benchmarking the assumptions relating to revenue growth and the discount rate used against the Group's historical performance and available external data, with the support of our internal specialist, where necessary. We also performed sensitivity analysis on the aforementioned assumptions to assess the variances that may reasonably arise.

Allowance for Doubtful Debts

- The risk - As at 31 December 2016, the total allowance for doubtful debts of the Group stood at RM14,940,000 as disclosed in Notes 26 and 27 to the financial statements. Allowance for doubtful debts is recognised against receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position. Management is required to exercise considerable judgement when determining the recoverability of delinquent debts.

- Our response - We reviewed and challenged management's assessment of the recoverability of aged and overdue receivables, taking into consideration historical patterns of trading and settlement as well as recent communications with the counterparties. We tested the reliability of the receivables ageing report used by management in the

(Forward)

aforementioned assessment. In addition, we also reviewed any movement on the allowance account and bad debts written off in the period and traced the recoverability of outstanding receivables through examination of subsequent cash receipts.

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 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 Malaysian Financial Reporting Standards, International 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 has no realistic alternative but to do so.

Auditors' Responsibility 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.

(Forward)

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 skepticism throughout the audit. We also:

(a) 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;

(b) 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 of the Company's internal control;

(c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

(d) 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;

(e) 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; and

(f) 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 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.

(Forward)

Report on Other Legal and Regulatory Requirements

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

(a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) we have considered the accounts and auditors' reports of the subsidiaries of which we have not acted as auditors, as disclosed in Note 47 to the financial statements, being accounts that have been included in the financial statements of the Group.

(c) we are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company 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 as required by us for these purposes.

(d) the audit reports on the accounts of the subsidiaries did not contain any qualification or adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 50 to the financial statements 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.

(Forward)

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.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

LAI CAN YIEW
Partner - 02179/11/2018 J
Chartered Accountant

31 March 2017

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 31 December 2016

	Note	The Group 2016 RM'000	The Group 2015 RM'000	The Company 2016 RM'000	The Company 2015 RM'000
Revenue	5	1,670,204	1,815,068	72,718	84,484
Cost of sales	6	(1,561,371)	(1,656,069)	-	-
Gross profit		108,833	158,999	72,718	84,484
Other income		31,308	33,666	13	-
Administrative and other expenses		(125,329)	(103,610)	(8,597)	(7,406)
Selling and marketing expenses		(62,927)	(62,332)	-	-
Finance costs	7	(18,556)	(20,511)	(10,127)	(12,691)
Interest income	8	6,535	6,411	3,114	3,260
Share of results of a joint venture	19	11,707	15,551	-	-
Share of results of associates	20	131,185	102,061	-	-
Profit before tax	9	82,756	130,235	57,121	67,647
Income tax expense	12	(6,864)	(25,264)	(598)	(536)
Profit for the year		75,892	104,971	56,523	67,111
Other comprehensive (loss)/income, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Share of revaluation (loss)/gain of associates		(1,088)	329	-	-
Net loss on cash flow hedges of an associate		(34)	(40)	-	-
Other comprehensive income/(loss) for the year, net of tax		(1,122)	289	-	-
Total comprehensive income for the year		74,770	105,260	56,523	67,111

(Forward)

	Note	The Group		The Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit for the year attributable to:					
Equity holders of the Company		66,070	84,002	56,523	67,111
Non-controlling interests		9,822	20,969	-	-
		75,892	104,971	56,523	67,111
Total comprehensive income attributable to:					
Equity holders of the Company		65,115	84,263	56,523	67,111
Non-controlling interests		9,655	20,997	-	-
		74,770	105,260	56,523	67,111
Earnings per share	13				
Basic (sen per share)		16.9	21.5		
Diluted (sen per share)		16.8	21.5		
Net dividends per ordinary share (sen)	14	6	11		

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
as of 31 December 2016

	Note	The Group 2016 RM'000	The Group 2015 RM'000	The Company 2016 RM'000	The Company 2015 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	15	353,620	356,132	184	475
Investment properties	16	68,996	67,887	-	-
Prepaid land lease payments	17	37,365	37,908	-	-
Investment in subsidiaries	18	-	-	498,897	498,897
Investment in a joint venture	19	145,496	149,089	-	-
Investment in associates	20	1,059,889	984,916	207,043	207,043
Deferred tax assets	22	5,070	4,423	-	-
Goodwill on consolidation	23	157,508	182,358	-	-
Total Non-Current Assets		1,827,944	1,782,713	706,124	706,415
Current Assets					
Inventories	25	191,851	165,614	-	-
Trade receivables	26	148,294	135,335	-	-
Other receivables, deposits and prepaid expenses	27	29,219	34,566	245	155
Amount owing by subsidiaries	28	-	-	163,847	151,877
Amount owing by associates	29	-	11	-	11
Tax recoverable		11,149	8,316	1,292	1,659
Cash and bank balances	30	172,971	211,801	45,497	62,122
Total Current Assets		553,484	555,643	210,881	215,824
Total Assets		2,381,428	2,338,356	917,005	922,239

(Forward)

	Note	The Group 2016 RM'000	The Group 2015 RM'000	The Company 2016 RM'000	The Company 2015 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	31	390,711	390,711	390,711	390,711
Reserves	32	1,215,110	1,172,911	387,245	353,638
Equity attributable to owners of the Company		1,605,821	1,563,622	777,956	744,349
Non-controlling interests	18	266,584	265,663	-	-
Total Equity		1,872,405	1,829,285	777,956	744,349
Non-Current Liabilities					
Long-term borrowings	33	203,371	262,183	76,556	135,398
Deferred tax liabilities	22	4,439	5,063	-	-
Retirement benefits obligation	34	3,055	2,965	1,400	1,400
Finance lease payables – non current portion	35	3,474	-	-	-
Hire purchase payables - non current portion	36	29	43	-	-
Total Non-Current Liabilities		214,368	270,254	77,956	136,798
Current Liabilities					
Provision for claims	37	268	268	-	-
Short-term borrowings	33	166,251	110,172	60,195	40,185
Trade payables	38	75,347	69,781	-	-
Other payables and accrued expenses	39	50,718	56,891	843	715
Amount owing to holding company	40	55	192	55	192
Finance lease payables – current portion	35	1,787	-	-	-
Hire purchase payables - current portion	36	14	14	-	-
Tax liabilities		215	1,499	-	-
Total Current Liabilities		294,655	238,817	61,093	41,092
Total Liabilities		509,023	509,071	139,049	177,890
Total Equity and Liabilities		2,381,428	2,338,356	917,005	922,239

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For The Year Ended 31 December 2016

The Group	Note	Share capital RM'000	Non-distributable reserve: Share premium RM'000	Warrant reserve RM'000	Revaluation reserve RM'000	Hedging reserve RM'000	Equity-settled Employee benefits reserve RM'000	Distributable reserve - Retained earnings RM'000	Attributable to the equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
As of 1 January 2016		390,711	500	44,585	978	(62)	-	1,126,910	1,563,622	265,663	1,829,285
Dividends distributed to owners of the Company	14	-	-	-	-	-	-	(23,444)	(23,444)	-	(23,444)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	(8,734)	(8,734)
Profit for the year		-	-	-	-	-	-	66,070	66,070	9,822	75,892
Other comprehensive income/(loss)		-	-	-	(978)	23	-	-	(955)	(167)	(1,122)
Total comprehensive income/(loss) for the year		-	-	-	(978)	23	-	66,070	65,115	9,655	74,770
Recognition of share-based payments	44	-	-	-	-	-	528	-	528	-	528
As of 31 December 2016		390,711	500	44,585	-	(39)	528	1,169,536	1,605,821	266,584	1,872,405

(Forward)

The Group	Note	Share capital RM'000	Non-distributable reserve Share premium RM'000	Warrant reserve RM'000	Revaluation reserve RM'000	Hedging reserve RM'000	Distributable reserve - Retained earnings RM'000	Attributable to the equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
As of 1 January 2015		390,711	500	44,585	681	(26)	1,085,886	1,522,337	253,025	1,775,362
Dividends distributed to owners of the Company	14	-	-	-	-	-	(42,978)	(42,978)	-	(42,978)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	(8,371)	(8,371)
Profit for the year		-	-	-	-	-	84,002	84,002	20,969	104,971
Other comprehensive income/(loss)		-	-	-	297	(36)	-	261	28	289
Total comprehensive income/(loss) for the year		-	-	-	297	(36)	84,002	84,263	20,997	105,260
Warrants exercised in a subsidiary *		-	-	-	-	-	-	-	12	12
As of 31 December 2015		390,711	500	44,585	978	(62)	1,126,910	1,563,622	265,663	1,829,285

* 13,157 ordinary shares of a subsidiary, Hirotako Holdings Berhad were issued from the exercise of its existing warrants at RM0.92 per share.

The Company	Note	Share capital RM'000	Non-distributable reserve Share premium RM'000	Warrant reserve RM'000	Equity-settled employee benefits reserve RM'000	Distributable reserve - Retained earnings RM'000	Total equity RM'000
As of 1 January 2016		390,711	500	44,585	-	308,553	744,349
Dividends	14	-	-	-	-	(23,444)	(23,444)
Total comprehensive income for the year		-	-	-	-	56,523	56,523
Recognition of share-based payments	44	-	-	-	528	-	528
As of 31 December 2016		390,711	500	44,585	528	341,632	777,956
As of 1 January 2015		390,711	500	44,585	-	284,420	720,216
Dividends	14	-	-	-	-	(42,978)	(42,978)
Total comprehensive income for the year		-	-	-	-	67,111	67,111
As of 31 December 2015		390,711	500	44,585	-	308,553	744,349

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For The Year Ended 31 December 2016

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit before tax	82,756	130,235	57,121	67,647
Adjustments for:				
Impairment loss on:				
Goodwill	24,850	2,049	-	-
Property, plant and equipment	5,400	1,667	-	-
Depreciation of property, plant and equipment	23,308	22,432	148	132
Finance costs	18,556	20,511	10,127	12,691
Inventories written down	4,025	5,866	-	-
Allowance for doubtful debts:				
Trade receivables	3,327	9,969	-	-
Depreciation of investment properties	1,815	449	-	-
Allowance for slow-moving inventories	1,501	573	-	-
Property, plant and equipment written off	1,444	-	-	-
Amortisation of prepaid land lease payments	543	518	-	-
Pension costs - defined benefit plans	540	507	-	-
Shared-based payment expenses	528	-	381	-
Dividend income	-	-	(71,821)	(84,281)
Share of results of associates	(131,185)	(102,061)	-	-
Share of results of a joint venture	(11,707)	(15,551)	-	-
Interest income	(6,535)	(6,411)	(1,970)	(2,570)
Gain on disposal of property, plant and equipment	(39)	(515)	(13)	-
Reversal of provision for retirement gratuity	-	(15)	-	(15)
Interest income on amount owing by subsidiaries	-	-	(1,144)	(690)
Operating Profit/(Loss) Before Working Capital Changes	19,127	70,223	(7,171)	(7,086)

(Forward)

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Movements in working capital:				
(Increase)/Decrease in:				
Property development costs	-	80,960	-	-
Receivables	(10,939)	(15,347)	(90)	(61)
Inventories	(31,763)	18,043	-	-
Net changes in related company balances	(126)	(19)	(10,805)	(24,448)
(Decrease)/Increase in:				
Payables	(607)	(103,056)	128	58
Cash (Used In)/Generated From Operations	(24,308)	50,804	(17,938)	(31,537)
Contributions paid under retirement benefit schemes	(450)	(528)	-	-
Income tax refunded	541	287	36	-
Income tax paid	(12,793)	(12,601)	(267)	(237)
Net Cash (Used In)/From Operating Activities	(37,010)	37,962	(18,169)	(31,774)
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received from:				
Subsidiaries	-	-	29,233	29,884
Associates	55,090	68,153	42,588	54,397
Joint venture	15,300	15,301	-	-
Interest received	6,535	6,411	1,970	2,570
Proceeds from disposal of:				
Redemption of investment held-to-maturity	-	1,000	-	-
Property, plant and equipment	372	703	272	-
Purchase of:				
Property, plant and equipment [Note (i)]	(24,542)	(17,240)	(116)	(56)
Investment properties	-	(1,275)	-	-
Net Cash From Investing Activities	52,755	73,053	73,947	86,795

(Forward)

	Note	The Group		The Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS USED IN FINANCING ACTIVITIES					
Decrease/(Increase) in deposits with maturities in excess of 3 months		10,999	(2,665)	-	-
Net increase/(decrease) of other borrowings		35,875	(2,437)	-	-
Repayment of:					
Term loans		(39,638)	(41,591)	(40,000)	(40,098)
Hire purchase payables		(14)	(13)	-	-
Finance lease payables		(1,094)	-	-	-
Finance costs paid		(17,388)	(20,011)	(8,959)	(11,534)
Dividends paid to non-controlling interests of subsidiaries		(8,734)	(8,371)	-	-
Dividends paid		(23,444)	(42,978)	(23,444)	(42,978)
Decrease/(Increase) in restricted cash		17	(188)	17	(188)
Proceeds from warrants exercised in a subsidiary		-	12	-	-
Net Cash Used In Financing Activities		(43,421)	(118,242)	(72,386)	(94,798)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(27,676)	(7,227)	(16,608)	(39,777)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		193,058	200,285	54,727	94,504
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	30	165,382	193,058	38,119	54,727

(i) During the financial year, the Group and the Company acquired property, plant and equipment through the following arrangements:

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Additions of property, plant and equipment (Note 15)	30,897	17,967	116	56
Less: Hire purchase arrangement	-	(70)	-	-
Less: Finance lease arrangement	(6,355)	-	-	-
Less: Finance costs capitalised (Note 7)	-	(657)	-	-
Total cash payments	24,542	17,240	116	56

The accompanying Notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2016

1. GENERAL INFORMATION

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

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries, joint venture and associates are as disclosed in Notes 47, 48 and 49 respectively.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the year.

The financial statements are presented in Ringgit Malaysia ("RM") all values are recorded to the nearest thousand ("RM'000") except where otherwise indicated.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur and the principal place of business of the Company is located at No. 23-01, Level 23, Menara MBMR, 1, Jalan Syed Putra, 58000 Kuala Lumpur, Malaysia.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the directors on 31 March 2017.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act, 1965 in Malaysia.

Adoption of new and revised MFRSs

During the current financial year, the Group and the Company have adopted a number of Amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are effective for annual periods beginning on or after 1 January 2016 and relevant to their operations as follows:

Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2012 - 2014 Cycle

The adoption of the above Amendments to MFRSs did not have any material effect on the financial performance or position of the Group and of the Company for the current and prior years.

Standards and Interpretations in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised Standards and Interpretation ("IC Int.") which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below.

MFRS 9	Financial Instruments[2]
MFRS 15	Revenue from Contracts with Customers (and the related Clarifications)[2]
MFRS 16	Leases[3]
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts[2]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to MFRS 107	Disclosure Initiative[1]
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to MFRS 140	Transfers of Investment Property[2]
IC Int. 22	Foreign Currency Transactions and Advance Consideration[2]

Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2014 - 2016 Cycle[1 or 2]

[1] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted
[2] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted
[3] Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted
[4] Effective for annual periods beginning on or after a date to be determined.

The directors anticipate that the abovementioned Standards and Interpretation will be adopted in the annual financial statements of the Group and the Company when they become effective and that the adoption of these Standards and Interpretation will have no material impact on the financial statements of the Group and the Company in the period of initial application, except as discussed below:

MFRS 9 Financial Instruments

MFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. MFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of MFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of MFRS 9:

- All recognised financial assets that are within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in fair value of equity instrument (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regards to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liabilities, be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139. Under MFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about any entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of MFRS 9 in the future may have a material impact on amounts reported in respect of the Group's and the Company's financial assets and liabilities. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 9 until the Group and the Company complete a detailed review.

MFRS 15 Revenue from Contract with Customers

In May 2014, MFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Subsequently, amendments to MFRS 15 were issued in April 2016 which provide clarifications on certain requirements of MFRS 15 and provide additional transitional relief upon implementing MFRS 15. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and the related interpretation when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise 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. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1 : Identify the contract(s) with a customer
Step 2 : Identify the performance obligations in the contract
Step 3 : Determine the transaction price
Step 4 : Allocate the transaction price to the performance obligations in the contract
Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation

Under MFRS 15, an entity recognises revenue when (or as) a performance obligations is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

The directors of the Company anticipate that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in these financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 15 until the Group completes a detailed review.

MFRS 16 Leases

MFRS 16 specifies how an MFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with MFRS 16's approach to lessor accounting substantially unchanged from its predecessor, MFRS 117.

At lease commencement, a lessee will recognise a right-of-use asset and a lease liability. The right-of use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessees shall use their incremental borrowing rate.

The directors of the Company anticipate that the application of MFRS 16 in the future may have an impact on the amounts reported and disclosures made in the Group's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 16 until the Group performs a detailed review.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements of the Group have been prepared under the historical cost convention unless otherwise indicated in this summary of accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transaction that are within the scope of MFRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value-in-use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described in Note 46.

The principal accounting policies are set out below.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate.

Subsidiaries

Investments in subsidiaries which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

Business Combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under MFRS 3 (revised) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with MFRS 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains information about facts and circumstances that existed as of the acquisition date - and is subject to a maximum of one year.

Investment in Associates and Joint Ventures

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

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with MFRS 5. Under the equity method, investment in associate and joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of MFRS 139 applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with MFRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with MFRS 139. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or a joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or a joint venture on the same basis as would be required if that associate or a joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or a joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent that the Group's interest in the associate or joint venture is not related to the Group.

Goodwill on Consolidation

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Company's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of Goodwill

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Revenue Recognition

Revenue 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) **Sales of Goods and Completed Properties**

Revenue is recognised 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 the recovery of the consideration due, associated costs or the possible return of the goods.

(ii) **Revenue from Services**

Revenue from services rendered is recognised net of goods and services tax and discounts as and when the services are performed.

(iii) **Dividend Income**

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

(iv) **Interest Income**

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(v) **Rental Income**

Rental income from investment property is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

Foreign Currencies

(i) **Functional and Presentation Currencies**

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (the "functional currency"). For the purposes of the consolidated financial statements, the results and the financial position of each group entity are expressed in Ringgit Malaysia ("RM") which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

(ii) **Foreign Currency Transactions**

In preparing the financial statements of the individual entities, transactions in foreign currencies other than the entity's functional currency (i.e. foreign currencies) are recorded at the rates prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Ringgit Malaysia using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation adjustment account. Such translation differences are recognised in profit or loss in the year in which the foreign operation is disposed of.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss in the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss in the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Employee Benefits

(i) **Short-term Employee Benefits**

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

(ii) **Defined Contribution Plan**

The Group makes statutory contributions to the Employees Provident Fund ("EPF") and the contributions are charged to profit or loss for the period. The EPF is a defined contribution plan. Once the contributions have been paid, there are no further payment obligations.

(iii) **Retirement Benefits**

The Company operates an unfunded scheme for its eligible employees based on certain terms of the employment contract. The Company's net obligations in respect of the plan are calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. Contributions relating to the plan are charged to profit or loss when incurred.

Daihatsu (Malaysia) Sdn. Bhd. and its subsidiaries ("Daihatsu Group") operate a funded, defined Retirement Benefit Scheme ("Scheme") for their eligible employees. Daihatsu Group's obligation under the Scheme is calculated using the Projected Unit Credit Method, with actuarial valuations being carried out every three years. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

The amounts recognised in the statements of financial position represent the present value of the defined benefit obligations, which are reduced by the fair value of plan assets.

(iv) **Share Based Payments**

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 44.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payments transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Borrowing Costs

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

Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) **Current Tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) **Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(iii) **Current and Deferred Tax for the Period**

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Repair and maintenance costs are recognised in comprehensive income as incurred.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in the profit or loss.

Freehold land, buildings under construction and capital work in progress are not depreciated. Depreciation of other property, plant and equipment is computed on the straight-line method to write down the cost of the various property, plant and equipment to their residual values over their estimated useful lives at the following annual rates:

Buildings	2% - 5%
Plant and machinery	5% - 33 1/3%
Renovations and leasehold improvements	10% - 33 1/3%
Furniture, fixtures, fittings, equipment and tools and implements	5% - 33 1/3%
Motor vehicles	20% - 25%

The residual values, useful lives 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 plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on 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 carrying amount is included in profit or loss.

Assets held under hire purchase arrangements are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Investment Properties

Investment properties, comprising certain freehold land and buildings, are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost less accumulated depreciation and any impairment losses.

Investment properties are derecognised when either they are sold or when they are permanently withdrawn from use and no future economic benefit is expected. Any gains or losses on the retirement or disposal of investment properties (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) are recognised in the profit or loss in the year in which they arise.

Freehold land and buildings under construction within investment properties are not depreciated. Buildings are depreciated on the straight-line method at an annual rates of 2% - 5%.

Property Development Activities

Property development costs comprise all cost that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. They comprise the cost of land under development, construction costs and other related development costs common to the whole project including overheads and borrowing costs.

Development properties on which development activities have commenced or where it can be demonstrated that the development activities can be completed within the normal operating cycle are classified as current assets.

Revenue from property development is measured at the fair value of the consideration receivable and is recognised, in the profit or loss when significant risks and rewards of ownership have been transferred to the buyer based on the following key considerations:

(i) the risks and rewards of the properties under development passes to the buyer on delivery in its entirety at a single time on vacant possession and not continuously as construction progresses;

(ii) the Group maintains control over the properties under development during the construction period, i.e. the Group retains the obligation to construct the property in accordance with terms of the Sale and Purchase Agreement and correspondingly, construction risks is retained with the Group;

(iii) the Sale and Purchase Agreement does not give the right to the buyer to take over the work in progress during construction;

(iv) the buyers have limited ability to influence the design of the property; and

(v) title passes to buyers on vacant possession.

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

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

Impairment of Non-financial Assets Excluding Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases. Leases of land and buildings are classified as operating or finance lease in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(ii) **Finance Lease - the Group as Lessee**

Assets acquired by way of hire purchase or finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statements of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicits in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance cost and the reductions of the outstanding liability. Finance costs, which represent the difference between the total leasing commitment and the fair value of the assets acquired, are recognised in the profit of loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment.

(iii) **Operating Lease - the Group as Lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by lessor is recognised as a reduction of rental expenses over the lease term on a straight-line basis.

In the case of lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land and buildings elements of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and is amortised on a straight-line basis over the lease term.

Leasehold land recognised as prepaid land lease payments are amortised in equal instalments over their lease periods ranging from 31 years to 99 years.

Inventories

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

Cost is determined using the first in, first out method. The cost of raw materials comprises cost of purchase plus the cost of bringing the inventories to their present location. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportion of overheads based on normal operating capacity.

In the case of unsold completed properties, cost is determined based on specific identification method.

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

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions are measured at the Directors' best estimate of the amount required to settle the obligation by the end of the reporting period, and are discounted to present value where the effect is material.

Provisions for estimated expenses related to policy and product warranties are made at the time products are sold. These estimates are established using historical information on the nature, frequency, and average cost of claims. Revision to the provisions for estimated policy and products warranties is made when necessary, based on changes in these factors. The Group actively studies trends of claims and takes action to improve product quality and minimise claims.

At the end of each reporting period, provisions are reviewed by the directors and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that the Group will be required to settle the obligation.

Segment Reporting

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

Contingent Liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or a sufficiently reliable estimate of the amount of the obligation cannot be made.

Financial Instruments

Financial instruments are recognised in the consolidated statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

(i) Financial Assets

Financial assets are classified into the following specified categories: financial asset 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial assets at FVTPL
Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the profit or loss.

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

AFS financial assets
AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at FVTPL. All AFS assets are measured at fair value at the end of the reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Receivables assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

In respect of receivables carried at amortised cost, the amount of the impairment loss recognised is 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 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 is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(ii) **Financial Liabilities and Equity Instruments**

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 3 above, the directors are of the opinion that there are no instances of application of judgement which are expected to have significant effect on the amounts recognised in the financial statements except as disclosed below:

(a) **Classification between investment properties and property, plant and equipment**

The Group has developed certain criteria based on MFRS 140: Investment Property in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

(ii) Key sources of estimation uncertainty

The directors believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except as disclosed below:

(a) **Allowance for doubtful debts**

Allowance for doubtful debts is made based on the evaluation of collectability and aging analysis of accounts and on management's estimate. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers with which the Group deals were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. Details are disclosed in Notes 26 and 27.

(b) **Impairment of goodwill**

The Group determines whether goodwill is impaired at least on annual basis. This requires an estimation of the value in use of the cash generating units ("CGU") to which the goodwill is allocated. Estimating value in use requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as of 31 December 2016 is RM157,508,000 (2015: RM182,358,000) and an impairment loss amounting to RM24,850,000 (2015: RM2,049,000) has been recognised in the profit or loss during the current year. Further details are disclosed in Note 23.

(c) **Deferred tax assets**

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(d) **Allowance for slow-moving inventories and write down of inventories to net realisable value**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. Details are disclosed in Note 25.

(e) **Impairment of property, plant and equipment and investment properties**

The Group carries out the impairment test based on a variety of estimation including the value-in-use of the property, plant and equipment and investment properties. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from these assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows. As of 31 December 2016, the Group has recognised an accumulated impairment loss in respect of its property, plant and equipment amounting to RM7,067,000 (2015: RM1,667,000). The carrying amounts of property, plant and equipment and investment properties of the Group as of 31 December 2016 are disclosed in Notes 15 and 16 respectively.

5. REVENUE

Revenue of the Group and of the Company consist of the following:

	The Group		**The Company**	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Sale of goods and services	1,669,480	1,670,764	-	-
Sale of completed properties	-	143,859	-	-
Property and car rental income	604	445	-	-
Dividends from:				
Subsidiaries [Note 41(a)]	-	-	29,233	29,884
Associates [Note 41(a)]	-	-	42,588	54,397
Management fee receivable from:				
Subsidiaries [Note 41(a)]	-	-	777	203
Associates [Note 41(a)]	120	-	120	-
	1,670,204	1,815,068	72,718	84,484

6. COST OF SALES

Cost of sales of the Group represents cost of goods and properties sold and services rendered during the financial year.

7. FINANCE COSTS

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest expense on borrowings	18,556	21,168	10,127	12,691
Less: Amount included in property, plant and equipment (Notes 15)	-	(657)	-	-
	18,556	20,511	10,127	12,691

8. INTEREST INCOME

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest income on loans and receivables:				
Bank deposits	6,535	6,411	1,970	2,570
Amount owing by subsidiaries [Note 41(a)]	-	-	1,144	690
	6,535	6,411	3,114	3,260

9. PROFIT BEFORE TAX

Profit before tax is arrived at after the following charges/(credits):

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Employee benefits expense (Note 10)	67,358	63,613	3,992	3,657
Impairment loss on:				
Goodwill (Note 23)	24,850	2,049	-	-
Property, plant and equipment (Note 15)	5,400	1,667	-	-
Depreciation of property, plant and equipment (Note 15)	23,308	22,432	148	132
Rental expenses	9,413	9,471	387	287
Directors' remuneration (Note 11)	4,509	4,300	2,499	2,179
Inventories written down (Note 25)	4,025	5,866	-	-
Allowance for doubtful debts:				
Trade receivables (Note 26)	3,327	9,969	-	-
Depreciation of investment properties (Note 16)	1,815	449	-	-
Allowance for slow-moving inventories (Note 25)	1,501	573	-	-
Property, plant and equipment written off (Note 15)	1,444	-	-	-
Royalty expenses	814	895	-	-
Amortisation of prepaid land lease payments (Note 17)	543	518	-	-
Realised loss on foreign exchange	502	154	-	-
Auditors' remuneration:				
Auditors of the Company	477	443	82	65
Other auditors	66	64	-	-
Incentives from suppliers	(7,573)	(5,351)	-	-
Rental income from land and buildings	(2,060)	(2,052)	-	-
Gain on disposal of property, plant and equipment	(39)	(515)	(13)	-
Reversal of provision for retirement gratuity (Note 34)	-	(15)	-	(15)

10. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Wages and salaries	54,275	50,936	3,430	3,128
Pension costs:				
Defined contribution plans	8,436	7,797	437	409
Defined benefit plans (Note 34)	540	507	-	-
Share-based payments	90	-	90	-
Social security costs	772	685	17	13
Other benefits	3,245	3,688	18	107
	67,358	63,613	3,992	3,657

11. DIRECTORS' REMUNERATION

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors of the Company				
Executive [Note 41(b)]:				
Salaries and other emoluments	1,330	1,383	1,330	1,173
Bonus	157	420	157	420
Fees	7	-	-	-
Share-based payments	291	-	291	-
	1,785	1,803	1,778	1,593
Non-executive:				
Salaries and other emoluments	285	319	90	60
Fees	767	655	631	526
	1,052	974	721	586
	2,837	2,777	2,499	2,179
Directors of subsidiaries				
Executive [Note 41(b)]:				
Salaries and other emoluments	1,415	1,404	-	-
Share-based payments	147	-	-	-
	1,562	1,404	-	-
Non-executive:				
Fees	110	119	-	-
	1,672	1,523	-	-
	4,509	4,300	2,499	2,179

The number of directors of the Company whose total remuneration during the financial year fall within the following bands is as follows:

	Number of Directors	
	2016	2015
Executive directors:		
RM750,001 - RM800,000	-	1
RM800,001 - RM850,000	1	-
RM900,001 - RM950,000	1	-
RM1,000,001 - RM1,050,000	-	1
Non-executive directors:		
Less than RM50,000	-	2
RM50,001 - RM100,000	3	-
RM100,001 - RM150,000	2	3
RM150,001 - RM200,000	1	1
RM350,001 - RM400,000	1	-
RM400,001 - RM450,000	-	1

12. INCOME TAX EXPENSE

Income Tax Recognised in Profit or Loss

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Income tax expense:				
Current year	8,744	14,971	575	272
(Over)/Underprovision in prior years	(609)	1,094	23	264
	8,135	16,065	598	536
Deferred tax (Note 22):				
Relating to origination and reversal of temporary differences	3,390	8,325	-	-
(Over)/Underprovision in prior years	(4,661)	874	-	-
	(1,271)	9,199	-	-
	6,864	25,264	598	536

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

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before tax	82,756	130,235	57,121	67,647
Tax at statutory tax rate of 24% (2015: 25%)	19,861	32,559	13,709	16,912
Tax effects on share of results of a joint venture	(2,810)	(3,888)	-	-
Tax effects on share of results of associates	(31,484)	(25,515)	-	-
Tax effects of:				
Non-deductible expenses	13,853	11,332	4,103	5,161
Non-taxable income	-	-	(17,237)	(21,801)
Deferred tax assets not recognised	12,714	7,604	-	-
Effects of changes in tax rate	-	1,204	-	-
(Over)/Underprovision in prior years:				
Current tax	(609)	1,094	23	264
Deferred tax	(4,661)	874	-	-
	6,864	25,264	598	536

13. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit for the year attributable to owners of the Company by the number of ordinary shares in issue during the financial year.

	The Group	
	2016 RM'000	2015 RM'000
Profit for the year attributable to owners of the Company	66,070	84,002
	2016 '000	2015 '000
Number of ordinary shares in issue	390,711	390,711
	2016	2015
Basic EPS (sen)	16.9	21.5

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the number of ordinary shares that would have been in issue assuming full exercise of the share grant granted under the LTIP of the Company.

	The Group	
	2016 RM'000	2015 RM'000
Profit for the year attributable to owners of the Company	66,070	84,002

	2016 '000	2015 '000
Number of ordinary shares in issue	390,711	390,711
Adjustments for:		
Assumed exercise of LTIP	2,190	-
Number of ordinary shares used in the calculation of diluted earnings per share	392,901	390,711

	2016	2015
Diluted EPS (sen)	16.8	21.5

The effects of dilution of earnings per share in respect of exercise of warrants have not been presented as the average market price of the ordinary shares of the Company is lower than the exercise price for the conversion of the warrants to ordinary shares. The effect would be anti-dilutive to the earnings per share.

14. DIVIDENDS

	The Group and The Company			
	Amount		Net Dividends per Ordinary Share	
	2016 RM'000	2015 RM'000	2016 Sen	2015 Sen
In respect of the financial year ended 31 December 2014:				
Second interim single tier dividend of 4%	-	15,628	-	4
In respect of the financial year ended 31 December 2015:				
First interim single tier dividend of 4%	-	15,628	-	4
Special single tier dividend of 3%	-	11,722	-	3
Second interim single tier dividend of 3%	11,722	-	3	-
In respect of the financial year ended 31 December 2016:				
First interim single tier dividend of 3%	11,722	-	3	-
	23,444	42,978	6	11

On 23 February 2017, the directors declared a second interim single tier dividend of 3% on 390,885,453 ordinary shares amounting to RM11,727,000 in respect of the current financial year ended 31 December 2016 which was paid on 22 March 2017.

15. PROPERTY, PLANT AND EQUIPMENT

The Group 2016	Freehold land RM'000	Buildings RM'000	Building under construction RM'000	Plant and machinery RM'000	Renovations and leasehold improvements RM'000	Furniture, fixtures, fittings equipment and tools and implements RM'000	Motor vehicles RM'000	Capital work in progress RM'000	Total RM'000
Cost									
At 1 January 2016	65,615	177,802	3,026	165,855	62,316	70,314	6,458	3,999	555,385
Additions	-	1,194	-	21,763	4,279	3,151	510	-	30,897
Disposals	-	-	-	-	(468)	(59)	(337)	-	(864)
Write-offs	-	(155)	-	-	(2,293)	(460)	(6)	-	(2,914)
Transfer to investment properties (Note 16)	-	(2,924)	-	-	-	-	-	-	(2,924)
Reclassifications	-	-	(3,026)	-	3,026	4,352	(353)	(3,999)	-
At 31 December 2016	65,615	175,917	-	187,618	66,860	77,298	6,272	-	579,580
Accumulated depreciation									
At 1 January 2016	-	27,143	-	89,858	24,615	51,187	4,783	-	197,586
Depreciation charge for the year	-	4,165	-	6,960	3,409	7,356	1,418	-	23,308
Disposals	-	-	-	-	(209)	(59)	(263)	-	(531)
Write-offs	-	(1)	-	-	(1,235)	(230)	(4)	-	(1,470)
Reclassifications	-	-	-	-	-	104	(104)	-	-
At 31 December 2016	-	31,307	-	96,818	26,580	58,358	5,830	-	218,893
Accumulated impairment loss									
At 1 January 2016	-	1,667	-	-	-	-	-	-	1,667
Charge for the year	-	-	-	5,400	-	-	-	-	5,400
At 31 December 2016	-	1,667	-	5,400	-	-	-	-	7,067
Net book value									
At 31 December 2016	65,615	142,943	-	85,400	40,280	18,940	442	-	353,620

(Forward)

The Group 2015	Freehold land RM'000	Buildings RM'000	Buildings under construction RM'000	Plant and machinery RM'000	Renovations and leasehold improvements RM'000	Furniture, fixtures, fittings equipment and tools and implements RM'000	Motor vehicles RM'000	Capital work in progress RM'000	Total RM'000
Cost									
At 1 January 2015	65,403	144,243	8,959	164,822	59,417	63,318	7,462	-	513,624
Additions	212	1,288	3,026	739	1,159	6,638	906	3,999	17,967
Disposals	-	-	-	(140)	-	(1)	(1,983)	-	(2,124)
Transfer from inventories (Note 25)	-	-	-	-	-	-	73	-	73
Transfer from property development costs (Note 24)	-	25,845	-	-	-	-	-	-	25,845
Reclassifications	-	6,426	(8,959)	434	1,740	359	-	-	-
At 31 December 2015	65,615	177,802	3,026	165,855	62,316	70,314	6,458	3,999	555,385
Accumulated depreciation									
At 1 January 2015	-	23,821	-	82,503	20,491	45,309	4,966	-	177,090
Depreciation charge for the year	-	3,318	-	7,475	4,115	5,902	1,622	-	22,432
Disposals	-	-	-	(130)	-	(1)	(1,805)	-	(1,936)
Reclassifications	-	4	-	10	9	(23)	-	-	-
At 31 December 2015	-	27,143	-	89,858	24,615	51,187	4,783	-	197,586
Accumulated impairment loss									
At 1 January 2015	-	-	-	-	-	-	-	-	-
Charge for the year	-	1,667	-	-	-	-	-	-	1,667
At 31 December 2015	-	1,667	-	-	-	-	-	-	1,667
Net book value									
At 31 December 2015	65,615	148,992	3,026	75,997	37,701	19,127	1,675	3,999	356,132

(Forward)

The Company	Renovations RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2015	725	197	250	1,172
Additions	-	56	-	56
At 31 December 2015/ 1 January 2016	725	253	250	1,228
Additions	-	116	-	116
Disposal	(468)	-	-	(468)
At 31 December 2016	257	369	250	876
Accumulated depreciation				
At 1 January 2015	302	190	129	621
Depreciation charge for the year	78	4	50	132
At 31 December 2015/ 1 January 2016	380	194	179	753
Depreciation charge for the year	51	47	50	148
Disposal	(209)	-	-	(209)
At 31 December 2016	222	241	229	692
Net book value				
At 31 December 2016	35	128	21	184
At 31 December 2015	345	59	71	475

(a) The net book values of property, plant and equipment charged for borrowings, finance lease and hire purchase payables as disclosed in Notes 33, 35 and 36 are as follows:

	The Group	
	2016 RM'000	2015 RM'000
Freehold lands	16,749	16,749
Buildings	71,118	71,946
Plant and machinery	67,030	67,831
Motor vehicles	64	62
	154,961	156,588

(b) Interest expense amounting to RM657,000 was included in additions to buildings under construction of the Group as of 31 December 2015 (Note 7).

(c) During the year, as a result of the unexpected poor performance of the alloy wheel manufacturing plant, the directors carried out an impairment review of the plant and its related equipment. These assets are used in the Group's manufacturing of automotive parts and components segment. Based on the directors' assessment, the recoverable amount of the said assets were determined to be RM67,000,000 and accordingly, an impairment loss of RM5,400,000 was recognised in the current year profit or loss. The recoverable amount of the assets is determined on the basis of their value-in-use. The discount rate used in measuring the value-in-use was 8% per annum.

(d) The impairment loss of RM1,667,000 recognised as of 31 December 2015 represented the write down of certain buildings to their recoverable amount as a result of current market conditions.

16. INVESTMENT PROPERTIES

The Group	Investment properties RM'000	Construction in progress RM'000	Total RM'000
Cost			
At 1 January 2015	17,584	25,341	42,925
Transfer from property development costs (Note 24)	27,293	-	27,293
Additions	1,275	-	1,275
Reclassifications	25,341	(25,341)	-
At 31 December 2015/ 1 January 2016	71,493	-	71,493
Transfer from property, plant and equipment (Note 15)	2,924	-	2,924
At 31 December 2016	74,417	-	74,417
Accumulated Depreciation			
At 1 January 2015	3,157	-	3,157
Depreciation charge for the year	449	-	449
At 31 December 2015/ 1 January 2016	3,606	-	3,606
Depreciation charge for the year	1,815	-	1,815
At 31 December 2016	5,421	-	5,421
Net Book Value			
At 31 December 2015	67,887	-	67,887
At 31 December 2016	68,996	-	68,996

	The Group	
	2016 RM'000	2015 RM'000
Carrying Amounts	68,996	67,887
Representing:		
Investment properties		
Freehold land	2,284	2,284
Buildings	66,712	65,603
	68,996	67,887

Rental income earned by the Group from the investment properties, all of which are leased out under operating leases, amounted to RM2,060,000 (2015: RM1,935,000). Direct operating expenses incurred in respect of the investment properties during the financial year amounted to RM2,766,000 (2015: RM494,952).

Fair value of the investment properties of the Group as of 31 December 2016 is estimated at RM104,861,000 (2015: RM101,937,000) based on directors' assessment of the current prices in an active market for the respective properties within each vicinity.

The fair value of the Group's investment properties is categorised into Level 3 of the fair value hierarchy.

The fair value of investment properties at Level 3 is determined by reference to previous sales of similar properties in the vicinity on a price per square feet basis. Any changes in the price per square feet would result in a higher or lower fair value of the investment properties.

17. PREPAID LAND LEASE PAYMENTS

	The Group	
	2016 RM'000	2015 RM'000
At 1 January	37,908	38,426
Amortisation for the year (Note 9)	(543)	(518)
At 31 December	37,365	37,908
Analysed as:		
Long-term leasehold land	12,722	36,331
Short-term leasehold land	24,643	1,577
	37,365	37,908

At the end of the reporting period, the unexpired lease periods are as follows:

	The Group	
	2016 RM'000	2015 RM'000
Within 1 to 30 years	761	787
Within 31 to 60 years	771	790
Within 61 to 99 years	35,833	36,331
	37,365	37,908

18. INVESTMENT IN SUBSIDIARIES

	The Company	
	2016 RM'000	2015 RM'000
At cost:		
Unquoted shares in Malaysia	500,814	500,814
Less: Accumulated impairment losses	(1,917)	(1,917)
Net	498,897	498,897

Details of the subsidiaries are disclosed in Note 47.

The Company's investment in Hirotako Holdings Berhad ("HHB") with a carrying value amounting to RM409,934,000 (2015: RM409,934,000) has been pledged as collateral to a local bank for a term loan and other credit facilities granted to the Company as disclosed in Note 33.

Subsequent to the financial year, the Company has acquired 100% paid-up capital of F.A. Trucks Sdn Bhd ("FAT"), a subsidiary of Federal Auto Holdings Berhad from the latter as part of the Group's internal restructuring exercise. Following the acquisition FAT become a direct wholly-owned of the Company.

Details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2016 %	2015 %	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Daihatsu (Malaysia) Sdn Bhd ("DMSB")	Malaysia	48.5	48.5	10,289	11,423	249,198	247,623
Individually immaterial subsidiaries with non-controlling interests						17,386	18,040
						266,584	265,663

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	DMSB	
	2016 RM'000	2015 RM'000
Statement of financial position as of 31 December		
Current assets	250,587	248,932
Non-current assets	119,653	121,070
Current liabilities	35,970	36,951
Non-current liabilities	1,655	1,565
Equity attributable to owners of the Company	332,615	331,486
Statement of profit or loss and other comprehensive income for the year ended 31 December		
Revenue	1,018,454	1,078,816
Total comprehensive income	21,221	23,562

19. INVESTMENT IN JOINT VENTURE

	The Group	
	2016 RM'000	2015 RM'000
In Malaysia:		
Unquoted shares, at cost	67,210	67,210
Share of post-acquisition reserves	78,286	81,879
	145,496	149,089

Details of the joint venture are disclosed in Note 48.

The financial year end of the joint venture is coterminous with the financial year end of the Group. For the purpose of applying the equity method of accounting, the share of results of the joint venture is arrived at based on the audited financial statements.

The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with MFRSs:

The Group	2016 RM'000	2015 RM'000
Assets and liabilities		
Non-current assets	46,527	46,390
Current assets	181,883	188,419
Total assets	228,410	234,809
Non-current liabilities	941	-
Current liabilities	47,927	46,963
Total liabilities	48,868	46,963
Results		
Revenue	191,390	230,402
Profit for the year	22,954	30,492
Group's share of profit of joint venture	11,707	15,551

20. INVESTMENT IN ASSOCIATES

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
In Malaysia:				
Unquoted shares, at cost	255,243	255,243	207,043	207,043
Share of post-acquisition reserves	804,646	729,673	-	-
	1,059,889	984,916	207,043	207,043

Details of the associates are disclosed in Note 49.

The summarised financial information of the associates is as follows:

The Group	2016 RM'000	2015 RM'000
Assets and liabilities		
Non-current assets	3,020,761	3,248,084
Current assets	5,038,215	2,085,819
Total assets	8,058,976	5,333,903
Non-current liabilities	98,266	133,626
Current liabilities	1,181,950	1,240,876
Total liabilities	1,280,216	1,374,502
Results		
Revenue	10,073,748	10,168,663
Profit for the year	463,233	413,897
Group's share of profit of associates	131,185	102,061

The financial year ends of the associates are coterminous with the financial year end of the Group, except for Hino Motors Sales (Malaysia) Sdn. Bhd. and Hino Motors Manufacturing (Malaysia) Sdn. Bhd. which have a financial year end of 31 March. For the purpose of applying the equity method of accounting, the share of results of associates are arrived at based on the latest management financial statements as of 31 December 2016.

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance MFRSs:

Perusahaan Otomobil Kedua Sdn. Bhd.	2016 RM'000	2015 RM'000
Assets and liabilities		
Non-current assets	2,876,409	2,905,559
Current assets	1,677,243	1,501,137
Total assets	4,553,652	4,406,696
Non-current liabilities	-	23,664
Current liabilities	815,621	922,993
Total liabilities	815,621	946,657
Results		
Revenue	9,045,784	9,195,264
Profit for the year	463,587	411,663
Total comprehensive income	463,464	412,729

21. HIRE PURCHASE RECEIVABLES

	The Group	
	2016 RM'000	2015 RM'000
Minimum hire purchase receivables:		
Not later than 1 year	1,093	1,093
Less: Future finance charges	-	-
Present value of hire purchase receivables	1,093	1,093
Less: Allowance for doubtful debts	(1,075)	(1,075)
	18	18
Analysed as:		
Net (Note 26)	18	18

The effective interest rate at the end of the reporting period is 9.2% (2015: 9.2%) per annum.

The hire purchase receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Interest is charged on hire purchase receivables on the overdue outstanding balance. The Group has recognised an allowance for doubtful debts of 100% against all hire purchase receivables over 6 months because historical experience has been that hire purchase receivables that are past due beyond 6 months are not recoverable.

The Group has not accepted any new customer since the Group ceased the provision of hire purchase financing in prior years. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers contracted in prior years.

22. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group	
	2016 RM'000	2015 RM'000
At 1 January	(640)	8,559
Recognised in profit or loss (Note 12):		
Property, plant and equipment	1,250	(339)
Inventories	85	352
Trade receivables	401	676
Provision for retirement benefits	31	(15)
Provisions	(48)	6
Difference in method of recognising profit in respect of property development activities for tax and accounting purposes	-	(8,888)
Unutilised reinvestment allowances	-	(200)
Others	(448)	(791)
	1,271	(9,199)
At 31 December	631	(640)

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for the statements of financial position purposes:

	The Group	
	2016 RM'000	2015 RM'000
Deferred tax assets	5,070	4,423
Deferred tax liabilities	(4,439)	(5,063)
	631	(640)

The Finance (No. 2) Act 2014 gazetted on 30 December 2014 enacted the reduction of the corporate income tax rate from 25% to 24% with effect from year of assessment 2016. The applicable tax rates to be used for the measurement of any applicable deferred tax will be the respective rate.

Deferred tax assets/(liabilities) provided in the financial statements are in respect of the tax effects of the following:

	The Group	
	2016 RM'000	2015 RM'000
Deferred tax assets		
Temporary differences arising from:		
Property, plant and equipment	305	352
Inventories	437	352
Trade receivables	1,077	676
Provisions	2,666	2,714
Provision for retirement benefits	396	365
Others	369	817
	5,250	5,276
Offsetting	(180)	(853)
Deferred tax assets (after offsetting)	5,070	4,423
Deferred tax liabilities		
Temporary differences arising from:		
Property, plant and equipment	(4,538)	(5,835)
Others	(81)	(81)
	(4,619)	(5,916)
Offsetting	180	853
Deferred tax liabilities (after offsetting)	(4,439)	(5,063)

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of 31 December 2016, the estimated amount of deductible temporary differences, unused tax losses and unabsorbed capital allowances, for which the net deferred tax assets is not recognised in the financial statements of the Group due to uncertainty of realisation, is as follows:

	The Group	
	2016 RM'000	2015 RM'000
Unused tax losses and unabsorbed capital allowances	249,501	196,525
Temporary differences arising from others	6,559	6,559
	256,060	203,084

The unused tax losses and unabsorbed capital allowances, which are subject to the agreement by the tax authorities, are available for offset against future chargeable income of the Group.

23. GOODWILL ON CONSOLIDATION

	The Group	
	2016 RM'000	2015 RM'000
At beginning of year	182,358	184,407
Impairment loss recognised during the year (Note 9)	(24,850)	(2,049)
At end of year	157,508	182,358

Impairment test for goodwill

Goodwill has been allocated to the Group's cash generating units ("CGUs") identified according to the particular business segment as follows:

	The Group		
	2016 RM'000	2015 RM'000	Pre-tax discount rate
Manufacturing of automotive parts and components	156,840	181,690	11%
Trading of motor vehicles, spare parts and other related activities	668	668	11%
	157,508	182,358	

The recoverable amount of CGU is determined based on value-in-use calculations applying a discounted cash flow model based on financial budgets approved by management covering a five-year period of each CGU with average pre-tax discount rate of 11% (2015: 11%). The directors believe that an average growth rate of 5% per annum is reasonable for cash flow projection purposes.

As of 31 December 2016, the directors have carried out an annual impairment review of the Group's goodwill and accordingly, an amount of RM24,850,000 (2015: RM2,049,000) of goodwill allocated to the manufacturing of automotive parts and component segment has been impaired in the current financial year.

Management believes that any reasonably possible change in the key assumptions would not cause the carrying values of the goodwill to materially exceed their recoverable amounts.

If the estimated pre-tax discount rate applied to the discounted cash flows had been increased by 1 percentage point as of 31 December 2016, the goodwill would not be significantly impacted.

24. PROPERTY DEVELOPMENT COSTS

	The Group	
	2016 RM'000	2015 RM'000
At 1 January	-	141,733
Development costs incurred during the financial year	-	15,178
	-	156,911
Transfer to inventories (Note 25)	-	(7,635)
Transfer to property, plant and equipment (Note 15)	-	(25,845)
Transfer to investment properties (Note 16)	-	(27,293)
Cost recognised in profit or loss in respect of sold completed properties	-	(96,138)
	-	(156,911)
At 31 December	-	-

25. INVENTORIES

	The Group	
	2016 RM'000	2015 RM'000
Completed vehicles	148,563	116,508
Raw materials	8,606	17,921
Work in progress	2,040	997
Parts and consumables	20,058	20,176
Finished goods	8,015	4,392
Unsold completed properties	7,635	7,635
	194,917	167,629
Less: Allowance for slow-moving inventories	(3,066)	(2,015)
	191,851	165,614

During the previous financial year, inventories of RM72,775 were transferred to property, plant and equipment (Note 15).

Movement in allowance for slow-moving inventories:

	The Group	
	2016 RM'000	2015 RM'000
At 1 January	2,015	2,290
Addition (Note 9)	1,501	573
Write off	(450)	(848)
At 31 December	3,066	2,015

Cost of inventories recognised as cost of sales of the Group amounted to RM1,525,744,000 (2015: RM1,495,087,000).

During the financial year, the write down in inventories of the Group to net realisable value amounted to RM4,025,000 (2015: RM5,866,000) and has been recognised as an expense in profit or loss (Note 9).

26. TRADE RECEIVABLES

	The Group	
	2016 RM'000	2015 RM'000
Trade receivables	162,464	149,137
Hire purchase receivables (Note 21)	18	18
	162,482	149,155
Less: Allowance for doubtful debts	(14,188)	(13,820)
Net	148,294	135,335

Trade receivables disclosed above are classified as loans and receivables and therefore measured at amortised cost.

The normal credit periods granted on sales of goods and completed properties range from 14 days to 120 days (2015: 14 days to 120 days). Other credit terms are assessed and approved on a case-by-case basis. Allowance for doubtful debts is recognised against trade receivables between 60 days and 120 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Included in trade receivables of the Group is an amount of RM4,440,000 (2015: RM2,142,000) due from an associate of Perusahaan Otomobil Kedua Sdn. Bhd., an associate of the Group.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the financial year but against which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

The table below is an analysis of trade receivables at the end of the reporting period:

	The Group 2016 RM'000	The Group 2015 RM'000
Neither past due nor impaired	115,881	106,845
Past due but not impaired	32,395	28,472
Past due and impaired	14,188	13,820
	162,464	149,137
Ageing of past due but not impaired		
1 day to 30 days	2,185	2,123
30 days to 60 days	7,694	10,686
60 days to 90 days	5,189	4,215
90 days to 120 days	9,096	5,006
More than 120 days	8,231	6,442
	32,395	28,472
Ageing of past due and impaired		
More than 120 days	14,188	13,820

Movement in allowance for doubtful debts

	The Group 2016 RM'000	The Group 2015 RM'000
At 1 January	13,820	3,939
Amount recognised (Note 9)	3,327	9,969
Written off	(2,959)	(88)
At 31 December	14,188	13,820

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

Analysis of currency exposure profile of trade receivables is as follows:

	The Group 2016 RM'000	The Group 2015 RM'000
Ringgit Malaysia	148,294	134,775
United States Dollar	-	560
	148,294	135,335

27. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits and advances paid	16,524	17,950	140	44
Incentive due from suppliers	3,353	4,600	-	-
Prepaid expenses	3,208	5,144	60	50
Sundry receivables	6,886	7,624	82	98
	29,971	35,318	282	192
Less: Allowance for doubtful debts	(752)	(752)	(37)	(37)
	29,219	34,566	245	155

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

Included in incentive due from suppliers is an amount of RM3,353,000 (2015: RM4,600,000) due from a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd., an associate of the Group.

28. AMOUNT OWING BY SUBSIDIARIES

Analysis of amount owing by subsidiaries is as follows:

	The Company	
	2016 RM'000	2015 RM'000
Interest free	136,994	127,130
Bearing interest at 5% per annum	26,853	24,747
	163,847	151,877

The amount owing by subsidiaries, which arose from non-trade transactions, is unsecured and repayable on demand.

29. AMOUNT OWING BY ASSOCIATES

The amount owing by associates in 2015, which arose from non-trade transactions, was unsecured, interest-free and repayable on demand.

30. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash on hand and at banks	44,721	75,163	1,401	3,620
Deposits with licensed banks	128,250	136,638	44,096	58,502
Cash and bank balances	172,971	211,801	45,497	62,122
Less:				
Restricted cash	(7,378)	(7,395)	(7,378)	(7,395)
Bank overdrafts (Note 33)	(145)	(283)	-	-
Deposits with maturities in excess of 3 months	(66)	(11,065)	-	-
	165,382	193,058	38,119	54,727

The effective interest rates of deposits with licensed banks of the Group and of the Company at the end of the reporting period ranges from 2.50% to 3.95% (2015: 2.86% to 3.90%) per annum.

Restricted cash represents amounts placed under the Security Account and Debt Service Reserve Account which are pledged to a licensed bank for borrowing of the Group and of the Company, as disclosed in Note 33.

The average maturities of deposits with licensed banks of the Group and of the Company at the end of the reporting period ranges from 1 day to 180 days (2015: 1 day to 180 days).

Analysis of currency profile of cash and bank balances is as follows:

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Ringgit Malaysia	172,939	210,519	45,497	62,122
United States Dollar	31	1,281	-	-
Japanese Yen	1	1	-	-
	172,971	211,801	45,497	62,122

31. SHARE CAPITAL

	The Group and The Company	
	2016 RM'000	2015 RM'000
Authorised:		
500,000,000 ordinary shares of RM1.00 each	500,000	500,000
Issued and fully paid:		
390,710,753 ordinary shares of RM1.00 each	390,711	390,711

(a) There were no warrants exercised during the current financial year.

(b) The Company's 73,165,836 warrants were issued on 21 June 2012 together with the listing and quotation for the 73,165,836 Rights Shares on the Main Market of Bursa Malaysia Securities Berhad. The exercise price of the warrants was fixed at RM3.20 per warrant.

Each warrant shall entitle the holder of the warrants to subscribe for a new ordinary share in the Company.

The main features of the warrants are as follows:

(i) The warrants can be exercised at any time within a period of 5 years commencing from the date of issue of the warrants.

(ii) The holders of the warrants shall not be entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company.

(iii) The new shares to be issued arising from the exercise of the Warrants shall upon allotment and issue, rank pari passu in all respects with the existing ordinary shares, except that the new shares to be issued arising from the exercise of warrants shall not be entitled to any distributable income, voting rights, allotment and/or other distribution, the entitlement date of which precedes the date of allotment and issue of the new shares to be issued arising from the exercise of warrants.

(iv) The warrants shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Malaysia Depository Sdn. Bhd.

The number of warrants outstanding as of the end of the reporting period are as follows:

	The Group and The Company	
	2016 '000	2015 '000
At 1 January/31 December	73,090	73,090

(c) The Company has issued an additional 174,700 ordinary shares of RM 1 each on 12 January 2017 following the vesting of the Restricted Share Plan granted under Long Term Incentive Plan as disclosed in Note 44.

32. RESERVES

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-distributable:				
Share premium	500	500	500	500
Revaluation reserve	-	978	-	-
Warrant reserve	44,585	44,585	44,585	44,585
Hedging reserve	(39)	(62)	-	-
Equity-settled employee benefits reserve	528	-	528	-
Distributable:				
Retained earnings	1,169,536	1,126,910	341,632	308,553
	1,215,110	1,172,911	387,245	353,638

(a) **Share premium**

Share premium arose from the issuance of ordinary shares at a premium.

(b) **Revaluation reserve**

Revaluation reserve arose from fair value adjustments relating to property, plant and equipment of an associate.

(c) **Warrant reserve**

Warrant reserve arose from the issue of free warrants in connection with the rights issue completed on 21 June 2012. The warrant reserve was arrived at based on the theoretical fair value of RM0.61 per warrant, using the Black Scholes option pricing model based on the input date.

(d) **Hedging reserve**

The hedging reserve represents the cumulative portion of losses on hedging instruments deemed effective in cash flow hedges of an associate.

(e) **Equity-settled employee benefits reserve**

The equity-settled employee benefits reserve relates to performance shares and restricted shares granted by the Company to employees of the Group under the Long Term Incentive Plan. Further information about share-based payments to employees is set out in Note 44.

(f) **Retained earnings**

At the end of the reporting period, the entire retained earnings of the Company is available for distribution as dividends under the single-tier income tax system.

33. BORROWINGS

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current - at amortised cost				
Secured:				
Term loans	67,653	47,311	60,195	40,185
Bankers' acceptances and trust receipt	67,161	47,530	-	-
Revolving credits	31,292	15,048	-	-
Bank overdrafts (Note 30)	145	283	-	-
	166,251	110,172	60,195	40,185
Non-current - at amortised cost				
Secured:				
Term loans	203,371	263,340	76,556	136,555
Transaction costs (net of annual amortisation)	-	(1,157)	-	(1,157)
	203,371	262,183	76,556	135,398
Total borrowings				
Term loans	271,024	310,651	136,751	176,740
Transaction costs (net of annual amortisation)	-	(1,157)	-	(1,157)
	271,024	309,494	136,751	175,583
Bankers' acceptances and trust receipt	67,161	47,530	-	-
Revolving credits	31,292	15,048	-	-
Bank overdrafts	145	283	-	-
	369,622	372,355	136,751	175,583

The borrowings are repayable as follows:

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current	166,251	110,172	60,195	40,185
Non-current:				
More than 1 year and less than 2 years	82,998	46,935	76,556	40,000
More than 2 years and less than 5 years	32,027	121,296	-	96,555
More than 5 years	88,346	95,109	-	-
	369,622	373,512	136,751	176,740

(a) The secured bank borrowings are secured by the following:

(i) first legal charge on freehold lands, buildings and plant and machineries of certain subsidiaries as disclosed in Note 15;

(ii) a deed of assignment over freehold land owned by a subsidiary as disclosed in Note 15;

(iii) a debenture incorporating a fixed and floating charge over the assets of certain subsidiaries, both present and future;

(iv) corporate guarantees by the Company, the holding company and a subsidiary;

(v) a first party memorandum of deposit of shares on the pledge of the Company's shareholding in Hirotako Holdings Berhad as disclosed in Note 18; and

(vi) a first legal charge over Security Account and Debt Service Reserve Account (Note 30).

(b) The average effective interest rates per annum of the borrowings are as follows:

	The Group		The Company	
	2016 %	2015 %	2016 %	2015 %
Term loans	5.0	5.0	5.9	5.9
Bankers' acceptances and trust receipt	3.2	3.7	-	-
Revolving credits	4.6	4.6	-	-
Bank overdrafts	3.4	6.8	-	-

34. RETIREMENT BENEFITS OBLIGATION

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 January	2,965	3,001	1,400	1,415
Recognised in profit or loss:				
Defined benefit plans (Note 10)	540	507	-	-
Reversal of provision for retirement gratuity (Note 9)	-	(15)	-	(15)
Contribution paid during the year	(450)	(528)	-	-
At 31 December	3,055	2,965	1,400	1,400

Daihatsu Group operates a funded, defined Retirement Benefit Scheme ("Scheme") for its eligible employees. Contributions to the Scheme are made to a separately administered fund. The Company operates an unfunded Scheme for the eligible employees and directors. Under both Schemes, eligible employees are entitled to retirement benefits of final salary on attainment of the retirement age of 55.

The amounts recognised in the statements of financial position are determined as follows:

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Provision for unfunded retirement gratuity	1,400	1,400	1,400	1,400
Present value of funded defined benefit obligations	5,975	6,133	-	-
Fair value of plan assets	(4,320)	(4,568)	-	-
	1,655	1,565	-	-
Total	3,055	2,965	1,400	1,400

The amounts recognised in the profit or loss are as follows:

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Defined benefit plans				
Current service cost	456	424	-	-
Interest cost	84	83	-	-
Total, included in employee benefits expense (Note 10)	540	507	-	-
Retirement gratuity				
Provision no longer required	-	(15)	-	(15)
Total	540	492	-	(15)

The principal actuarial assumptions used are as follows:

	The Group	
	2016 %	2015 %
Discount rate	5.25	5.25
Average salary increase	5.00	5.00

35. FINANCE LEASE PAYABLES

	The Group	
	2016 RM'000	2015 RM'000
Minimum finance lease payments:		
Within one year	2,118	-
Later than 1 year but less than 5 years	3,641	-
	5,759	-
Less: Future finance charges	(498)	-
Present value of finance lease payables	5,261	-

	The Group	
	2016 RM'000	2015 RM'000
Analysed as:		
Due within 1 year	1,787	-
Due within 2 to 5 years	3,474	-
Present value of finance lease payables	5,261	-

The Group leases certain items of manufacturing equipment under finance leases. The average lease term is 3 years (2015: Nil). The Group has options to purchase the equipment for a nominal amount at the end of the lease terms. The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

Interest rates underlying the obligation under the finance lease is fixed at respective contract dates at 7.2% (2015: Nil) per annum.

36. HIRE PURCHASE PAYABLES

	The Group	
	2016 RM'000	2015 RM'000
Minimum hire purchase payments:		
Within one year	16	15
Later than 1 year but less than 5 years	34	51
	50	66
Less: Future finance charges	(7)	(9)
Present value of hire purchase payables	43	57
Analysed as:		
Due within 1 year	14	14
Due within 2 to 5 years	29	43
Present value of hire purchase payables	43	57

The hire purchase payables of the Group as of 31 December 2016 bear effective interest at rates ranging from 3.07% to 3.18% (2015: 3.07% to 3.18%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

The Group's hire purchase payables are secured by the financial institutions' charge over the assets under hire purchase as disclosed in Note 15.

37. PROVISION FOR CLAIMS

	The Group	
	2016 RM'000	2015 RM'000
Claims for compensation	268	268

Provision for claims for compensation is made based on the estimated liability for industrial relations and civil cases. A provision is recognised for industrial relations and civil cases at the end of the reporting period based on an assessment as to the likelihood of such claims crystallising.

38. TRADE PAYABLES

The normal trade credit terms granted to the Group by trade payables ranges from 2 days to 90 days (2015: 2 days to 90 days).

Included in trade payables of the Group are amounts of RM5,929,317 (2015: RM2,957,000) and RM533,210 (2015: RM1,965,000) due to a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd. and Hino Motors Sales (Malaysia) Sdn. Bhd. respectively, associates of the Group.

Analysis of currency exposure profile of trade payables is as follows:

	The Group	
	2016 RM'000	2015 RM'000
Ringgit Malaysia	74,453	68,246
United States Dollar	841	1,412
Euro	53	-
Japanese Yen	-	123
	75,347	69,781

39. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sundry payables	24,845	30,750	95	25
Accruals	17,316	16,554	748	690
Accruals for dealers and salesmen incentives	4,519	6,046	-	-
Deposits received from customers	3,846	3,358	-	-
Advances from other shareholders	192	183	-	-
	50,718	56,891	843	715

Analysis of currency profile of sundry payables is as follows:

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Ringgit Malaysia	24,101	27,532	95	25
Euro	363	2,590	-	-
Korean Won	110	426	-	-
United State Dollar	135	172	-	-
Japanese Yen	76	30	-	-
Singapore Dollar	60	-	-	-
	24,845	30,750	95	25

40. AMOUNT OWING TO HOLDING COMPANY

The amount owing to holding company arose mainly from advances and payment made on behalf which is unsecured, interest-free and repayable on demand.

41. RELATED PARTY TRANSACTIONS

The immediate and ultimate holding company of the Company is Med-Bumikar Mara Sdn. Bhd., a company incorporated in Malaysia.

Related parties and the relationships are described as follows:

Related Parties	Nature of Relationship
Toyota Tsusho Corporation ("TT")	TT is a corporate shareholder of Oriental Metal Industries (M) Sdn. Bhd. ("OMISB"), a subsidiary of the Company
Toyota Tsusho (Malaysia) Sdn. Bhd. ("TTM")	A subsidiary of TT
Central Motor Wheels Co. Ltd. ("CMW")	CMW is a corporate shareholder of OMISB
Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	Perodua is an associate of the Company
Hino Motors Sales (Malaysia) Sdn. Bhd. ("Hino")	Hino is an associate of the Company

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company have the following transactions with related parties during the financial year, which were determined based on negotiated terms agreed between the parties:

	The Group	
	2016 RM'000	2015 RM'000
Purchases from a subsidiary of Perodua	891,534	1,026,707
Purchases from Hino	29,519	30,147
Purchases from TT, its subsidiaries and associates	6,881	6,732
Purchases from TTM, its subsidiaries and associates	1,086	2,076
Royalty fee payable to CMW	264	369
Sales to a subsidiary of Perodua	(36,981)	(31,773)
Sales to TT, its subsidiaries and associates	(157)	(752)
IT cost charged by immediate holding company	(151)	-
Management fee receivable from associates (Note 5)	(120)	-

	The Company	
	2016 RM'000	2015 RM'000
Dividends from:		
Subsidiaries (Note 5)	(29,233)	(29,884)
Associates (Note 5)	(42,588)	(54,397)
Management fee receivable from:		
Subsidiaries (Note 5)	(777)	(203)
Associates (Note 5)	(120)	-
Interest income on advances to subsidiaries (Note 8)	(1,144)	(690)

(b) Compensation of key management personnel is as follows:

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short term employee benefits	2,634	2,926	1,315	1,411
Share-based payment	438	-	291	-
Employees Provident Fund	275	281	172	182
Total compensation of key management personnel	3,347	3,207	1,778	1,593
Consists of amount paid to:				
Executive directors of the Company (Note 11)	1,785	1,803	1,778	1,593
Executive directors of subsidiaries (Note 11)	1,562	1,404	-	-
	3,347	3,207	1,778	1,593

42. CAPITAL COMMITMENTS

As of 31 December 2016, the Group has the following capital commitments in respect of the acquisition of property, plant and equipment:

	The Group	
	2016 RM'000	2015 RM'000
Approved and contracted for	-	9,560
Approved but not contracted for	15,000	20,574
	15,000	30,134

43. OPERATING LEASE COMMITMENTS

Non-cancellable operating lease commitments - as lessee

	The Group	
	2016 RM'000	2015 RM'000
Future minimum rentals payable		
Not later than 1 year	3,619	4,286
More than 1 year and less than 2 years	1,326	4,789
More than 2 years and less than 5 years	219	1,189
	5,164	10,264

Non-cancellable operating lease commitments - as lessor

	The Group	
	2016 RM'000	2015 RM'000
Future minimum rentals receivable		
Not later than 1 year	1,124	181
More than 1 year and less than 2 years	417	80
More than 2 years and less than 5 years	-	31
	1,541	292

44. SHARE-BASED PAYMENTS

The Long-Term Incentive Plan ("LTIP") was implemented on 26 September 2016 for the benefit of eligible employees and executive directors of the Group. The LTIP was approved by shareholders on 19 November 2014.

The salient features of the LTIP are as follows:

(i) The LTIP is comprised of two types of share plans, namely the Restricted Share Plan ("RSP") and Performance Share Plan ("PSP"). The total number of shares which may be granted under both plans shall not exceed in aggregate 10% of the issued and paid-up shared capital of the Company.

(ii) Pursuant to the By-Laws of the LTIP, the LTIP shall be in force for a period of ten (10) years ("LTIP Period") commencing from the effective date. Shares under both the RSP and PSP are issued upon vesting at no consideration to the LTIP grantees.

(iii) The vesting period of the RSP is over the duration of the LTIP Period as may be determined by the LTIP Committee, which may be subjected to individual performance metrics being met and the achievement of certain operational measures.

(iv) The vesting period of the PSP is on a three-year vesting schedule, or other performance period(s) as determined by the LTIP Committee, whereby the PSP grantees are assessed based on certain financial and market performances set by the LTIP Committee over a period of three (3) years, or such timeframe as determined by the LTIP Committee.

(v) Notwithstanding anything set out in the By-Laws and subject always to compliance with the relevant authorities, the Company may, by notice in writing to all grantees whose shares granted but not yet vested under the LTIP, terminate the LTIP at any time during the LTIP duration.

The outstanding number of shares under PSP during the financial year are as follows:

Options series	Number	Grant date	Expiry date	Exercise price RM	Fair value at grant date RM
Grant 1	1,007,600	26.9.2016	30.4.2019	-	1.32

A total of 174,700 shares under RSP were vested on 31 December 2016 with the ordinary shares of the Company being issued on 12 January 2017 as disclosed in Note 31(c). There are no outstanding shares under RSP during the financial year.

Fair value of share grants granted in the year

The weighted average fair value of the share options granted during the financial year is RM1.49. Share grants were priced using the Binomial model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the share grants), and behavioural considerations. Expected volatility for PSP and RSP is based on the historical annualised 3 years volatility.

Inputs into the model	PSP Grant 1	RSP Grant 1
Grant date share price (RM)	2.48	2.48
Expected volatility (%)	21.60	21.60
Option life	31 months	3 months
Dividend yield (%)	2.40	2.40
Risk-free interest rate (%)	2.96	2.96

45. SEGMENT INFORMATION

The information reported to the Group's chief operating decision makers for the purposes of resource allocation and assessment of segment performance is specifically focused on the business segments as follows:

(i) Motor trading: Marketing and distribution of motor vehicles, spare parts and provision of related services.

(ii) Auto parts manufacturing: Manufacturing of automotive parts and components, steel and alloy wheels and discs, noise, vibration and harshness ("NVH") products and provision of tyre assembly services.

(iii) Property development (non-core): Development of Menara MBMR.

(iv) All others: Investment holding, corporate headquarters and other dormant companies.

Information regarding the Group's reportable segments is presented below.

2016	Motor trading RM'000	Auto parts manufacturing RM'000	Property development RM'000	All others RM'000	The Group RM'000
Revenue from external customers	1,468,144	201,928	-	132	1,670,204
Operating profit/(loss) for reportable segments	10,108	(21,363)	(531)	(36,329)	(48,115)
Share of results of a joint venture	-	11,707	-	-	11,707
Share of results of associates	120,213	10,972	-	-	131,185
Finance costs	(1,745)	(4,914)	-	(11,897)	(18,556)
Interest income	4,007	558	-	1,970	6,535
Depreciation and amortisation	(9,951)	(13,127)	(31)	(2,557)	(25,666)
Other significant non-cash items:					
Impairment loss on goodwill	-	-	-	(24,850)	(24,850)
Impairment loss on property, plant and equipment	-	(5,400)	-	-	(5,400)
Inventories written down	(4,025)	-	-	-	(4,025)
Allowance for doubtful debts	(3,327)	-	-	-	(3,327)
Allowance for slow-moving inventories	(1,501)	-	-	-	(1,501)
Property, plant and equipment written off	(1,444)	-	-	-	(1,444)
Capital expenditure	6,790	23,778	-	329	30,897
Segment assets	619,874	397,539	19,699	138,931	1,176,043
Investment in joint venture	-	145,496	-	-	145,496
Investment in associates	985,052	74,837	-	-	1,059,889
Segment liabilities	(168,480)	(158,485)	(4,781)	(177,277)	(509,023)

Information regarding the Group's reportable segments is presented below.

2015	Motor trading RM'000	Auto parts manufacturing RM'000	Property development RM'000	All others RM'000	The Group RM'000
Revenue from external customers	1,497,120	174,017	143,859	72	1,815,068
Operating profit/(loss) for reportable segments	1,006	(9,987)	45,922	(10,218)	26,723
Share of results of a joint venture	-	15,551	-	-	15,551
Share of results of associates	102,061	-	-	-	102,061
Finance costs	(1,742)	(3,962)	-	(14,807)	(20,511)
Interest income	3,176	657	8	2,570	6,411
Depreciation and amortisation	10,324	12,350	19	706	23,399
Other significant non-cash items:					
Inventories written down	5,866	-	-	-	5,866
Impairment loss on goodwill	2,049	-	-	-	2,049
Impairment loss on property, plant and equipment	-	-	-	1,667	1,667
Allowance for doubtful debts	9,969	-	-	-	9,969
Allowance for slow moving inventories	573	-	-	-	573
Capital expenditure	6,790	10,806	103	1,543	19,242
Segment assets	609,057	421,449	22,649	151,196	1,204,351
Investment in joint venture	-	149,089	-	-	149,089
Investment in associates	984,841	75	-	-	984,916
Segment liabilities	(157,957)	(120,227)	(9,528)	(221,359)	(509,071)

Reconciliations of reportable operating segment revenue, profit or loss, assets and liabilities are as follows:

	The Group	
	2016 RM'000	2015 RM'000
Revenue		
Total revenue for the Group's reportable segments	1,670,204	1,815,068
Profit or loss		
Total (loss)/profit for the Group's reportable segments, including finance costs and interest income	(13,880)	35,078
All others	(46,256)	(22,455)
Share of results of a joint venture	11,707	15,551
Share of results of associates	131,185	102,061
Profit before tax, as reported	82,756	130,235
Assets		
Total assets for the Group's reportable segments	1,037,112	1,053,155
All others	138,931	151,196
Investment in joint venture	145,496	149,089
Investment in associates	1,059,889	984,916
Total assets, as reported	2,381,428	2,338,356
Liabilities		
Total liabilities for the Group's reportable segments	331,746	287,712
All others	177,277	221,359
Total liabilities, as reported	509,023	509,071

No analysis of geographical segments is presented as the Group operates principally in Malaysia.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and property, plant and equipment, net of allowances and provisions. Capital additions include the total cost incurred to acquire property, plant and equipment directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of account payables and accruals.

Investment in associates and joint venture: Income from associates and joint venture are allocated as they are specifically attributable to business segments, and correspondingly investment in associates is excluded as segment assets of the Group.

46. FINANCIAL RISK MANAGEMENT

Capital Risk Management

The objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balance. The Group's overall strategy remains unchanged since 2015.

The capital structure of the Group consists of debts and equity.

The Group reviews the capital structure on a regular basis. As part of this review, the Group considers the cost of capital and the risks associated with each class of capital.

Gearing Ratio

The gearing ratio at end of the reporting period was as follows.

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Debts	374,926	373,569	136,751	176,740
Equity	1,872,405	1,829,285	777,956	744,349
Debt to equity ratio	20.02%	20.42%	17.58%	23.74%

Debts are defined as borrowings, hire purchase payables and finance lease payables as disclosed in Notes 33, 35 and 36 respectively.

Equity includes capital, reserves and non-controlling interests.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses), for each class of financial assets, financial liabilities and equity instruments are disclosed in Note 3.

Categories of financial instruments

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Financial assets				
Loans and receivables:				
Hire purchase receivables	18	18	-	-
Trade receivables	148,276	135,317	-	-
Other receivables	26,011	29,422	185	105
Amount owing by subsidiaries	-	-	163,847	151,877
Amount owing by associates	-	11	-	11
Cash and bank balances	172,971	211,801	45,497	62,122
Financial liabilities				
Other financial liabilities:				
Trade payables	75,347	69,781	-	-
Other payables and accrued expenses	46,872	53,533	843	715
Borrowings	369,622	373,512	136,751	176,740
Finance lease payables	5,261	-	-	-
Hire purchase payables	43	57	-	-
Amount owing to holding company	55	192	55	192

Financial Risk Management Objectives and Policies

The operations of the Group are affected by a range of financial risks, including foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group's principal objective in managing financial risk management is to minimise the Group's exposure to these risks below a risk tolerance level approved by the Board and/or costs associated with the financing, investing and operating activities.

Various risk management policies are formulated and approved by the Board of Directors for observation in the day-to-day operations for controlling and managing the risks associated with financial instruments.

Foreign Exchange Risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuation arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are disclosed in the respective notes.

Foreign currency sensitivity analysis

The Group is mainly exposed to the United States dollar, euro, Korean won and Japanese yen.

The following table details the Group's sensitivity to a 10% increase and decrease in the Ringgit Malaysia against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates a gain in the profit or loss where the Ringgit Malaysia strengthens 10% against the relevant currency. For a 10% weakening of the Ringgit Malaysia against the relevant currency, there would be a comparable impact on the profit or loss, the balances below would be negative.

	The Group	
	2016 RM'000	2015 RM'000
United States dollar	101	(26)
Japanese yen	8	15
Euro	42	259
Korean won	11	43
Singapore dollar	6	-

The Group's sensitivity to foreign currency is mainly attributable to the exposure of outstanding receivables and payables, which are denominated in foreign currencies at the end of the reporting period.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the year end exposure does not reflect the exposure during the financial year.

Credit Risk Management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group is exposed to credit risk mainly from trade receivables and other receivables.

The Group extends credit to its customers based upon careful evaluation of the customers' financial condition and credit history. The Group also ensures as far as practicable a large number of customers so as to limit high credit concentration in a customer or customers from a particular market.

The Group's exposure to credit risk in relation to its trade and other receivables, should all its customers fail to perform their obligations as of 31 December 2016, is the carrying amount of these receivables as disclosed in statements of financial position.

The Group places its short-term deposits with credit worthy institutions. The carrying amount of financial assets in the financial statements, net of any provision of losses, represents the Group's maximum exposure to credit risk without taking into account the value of any collateral or other security obtained.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics at the end of the reporting period. The Group defines counterparties having similar characteristics if they are related entities.

Interest Rate Risk Management

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing fixed deposits, short-term and long-term borrowings. The Group has in place prudent investment policies whereby excess funds are only invested in repurchase agreements or placed as fixed deposits with reputable commercial banks. The Group does not at anytime make placements in non-guaranteed, fluctuating, commercial papers and the like.

The Group's and the Company's exposures to interest rates on financial liabilities are detailed below. The sensitivity analyses below have been determined based on the exposure to interest rates for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liabilities at the end of the reporting period will remain unchanged for the whole year. A 50 basis point increase or decrease in the interest rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's and the Company's profit for the year ended 31 December 2016 would be decreased/increased by the following amounts:

	The Group		The Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Decrease/Increase in interest expense on:				
Term loans	1,355	1,553	684	884
Bankers' acceptances	336	238	-	-
Revolving credits	156	75	-	-
Bank overdrafts	1	1	-	-
	1,848	1,867	684	884

Sensitivity analysis is not applicable for hire purchase payables as the interest rate is fixed at the inception of the financing arrangement.

Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-term, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the liquidity analysis for its financial liabilities based on the contractual maturity of these financial instruments. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest contractual date on which the Group can be required to pay.

When the amount payable is not fixed, the amount disclosed has been determined by reference to the fair value as of the end of the reporting period.

The Group	Weighted average rate per annum %	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000
2016						
Financial liabilities						
Non-interest bearing:						
Trade payables		75,346	-	-	-	75,346
Other payables and accrued expenses		46,872	-	-	-	46,872
Amount owing to holding company		55	-	-	-	55
		122,273	-	-	-	122,273
Interest bearing:						
Term loans	5.0	54,718	54,477	111,287	100,873	321,355
Bankers' acceptances	3.2	67,161	-	-	-	67,161
Revolving credits	4.6	31,292	-	-	-	31,292
Bank overdrafts	3.4	145	-	-	-	145
Hire purchase payables	3.1	16	16	18	-	50
Finance lease payables	7.2	2,118	2,118	1,523	-	5,759
		155,450	56,611	112,828	100,873	425,762
		277,723	56,611	112,828	100,873	548,035
2015						
Financial liabilities						
Non-interest bearing:						
Trade payables		69,781	-	-	-	69,781
Other payables and accrued expenses		53,533	-	-	-	53,533
Amount owing to holding company		192	-	-	-	192
		123,506	-	-	-	123,506
Interest bearing:						
Term loans	5.0	83,681	79,423	117,465	112,712	393,281
Bankers' acceptances	3.7	47,530	-	-	-	47,530
Revolving credits	4.6	15,048	-	-	-	15,048
Bank overdrafts	6.8	283	-	-	-	283
Hire purchase payables	3.1	16	16	34	-	66
		146,558	79,439	117,499	112,712	456,208
		270,064	79,439	117,499	112,712	579,714

The Company	Weighted average rate per annum %	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Total RM'000
2016					
Financial liabilities					
Non-interest bearing:					
Accrued expenses		843	-	-	843
Amount owing to holding company		55	-	-	55
		898	-	-	898
Interest bearing:					
Term loans	5.9	46,899	44,532	69,065	160,496
		47,797	44,532	69,065	161,394
2015					
Financial liabilities					
Non-interest bearing:					
Accrued expenses		715	-	-	715
Amount owing to holding company		192	-	-	192
		907	-	-	907
Interest bearing:					
Term loans	5.9	50,440	67,769	80,025	198,234
		51,347	67,769	80,025	199,141

Fair Values

The carrying amounts of the financial assets and financial liabilities of the Group and the Company at the end of the reporting period approximate their fair values due to the relatively short-term maturities of these financial instruments.

Fair value hierarchy

The categorisation of fair value measurements into Level 1, 2 or 3 is defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

47. SUBSIDIARIES

Direct Subsidiaries	Country of Incorporation	Proportion of ownership interest and voting rights 2016 %	2015 %	Principal Activities
Daihatsu (Malaysia) Sdn. Bhd.	Malaysia	51.5	51.5	Marketing and distribution of motor vehicles, spare parts and provision of related motor repair services
Galaxy Waves Sdn. Bhd.	Malaysia	100	100	Investment holding
Summit Vehicles Body Works Sdn. Bhd.	Malaysia	100	100	Non-operating
Oriental Extrusions Sdn. Bhd.	Malaysia	100	100	Investment holding
MBMR Properties Sdn. Bhd.	Malaysia	100	100	Investment holding
Inai Benua Sdn. Bhd.	Malaysia	70	70	Property development
Menara MBMR Holdings Sdn. Bhd.*	Malaysia	70	70	Property management and maintenance of Menara MBMR
Hirotako Holdings Berhad*	Malaysia	99.9	99.9	Investment holding and the provision of management services

Indirect Subsidiaries	Country of Incorporation	Proportion of ownership interest and voting rights 2016 %	2015 %	Principal Activities
DMM Sales Sdn. Bhd.	Malaysia	51.5	51.5	Marketing and distribution of motor vehicles, related spare parts and other related activities
DMM Engineering Sdn. Bhd.	Malaysia	51.5	51.5	Repair and touching-up, construction of vehicles body parts for sale, providing handling and accessories installation services to its related companies, distribution of spare parts and provision of insurance services
DMM Credit Sdn. Bhd.	Malaysia	51.5	51.5	Provision of hire purchase financing. Inactive as of year end
DMM Assembly Services Sdn. Bhd.	Malaysia	51.5	51.5	Provision of insurance services
Federal Auto Holdings Berhad	Malaysia	100	100	Investment holding, letting, maintenance and management of properties and provision of management services
Federal Auto Cars Sdn. Bhd.	Malaysia	100	100	Trading of motor vehicles and spare parts and providing ancillary services

Indirect Subsidiaries	Country of Incorporation	Proportion of ownership interest and voting rights 2016 %	2015 %	Principal Activities
F.A. Wagen Sdn. Bhd.	Malaysia	100	100	Trading of motor vehicles and spare parts and providing ancillary services
F.A. Automobiles (Ipoh) Sdn. Bhd	Malaysia	100	100	Trading of motor vehicles and spare parts and providing ancillary services
F.A. Trucks Sdn. Bhd.	Malaysia	100	100	Marketing and distribution of motor vehicles, spare parts and provision of related motor repair services
FAST Sdn. Bhd.	Malaysia	100	100	Trading of motor vehicle accessories
Kinabalu Motor Assembly Sendirian Berhad	Malaysia	70	70	Trading of motor vehicles
KMA Marketing Sdn. Bhd.	Malaysia	70	70	Trading of motor vehicles and spare parts and providing ancillary services
Fadara Properties Sdn. Bhd.	Malaysia	100	100	Rental and management of properties
Federal Auto Cars Retail Sdn. Bhd.	Malaysia	100	100	Investment holding
F.A. Automobiles Sdn. Bhd.	Malaysia	100	100	Investment holding
F.A. Serve Sdn. Bhd.	Malaysia	100	100	Investment holding
Fadara Trading Sdn. Bhd.	Malaysia	100	100	Non-operating
F.A. Leasing and Credit Sdn. Bhd.	Malaysia	100	100	Non-operating
Liberty Car Rental Sdn. Bhd.	Malaysia	100	100	Non-operating
F.A. Autoprima Sdn. Bhd	Malaysia	100	100	Non-operating
F.A. Autosoft Sdn. Bhd	Malaysia	100	100	Non-operating
Oriental Metal Industries (M) Sdn. Bhd.	Malaysia	78	78	Manufacturing of steel wheel rims for motor vehicles and related activities
OMI Alloy (M) Sdn. Bhd.	Malaysia	78	78	Manufacturing of alloy wheels for motor vehicles and related activities
Hirotako Acoustics Sdn. Bhd.*	Malaysia	99.9	99.9	Manufacture and sale of noise and heat reduction material as well as insulator parts for motor vehicles
PC Ventures Sdn. Bhd.*	Malaysia	99.9	99.9	Investment holding
Hirotako Kein Hing Sdn. Bhd.*^	Malaysia	99.9	99.9	Winding-up
Hirotako Technologies Sdn. Bhd.*	Malaysia	99.9	99.9	Dormant
Duralux Sdn. Bhd.*^	Malaysia	-	99.9	Member's voluntary liquidation was completed on 18 November 2016

* Audited by a firm other than Deloitte PLT.

^ In the process of striking off/winding up

48. JOINT VENTURE

Name of Company	Country of Incorporation	Proportion of ownership interest and voting rights 2016 %	2015 %	Principal Activities
Autoliv Hirotako Sdn. Bhd.*	Malaysia	51	51	Investment holding
Autoliv Hirotako Safety Sdn. Bhd.*	Malaysia	51	51	Manufacture and sale of seat belts for motor vehicles
Autoliv Hirotako SRS Sdn. Bhd.*	Malaysia	51	51	Manufacture and sale of car airbag modules and steering wheels
Autobelt Sdn. Bhd.*	Malaysia	51	51	Dormant

* Audited by a firm other than Deloitte PLT.

49. ASSOCIATES

Name of Company	Country of Incorporation	Proportion of ownership interest and voting rights 2016 %	2015 %	Principal Activities
Perusahaan Otomobil Kedua Sdn. Bhd.*	Malaysia	22.6	22.6	Investment holding, provision for management and administration services, marketing and distribution of motor vehicles and related spare parts
Hino Motors Sales (Malaysia) Sdn. Bhd. *	Malaysia	42	42	Marketing and servicing of commercial vehicles and related spare parts
Hino Motors Manufacturing (Malaysia) Sdn. Bhd.*	Malaysia	42	42	Assemble, manufacturing and distribution trucks and buses of Hino Motors brand
Teck See Plastic Sdn. Bhd.*	Malaysia	22.1	22.1	Manufacture and distribution of plastic articles and products
Nagoya Automobile Malaysia Holding Sdn. Bhd.*	Malaysia	20.6	20.6	Marketing and distribution of motor vehicles, related spare parts and other related activities

* Audited by a firm other than Deloitte PLT.

50. SUPPLEMENTARY INFORMATION

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

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of the retained earnings of the Group and of the Company as of 31 December 2016 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	The Group	
	2016 RM'000	2015 RM'000
Total retained earnings of the Company and its subsidiaries		
Realised	590,929	668,141
Unrealised	(2,692)	(3,873)
	588,237	664,268
Total retained earnings of joint ventures		
Realised	78,286	81,879
Unrealised	-	-
	78,286	81,879
Total retained earnings of associates		
Realised	831,086	752,786
Unrealised	13,979	(81,889)
	845,065	670,897
Less: Consolidation adjustments	(342,052)	(290,134)
Total retained earnings as per statements of financial position (Note 32)	1,169,536	1,126,910

	The Company	
	2016 RM'000	2015 RM'000
Total retained earnings		
Realised	343,032	309,953
Unrealised	(1,400)	(1,400)
Total retained earnings as per statements of financial position (Note 32)	341,632	308,553

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on 20 December 2010. A charge or credit to the profit or loss of a legal entity is deemed realised when it is resulted from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information has been prepared solely for complying with the disclosure requirements as stipulated in the directive of Bursa Securities and is not prepared for any other purposes.

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NOTICE OF TWENTY-THIRD (23RD) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting of the Company will be held at Connexion Conference & Event Centre, Auditorium, Level 3A, No. 7, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur on Thursday, 25 May 2017 at 10.30 a.m. to transact the following businesses:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note 2)**
2. To re-elect Encik Aqil Bin Ahmad Azizuddin who retires pursuant to Article 78 of the Company's Constitution as a Director of the Company. **(Resolution 1)**
3. To re-elect Mr Low Hin Choong who retires pursuant to Article 78 of the Company's Constitution as a Director of the Company. **(Resolution 2)**
4. To re-elect Ms Wong Fay Lee who retires pursuant to Article 78 of the Company's Constitution as a Director of the Company. **(Resolution 3)**
5. To approve the payment of Directors' fees of RM631,000 for the financial year ended 31 December 2016 (2015 fees: RM526,000). **(Resolution 4)**
6. To re-appoint Messrs Deloitte PLT as Auditors of the Company and authority be hereby given to the Directors of the Company to fix their remuneration. **(Resolution 5)**

Special Business

To consider and if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions of the Company:-

7. **ORDINARY RESOLUTION I** **(Resolution 6)**
APPROVAL OF PAYMENT OF GRATUITY TO MR LOOI KOK LOON

"THAT a gratuity payment of RM192,000 to Mr. Looi Kok Loon, the former Group Managing Director of the Company in recognition and appreciation of his long service and contribution to the Company since 1 March 2006 be hereby approved."

8. **ORDINARY RESOLUTION II** **(Resolution 7)**

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR THE COMPANY AND/OR ITS SUBSIDIARIES TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH RELATED PARTIES ("PROPOSED SHAREHOLDERS' MANDATE")

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 1.3 of Part B of the Circular to Shareholders dated 28 April 2017 ("the Related Parties") provided that such transactions and/or arrangements are:-

(a) necessary for the day-to-day operations;
(b) undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
(c) are not prejudicial to the minority shareholders of the Company

("the Proposed Shareholders' Mandate")

THAT such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed; or
(b) the expiration of the period within the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is the earliest;

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

9. **ORDINARY RESOLUTION III** **(Resolution 8)**

PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PER CENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES ("PROPOSED SHARE BUY-BACK")

"THAT subject to provisions of the Companies Act 2016 ("the Act"), the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and all other applicable laws, regulations and guidelines, the Company be and is hereby authorised to allocate the maximum amount of funds not exceeding the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) for the purpose of purchasing such amount of ordinary shares in the Company ("MBMR Shares") on the stock market of Bursa Securities at any time as may be determined by the Directors of the Company provided that the aggregate number of MBMR Shares which may be purchased and/or held by the Company shall not exceed ten per cent (10%) of the total number of issued shares of the Company;

THAT upon completion of the purchase by the Company of its own shares, the Directors are authorised to deal with the MBMR Shares in the following manner:-

i) to cancel the MBMR Shares so purchased; or
ii) to retain the MBMR Shares so purchased as treasury shares for distribution as dividends to shareholders and/or resell the treasury shares on the stock market of Bursa Securities in accordance with the relevant rules of Bursa Securities; or
iii) combination of (i) and (ii) above;

and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Listing Requirements and any other relevant authority for the time being in force;

AND THAT the Directors be and are hereby empowered to carry out the above and such authority conferred by this resolution will be effective upon the passing of this resolution and will continue to be in force until:

i) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which this resolution is passed, at which time it will lapse, unless by an ordinary resolution passed at such AGM, the authority is renewed, either unconditionally or subject to conditions; or
ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

whichever occurs first;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things as they may deem fit, expedient and necessary in the best interest of the Company to give full effect to the Proposed Share Buy-Back contemplated and/or authorised by this resolution."

10. To consider any other business of which due notice shall be given in accordance with the Companies Act 2016.

By Order of the Board
WONG PEIR CHYUN (MAICSA 7018710)
WONG WAI FOONG (MAICSA 7001358)
Company Secretaries
Kuala Lumpur
28 April 2017

NOTES:-

1. Appointment of Proxy

(a) A member entitled to attend and vote at the Meeting is entitled to appoint proxy(ies) (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy may but need not be a member of the Company.

(b) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's Seal or under the hand of an officer or attorney duly authorised.

(c) A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meetings. Where a member appoints two proxies, the appointment shall be invalid unless the member specifies the proportions of his/her shareholdings to be represented by each proxy.

(d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(e) Where a member of the Company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(f) Where the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

(g) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

(h) Only the members whose names appear on the Record of Depositors as at 18 May 2017 shall be entitled to attend and vote at this meeting or appoint proxy (proxies) to attend and vote on their behalf.

2. Audited Financial Statements for the financial year ended 31 December 2016

The Audited Financial Statement in Agenda 1 is meant for discussion only as the approval of shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this Agenda is not put forward for voting by shareholders.

3. Explanatory Notes on Special Business

(i) Resolution 6 – Approval of Payment of Gratuity to Mr Looi Kok Loon

This resolution, if passed, will give approval to the Company to make payment of gratuity amounting to RM192,000 to Mr Looi Kok Loon, the former Group Managing Director of the Company in recognition and appreciation of his long service and contribution to the Company.

(ii) Resolution 7 – Proposed Shareholders' Mandate

This resolution, if passed, will authorise the Company and each of its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature in the ordinary course of business. For further information on the recurrent related party transactions, please refer to the Circular to Shareholders dated 28 April 2017 enclosed together with the Company's Annual Report 2016.

(iii) Resolution 8 – Proposed Share Buy-Back

This resolution, if passed, will give the Company the authority to purchase its own ordinary shares of up to ten per cent (10%) of the total number of issued shares of the Company.

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COMPANY NO. 284496-V

MBM RESOURCES BERHAD
(284496-V) (Incorporated in Malaysia)

PROXY FORM

No of shares held	CDS Account No.

I/We ______________________________ NRIC No. ______________________

of ____

being a member/members of the Company, hereby appoint ______________________________

NRIC No. ______________________ of ______________________________

or failing him/her, ______________________________ NRIC No. ______________________

of ____

or failing him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the 23rd Annual General Meeting of the Company, to be held at Connexion Conference & Event Centre, Auditorium, Level 3A, No. 7, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur on Thursday, 25 May 2017 at 10.30 a.m. and, at every adjournment thereof *for/against the resolution(s) to be proposed thereat.

Item	AGENDA	Resolution	For	Against
1.	**Ordinary Business** Receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon.			
2.	Re-election of Encik Aqil Bin Ahmad Azizuddin who retires pursuant to Article 78 of the Company's Constitution.	1		
3.	Re-election of Mr Low Hin Choong who retires pursuant to Article 78 of the Company's Constitution.	2		
4.	Re-election of Ms Wong Fay Lee who retires pursuant to Article 78 of the Company's Constitution.	3		
5.	Approval of Directors' fees for the financial year ended 31 December 2016.	4		
6.	Re-appointment of Messrs Deloitte PLT as Auditors and to authorise the Directors to fix their remuneration.	5		
7.	**Special Business** Approval of payment of gratuity to Mr Looi Kok Loon.	6		
8.	Proposed Shareholders' Mandate.	7		
9.	Proposed Share Buy-Back.	8		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fits.

As witness my hand, this .... day of 2017

....
Signature or Common Seal of Member(s)

**Strike out whichever is not desired. (Unless otherwise instructed, the proxy may vote as he thinks fit)*

Notes:

i. A member entitled to attend and vote at the Meeting is entitled to appoint proxy(ies) (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy may but need not be a member of the Company.

ii. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's Seal or under the hand of an officer or attorney duly authorised.

iii. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two proxies, the appointment shall be invalid unless the member specifies the proportions of his/her shareholdings to be represented by each proxy.

iv. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

v. Where a member of the Company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

vi Where the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

vii. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

viii. Only the members whose names appear on the Record of Depositors as at 18 May 2017 shall be entitled to attend and vote at this meeting or appoint proxy (proxies) to attend and vote on their behalf.

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AFFIX
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MBM RESOURCES BERHAD

The Share Registrar
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

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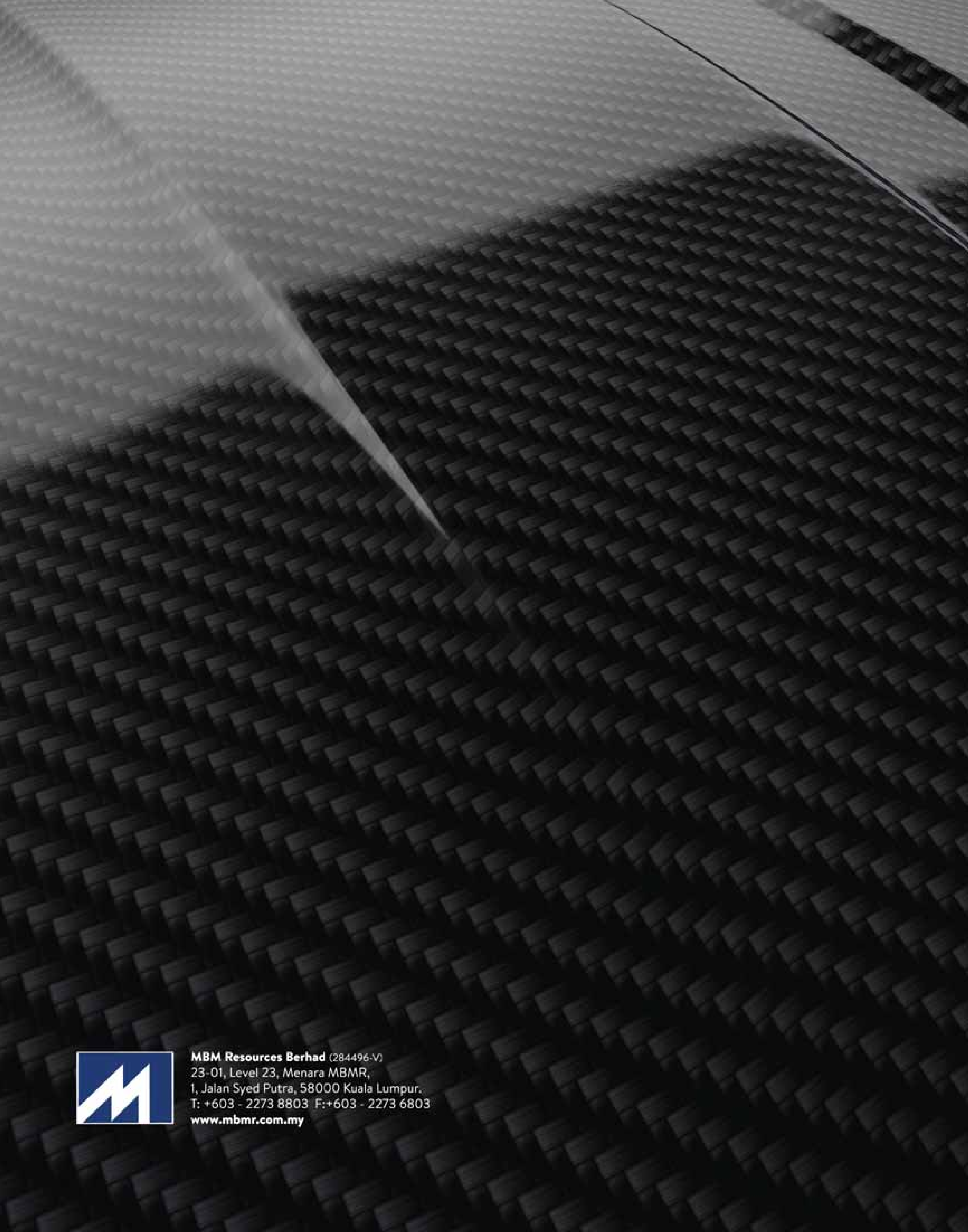
1st fold line



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