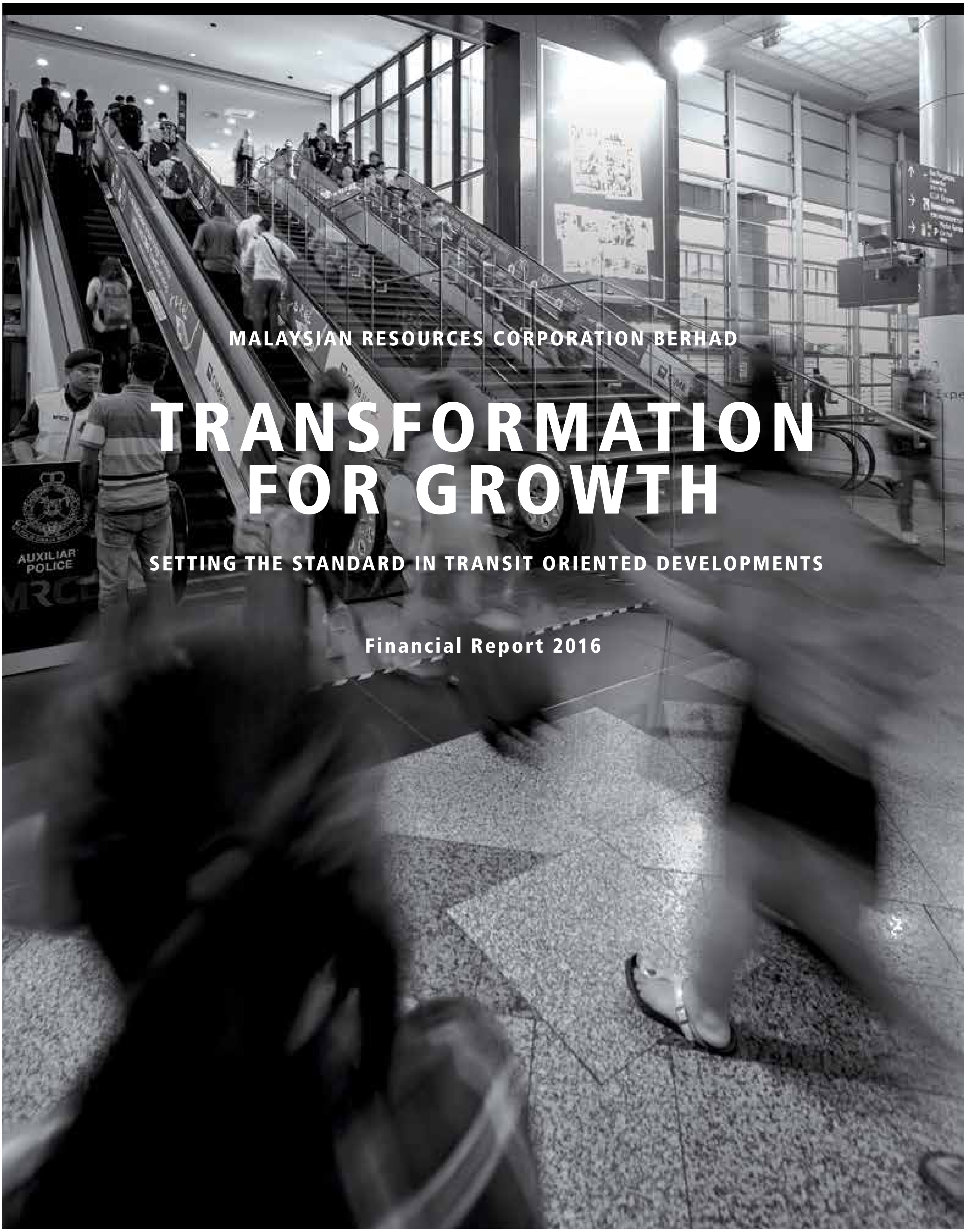

MALAYSIAN RESOURCES CORPORATION BERHAD

TRANSFORMATION FOR GROWTH

SETTING THE STANDARD IN TRANSIT ORIENTED DEVELOPMENTS

Financial Report 2016

TRANSFORMATION FOR GROWTH

Kuala Lumpur Sentral (KL Sentral) CBD

At MRCB, we are committed to creating and delivering innovative and sustainable property and infrastructure solutions for future generations.

We create developments that leave a positive impact by setting world standards for safety, innovation and sustainability.

Our environments are places where people feel comfortable and allow them to be the best that they can be.

We believe that a diverse and inclusive workplace not only means people feel valued, it helps build a better, stronger and more innovative MRCB.

Ultimately, we understand that the decisions we make today, affects the lives of people tomorrow. We are MRCB, Setting the Standard.

In order to provide our various Stakeholders a complete and integrated picture of the Group, we have published a comprehensive report of our business operations.

Annual Report

AR

Contents
Provides a comprehensive assessment of the Group's performance for 2016 and outlook for 2017.

Regulations Complied
- Bursa Malaysia Main Market Listing Requirements.

Financial Report

FS

Contents
Presents the full set of the Group's audited financial statements.

Regulations Complied
- Financial Reporting Standards.

Online Version

Scan the above QR code to view our Annual Report & Financial Report 2016 in online version.

WHAT'S INSIDE

THE FINANCIALS

2016 AT A GLANCE

REVENUE GROWTH
+42%
RM2,408 million

PRETAX PROFIT GROWTH
+6%
RM393 million

SHAREHOLDERS' FUNDS
+29%
RM2,926 million

NET ASSETS PER SHARE
RM1.36

RETURN ON TOTAL NET ASSETS
9%

REDUCTION IN NET GEARING
43%

DIVIDEND PER SHARE
2.75sen

DEVELOPMENT LAND BANK
400acres

LAND BANK ESTIMATED GDV
RM49billion

EXTERNAL ORDER BOOK
RM7.0billion

BASIC EARNINGS PER SHARE
14sen

* All figures as at 31 December 2016

DIRECTORS' REPORT

The Directors are pleased to submit their annual report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The Company also engages in property development, property investment, construction related activities, environmental engineering and provision of management services to its subsidiaries.

The Group is principally engaged in property development, property investment, engineering and construction related activities, environmental engineering, infrastructure and facilities management and parking services.

There has been no significant change in the nature of these activities of the Group and of the Company during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
Equity holders of the Company	267,360	222,943
Non-controlling interests	51,737	-
	319,097	222,943

DIVIDENDS

As disclosed in the Directors' report for the financial year ended 31 December 2015, the Directors on 18 December 2015 declared a single tier interim dividend of 2.5% or 2.5 sen per ordinary share, amounting to RM44,664,823 and the dividend was paid on 24 February 2016.

The Directors recommend the payment of a first and final single tier dividend in respect of the financial year ended 31 December 2016 of 2.75% or 2.75 sen per ordinary share, amounting to approximately RM59.1 million at the date of this report which is subject to the approval of the members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Azlan Mohd Zainol (Chairman)
Tan Sri Mohamad Salim Fateh Din (Group Managing Director)
Mohd Imran Tan Sri Mohamad Salim (Executive Director)
Datuk Shahril Ridza Ridzuan
Rohaya Mohammad Yusof
Jamaludin Zakaria
Hasman Yusri Yusoff
Chuah Mei Lin (Demised on 6 January 2017)

In accordance with Articles 101 and 102 of the Company's Articles of Association, Tan Sri Mohamad Salim Fateh Din and Rohaya Mohammad Yusof retire from office at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for options over shares granted by the Company to Executive Directors of the Group pursuant to the Employees' Share Option Scheme ("ESOS").

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than Directors' remuneration and benefits 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 he is a member, or with a company in which he has a substantial financial interest.

According to the Register of Directors' Shareholdings, particulars of the interests of the Directors who held office at the end of the financial year in shares, options and warrants over shares in the Company and its related corporations were as follows:

	No. of ordinary shares of RM1.00 each			
Company	**At 1.1.2016**	**Acquired**	**Sold**	**At 31.12.2016**
Direct				
Tan Sri Azlan Mohd Zainol	120,000	-	-	120,000
Datuk Shahril Ridza Ridzuan	500,000	-	-	500,000
Indirect				
Tan Sri Azlan Mohd Zainol*	30,000	-	-	30,000
Tan Sri Mohamad Salim Fateh Din**	298,322,581	60,000,000	-	358,322,581

	No. of options over ordinary shares of RM1.00 each			
	At 1.1.2016	**Granted**	**Exercised**	**At 31.12.2016**
Direct				
Tan Sri Mohamad Salim Fateh Din	-	1,750,000	-	1,750,000
Mohd Imran Tan Sri Mohamad Salim	-	1,312,500	-	1,312,500

	No. of warrants over ordinary shares of RM1.00 each			
	At 1.1.2016	**Granted**	**Sold**	**At 31.12.2016**
Direct				
Datuk Shahril Ridza Ridzuan	166,667	-	-	166,667
Indirect				
Tan Sri Mohamad Salim Fateh Din**	85,235,023	-	(5,100,000)	80,135,023

* Deemed interest by virtue of his shareholding in Edenview Projects Sdn. Bhd..

** Deemed interest by virtue of his shareholding in Gapurna Sdn. Bhd. which in turn holds an equity interest of 16.71% (2015: 16.70%) in the Company. The addition of the shares were acquired through the Private Placement as disclosed in Note 49(c) to the financial statements.

The other Directors in office at the end of the financial year did not hold any interest in shares, options and warrants over shares or debentures of the Company and its related corporations during the financial year.

DIRECTORS' REPORT (CONTINUED)

ISSUE OF SHARES

During the financial year, 357,318,171 new ordinary shares of RM1.00 each were issued by the Company pursuant to the Private Placement as disclosed in Note 49(c) to the financial statements. The purpose of the Private Placement was to fund the Group's borrowing commitment and general working capital requirements.

There were also 130,000 new ordinary shares of RM1.00 each issued by the Company for cash by virtue of the exercise of options pursuant to the Company's Employees' Share Option Scheme at the exercise price of RM1.30 per share as part of the Company's long term plan to incentivise and retain employees.

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

EMPLOYEES' SHARE OPTION SCHEME

The Malaysian Resources Corporation Berhad's Employees' Share Option Scheme (2007/2012 ESOS or the Scheme) was approved by shareholders at an Extraordinary General Meeting held on 29 May 2007 and became effective on 31 October 2007 for a period of five (5) years.

On 25 October 2012, the Board of Directors of the Company had approved the extension of the ESOS for another five (5) years. The expiry date is revised from 30 October 2012 to 30 October 2017.

The details of the 2007/2017 ESOS are contained in the By-Laws and the salient features thereof are set out in Note 32 to the financial statements.

On 31 May 2016, the shareholders of the Company at the Annual General Meeting had approved the granting of a total of 3,062,500 options under the Scheme to the following Directors:

Name	Number of options over ordinary shares of RM1.00 each
Tan Sri Mohamad Salim Fateh Din	1,750,000
Mohd Imran Tan Sri Mohamad Salim	1,312,500

On 16 November 2016, the ESOS Committee of the Company had approved the granting of 49,341,125 options under the Scheme of which 47,492,500 options were granted and vested.

On 27 January 2017, the Company has been granted an exemption by the Companies Commission of Malaysia from having to disclose in this report the names of the persons with number of outstanding options less than 225,000 units.

DIRECTORS' REPORT (CONTINUED)

EMPLOYEES' SHARE OPTION SCHEME (CONTINUED)

The names and the number of options granted and accepted but not exercised during the financial year in respect of the 2007/2017 ESOS, for 225,000 options and in excess are as follows:

Name	Number of options over ordinary shares of RM1.00 each
Ann Wan Tee	375,000
Kwan Joon Hoe	375,000
Cheong Yi-Pui	350,000
Neoh Phaik Hoon	350,000
Nor Izzati Tan Sri Mohamad Salim	306,250
Kam Ther Hwa	268,750
Dato' Ishak Bin Haji Mohamed	225,000
Datuk Dell Akbar Bin Hyder Khan	225,000
Lok Ngai Hey	225,000
Wong Hong Yeong	225,000

There were no options granted to the Directors for the above batch as at the date of this report.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(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 satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

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

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

(a) which would render the amounts written off for bad debts or 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 render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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 affect the ability of the Group or of the Company to meet their obligations when they fall due.

DIRECTORS' REPORT (CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

In the opinion of the Directors:

(a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for the significant events during the financial year as disclosed in Note 49 to the financial statements; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made, except for the significant events subsequent to the financial year as disclosed in Note 50 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors dated 29 March 2017.

TAN SRI MOHAMAD SALIM FATEH DIN
Group Managing Director

HASMAN YUSRI YUSOFF
Director

STATEMENTS BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Tan Sri Mohamad Salim Fateh Din and Hasman Yusri Yusoff, two of the Directors of Malaysian Resources Corporation Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 14 to 132 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2016 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The information set out in Note 52 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to the Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

In accordance with a resolution of the Board of Directors dated 29 March 2017.

TAN SRI MOHAMAD SALIM FATEH DIN
Group Managing Director

HASMAN YUSRI YUSOFF
Director

STATUTORY DECLARATION

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

I, Ann Wan Tee, the Officer primarily responsible for the financial management of Malaysian Resources Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 14 to 132 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.

ANN WAN TEE

Subscribed and solemnly declared by the above named Ann Wan Tee in the State of Wilayah Persekutuan, Kuala Lumpur, Malaysia on 29 March 2017.

Before me,

PESURUHJAYA SUMPAH
No W533
Nama: YM TENGKU FARIDDUDIN BIN TENGKU SULAIMAN
MALAYSIA

COMMISSIONER FOR OATHS

205, Bangunan Loke Yew
4, Jln Mahkamah Persekutuan
50050 Kuala Lumpur (W.P.)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia) (Company No. 7994 D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Malaysian Resources Corporation Berhad ("the Company") and its subsidiaries ("the Group") 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 Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 132.

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.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of Group and the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters	How our audit addressed the Key audit matters
Revenue recognition – Property development and construction contracts – RM2,060,676,000 *Refer to page 38 (Note 2.9(a) and (b) – Summary of Significant Accounting Policies – Property Development Activities), page 39 (Note 2.13 – Summary of Significant Accounting Policies – Construction Contracts), page 48 (Note 3(a) – Critical accounting estimates and judgements) and page 54 (Note 6 – Revenue)* The Group and the Company recognise property development and construction contracts revenue in the statements of comprehensive income by using the stage of completion method. The stage of completion is measured by reference to the proportion of actual costs incurred for work performed to date to the estimated total costs for the project. Property development and construction contracts accounting is inherently complex and we focused on this area because there are significant estimates and judgement involved in the following areas: • Determination of stage of completion • Extent of construction costs incurred to date • Estimated total construction costs • Estimation of provision due to liquidated ascertained damages against revenue	We performed the following audit procedures: • We tested the operating effectiveness of key controls in respect of the revenue recognition process involving construction contracts in particular around the budgeting process of total estimated construction costs and the continuous review process of these budgets. In addition, controls over the accounting process of costs incurred for work done to date was also tested. • We tested reasonableness of the estimated total construction costs based on approved budgets to supporting documentation such as contracts, quotations and change order documentation with main or sub-contractors. We also sought appropriate evidence including the Group's and Company's expert opinions (including contract claim consultants and lawyers) to support key judgements inherent in the project costs on a sample basis, particularly around disputes or unresolved negotiations with employers and subcontractors. • We tested a sample of costs incurred to date on significant projects to relevant documents such as sub-contractor claim certificates, verified by the Group's and Company's internal quantity surveyor or the employers. • In respect of construction contracts, we also tested key judgments by management in estimating the total construction costs and accruals for costs to complete through the reading of executive committee meeting minutes, reading correspondences with employers and sub-contractors, and obtaining audit evidence on employers or sub-contractors disputes from in-house or external legal counsel. We discussed with management on instances of material uncertified value of costs submitted and the level of accruals held against these amounts to ensure that the amount recorded are reasonable and supported. • We tested actual sales of development properties to signed sales and purchase agreements and billings raised to unit buyers. • We agreed total construction contract project revenue on a sample basis to supporting documentation comprising construction contracts, approved variation orders and correspondences with employers. In instances where projects have been delayed, we have tested management's estimates of the liquidated ascertained damages provisions required to supporting documentation such as correspondences with employers or consultants, extension of time approvals and work progress reports indicating reasons for delays. • On a test basis we checked the mathematical calculation of the percentage of completion and we ensured that the percentage of revenue and costs recognised in the statements of comprehensive income is appropriate. We also tested the journal entries to ensure the revenue and costs are recorded appropriately. Based on our procedures, we noted no material exception in the revenue recognition of property development and construction contracts.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 Directors' Report and contents in 2016 Annual Reports, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

(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 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(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.

(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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 47 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 52 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

SHIRLEY GOH
01778/08/2018 J
Chartered Accountant

Kuala Lumpur
29 March 2017

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	6	2,408,072	1,696,727	601,986	455,623
Cost of sales	7	(1,841,081)	(1,242,899)	(283,719)	(97,918)
Gross profit		566,991	453,828	318,267	357,705
Other income	8	276,743	347,809	46,014	11,472
Selling and distribution costs		(49,193)	(50,332)	(1,108)	(2,052)
Administrative expenses		(169,863)	(175,856)	(72,987)	(87,181)
Other operating expenses		(112,254)	(67,705)	(32,707)	(8,559)
Finance income	8	23,466	39,329	7,704	3,863
Finance costs	12	(175,922)	(184,843)	(40,001)	(38,804)
Share of results of associates	20	26,348	16,007	-	-
Share of results of joint ventures	21	6,313	(8,125)	-	-
Profit before income tax	9	392,629	370,112	225,182	236,444
Income tax expense	13	(73,532)	(6,083)	(2,239)	(2,053)
Profit for the financial year		319,097	364,029	222,943	234,391

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Profit for the financial year		319,097	364,029	222,943	234,391
Other comprehensive income/(loss) for the financial year, net of tax:					
Item that may be reclassified subsequently to comprehensive income					
- currency translation differences		6	448	-	-
- share of associate's (loss)/gain on re-measurement of financial derivatives		(1,017)	502	-	-
Total comprehensive income for the financial year, net of tax		318,086	364,979	222,943	234,391
Profit for the financial year attributable to:					
Equity holders of the Company		267,360	330,392	222,943	234,391
Non-controlling interests	19	51,737	33,637	-	-
		319,097	364,029	222,943	234,391
Total comprehensive income for the financial year attributable to:					
Equity holders of the Company		266,349	331,342	222,943	234,391
Non-controlling interests	19	51,737	33,637	-	-
		318,086	364,979	222,943	234,391
Earnings per share attributable to the ordinary equity holders of the Company during the financial year (sen)					
Basic and diluted earnings	14	13.80	18.50		

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	437,823	337,465	1,926	2,393
Investment properties	16	520,077	413,517	-	-
Land held for property development	17(a)	1,767,639	1,786,892	-	-
Service concession asset	18	1,176,347	1,209,992	-	-
Subsidiaries	19	-	-	2,408,374	2,032,636
Associates	20	289,320	241,905	442,763	335,763
Joint ventures	21	12,545	6,162	-	-
Long term loan and receivables	22	34,497	5,253	29,011	-
Available for sale financial assets	23	577	577	577	577
Intangible assets	24	252,868	317,073	-	-
Deferred tax assets	25	96,588	76,705	-	-
		4,588,281	4,395,541	2,882,651	2,371,369
Current assets					
Inventories	26	57,521	63,103	5,921	7,220
Property development costs	17(b)	759,287	488,610	-	-
Trade and other receivables	27	1,334,888	1,095,102	237,361	231,251
Amounts due from subsidiaries	27	-	-	534,760	585,529
Amounts due from associates and joint ventures	27	19,981	18,702	15,218	17,282
Tax recoverable		22,217	26,762	1,070	-
Financial assets at fair value through profit or loss	29	2,255	2,381	2,255	2,381
Deposits, cash and bank balances	30	722,157	521,508	139,673	92,525
		2,918,306	2,216,168	936,258	936,188
Assets held for sale	31	-	478,088	-	54,576
Total assets		7,506,587	7,089,797	3,818,909	3,362,133

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
EQUITY					
Equity attributable to the equity holders of the Company					
Share capital	32	2,144,039	1,786,591	2,144,039	1,786,591
Share premium	33	372,391	327,950	372,391	327,950
Retained earnings		344,311	83,153	407,710	184,121
Other reserves		65,080	62,453	36,082	32,186
		2,925,821	2,260,147	2,960,222	2,330,848
Non-controlling interests	19	99,221	52,624	-	-
Total equity		3,025,042	2,312,771	2,960,222	2,330,848
LIABILITIES					
Non-current liabilities					
Senior and Junior Sukuk	36	1,058,477	1,058,464	-	-
Post-employment benefit obligations	37	14,935	16,307	6,953	6,537
Long term borrowings	38	1,072,304	1,286,785	333,366	432,275
Long term liabilities	39	2,915	622	-	-
Government grant	40	62,971	33,024	-	-
Deferred tax liabilities	25	80,368	85,293	-	-
		2,291,970	2,480,495	340,319	438,812
Current liabilities					
Loan stock at cost	34	-	7,000	-	-
Provisions for other liabilities and charges	35	26,117	10,510	-	-
Trade and other payables	41	1,314,575	1,177,904	124,117	73,774
Amounts due to subsidiaries	41	-	-	44,251	134,435
Current tax liabilities		42,552	3,100	-	-
Short term borrowings	43	806,331	1,042,126	350,000	339,600
Dividend payable	51	-	44,664	-	44,664
		2,189,575	2,285,304	518,368	592,473
Liabilities associated with assets held for sale	31	-	11,227	-	-
Total liabilities		4,481,545	4,777,026	858,687	1,031,285
Total equity and liabilities		7,506,587	7,089,797	3,818,909	3,362,133

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Attributable to equity holders of the Company						
	Share capital (Note 32) RM'000	**Share premium (Note 33) RM'000**	**Other reserves (Note(a)) RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2016	1,786,591	327,950	62,453	83,153	2,260,147	52,624	2,312,771
Comprehensive profit							
- Profit for the financial year	-	-	-	267,360	267,360	51,737	319,097
Other comprehensive income/(loss)							
- Currency translation differences	-	-	6	-	6	-	6
- Share of associate's loss on re-measurement of financial derivatives	-	-	(1,017)	-	(1,017)	-	(1,017)
- Post-employment benefit obligations	-	-	(258)	258	-	-	-
Total comprehensive income/(loss)	-	-	(1,269)	267,618	266,349	51,737	318,086
Transactions with owners							
Issuance of: (Note 49(c))							
- ordinary shares	357,318	44,385	-	-	401,703	-	401,703
Acquisition of additional equity interest in subsidiaries	-	-	-	(7,106)	(7,106)	23	(7,083)
Employees' share option scheme (Note 32)							
- options granted	-	-	4,559	-	4,559	-	4,559
- options exercised	130	56	(17)	-	169	-	169
- options lapsed	-	-	(646)	646	-	-	-
Dividends paid for financial year ended 31 December 2016	-	-	-	-	-	(5,163)	(5,163)
Total transactions with owners	357,448	44,441	3,896	(6,460)	399,325	(5,140)	394,185
At 31 December 2016	2,144,039	372,391	65,080	344,311	2,925,821	99,221	3,025,042

	Attributable to equity holders of the Company						
	Share capital (Note 32) RM'000	Share premium (Note 33) RM'000	Other reserves (Note(a)) RM'000	(Accumulated losses) retained/ earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2015	1,760,178	323,986	55,937	(154,845)	1,985,256	79,253	2,064,509
Comprehensive profit							
- Profit for the financial year	-	-	-	330,392	330,392	33,637	364,029
Other comprehensive income/(loss)							
- Currency translation differences	-	-	448	-	448	-	448
- Share of associate's gain on re-measurement of financial derivatives	-	-	502	-	502	-	502
- Post-employment benefit obligations	-	-	(335)	335	-	-	-
Total comprehensive income	-	-	615	330,727	331,342	33,637	364,979
Transactions with owners							
Issuance of:							
- ordinary shares	26,403	3,960	-	-	30,363	-	30,363
- warrants	-	-	1,320	-	1,320	-	1,320
Acquisition of additional equity interest in subsidiaries	-	-	-	(3,688)	(3,688)	4,358	670
Disposal of a subsidiary	-	-	-	-	-	(82)	(82)
Employees' share option scheme (Note 32)							
- granted	-	-	4,869	-	4,869	-	4,869
- options exercised	10	4	(1)	-	13	-	13
- options lapsed	-	-	(287)	287	-	-	-
Dividends paid and declared for financial year ended (Note 51)							
- 31 December 2014	-	-	-	(44,664)	(44,664)	-	(44,664)
- 31 December 2015	-	-	-	(44,664)	(44,664)	(64,542)	(109,206)
Total transactions with owners	26,413	3,964	5,901	(92,729)	(56,451)	(60,266)	(116,717)
At 31 December 2015	1,786,591	327,950	62,453	83,153	2,260,147	52,624	2,312,771

Note (a)

Other reserves

	Other reserves RM'000	Revaluation reserve RM'000	Currency translation differences RM'000	Share option reserve RM'000	Warrant reserve RM'000	Retirement benefit reserve RM'000	Total RM'000
At 1 January 2016	2,168	28,090	636	6,066	28,355	(2,862)	62,453
Other comprehensive income/ (loss)							
- Currency translation differences	-	-	6	-	-	-	6
- Share of associate's loss on re-measurement of financial derivatives	(1,017)	-	-	-	-	-	(1,017)
- Post-employment benefits obligations	-	-	-	-	-	(258)	(258)
Total other comprehensive income/(loss)	(1,017)	-	6	-	-	(258)	(1,269)
Transactions with owners							
Employees' share option scheme (Note 32)							
- options granted	-	-	-	4,559	-	-	4,559
- options exercise	-	-	-	(17)	-	-	(17)
- options lapsed	-	-	-	(646)	-	-	(646)
Total transactions with owners	-	-	-	3,896	-	-	3,896
At 31 December 2016	1,151	28,090	642	9,962	28,355	(3,120)	65,080

Note (a)

Other reserves

	Other reserves RM'000	Revaluation reserve RM'000	Currency translation differences RM'000	Share option reserve RM'000	Warrant reserve RM'000	Retirement benefit reserve RM'000	Total RM'000
At 1 January 2015	1,666	28,090	188	1,485	27,035	(2,527)	55,937
Other comprehensive income/ (loss)							
- Currency translation differences	-	-	448	-	-	-	448
- Share of associate's gain on re-measurement of financial derivatives	502	-	-	-	-	-	502
- Post-employment benefits obligations	-	-	-	-	-	(335)	(335)
Total other comprehensive income/(loss)	502	-	448	-	-	(335)	615
Transactions with owners							
Issuance of new warrants	-	-	-	-	1,320	-	1,320
Employees' share option scheme (Note 32)							
- options granted	-	-	-	4,869	-	-	4,869
- options exercised	-	-	-	(1)	-	-	(1)
- options lapsed	-	-	-	(287)	-	-	(287)
Total transactions with owners	-	-	-	4,581	1,320	-	5,901
At 31 December 2015	2,168	28,090	636	6,066	28,355	(2,862)	62,453

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

	Share capital (Note 32) RM'000	Share premium (Note 33) RM'000	Other reserves (Note(b)) RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2016	1,786,591	327,950	32,186	184,121	2,330,848
Comprehensive income					
- Profit for the financial year	-	-	-	222,943	222,943
Total comprehensive income	-	-	-	222,943	222,943
Transactions with owners					
Issuance of: (Note 49(c))					
- ordinary shares	357,318	44,385	-	-	401,703
Employees' share option scheme (Note 32)					
- options granted	-	-	4,559	-	4,559
- options exercised	130	56	(17)	-	169
- options lapsed	-	-	(646)	646	-
Total transactions with owners	357,448	44,441	3,896	646	406,431
At 31 December 2016	2,144,039	372,391	36,082	407,710	2,960,222

	Share capital (Note 32) RM'000	Share premium (Note 33) RM'000	Other reserves (Note(b)) RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2015	1,760,178	323,986	26,285	38,771	2,149,220
Comprehensive income					
- Profit for the financial year	-	-	-	234,391	234,391
Total comprehensive income	-	-	-	234,391	234,391
Transactions with owners					
Issuance of:					
- ordinary shares	26,403	3,960	-	-	30,363
- warrants	-	-	1,320	-	1,320
Employees' share option scheme (Note 32)					
- options granted	-	-	4,869	-	4,869
- options exercised	10	4	(1)	-	13
- options lapsed	-	-	(287)	287	-
Dividends paid and declared for financial year ended (Note 51)					
- 31 December 2014	-	-	-	(44,664)	(44,664)
- 31 December 2015	-	-	-	(44,664)	(44,664)
Total transactions with owners	26,413	3,964	5,901	(89,041)	(52,763)
At 31 December 2015	1,786,591	327,950	32,186	184,121	2,330,848

Note (b)

Other reserves

	Share option reserve RM'000	Warrant reserve RM'000	Retirement benefit reserve RM'000	Total RM'000
At 1 January 2016	6,066	28,355	(2,235)	32,186
Transactions with owners				
Employees' share option scheme (Note 32)				
- options granted	4,559	-	-	4,559
- options exercised	(17)	-	-	(17)
- options lapsed	(646)	-	-	(646)
Total transactions with owners	3,896	-	-	3,896
At 31 December 2016	9,962	28,355	(2,235)	36,082
At 1 January 2015	1,485	27,035	(2,235)	26,285
Transactions with owners				
Issuance of new warrants	-	1,320	-	1,320
Employees' share option scheme (Note 32)				
- options granted	4,869	-	-	4,869
- options exercised	(1)	-	-	(1)
- options lapsed	(287)	-	-	(287)
Total transactions with owners	4,581	1,320	-	5,901
At 31 December 2015	6,066	28,355	(2,235)	32,186

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

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
OPERATING ACTIVITIES					
Profit attributable to equity holders of the Company		267,360	330,392	222,943	234,391
Adjustments for:					
Taxation		73,532	6,083	2,239	2,053
Non-controlling interests		51,737	33,637	-	-
Share of results of					
- associates		(26,348)	(16,007)	-	-
- joint ventures		(6,313)	8,125	-	-
Dividend income	6	(158)	(289)	(253,354)	(304,761)
Finance income	8	(23,466)	(39,329)	(7,704)	(3,863)
(Gain)/loss on disposal					
- subsidiaries	8	-	(38,904)	(2,436)	8,868
- a joint venture	8	-	(70,121)	-	(17,776)
- associates	8	(2,770)	-	(4,858)	
- investment properties	8	(186,549)	(220,531)	(36,604)	-
Gain arising from dilution of interest of an associate	8	(9,393)	-	-	-
Employees' share option scheme					
- value of service provided	10	4,559	4,869	1,773	1,723
Finance costs	12	175,922	184,843	40,001	38,804
Impairment/(write back) on investments in					
- subsidiaries	19	-	-	21,858	65,498
- loan stock	19	-	-	(17,333)	-
- goodwill	24	53,378	862	-	-
Fair value gain on financial assets at fair value through profit or loss		49	848	49	848
Provision for/(write back) of receivables and amount due from subsidiaries		466	4,134	5,313	(79,956)
Property, plant and equipment					
- depreciation		20,112	20,892	1,228	1,746
- written off		7,440	1,759	-	377
- net gain on disposal		(24)	(54)	-	(4)
Depreciation of investment properties		4,664	9,432	-	519
Amortisation of intangible assets					
- service concession asset	18	34,645	30,303	-	-
- order book	24	3,153	3,534	-	-
Provision for/(write back) of					
- liabilities and charges	35	15,607	(29,485)	-	-
- post-employment benefits	37	2,082	1,879	785	772

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
OPERATING ACTIVITIES (CONTINUED)					
Unrealised gain on currency translation differences		(887)	(2,087)	(381)	(1,414)
Realised gain on transactions with an associate		(1,732)	(1,164)	-	-
Operating profit/(loss) from operations before changes in working capital		457,066	223,621	(26,481)	(52,175)
Changes in working capital:					
Property development costs		77,444	20,383	-	-
Inventories		5,581	(20,475)	1,299	-
Receivables		(254,534)	147,464	(32,338)	27,526
Amounts due from subsidiaries (net)		-	-	(44,984)	(75,797)
Amounts due from associates and joint ventures (net)		(1,278)	(12,890)	20,705	(2,546)
Amounts due to related parties (net)		-	-	187	98
Payables		116,333	59,373	51,954	(20,231)
Net cash flow from operations		400,612	417,476	(29,658)	(123,125)
Interest income received		9,580	10,595	3,445	3,863
Dividends received from					
- subsidiaries		-	-	149,543	72,270
- financial assets at fair value through profit or loss		158	303	158	303
Tax refunded		2,440	564	-	-
Tax paid		(56,870)	(81,257)	(3,309)	(2,670)
Finance cost paid		(197,003)	(201,419)	(38,692)	(37,589)
Retirement benefits paid		(2,077)	(2,111)	(369)	(1,130)
Liability and charges paid		-	(3,739)	-	-
Net cash flow generated from/(used in) operating activities		156,840	140,412	81,118	(88,078)

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
INVESTING ACTIVITIES					
Proceeds from disposal of associates		8,500	-	8,500	-
Redemption of redeemable preference shares by subsidiaries		-	-	101,884	-
Redemption of loan stock by a subsidiary		-	-	17,333	-
Proceeds from disposal of a joint venture		-	119,776	-	119,776
Net cash outflow from acquisition of a subsidiary	5	(2,204)	-	-	-
Proceeds from disposal of asset held for sale	A	237,683	96,000	3,100	-
Proceeds from disposal of property, plant and equipment		86	2,530	-	6
Purchase of property, plant and equipment		(130,687)	(75,616)	(761)	(2,937)
Purchase of investment properties		(107,750)	(118,053)	-	-
Purchase of land held for property development		(288,363)	(449,930)	-	-
Capital repayment of a financial asset at fair value through profit or loss		77	-	77	-
Subscription of shares in					
- subsidiaries		-	-	-	(20,000)
- associate		(110,000)	(5,883)	-	(5,883)
- joint ventures		(70)	(5,510)	-	-
Dividends received from associates		28,853	14,379	28,853	14,379
Acquisition of additional equity interest in a subsidiary		(7,132)	-	(7,132)	-
Repayment of advances by subsidiaries		-	-	89,097	175,016
Advances to subsidiaries		-	-	(630,230)	(214,579)
Acquisition of order book		-	(20,000)	-	-
Proceed from Government grant		29,947	33,024	-	-
Net cash flow (used in)/generated from investing activities		(341,060)	(409,283)	(389,279)	65,778

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
FINANCING ACTIVITIES					
Proceeds from term loans		734,137	701,253	-	162,000
Repayment of term loans		(694,362)	(488,679)	(1,900)	(126,400)
Proceeds from private placement of shares		401,703	-	401,703	-
Proceeds from share options exercised		169	13	169	13
Subscription of shares by non-controlling interest		49	-	-	-
Dividend paid to shareholders		(44,664)	(44,664)	(44,664)	(44,664)
Dividend paid to non-controlling interest		(5,163)	(37,730)	-	-
Redemption of loan stock		(7,000)	-	-	-
Released of bank balances and fixed deposits as security for financing		52,887	170,199	6,775	45,867
Net payment for additional equity interest in subsidiary		-	(502)	-	-
Net cash flow generated from financing activities		437,756	299,890	362,083	36,816
CHANGES IN CASH AND CASH EQUIVALENTS		253,536	31,019	53,922	14,516
CASH AND CASH EQUIVALENT AT BEGINNING OF THE FINANCIAL YEAR		339,229	308,210	55,660	41,144
CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL YEAR	30	592,765	339,229	109,582	55,660

A. Non-cash transactions other than those disclosed elsewhere in the financial statements

INVESTING ACTIVITIES

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Gross proceeds from disposal of assets held for sale	31	730,800	476,000	90,800	-
Less:					
- cash directly repaid for term loan and finance cost	38	(493,117)	(380,000)	(87,700)	-
Net proceeds from disposal of assets held for sale		237,683	96,000	3,100	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

1 GENERAL INFORMATION

The Company is principally an investment holding company. The Company also engages in property development, property investment, construction related activities, environmental engineering and provision of management services to its subsidiaries.

The Group is principally engaged in property development, property investment, engineering and construction related activities, environmental engineering, infrastructure and facilities management and parking services.

The principal activities of the subsidiaries, joint ventures and associates are described in Note 47 to the financial statements.

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

The address of the registered office and principal place of business of the Company is as follows:

Level 33A, Menara NU 2
No. 203, Jalan Tun Sambanthan
Kuala Lumpur Sentral
50470 Kuala Lumpur

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 29 March 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

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

The Group includes transitioning entities and has elected to continue to apply FRS during the financial year. In the next financial year, the Group and the Company will continue to apply FRS. The Group and the Company will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards (MFRS) for the financial year ending 31 December 2018. In adopting the new framework, the Group and the Company will be applying MFRS 1 "First-time Adoption of MFRS".

The financial statements have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

(a) The new/revised accounting standards, amendments and improvements to published standards and interpretations that are effective and applicable for the Group's and the Company's financial year beginning 1 January 2016 are as follows:

- Amendment to FRS 11 "Joint Arrangements" requires an investor to apply the principles of FRS 3 "Business Combination" when it acquires an interest in a joint operation that constitutes a business. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

- Amendments to FRS 116 "Property, Plant and Equipment" and FRS 138 "Intangible Assets" clarify that the use of revenue-based methods to calculate the depreciation and amortisation of an item of property, plant and equipment and intangible are not appropriate. This is because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

  The amendments to FRS 138 also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption can be overcome only in the limited circumstances where the intangible asset is expressed as a measure of revenue or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

- Amendments to FRS 10 and FRS 128 regarding sale or contribution of assets between an investor and its associate or joint venture resolve a current inconsistency between FRS 10 and FRS 128. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business'. Full gain or loss shall be recognised by the investor where the non-monetary assets constitute a 'business'. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors' interests. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture. They are not intended to address accounting for the sale or contribution of assets by an investor in a joint operation.

The adoption of the above standards, amendments to published standards and interpretations to existing standards did not have material financial impact on the results of the Group and of the Company for the current and any prior financial year and are not likely to affect future periods.

(b) Standards early adopted by the Group and the Company

There are no standards early adopted by the Group and the Company.

(c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective

Financial year beginning on/after 1 January 2018

- MFRS 15 'Revenue From Contracts With Customers' replaces MFRS 118 'Revenue' and MFRS 111 'Construction Contracts' and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

  A new five-step process is applied before revenue can be recognised:
  - Identify contracts with customers;
  - Identify the separate performance obligations;
  - Determine the transaction price of the contract;
  - Allocate the transaction price to each of the separate performance obligations; and
  - Recognise the revenue as each performance obligation is satisfied.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

(c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (continued)

Financial year beginning on/after 1 January 2018 (continued)

- MFRS 9 'Financial Instruments' will replace FRS 139 "Financial Instruments: Recognition and Measurement".

  MFRS 9 retains but simplifies the mixed measurement model in FRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

  For liabilities, the standard retains most of the FRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

  MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in FRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Group and the Company are in the process of making an assessment on the potential impact of these standards on the financial statements.

2.2 ECONOMIC ENTITIES IN THE GROUP

(a) Subsidiaries

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

Subsidiaries are consolidated using the acquisition method of accounting.

Subsidiaries that were consolidated prior to 1 January 2002 are in accordance with Malaysian Accounting Standard 2 'Accounting for Acquisitions and Mergers', the generally accepted accounting principles prevailing at that time.

The Group has taken advantage of the transitional provision provided by FRS 3 (revised) to apply these standards prospectively. Accordingly, business combinations entered into prior to the respective effective dates have not been restated to comply with these standards.

Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Acquisition related costs are recognised as expenses when incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to the fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. See accounting policy Note 2.7 on intangible assets. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

(a) Subsidiaries (continued)

Non-controlling interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. It is measured at the non-controlling interests' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the non-controlling interests' share of changes in the subsidiaries' equity since that date.

All earnings and losses of the subsidiaries are attributable to the parent and the non-controlling interest, even if the attributable losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit and loss attributable to non-controlling interests for prior financial year is not restated.

The Group has changed its accounting policy on business combinations and accounting for non-controlling interest when it adopted the revised FRS 3 "Business Combinations" and FRS 127 "Consolidated and Separate Financial Statements".

Previously, contingent consideration in a business combination was recognised when it is probable that payments will be made. Acquisition-related costs were included as part of the cost of business combination. Any non-controlling interest in the acquiree was measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Any adjustment to the fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group was accounted for as a revaluation.

The Group has applied the new policies prospectively to transactions occurring on or after 1 January 2011. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

Previously, the Group had stopped attributing losses to the non-controlling interest because the losses exceeded the carrying amount of the non-controlling interest. The Group has applied this policy prospectively. On the date of adoption of the new policy, the non-controlling interest reflects its previous carrying amount.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

The Group had adopted FRS 10 "Consolidated Financial Statements" with effective for financial year beginning 1 January 2013 and resulted in changes to the following policies:

- Control exists when the Group is expected, or has rights, to variable from its involvement with the entity and has the ability to the effect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

- Potential voting rights are considered when assessing control only when such right are substantive. In the previous financial years, potential voting rights are considered with assessing control when such rights are presently exercisable.

- The Group considers it has *de facto power* over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider *de facto power* in its assessment of control.

The change in accounting policy had been made retrospectively and in accordance with the transitional provision of FRS 10. The adoption of FRS 10 had no significant impact to the financial statements of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

(a) Subsidiaries (continued)

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when the control is lost, with the change in carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets and liabilities. This may mean that amount previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries disposed.

(b) Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(c) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in profit or loss, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with the Group.

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains or losses arising in investments in associates are recognised in the profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

(d) Joint arrangements

Joint arrangements are arrangement of which the Group has joint control, establishment by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

The Group had adopted FRS 11 "Joint Arrangements" with effect from 1 January 2013. As a result, joint arrangement are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to assets and obligations for the liabilities relating to the arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangement. The Group accounts for its interest in the joint venture using the equity method.

Investments in joint ventures are stated at cost in the separate financial statements. Where an indication of impairment exists, the carrying value of the investment is assessed and written down immediately to its recoverable amount. Refer to accounting policy on impairment of non- financial assets as set out in Note 2.21 to the financial statements.

Results and interests in joint venture are equity accounted in the venturer's financial statements of the Group.

Equity accounting involves recognising the venturer's share of the post-acquisition results of joint ventures in the profit or loss and its share of post- acquisition movements within reserves in reserves. The cumulative post acquisition movements are adjusted against the cost of the investment and include goodwill on acquisition (net of accumulated impairment losses).

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturer. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

Where necessary, adjustments have been made to the financial statements of joint ventures to ensure consistency of accounting policies with those of the Group.

2.3 FOREIGN CURRENCIES

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

All foreign exchange gains and losses are presented in the statements of comprehensive income within other expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 FOREIGN CURRENCIES (CONTINUED)

(b) Transactions and balances (continued)

The principal closing rates used in translation of foreign currency amounts were as follows:

Foreign currency	31.12.2016 RM	31.12.2015 RM
100 Thai Baht	12.40	11.83
1 Australian Dollar	3.23	3.12
1 UK Pound	5.51	6.36
1 Singapore Dollar	3.10	3.03
1 US Dollar	4.48	4.29

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that statement of financial position;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4 INVESTMENTS

In the Company's separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in the subsidiaries.

2.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except for freehold land which is not depreciated. Freehold land is not depreciated as it has an infinite life. Construction in progress are also not depreciated as these assets are not available for use. Cost includes expenditure that is directly attributable to the acquisition of the items. The initial cost of property, plant and equipment is net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the government. When the amount of GST incurred is not recoverable from the government, the GST is recognised as part of the cost of acquisition of the property, plant and equipment.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Other property, plant and equipment are depreciated on the straight line basis to write off the cost of the assets, or their revalued amounts to their residual values over their estimated useful lives summarised as follows:

Buildings	50 years
Plant and machinery	5 to 10 years
Furniture, fittings, office equipment and computers	3 to 20 years
Motor vehicles	3 to 5 years

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. Refer to accounting policy on impairment of non-financial assets as set out in Note 2.21 to the financial statements.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are credited or charged to other expenses in the profit or loss.

2.6 INVESTMENT PROPERTIES

Investment properties, comprising 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 any accumulated depreciation and accumulated impairment losses. Investment properties are depreciated on the straight line basis to write off the cost of the assets to their residual values over their estimated useful lives. Cost of investment property is net of the amount of GST, except where the amount of GST incurred is not recoverable from the government. When the amount of GST incurred is not recoverable from the government, the GST is recognised as part of the cost of acquisition of the investment property.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it is derecognised from the statement of financial position. The difference between the net disposal proceeds and the carrying amount is credited or charged to the profit or loss in the financial year of the retirement or disposal.

Investment properties also include properties that are under construction for future use as investment properties. These investments are also carried at cost.

Leasehold land are amortised over the period of the respective leases ranging from 66 years to 99 years. Amortisation is computed on the straight line method to write off the cost of each asset over its estimated useful life. The principal annual depreciation rate for related building is 2% per annum.

2.7 INTANGIBLE ASSETS

(a) Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

Goodwill is not amortised tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill (continued)

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. See accounting policy Note 2.21 to the financial statements on impairment of non-financial assets.

(b) Development rights - finite life

The Group capitalises purchased development rights. The development rights, which has finite useful life, is initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The intangible assets is amortised based on the percentage of completion over the development period. The amortisation period and method are reviewed at each reporting date. The effects of any revision are recognised in profit or loss when changes arise. Where an impairment indication exists, the carrying amount of the development rights is assessed and written down immediately to its recoverable amount.

(c) Order book - finite life

The order book with finite useful life is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated over the estimated construction period related to the relative order book values. Where an impairment indication exists, the carrying amount of the order book is assessed and written down immediately to its recoverable amount.

2.8 LEASES

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

Accounting by lessee

Finance Lease

Leases of property, plant and equipment where the Group and the Company assume substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of interest on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charges is charged to the profit or loss over the lease period.

Property, plant and equipment acquired under finance leases are depreciated over the shorter of the estimated useful life of the assets and the lease term.

Operating Lease

Leases of assets where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives from the lessor) are charged to the profit or loss on the straight-line basis over the lease period.

Accounting by lessor

Operating Lease

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 PROPERTY DEVELOPMENT ACTIVITIES

(a) Land held for property development

Land held for property development consists of land or such portion thereof on which no significant development work has been undertaken or where development activities is not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group and the Company had previously recorded the land at revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 201$_{2004}$ "Property Development Activities". Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. Refer to accounting policy on impairment of non-financial assets as set out in Note 2.21 to the financial statements.

Land held for property development is transferred to property development costs (under current assets) (Note 2.9(b)) when development activities have commenced and can be completed within the Group's and the Company's normal development cycle.

(b) Property development costs

Property development costs comprise costs associated with the acquisition of land or such portion thereof and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

Property development costs are transferred from land held for property development (Note 2.9(a)) when physical development activities have commenced and can be completed within the Group's and the Company's normal development cycle.

Property development costs are recognised when incurred.

When the outcome of the development activity can be estimated reliably and the sale of the development unit is effected (i.e. upon the signing of the individual sales and purchase agreements), property development revenue and costs are recognised as revenue and expenses respectively by reference to the stage of completion of development activity at the reporting date in accordance with FRS 201 "Property Development Activities". The stage of completion is determined based on the proportion that the property development costs incurred to-date bear to the estimated total costs for the property development.

When the outcome of a development activity cannot be estimated reliably, property development revenue is recognised only to the extent of property development costs incurred that is probable to be recoverable and the property development costs on the development units sold are recognised as an expense when incurred.

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected loss is recognised as an expense immediately.

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.

Borrowing costs are capitalised in accordance with Note 2.22 to the financial statements.

Where revenue recognised in the profit or loss exceed billings to purchasers, the balance is shown as accrued billings under trade and other receivables (within current assets). Where billings to purchasers exceed revenue recognised in the profit or loss, the balance is shown as progress billings under trade and other payables (within current liabilities).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 SERVICE CONCESSION ASSET

Where the Group provides construction services in exchange for the concession assets, the contract revenue is recognised at its fair value using the percentage of completion method in accordance with the accounting policy stipulated in Note 2.13 Construction Contracts, with the corresponding entry recorded as Service Concession Asset (SCA) in the statement of financial position. The SCA represents the Group's rights (licence) to collect toll from users of the highway.

The SCA is amortised upon the commencement of the concession period. The amortisation formula applied in arriving at the annual amortisation charge is as follows:

$$\frac{\text{Cumulative traffic volume to-date}}{\text{Projected total traffic volume for the entire concession period}} \times \text{SCA}$$

Where an indication of impairment exists, the carrying amount of the SCA is assessed and written down immediately to its recoverable amount. Refer to accounting policy on impairment of non-financial assets as set out in Note 2.21 to the financial statements.

2.11 INVENTORIES

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

The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and related allocation costs attributable to property development activities.

Costs of purchased inventory is determined after deducting rebates, discounts and the amount of GST, except where the amount of GST incurred is not recoverable from the government and valued using weighted average cost method. When the amount of GST incurred is not recoverable from the government, the GST is recognised as part of the cost of purchased inventory.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

2.12 RECEIVABLES

Receivables are recognised initially at fair value, with the amount of GST included. The net amount of GST recoverable from the government is presented as other receivables in the statement of financial position. Receivables is subsequently measured at amortised cost using the effective interest method, less provision for impairment. The provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due. Receivables are classified as current assets if at the time the amount is due in one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current assets.

2.13 CONSTRUCTION CONTRACTS

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

Construction contracts are recognised when incurred. Contract revenue is recognised based on percentage of completion method. The stage of completion of a construction contract is measured by reference to the proportion that contract costs incurred for work performed to date to the estimated total costs for the contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as recoverables, prepayments or other assets, depending on their nature.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 CONSTRUCTION CONTRACTS (CONTINUED)

Irrespective of whether the outcome of a construction contract can be estimated reliably when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the attributable profit/loss recognised on each contract is compared against the progress billings up to the end of the financial year. Where costs incurred and recognised profit (less recognised losses) exceed progress billings, the balance is shown as 'Amounts due from customers on contracts' under trade and other receivables. Conversely, where progress billings exceed costs incurred and attributable profit, the balance is shown as 'Amounts due to customers on contracts' under trade and other payables.

2.14 EMPLOYEE BENEFITS

(a) Short term employee benefits

The Group and the Company recognise a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group and the Company recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees of the Group and the Company.

(b) Post-employment benefits

The Group and the Company have various post-employment benefit schemes in accordance with local conditions and practices. These benefits plans are either defined contribution or defined benefit plans.

Defined contribution plan

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior financial years. A defined contribution plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors, such as age, years of service or compensation.

The Group's and the Company's contributions to defined contribution plan are charged to the profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plan

The Group and the Company provide for unfunded retirement benefits to eligible employees that have been in the service of the Group and the Company for a continuous period of at least ten (10) years.

This scheme is closed to new employees since 1 September 2002.

The Group determines the present value of the defined benefit obligation with sufficient regularity such that the liability recognised in the financial statements does not differ materially from the amount that would have been determined as at that date. The defined benefit obligation, calculated using the projected unit credit method, is determined by a qualified independent actuary after considering the estimated future cash outflows using the market yields at the valuation date of high quality corporate bonds. The latest actuarial valuation was carried out on 16 December 2014.

The current service cost recognised in the profit or loss is calculated based on the present value of the benefits accruing over the financial year following the valuation date with reference to the number of eligible employees and projected final salaries.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 EMPLOYEE BENEFITS (CONTINUED)

(b) Post-employment benefits (continued)

Defined benefit plan (continued)

Past service costs are recognised immediately in profit or loss, unless the changes to the plan are conditional on the related employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight line basis over the vesting period.

(c) Share-based compensation

The Group and the Company operate an equity-settled, share-based compensation plan for the employees of the Group and of the Company. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting date, the Group and the Company revise its estimates of the number of share options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.15 PROVISIONS

Provisions are recognised when the Group and the Company have 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 can be made. Where the Group and the Company expect a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

The Group provides for estimated liability on projects still under progress at the reporting date. This provision is calculated based on contract agreements/past histories.

2.16 PAYABLES

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Payables are initially recognised at fair value with the amount of GST included. The net amount of GST payable to the government is presented as other payables in the statement of financial position. Payables is subsequently measured at amortised cost using the effective interest method.

2.17 SENIOR AND JUNIOR SUKUK

The Senior and Junior Sukuk (Sukuk) are Islamic securities issued in accordance with the Syariah principle of Istisna'. Sukuk issued by the Group are stated at net proceeds received on issue. The Sukuk issuance expenses which represent the difference between the net proceeds and the total amount of the payment of the Sukuk are allocated to the periods over the term of the Sukuk at a constant rate on the carrying amounts.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, demand deposits, short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts and exclude the designated bank balances of which have been charged as security for borrowings.

Bank overdrafts are presented within borrowings in current liabilities on the statement of financial position.

2.19 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group and the Company do 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 and the Company 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. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset 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 and the Company. The Group and the Company do not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under a business combination, the contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interests.

The Group recognises separately the contingent liabilities of the acquirees as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions and the information about the contingent liabilities acquired are disclosed in the financial statements.

Subsequent to the initial recognition, the Group measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provisions of FRS 137 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with FRS 118 "Revenue".

2.20 INCOME TAX

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits. Tax is recognised in the profit or loss, except to the extent it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 IMPAIRMENT OF NON FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the profit or loss. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverse an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

2.22 BORROWING COSTS

Interest incurred on general and specific borrowings to finance the construction of property, plant and equipment and investment properties is capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the assets for its intended use. Interests relating to property development activities, construction contracts are accounted for in a similar manner. All other borrowings costs are expensed on an effective interest rate method.

2.23 REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's and the Company's activities. Revenue is shown net of service tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group and the Company recognise revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's and the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group and the Company base its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Construction contracts

Contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date as stated in Note 2.13 to the financial statements.

(b) Property development activities

Property development revenue and costs are recognised as revenue and expenses respectively by reference to the stage of completion of development activity at the reporting date in accordance with FRS 201 "Property Development Activities" as stated in Note 2.9(b) to the financial statements.

(c) Concession revenue

Concession revenue from the operation of toll roads and port operations is recognised as and when the services are performed.

(d) Hotel operations revenue

Hotel revenue represents income derived from room rentals, sales of food and beverage and other hotel related income. Room rental income is accrued on a daily basis on customer-occupied rooms. Sales of food and beverage are recognised upon delivery to customers. Hotel revenue is recognised net of sales tax and discounts.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 REVENUE RECOGNITION (CONTINUED)

(e) Other revenue

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

Interest income is recognised using the effective interest method, taking into account the principal outstanding and the effective rate over the period to maturity, unless collectibility is in doubt, in which case it is recognised on a cash receipt basis.

When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the original effective interest rate.

Revenue from building maintenance and management services are recognised upon performance of services.

2.24 FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition:

- Financial assets at fair value through profit or loss: Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired or incurred principally for the purpose of selling or re-purchasing it in the short- term. Assets in this category are classified as current assets;

- Loans and receivables: These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category are classified as current assets or non-current assets for maturities greater than 12 months after the end of the reporting period; and

- Available-for-sale financial assets: Available-for-sale financial assets are non-derivative financial assets that cannot be classified as financial assets at fair value through profit or loss, loans and receivables or cash and cash equivalents. These assets are included in non-current assets unless the financial assets mature or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date (the date on which the Group commits to purchase or sell the asset).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (continued)

Recognition and measurement (continued)

Financial assets other than financial assets carried at fair value through profit or loss are initially recognised at fair value plus transaction costs. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement - gains and losses

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and cash and cash equivalents are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are recognised in the profit or loss in the period in which they arise.

Changes in the fair value of the "financial assets available-for-sale" category are recognised in other comprehensive income. When assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit or loss.

Fair values for quoted investments are based on observable market prices.

Subsequent measurement - impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial re-organisation;
- Disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

    (i) adverse changes in the payment status of borrowers in the portfolio; and
    (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (continued)

Assets carried at amortised cost (continued)

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial assets original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' or a 'held-to-maturity investment' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectable, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

Assets classified as available-for-sale

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, the Group uses criteria and measurement of impairment loss applicable for 'assets carried at amortised cost' above. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

In the case of equity securities classified as available-for-sale, in addition to the criteria for 'assets carried at amortised cost' above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit or loss. The amount of cumulative loss that is reclassified to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

Offsetting financial assets

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

De-recognition

Financial assets are de-recognised when the right to receive cash flows from the investment have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Receivable that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

When available for sale financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 FINANCIAL INSTRUMENTS (CONTINUED)

Financial liabilities

The Group classifies its financial liabilities as other financial liabilities. The classification depends on the nature of the liabilities and the purpose for which the financial liabilities were incurred. Management determines the classification at initial recognition.

Other financial liabilities

When other financial liabilities are recognised initially, they are measured at fair value plus directly attributable transaction costs.

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

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expired.

2.25 SEGMENT REPORTING

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

Segment reporting is presented for enhanced assessment of the Group's and of the Company's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment.

2.26 NON CURRENT ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.27 SHARE CAPITAL

(a) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument. See accounting policy Note 2.28 on borrowings.

(b) Share issue costs

Incremental costs directly attributable to the issue of new shares or options are deducted against share premium account.

(c) Dividend distribution

Distributions to holders of an equity instrument is debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the period in which the dividends are approved.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 SHARE CAPITAL (CONTINUED)

(d) Warrants reserve

Proceed from the issuance of warrants, net of issuance costs, are credited to warrants reserve which is non-distributable. Warrants reserve are transferred to share premium reserve upon the exercise of warrants. Warrants reserve in relation to unexercised warrants at the expiry of the warrants period is transferred to retained earnings.

Issuance of free warrants is not recognised in the financial statements, except for the warrants issued in a business combination in which case the warrants are fair valued as part of the purchase consideration.

2.28 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method, except for borrowing costs incurred for the construction of any qualifying asset.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised as finance cost in profit or loss.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

2.29 FAIR VALUE MEASUREMENTS

From 1 January 2013, the Group adopted FRS 13 "Fair Value Measurement" which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

In accordance with the transitional provision of FRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of FRS 13 has not significantly affected the measurements of the group's assets or liabilities other than the additional disclosure.

2.30 GOVERNMENT GRANT

Grant from the Government are recognised at their fair values where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grant relating to the acquisition of assets are classified as non-current are credited to the profit or loss over the expected lives of the related assets, on basis consistent with the depreciation of the related assets.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, not necessary equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Revenue recognition - Property Development and Construction Contracts

The Group and the Company recognise property development and construction contract revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is measured by reference to the proportion of property development and contract costs incurred for work performed to date to the estimated total costs for the property development and construction contract.

Significant judgement is required in determining the stage of completion, the extent of the property development and construction costs incurred and the estimated total property development and construction costs.

Total contract revenue also includes an estimation of the recoverable variation works from the customers. In making the judgement, the Group relied on past experience and work of specialist.

(b) Impairment of goodwill and other intangible assets with indefinite useful lives

The Group tests at least annually whether goodwill have suffered any impairment, in accordance with the accounting policy stated in Notes 2.7 and 2.21. The recoverable amounts of cash generated units have been determined based on value-in-used and/or fair value less cost to sell calculations as appropriate. These calculations require the use of estimates. Refer to Note 2.21 for details of impairment testing of goodwill and other intangible assets with definite or indefinite useful lives.

4 FINANCIAL RISK MANAGEMENT

(a) The Group's activities expose it to a variety of financial risks, including interest rate risk, foreign currency risk, liquidity and cash flow risks, credit risk and capital risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to Group financial risk management policies. The Group does not trade in financial instruments.

(i) Interest rate risk

Interest rate risks arise mainly from the Group's short-term deposits and borrowings. The Group's short-term deposits are placed at prevailing interest rates.

Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group manages this risk through the use of fixed and floating rate debt.

The Group's outstanding borrowings as at year end at variable rates on which hedges have not been entered into, are denominated in RM. If the annual interest rates of these borrowings increase/decrease by 1% respectively (2015: 1%) with all other variables including tax rate being held constant, the result after tax will be lower/higher by 2.6% (2015: 3.7%) as a result of higher/lower interest expense on these borrowings.

(ii) Foreign currency risk

The Group and the Company are not exposed to significant foreign currency risk.

(iii) Liquidity and cash flow risks

The Group manages its liquidity risk by maintaining sufficient levels of cash or cash convertible investments and available credit facilities to meet its working capital requirements.

The table below analyses the financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity and cash flow risk (continued)

	Within 1 year RM'000	Between 1 and 5 years RM'000	Over 5 years RM'000	Total RM'000
The Group				
At 31 December 2016				
Trade and other payables	1,282,544	2,439	-	1,284,983
Borrowings	895,121	1,160,502	-	2,055,623
Sukuk	81,843	639,602	827,415	1,548,860
	2,259,508	1,802,543	827,415	4,889,466
At 31 December 2015				
Trade and other payables	1,126,407	650	-	1,127,057
Borrowings	1,149,058	1,344,717	83,800	2,577,575
Sukuk	81,843	278,417	1,254,437	1,614,697
Loan stocks	16,800	-	-	16,800
Dividend payable	44,664	-	-	44,664
	2,418,772	1,623,784	1,338,237	5,380,793
The Company				
At 31 December 2016				
Trade and other payables	123,207	-	-	123,207
Amounts due to subsidiaries	44,251	-	-	44,251
Borrowings	383,808	361,119	-	744,927
Financial guarantee contract	412,834	799,383	-	1,212,217
	964,100	1,160,502	-	2,124,602
At 31 December 2015				
Trade and other payables	73,163	-	-	73,163
Amounts due to subsidiaries	134,435	-	-	134,435
Borrowings	381,406	486,713	-	868,119
Dividend payable	44,664	-	-	44,664
Financial guarantee contract	547,815	788,433	83,800	1,420,048
	1,181,483	1,275,146	83,800	2,540,429

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iv) Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, setting of counterparty limits and monitoring procedures. The Group seeks to invest cash assets safely and profitably. Credit risks are minimised given the Group's policy of selecting only counterparties with high creditworthiness.

The Group closely monitors collections from these customers. In addition, the Group's historical experience in collection of trade receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's trade receivables.

The Group has no significant concentrations of credit risk, notwithstanding that all of its deposits are placed with financial institutions in Malaysia. The likelihood of non-performance by these financial institutions is remote based on their high credit ratings.

(v) Capital risk

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

As part of its capital management plan, the Group and the Company may adjust the amount of dividends paid to the shareholder, return capital to shareholder or sell assets to reduce debt.

Management monitors capital based on the Company's gearing ratio. The gearing ratio is calculated as total debt divided by total equity. Total debts is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statements of financial position).

The gearing ratios at 31 December 2016 and 31 December 2015 were as follows:

	Group	
	2016 RM'000	2015 RM'000
Total debt	2,937,112	3,394,375
Total equity	3,025,042	2,312,771
Total capital	5,962,154	5,707,146
Gearing ratio	0.97	1.47

(b) Fair values

The carrying amounts of the following financial assets and liabilities approximate their fair values due to the relatively short term maturity of these financial instruments: deposits, cash and bank balances, receivables and payables (including non-trade amounts due to/from related companies), loan stocks and short term borrowings.

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Fair values (continued)

The following table presents the Group's and the Company's assets and liabilities that are measured at fair value at 31 December 2016.

Assets	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Level 1				
Available for sale financial assets	268	268	268	268
Financial assets at fair value through profit or loss	2,255	2,381	2,255	2,381
Level 2				
Available for sale financial assets	309	309	309	309

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The fair value of the Group's and of the Company's assets and liabilities that are not measured at fair value as at 31 December 2016 are disclosed in the respective notes to the financial statements.

5 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Financial year ended 31 December 2016

Nilaitera Sdn. Bhd.

The Company's wholly owned subsidiary MRCB Land Sdn. Bhd. had on 9 December 2016 entered into a Share Sale Agreement with Nusa Gapurna Development Sdn. Bhd. ("NGD") for the proposed acquisition of 1,000,000 ordinary shares of RM1.00 each, representing 100% equity interest in Nilaitera Sdn. Bhd. ("Nilaitera") for a total cash consideration of RM24,780,100 ("Purchase Consideration").

The acquisition was completed on 19 December 2016. With this, Nilaitera became a wholly owned subsidiary of the Company.

The details of the provisional fair value of Nilaitera's identifiable assets and liabilities assumed at the date of acquisition are as follows:

	RM'000
Land held for property development (Note 17(a))	36,305
Bank balance	274
Other receivables	2
Other payables	(11,801)
Purchase consideration	24,780
Cash and cash equivalent of the subsidiary acquired	
- bank balance	(274)
Amount due to NGD	(22,302)
Cash outflow on acquisition	2,204

5 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

Financial year ended 31 December 2016 (continued)

Nilaitera Sdn. Bhd. (continued)

Based on the Share Sale Agreement, the 90% of purchase consideration of RM22,302,090 will be paid by 19 June 2017, six ("6") months from the date of completion.

The effects of the above acquisition to the financial position of the Group as at 31 December 2016 are as follows:

	RM'000
Land held for property development (Note 17(a))	36,405
Bank balance	274
Other receivables	2
Other payables	(11,902)
	24,779

Had Nilaitera been consolidated from 1 January 2016, the consolidated statements of comprehensive income would show pro-forma loss after taxation of RM4,951.

Financial year ended 31 December 2015

Paradigma Berkat Sdn. Bhd.

The Company had on 31 March 2015 entered into a Share Sale Agreement with DMIA (M) Sdn. Bhd. ("DMIA") to dispose its entire 70% equity interest in Paradigma Berkat Sdn. Bhd., represented by 210,000 ordinary shares of RM1.00 each for a cash consideration of RM39,010,808.

The disposal was completed on 1 June 2015 with a disposal gain of RM38,823,119 recognised in the profit or loss (Note 8).

The effects of the above disposal to the financial position of the Group as at the date of disposal were as follows:

	As at 1.6.2015 RM'000
Land held for property development	1,113
Bank balance	6
Trade and other payables	(161)
Amount due to ultimate holding company	(688)
Non-controlling interest	(82)
Gain on disposal	38,823
Total consideration received from disposal	39,011
Less:	
Bank balance	(6)
Amount due from DMIA	(39,011)
Net cash outflow from disposal	(6)

6 REVENUE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Property development	1,141,461	589,945	-	-
Construction contracts	919,215	774,525	278,000	89,964
Rental income	128,935	130,683	16,290	18,129
Building services	71,356	74,595	-	-
Toll concession	109,362	112,783	-	-
Dividend income (gross)	158	289	253,354	304,761
Management fees	4,564	2,843	51,426	41,556
Sale of goods	26,168	6,636	1,700	-
Others	6,853	4,428	1,216	1,213
	2,408,072	1,696,727	601,986	455,623

7 COST OF SALES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Property development	772,747	385,273	-	-
Construction contracts	843,365	674,392	270,334	86,032
Rental income	99,836	66,445	12,918	11,886
Building services	44,170	57,736	-	-
Toll concession	54,516	52,036	-	-
Sale of goods	22,060	3,013	-	-
Others	4,387	4,004	467	-
	1,841,081	1,242,899	283,719	97,918

8 OTHER INCOME AND FINANCE INCOME

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Gain/(loss) on disposal of:				
- subsidiaries	-	38,904	2,436	(8,868)
- joint venture	-	70,121	-	17,776
- associates (Note 49(d))	2,770	-	4,858	-
- investment properties (Notes 49(a) and 49(f))	186,549	220,531	36,604	-
Building maintenance services	10,044	10,606	-	-
Rental income from land and buildings	2,511	2,486	1,893	2,442
Gain arising from dilution of interest of an associate (Note 49(f))	9,393	-	-	-
Agent fee	37,947	-	-	-
Insurance claim	10,100	-	-	-
Others	17,429	5,161	223	122
	276,743	347,809	46,014	11,472
Finance income from				
- unwinding of discount for financial assets	10,948	25,518	-	-
- fixed deposits	9,447	10,672	3,420	3,815
- advances granted to a foreign subsidiary	-	-	4,259	-
- others	3,071	3,139	25	48
	23,466	39,329	7,704	3,863

9 PROFIT BEFORE INCOME TAX

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before income tax is arrived at after charging/ (crediting):				
Auditors' remuneration				
- statutory audit	970	919	195	139
- other services				
- audit related	98	151	8	23
- non audit related	1,805	2,705	645	1,883
Staff costs (including remuneration of Executive Directors) (Note 10)	181,105	143,171	60,267	48,545
Depreciation of investment properties (Note 16)	4,664	9,432	-	519

9 PROFIT BEFORE INCOME TAX (CONTINUED)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before income tax is arrived at after charging/ (crediting): (continued)				
Property, plant and equipment (Note 15)				
- depreciation	20,112	20,892	1,228	1,746
- written off	7,440	1,759	-	377
- net gain on disposal	(24)	(54)	-	(4)
Amortisation of:				
- service concession asset (Note 18)	34,645	30,303	-	-
- order book (Note 24)	3,153	3,534	-	-
Impairment losses on				
- subsidiaries (Note 19)	-	-	21,858	65,498
- goodwill (Note 24)	53,378	862	-	-
Provision for/(write back) of receivable and amount due from subsidiaries (Note 27)	466	4,134	5,313	(79,956)
(Gain)/loss on disposal of				
- subsidiaries	-	(38,904)	(2,436)	8,868
- associates	(2,770)	-	(4,858)	-
- a joint venture	-	(70,121)	-	(17,776)
Gain arising from dilution of interest of an associate	(9,393)	-	-	-
Fair value loss of financial assets at fair value through profit or loss	49	848	49	848
Rental of				
- premises	15,474	14,279	19,603	17,279
- motor vehicles	9	39	9	39
- office equipment	765	483	19	32
Provision for/(reversal of) liquidated ascertained damages	15,607	(29,485)	-	-
Unrealised gain on foreign exchange	(887)	(2,087)	(381)	(1,414)

Included in cost of sales were direct operating expenses from investment properties that generated rental income of the Group and of the Company during the financial year which amounted to RM35,096,501 (2015: RM36,749,250) and RM270,787 (2015: RM1,265,569) respectively.

10 STAFF COSTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Wages, salaries and bonus	138,005	104,322	44,865	34,963
Defined contribution plan	17,841	15,055	7,027	5,232
Defined benefit plan (Note 37)	2,082	1,879	785	772
Share options (Note 32)	4,559	4,869	1,773	1,723
Other employee benefits	18,618	17,046	5,817	5,855
	181,105	143,171	60,267	48,545

The number of persons employed by the Group and the Company at the end of the financial year were 1,769 (2015: 1,721) and 338 (2015: 279) respectively.

11 DIRECTORS' REMUNERATION

The Directors of the Company in office during the financial year are as follows:

Non-executive Directors

Tan Sri Azlan Mohd Zainol (Chairman)
Datuk Shahril Ridza Ridzuan
Rohaya Mohammad Yusof
Jamaludin Zakaria
Hasman Yusri Yusoff
Chuah Mei Lin (Demised 6 January 2017)

Executive Directors

Tan Sri Mohamad Salim Fateh Din (Group Managing Director)
Mohd Imran Tan Sri Mohamad Salim (Executive Director)

The aggregate amounts of remuneration received/receivable by Directors of the Company for the financial year were as follows:

	Group and Company	
	2016 RM'000	2015 RM'000
Non-executive Directors		
- fees	952	1,001
- emoluments	305	309
	1,257	1,310
Executive Directors		
- salaries and bonus	4,810	3,756
- defined contribution plan	1,007	796
- other employee benefits	252	260
- share options (Note 32)	404	-
	6,473	4,812
	7,730	6,122
Benefits-in-kind		
Non-executive Director	80	78
Executive Directors	80	85
	160	163

12 FINANCE COSTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Arrangement fees for borrowings	2,061	1,302	268	168
Finance cost on				
- Senior and Junior Sukuk	81,844	81,844	-	-
- term loans	86,731	97,179	38,643	37,546
- hire purchase	2	8	-	-
- loan stock	491	490	-	-
Amortisation of loan issuance cost	4,793	4,020	1,090	1,090
	175,922	184,843	40,001	38,804

13 INCOME TAX EXPENSE

(a) Tax charged/(credited) for the financial year

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
In Malaysia				
Current tax	90,092	45,473	2,239	-
Under provision in prior years	8,248	1,532	-	2,053
	98,340	47,005	2,239	2,053
Deferred tax	(24,808)	(40,922)	-	-
Income tax expense	73,532	6,083	2,239	2,053
Current tax:				
- income tax	88,838	45,473	985	-
- real property gain tax	1,254	-	1,254	-
Under provision in prior years	8,248	1,532	-	2,053
	98,340	47,005	2,239	2,053
Deferred tax:				
Origination net of reversal of temporary differences (Note 25)	(24,808)	(45,847)	-	-
Reversal arising from disposal of asset held for sale	-	4,925	-	-
	(24,808)	(40,922)	-	-
Income tax expense	73,532	6,083	2,239	2,053

13 INCOME TAX EXPENSE (CONTINUED)

(b) Numerical reconciliation of taxation and the product of accounting profit multiplied by the Malaysia tax rate

The explanation of the relationship between income tax expense and profit before income tax is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before income tax	392,629	370,112	225,182	236,444
Tax calculated at the Malaysian tax rate of 24% (2015: 25%)	94,231	92,528	54,044	59,111
Tax effects of:				
Income not subject to tax	(46,455)	(88,879)	(59,637)	(89,382)
Expenses not deductible for tax purposes	20,555	16,818	12,193	26,452
Deductible temporary differences and tax losses not recognised	1,717	(20,841)	403	3,819
Income subject to different tax rate	(4,764)	-	(4,764)	-
Under provision of tax in prior years	8,248	1,532	-	2,053
Reversal arising from disposal of asset held for sale*	-	4,925	-	-
Income tax expense	73,532	6,083	2,239	2,053

* Represents reversal of deferred tax assets upon the disposal of assets held for sale to a tax exempt entity.

14 EARNINGS PER SHARE

(a) Basic earnings per share

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

	2016	2015
Profit for the financial year attributable to the equity holders of the Company (RM'000)	267,360	330,392
Weighted average number of ordinary shares in issue ('000)	1,937,800	1,785,714
Basic earnings per share (sen)	13.80	18.50

(b) Diluted earnings per share

	2016	2015
Profit for the financial year attributable to the equity holders of the Company (RM'000)	267,360	330,392
Weighted average number of ordinary shares in issue ('000)	1,937,800	1,785,714
Adjustment for share options ('000)	3	7
Adjusted weighted average number of ordinary shares in issue ('000)	1,937,803	1,785,721
Diluted earnings per share (sen)	13.80	18.50

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares issued during the financial year were adjusted for the dilutive effects of all potential ordinary shares i.e. share options granted to employees.

Certain tranches of share options and warrants issued were not included in the calculation because the fair value of the issued ordinary shares as at 31 December 2016 was lower than the said option's and warrant's exercise prices. Accordingly, there is no bonus element in the outstanding shares for the purpose of computing the dilution.

15 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings, office equipment and computers RM'000	Motor vehicles RM'000	Construction in progress RM'000	Total RM'000
Group						
2016						
Cost/valuation						
At 1.1.2016	243,006	25,178	57,604	9,248	62,792	397,828
Additions	24,997	2,284	4,823	4,294	94,289	130,687
Disposals	-	(2,284)	(713)	-	-	(2,997)
Written off	(8,017)	-	(3,298)	-	-	(11,315)
At 31.12.2016	259,986	25,178	58,416	13,542	157,081	514,203
Accumulated depreciation						
At 1.1.2016	11,467	12,960	28,797	7,139	-	60,363
Charge for the financial year	7,931	2,476	8,916	789	-	20,112
Release on disposals	-	-	(220)	-	-	(220)
Written off	(768)	-	(3,107)	-	-	(3,875)
At 31.12.2016	18,630	15,436	34,386	7,928	-	76,380

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings, office equipment and computers RM'000	Motor vehicles RM'000	Construction in progress RM'000	Total RM'000
Group						
2015						
Cost/valuation						
At 1.1.2015	180,448	24,959	61,080	7,547	20,061	294,095
Additions	4,336	270	21,575	1,767	47,668	75,616
Disposals	(526)	-	(3,633)	(66)	-	(4,225)
Written off	(4,454)	(51)	(21,543)	-	-	(26,048)
Reclassification	14,737	-	125	-	(14,862)	-
Transferred from investment properties (Note 16)	26,104	-	-	-	5,869	31,973
Transferred from land held for property development (Note 17(a))	22,361	-	-	-	4,056	26,417
At 31.12.2015	243,006	25,178	57,604	9,248	62,792	397,828
Accumulated depreciation						
At 1.1.2015	7,656	10,501	38,922	6,716	-	63,795
Charge for the financial year	8,138	2,493	9,804	457	-	20,892
Release on disposals	(462)	-	(1,253)	(34)	-	(1,749)
Written off	(3,865)	(34)	(18,676)	-	-	(22,575)
At 31.12.2015	11,467	12,960	28,797	7,139	-	60,363
Accumulated impairment losses						
At 1.1.2015	-	-	1,714	-	-	1,714
Written off	-	-	(1,714)	-	-	(1,714)
At 31.12.2015	-	-	-	-	-	-
Net book value						
At 31.12.2016	241,356	9,742	24,030	5,614	157,081	437,823
At 31.12.2015	231,539	12,218	28,807	2,109	62,792	337,465

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Details of the freehold land and buildings of the Group are as follows:

	Freehold land RM'000	Buildings RM'000	Total RM'000
Group			
2016			
Cost			
At 1.1.2016	143,167	99,839	243,006
Additions	14,068	10,929	24,997
Written off	-	(8,017)	(8,017)
At 31.12.2016	157,235	102,751	259,986
Accumulated depreciation			
At 1.1.2016	-	11,467	11,467
Charge for the financial year	-	7,931	7,931
Written off	-	(768)	(768)
At 31.12.2016	-	18,630	18,630
2015			
Cost			
At 1.1.2015	81,336	99,112	180,448
Additions	173	4,163	4,336
Disposals	-	(526)	(526)
Written off	-	(4,454)	(4,454)
Reclassification	10,500	4,237	14,737
Transferred from/(to) investment properties (Note 16)	28,797	(2,693)	26,104
Transferred from land held for property development (Note 17(a))	22,361	-	22,361
At 31.12.2015	143,167	99,839	243,006
Accumulated depreciation			
At 1.1.2015	-	7,656	7,656
Charge for the financial year	-	8,138	8,138
Released on disposals	-	(462)	(462)
Written off	-	(3,865)	(3,865)
At 31.12.2015	-	11,467	11,467
Net book value			
At 31.12.2016	157,235	84,121	241,356
At 31.12.2015	143,167	88,372	231,539

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture, fittings, office equipment and computer RM'000	Motor vehicles RM'000	Total RM'000
Company			
2016			
Cost			
At 1.1.2016	5,777	172	5,949
Additions	761	-	761
Written off	(2)	-	(2)
At 31.12.2016	6,536	172	6,708
Accumulated depreciation			
At 1.1.2016	3,384	172	3,556
Charge for the financial year	1,228	-	1,228
Written off	(2)	-	(2)
At 31.12.2016	4,610	172	4,782
2015			
Cost			
At 1.1.2015	8,660	172	8,832
Additions	2,937	-	2,937
Disposals	(633)	-	(633)
Written off	(5,187)	-	(5,187)
At 31.12.2015	5,777	172	5,949
Accumulated depreciation			
At 1.1.2015	7,079	172	7,251
Charge for the financial year	1,746	-	1,746
Disposals	(631)	-	(631)
Written off	(4,810)	-	(4,810)
At 31.12.2015	3,384	172	3,556
Net book value			
At 31.12.2016	1,926	-	1,926
At 31.12.2015	2,393	-	2,393

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Included in property, plant and equipment of the Group are the net book values of the following assets acquired under hire purchase terms:

	Net Book Value	
	2016 RM'000	2015 RM'000
Group		
Motor vehicles	3,938	1,144

The property, plant and equipment of the Group with net book value of RM121,935,321 (2015: RM90,358,000) have been charged as security for term loan facilities of the Group.

Borrowings costs of RM4,617,838 (2015: Nil) for the Group have been capitalised to the asset under construction during the financial year.

16 INVESTMENT PROPERTIES

	Land & building RM'000	Construction in progress RM'000	Total RM'000
Group			
2016			
Cost			
At 1.1.2016	371,931	153,733	525,664
Additions	-	111,224	111,224
At 31.12.2016	371,931	264,957	636,888
Accumulated depreciation			
At 1.1.2016	68,308	-	68,308
Charge for the financial year	4,664	-	4,664
At 31.12.2016	72,972	-	72,972
Accumulated impairment loss			
At 1.1.2016/31.12.2016	43,839	-	43,839

16 INVESTMENT PROPERTIES (CONTINUED)

	Land & building RM'000	Construction in progress RM'000	Total RM'000
Group			
2015			
Cost			
At 1.1.2015	861,132	78,817	939,949
Additions	39,267	80,785	120,052
Transfer to property, plant and equipment (Note 15)	(26,104)	(5,869)	(31,973)
Transfer to assets held for sale (Note 31)	(502,364)	-	(502,364)
At 31.12.2015	371,931	153,733	525,664
Accumulated depreciation			
At 1.1.2015	83,152	-	83,152
Charge for the financial year	9,432	-	9,432
Transfer to assets held for sale (Note 31)	(24,276)	-	(24,276)
At 31.12.2015	68,308	-	68,308
Accumulated impairment loss			
At 1.1.2015/31.12.2015	43,839	-	43,839
Net book value			
At 31.12.2016	255,120	264,957	520,077
At 31.12.2015	259,784	153,733	413,517

	Land & building RM'000	Total RM'000
Company		
2015		
Cost		
At 1.1.2015	60,510	60,510
Transfer to asset held for sale (Note 31)	(60,510)	(60,510)
At 31.12.2015	-	-
Accumulated depreciation		
At 1.1.2015	5,415	5,415
Charge for the financial year	519	519
Transfer to asset held for sale (Note 31)	(5,934)	(5,934)
At 31.12.2015	-	-
Net book value		
At 31.12.2015	-	-

16 INVESTMENT PROPERTIES (CONTINUED)

The investment properties of the Group with net book value of RM440,054,705 (2015: RM331,817,730) have been charged as security for term loan facilities of the Group and of the Company (Notes 38 and 43).

Borrowings costs of RM10,766,602 (2015: RM5,269,987) for the Group has been capitalised in the construction in progress for the investment properties during the financial year.

At 31 December 2016, there were no contractual obligations for future repairs and maintenance (2015: Nil).

The leasehold land of the Group have lease periods ranging from 60 years to 99 years.

Fair value information

The fair value of the investment properties excluding those being constructed as at financial year end are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2016				
Land and Building	-	-	277,414	277,414
2015				
Land and Building	-	-	281,013	281,013

Level 2 fair value

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

Level 2 fair value of land and building have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this approach is price per square foot of comparable properties.

The following table shows a reconciliation of Level 2 fair value:

	2015 RM'000
Group and Company	
At 1 January	75,000
Transfer to asset held for sale (Note 31)	(75,000)
At 31 December	-

16 INVESTMENT PROPERTIES (CONTINUED)

Level 3 fair value

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

The following table shows a reconciliation of Level 3 fair value for investment properties excluding those being constructed as at financial year end.

	2016 RM'000	2015 RM'000
Group		
At 1 January	281,013	936,983
(Reduction)/additions	(3,599)	44,030
Transfer to assets held for sale (Note 31)	-	(700,000)
At 31 December	277,414	281,013

The following table shows the valuation techniques used in determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models:

Valuation Technique	Significant Unobservable Inputs	Inter-relationship Between Significant Unobservable Inputs and Fair Value Measurement
		The estimated fair value would increase/(decrease) if
Discounted cash flow	- Expected market rental growth : 3% per every 3 years	- Expected market rental growth were higher/(lower)
	- Yield: 5% to 6%	- Yield rate were higher/(lower)
	- Discount rate: 6%	- Discount rates were lower/(higher)

Valuation process applied by the Group for Level 3 fair value

The fair value of the investment properties above were based on management's estimates.

The fair value of the investment properties above excludes investment properties that are under construction as the fair value of these properties are not expected to be reliably measurable until construction completed.

The fair value of the investment properties is determined based on income approach using Level 3 inputs in the fair value hierarchy of MFRS 13 "Fair Value Measurement". The fair value of the investment properties is derived from an estimate of the market rental which the investment properties can reasonably be let for. Outgoings are deducted from the annual rental income and thereafter, the net annual rental income is capitalised at an appropriate current market yield to arrive at its fair value.

17 PROPERTY DEVELOPMENT ACTIVITIES

17(a) Land held for property development

	Group	
	2016 RM'000	2015 RM'000
At cost:		
Freehold land	1,047,070	874,558
Leasehold land	237,360	409,370
Development expenditure	514,335	534,090
	1,798,765	1,818,018
Less: Accumulated impairment losses	(31,126)	(31,126)
	1,767,639	1,786,892
At start of financial year	1,786,892	1,041,962
Development expenditure incurred	70,141	95,408
Transfer (to)/from property development costs (Note 17(b))	(343,921)	322,531
Acquisition of freehold land	211,322	343,865
Acquisition of leasehold land	6,900	10,656
Transfer to property, plant and equipment (Note 15)	-	(26,417)
Upon acquisition of a subsidiary (Note 5)		
- leasehold land	36,305	-
Upon disposal of a subsidiary		
- development costs	-	(1,113)
At end of the financial year	1,767,639	1,786,892

17 PROPERTY DEVELOPMENT ACTIVITIES (CONTINUED)

17(b) Property development costs

	Group 2016 RM'000	Group 2015 RM'000
At start of the financial year		
- land, at cost	184,931	621,631
- development costs	706,369	1,096,269
- accumulated costs charged to profit or loss	(402,690)	(886,376)
	488,610	831,524
Costs incurred during the financial year		
- transfer from land held for property development (Note 17(a))		
- land, at cost	270,152	30,482
- development costs	73,769	18,697
	343,921	49,179
- land, at cost	-	68
- development costs	688,656	388,749
	1,032,577	437,996
Foreign currency translation		
- land, at cost	(498)	2,669
- development costs	1,857	(718)
	1,359	1,951
Transfer to land held for property development (Note 17(a))		
- land, at cost	-	(335,684)
- development costs	-	(36,026)
	-	(371,710)
Transfer to inventories		
- land, at cost	-	(4,165)
- development costs	-	(20,100)
	-	(24,265)
Development cost transferred to construction contract	(2,698)	-
Costs charged to profit or loss	(760,561)	(386,886)
Balance carry forward	759,287	488,610

17 PROPERTY DEVELOPMENT ACTIVITIES (CONTINUED)

17(b) Property development costs (continued)

	Group 2016 RM'000	Group 2015 RM'000
Balance brought forward	759,287	488,610
Reversal upon completion of projects		
- land, at cost	(69,944)	(130,070)
- development costs	(45,251)	(740,502)
- accumulated costs charged to profit or loss	115,195	870,572
At end of the financial year	759,287	488,610
Analysed as follows		
- land, at cost	384,641	184,931
- development costs	1,422,702	706,369
- accumulated costs charged to profit or loss	(1,048,056)	(402,690)
	759,287	488,610

Included in development expenditure are the following charges made during the financial year:

	Group 2016 RM'000	Group 2015 RM'000
Interest capitalised	14,356	16,797

The freehold lands of certain subsidiaries are pledged as security for term loan facilities (Notes 38 and 43).

18 SERVICE CONCESSION ASSET

	Group 2016 RM'000	Group 2015 RM'000
Cost		
At start of the financial year	1,324,672	1,321,672
Additions	1,000	3,000
At end of the financial year	1,325,672	1,324,672
Less: Accumulated amortisation		
- At start of the financial year	(114,680)	(84,377)
- Charge for the financial year (Note 9)	(34,645)	(30,303)
- At end of the financial year	(149,325)	(114,680)
As at 31 December	1,176,347	1,209,992

19 SUBSIDIARIES

	Company	
	2016 RM'000	2015 RM'000
Cost of investment	2,667,907	2,337,183
Less: Accumulated impairment losses		
- At start of financial year	(304,547)	(239,049)
- Charge for the financial year	(21,858)	(65,498)*
- Written off during the financial year	66,872	-
	(259,533)	(304,547)
	2,408,374	2,032,636
Loan stocks	17,333	17,333
Redeemed during the financial year	(17,333)	-
	-	17,333
Accumulated impairment losses		
- At start of financial year	(17,333)	(17,333)
- Written back during the financial year	17,333	-
	-	(17,333)
	-	-
At 31 December	2,408,374	2,032,636

Cost of investment includes the guaranteed return to a non-controlling interest in a subsidiary of RM115 million which is recoverable from the non-controlling interest's portion of further profits distribution by the subsidiary.

In addition, the cost of investment is net of the disposal effects of subsidiaries and the conversion of receivables to cost of investment in subsidiaries in the form of redeemable preference shares of RM519,168,750 (2015: RM564,352,200).

The loan stocks issued by a subsidiary pursuant to a Joint Venture Agreement and was fully redeemed on 31 December 2016.

* The impairment losses in the previous financial year were primarily recognised pursuant to the Company's decision to cease the operation of a subsidiary. The recoverable amount of the subsidiary was determined based on the net recoverable value of the subsidiary.

19 SUBSIDIARIES (CONTINUED)

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

	Cosy Bonanza Sdn Bhd RM'000	Prema Bonanza Sdn Bhd RM'000	Seri Iskandar Development Corporation Sdn Bhd RM'000	Metro Spectacular Sdn Bhd RM'000	Rukun Juang Sdn Bhd RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
Group - 2016							
NCI percentage of ownership interest and voting interest	34.3%	49.0%	30.0%	49.0%	15.0%		
Accumulated NCI as at 31 December	11,898	87,163	1,267	(1,468)	361	-	99,221
Profit/(loss) allocated to NCI during the financial year	72	53,973	(59)	(1,517)	(313)	(419)	51,737
Other comprehensive income	-	-	-	-	-	-	-
	72	53,973	(59)	(1,517)	(313)	(419)	51,737
Summarised financial information before intra-group elimination							
As at 31 December							
Non-current assets	1,462	240	43,227	-	222,340	-	267,269
Current assets	56,158	352,876	42,621	37,636	9,987	-	499,278
Non-current liabilities	-	-	(796)	-	(162,453)	-	(163,249)
Current liabilities	(22,931)	(177,793)	(99,582)	(40,633)	(67,603)	-	(408,542)
Net assets/(liabilities)	34,689	175,323	(14,530)	(2,997)	2,271	-	194,756

19 SUBSIDIARIES (CONTINUED)

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

	Cosy Bonanza Sdn Bhd RM'000	Prema Bonanza Sdn Bhd RM'000	Seri Iskandar Development Corporation Sdn Bhd RM'000	Metro Spectacular Sdn Bhd RM'000	Rukun Juang Sdn Bhd RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
Group - 2016							
Year ended 31 December							
Revenue	2,078	539,474	21,262	-	-	-	562,814
Profit/(loss) for the financial year	208	110,150	(195)	(3,096)	(2,086)	-	104,981
Total comprehensive income/(loss)	208	110,150	(195)	(3,096)	(2,086)	-	104,981
Net cash (used in)/ generated from operating activities	(53,062)	131,508	(6,426)	(37,901)	(163,889)	-	(129,770)
Net cash used in investing activities	-	-	(4)	-	-	-	(4)
Net cash generated from/ (used in) financing activities	23,054	(111,898)	6,000	39,974	164,736	-	121,866
Net cash used in the acquisition of NCI	-	-	-	-	-	(5,957)	(5,957)
Dividend paid to NCI	(31,975)	-	-	-	-	-	(31,975)
Net (decrease)/increase in cash and cash equivalents	(61,983)	19,610	(430)	2,073	847	(5,957)	(45,840)
Cash and cash equivalents							
- at beginning of the financial year	86,541	16,452	27,426	-	1,336	5,957	137,712
- at end of the financial year	24,558	36,062	26,996	2,073	2,183	-	91,872

19 SUBSIDIARIES (CONTINUED)

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

	Cosy Bonanza Sdn Bhd RM'000	Prema Bonanza Sdn Bhd RM'000	Seri Iskandar Development Corporation Sdn Bhd RM'000	MRCB Putra Sdn Bhd* RM'000	Rukun Juang Sdn Bhd RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
Group - 2015							
NCI percentage of ownership interest and voting interest	34.3%	49.0%	30.0%	30.0%	15.0%		
Accumulated NCI as at 31 December	16,990	33,189	1,326	445	674	-	52,624
Profit/(loss) allocated to NCI during the financial year	20,762	13,963	144	(475)	(76)	(681)	33,637
Other comprehensive income	-	-	-	-	-	-	-
	20,762	13,963	144	(475)	(76)	(681)	33,637
Summarised financial information before intra-group elimination							
As at 31 December							
Non-current assets	-	626	43,920	-	10,656	-	55,202
Current assets	197,680	285,689	40,496	76,029	1,391	2,363	603,648
Non-current liabilities	-	-	(719)	-	-	-	(719)
Current liabilities	(148,146)	(221,141)	(98,033)	(48,302)	(7,689)	(2,363)	(525,674)
Net assets/(liabilities)	49,534	65,174	(14,336)	27,727	4,358	-	132,457

* Non-controlling interest has been derived subsequent to considering RM26.235 million equity instrument subscribed by the Company.

19 SUBSIDIARIES (CONTINUED)

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

	Cosy Bonanza Sdn Bhd RM'000	Prema Bonanza Sdn Bhd RM'000	Seri Iskandar Development Corporation Sdn Bhd RM'000	MRCB Putra Sdn Bhd RM'000	Rukun Juang Sdn Bhd RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
Group - 2015							
Year ended 31 December							
Revenue	328,859	204,146	15,490	-	-	-	548,495
Profit/(loss) for the financial year	60,531	28,495	482	(1,582)	(507)	(2,046)	85,373
Total comprehensive income/(loss)	60,531	28,495	482	(1,582)	(507)	(2,046)	85,373
Net cash generated from/ (used in) operating activities	238,231	88,256	(2,138)	(21,251)	(8,957)	(768)	293,373
Net cash used in investing activities	-	-	(33)	-	-	-	(33)
Net cash (used in)/ generated from financing activities	(150,439)	(122,434)	-	26,979	10,293	-	(235,601)
Net cash arising from acquisition of NCI	-	-	-	-	-	(8,080)	(8,080)
Dividend paid to NCI	(37,730)	-	-	-	-	-	(37,730)
Net increase/(decrease) in cash and cash equivalents	50,062	(34,178)	(2,171)	5,728	1,336	(8,848)	11,929
Cash and cash equivalents							
- at beginning of the financial year	36,479	50,630	29,597	227	-	8,850	125,783
- at end of the financial year	86,541	16,452	27,426	5,955	1,336	2	137,712

20 ASSOCIATES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
In Malaysia				
Quoted investment at cost	361,625	251,625	361,625	251,625
Unquoted investments at cost	81,138	84,138	81,138	84,138
Share of post-acquisition accumulated profit	5,724	21,397	-	-
Unrealised gains*	(159,167)	(115,255)	-	-
	289,320	241,905	442,763	335,763
Analysis of associates are as follows:				
Group's share of net tangible assets	286,241	238,826		
Goodwill of acquisition	3,079	3,079		
	289,320	241,905		

* Unrealised gains comprise unrealised profits mainly arising from the disposal of assets to an associate company.

The fair value of the quoted investment as at 31 December 2016 is RM357,500,400 (2015: RM222,750,000), based on quoted market prices at the reporting date included within Level 1 of the fair value hierarchy.

20 ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates and reconciliation of the information to the carrying amount of the Group's interest in the associates.

	MRCB-Quill REIT RM'000	One IFC Sdn Bhd RM'000	UEMB-MRCB JV Sdn Bhd RM'000	MRCB Quill Management Sdn Bhd RM'000	Other individually immaterial associates RM'000	Total RM'000
Group - 2016						
Summarised financial information						
Percentage of ownership interest and voting interest	27.9%	30.0%	49.0%	41.0%		
As at 31 December						
Non-current assets	2,179,373	353,560	-	644	-	2,533,577
Current assets	72,370	239,750	120,165	12,224	16,186	460,695
Non-current liabilities	(685,405)	(239,170)	(206)	-	-	(924,781)
Current liabilities	(252,238)	(93,903)	(95,022)	(2,116)	(15,423)	(458,702)
Net assets	1,314,100	260,237	24,937	10,752	763	1,610,789
Year ended 31 December						
Profit from operations	39,011	18,342	9,448	7,106	1,151	75,058
Other comprehensive loss	(3,264)	-	-	-	-	(3,264)
Total comprehensive income	35,747	18,342	9,448	7,106	1,151	71,794
Included in total comprehensive income is:						
Revenue	131,787	129,844	135,328	16,181	13,487	426,627

20 ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates and reconciliation of the information to the carrying amount of the Group's interest in the associates. (continued)

	MRCB-Quill REIT RM'000	One IFC Sdn Bhd RM'000	UEMB-MRCB JV Sdn Bhd RM'000	MRCB Quill Management Sdn Bhd RM'000	Other individually immaterial associates RM'000	Total RM'000
Group - 2016						
Reconciliation of net assets to carrying amount						
As at 31 December						
Group's share of net assets	350,432	78,071	12,219	4,409	277	445,408
Goodwill	-	-	1	3,078	-	3,079
Elimination of unrealised profit	(148,782)	(10,385)	-	-	-	(159,167)
Carrying amount in the statements of financial position	201,650	67,686	12,220	7,487	277	289,320
Group's share of results						
Year ended 31 December						
Group's share of profit or loss from operations						
- current year	12,165	5,503	4,630	2,913	497	25,708
- (over)/under recognition in prior year	-	(1,823)	2,479	-	(16)	640
	12,165	3,680	7,109	2,913	481	26,348
Group's share of associate's other comprehensive loss	(1,017)	-	-	-	-	(1,017)
Group's share of total comprehensive income	11,148	3,680	7,109	2,913	481	25,331

20 ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates and reconciliation of the information to the carrying amount of the Group's interest in the associates. (continued)

	MRCB-Quill REIT RM'000	One IFC Sdn Bhd RM'000	UEMB-MRCB JV Sdn Bhd RM'000	Ekovest-MRCB JV Sdn Bhd RM'000	Ekovest-MRCB Construction Sdn Bhd RM'000	Other individually immaterial associates RM'000	Total RM'000
Group - 2015							
Summarised financial information							
Percentage of ownership interest and voting interest	31.2%	30.0%	49.0%	40.0%	40.0%		
As at 31 December							
Non-current assets	1,551,792	279,270	3,769	154	139	428	1,835,552
Current assets	51,675	179,025	135,916	13,198	19,784	13,445	413,043
Non-current liabilities	(705,294)	(133,231)	(1,224)	(14)	-	-	(839,763)
Current liabilities	(16,022)	(77,092)	(109,533)	(5,712)	(15,859)	(4,528)	(228,746)
Net assets	882,151	247,972	28,928	7,626	4,064	9,345	1,180,086
Year ended 31 December							
Profit/(loss) from operations	30,580	(8,970)	14,317	1,466	1,234	1,673	40,300
Other comprehensive income	1,610	-	-	-	-	-	1,610
Total comprehensive income/(loss)	32,190	(8,970)	14,317	1,466	1,234	1,673	41,910
Included in total comprehensive income is:							
Revenue	96,565	79,040	422,754	3,262	19,472	7,146	628,239

20 ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates and reconciliation of the information to the carrying amount of the Group's interest in the associates. (continued)

	MRCB-Quill REIT RM'000	One IFC Sdn Bhd RM'000	UEMB-MRCB JV Sdn Bhd RM'000	Ekovest-MRCB JV Sdn Bhd RM'000	Ekovest-MRCB Construction Sdn Bhd RM'000	Other individually immaterial associates RM'000	Total RM'000
Group - 2015							
Reconciliation of net assets to carrying amount							
As at 31 December							
Group's share of net assets	257,084	74,392	14,175	3,051	1,626	3,753	354,081
Goodwill	-	-	1	-	-	3,078	3,079
Elimination of unrealised profit	(103,138)	(12,117)	-	-	-	-	(115,255)
Carrying amount in the statements of financial position	153,946	62,275	14,176	3,051	1,626	6,831	241,905
Group's share of results							
Year ended 31 December							
Group's share of profit or loss from operations							
- current year	9,536	(2,691)	7,015	587	494	700	15,641
- under recognition in prior year	-	-	367	-	-	(1)	366
	9,536	(2,691)	7,382	587	494	699	16,007
Group's share of associate's other comprehensive income	502	-	-	-	-	-	502
Group's share of total comprehensive income/(loss)	10,038	(2,691)	7,382	587	494	699	16,509

Both Ekovest-MRCB JV Sdn. Bhd. and Ekovest-MRCB Construction Sdn. Bhd. were disposed off during the financial year as stated in Note 49(d) to the financial statements. As a consequence, disclosure pertaining to these investments have not been disclosed in the current financial year.

20 ASSOCIATES (CONTINUED)

MRCB-Quill REIT ("MQ REIT") is a real estate investment trust listed on the Main Market of Bursa Malaysia Securities Berhad. The principal activity of MQ REIT includes the acquisition of and investment in commercial properties, primarily in Malaysia. The Group's 41% equity interest associate, MRCB Quill Management Sdn. Bhd. is the Manager of MQ REIT.

One IFC Sdn. Bhd. ("One IFC") is involved in the development of St. Regis Hotel and Residences in Kuala Lumpur Sentral. One IFC is a strategic partnership for the Group, enhancing the Group's involvement in the property development and property investment business.

UEMB-MRCB JV Sdn. Bhd. is a strategic partnership for the Group to undertake the RM1.4 billion PLUS contract awarded to construct a fourth lane from Shah Alam to Rawang/Jalan Duta Toll Plaza interchanges and from Nilai Utara to Seremban, enhancing the Group's involvement in the construction of highway.

Ekovest-MRCB JV Sdn. Bhd. is engaged as the Project Delivery Partner for the River of Life Entry Point Project. The project is involved in upstream river cleaning and beautification works. Ekovest-MRCB Construction Sdn. Bhd. is the appointed contractor for River of Life project.

The results of associates are accounted for by using equity method.

The Group and the Company received the following dividend from associates during the financial year.

	Group and Company	
	2016 RM'000	**2015 RM'000**
MQ REIT	26,297	4,579
UEMB-MRCB JV Sdn. Bhd.	9,065	9,800
MRCB Quill Management Sdn. Bhd.	2,050	-
	37,412	14,379

The Group and the Company does not have any capital commitments or contingent liabilities in relation to its interest in the associates as at 31 December 2016 (2015: Nil).

21 JOINT VENTURES

	Group	
	2016 RM'000	**2015 RM'000**
In Malaysia		
Unquoted investments at cost	5,580	5,510
Share of post-acquisition reserves	6,965	652
	12,545	6,162

The following table summarises the information of the Group's joint ventures and reconcile the information to the carrying amount of the Group's interest in the joint ventures.

21 JOINT VENTURES (CONTINUED)

Summarised financial information

2016	MRCB George Kent Sdn Bhd RM'000	Dekad Kaliber Sdn Bhd RM'000	CSB Development Sdn Bhd RM'000	Total RM'000
Percentage of ownership interest and voting interest	50%	51%	70%	
As at 31 December				
Non-current assets	5,523	22	297,872	303,417
Current assets	51,011	60,140	202	111,353
Current liabilities	(35,780)	(56,243)	(298,159)	(390,182)
Net assets	20,754	3,919	(85)	24,588
Year ended 31 December				
Profit from operations	10,179	2,204	142	12,525
Other comprehensive income	-	-	-	-
Total comprehensive income	10,179	2,204	142	12,525
Included in total comprehensive income/(loss) are as follows:				
Revenue	105,092	38,568	-	143,660
Depreciation	(645)	(14)	-	(659)
Interest income	339	-	-	339
Income tax expenses	(3,204)	(635)	-	(3,839)
Reconciliation of net assets to carrying amount				
As at 31 December				
Group's share of net assets	10,377	1,999	169	12,545
Carrying amount in statements of financial position	10,377	1,999	169	12,545
Group's share of results				
Year ended 31 December				
Group's share of profit from operations				
- current year	5,089	1,124	100	6,313
	5,089	1,124	100	6,313
Group's share of other comprehensive income	-	-	-	-
Group's share of total comprehensive income	5,089	1,124	100	6,313

21 JOINT VENTURES (CONTINUED)

Summarised financial information (continued)

2015	MRCB George Kent Sdn Bhd RM'000	Dekad Kaliber Sdn Bhd RM'000	Nu Sentral Sdn Bhd RM'000	Total RM'000
Percentage of ownership interest and voting interest	50%	51%	51%	
As at 31 December				
Non-current assets	32	36	-	68
Current assets	11,922	11,097	-	23,019
Current liabilities	(1,379)	(9,418)	-	(10,797)
Net assets	10,575	1,715	-	12,290
Year ended 31 December				
Profit/(loss) from operations	575	715	(14,916)	(13,626)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss)	575	715	(14,916)	(13,626)
Included in total comprehensive income/(loss) are as follows:				
Revenue	2,378	14,196	18,485	35,059
Depreciation	(1)	(6)	(106)	(113)
Interest income	2	-	223	225
Interest expenses	-	-	(10,122)	(10,122)
Income tax expenses	(192)	(315)	(5)	(512)
Reconciliation of net assets to carrying amount				
As at 31 December				
Group's share of net assets	5,287	875	-	6,162
Carrying amount in statements of financial position	5,287	875	-	6,162
Group's share of results				
Year ended 31 December				
Group's share of profit/(loss) from operations				
- current year	287	365	(7,607)	(6,955)
- under recognition in prior year	-	-	(1,170)	(1,170)
	287	365	(8,777)	(8,125)
Group's share of other comprehensive income	-	-	-	-
Group's share of total comprehensive income/(loss)	287	365	(8,777)	(8,125)

21 JOINT VENTURES (CONTINUED)

MRCB George Kent Sdn. Bhd. is a 50%:50% joint venture between MRCB Builders Sdn. Bhd., a wholly owned subsidiary of the Company and George Kent (Malaysia) Berhad ("The JV"). The JV is a Project Delivery Partner to undertake the design and construction work of the Light Rail Transit Line 3 from Bandar Utama to Johan Setia.

Dekad Kaliber Sdn. Bhd. ("DKSB") is a 51%:49% joint venture between MRCB Engineering Sdn. Bhd., a wholly owned sub-subsidiary of the Company and Hicom Builders Sdn. Bhd.. The purpose of setting up the joint venture is to undertake the construction of the Integrated Immigration, Customs, Quarantine and Security Complex at Bukit Kayu Hitam, Kedah Darul Aman. The Group disposed off its entire equity interest in DKSB subsequent to the financial year as stated in Note 50(b) to the financial statement.

CSB Development Sdn. Bhd. is a 70% equity interest owned joint venture between MRCB Land Sdn. Bhd., a wholly owned subsidiary of the Company and Cyberview Sdn. Bhd.. The purpose of setting up the joint venture is to undertake the development of Cyberjaya City Centre.

Nu Sentral Sdn. Bhd. owns Nu Sentral retail mall, the first integrated green lifestyle retail mall in Malaysia, enhancing the Group's involvement in the property investment business.

The results of joint ventures are accounted for by using equity method.

No dividends were received from joint venture during the financial year (2015: Nil).

The Group does not have any capital commitments or performance guarantee extended to third party in relation to its interest in the joint ventures as at 31 December 2016 (2015: RM Nil).

22 LONG TERM LOAN AND RECEIVABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
In Malaysia				
Trade receivables	5,486	5,253	-	-
Other receivables	29,011	-	29,011	-
	34,497	5,253	29,011	-

The carrying amounts of the Group's long term loan and receivables approximate their fair values, which are based on cash flows discounted using the current market interest rates. The fair values are within Level 2 of the fair value hierarchy.

23 AVAILABLE FOR SALE FINANCIAL ASSETS

	Group and Company	
	2016 RM'000	2015 RM'000
At 1 January/31 December	577	577
Available for sale financial assets include the following:		
Shares in a corporation, quoted outside Malaysia	910	910
Less: Accumulated impairment losses	(642)	(642)
	268	268
Unquoted investments	7,717	7,717
Less: Accumulated impairment losses	(7,408)	(7,408)
	309	309
Total	577	577

Available for sale financial assets are denominated in the following currencies:

	Group and Company	
	2016 RM'000	2015 RM'000
Ringgit Malaysia	309	309
UK Pound	268	268
Total	577	577

The fair values of the quoted investments are determined based on the quoted market bid prices available on the relevant stock exchange. The fair values of unquoted investments are measured at cost less impairment losses based on inputs of comparable investments. The fair value are within Level 2 of the fair value hierarchy.

24 INTANGIBLE ASSETS

The carrying amount of goodwill, development rights and order book on consolidation are as follows:

	Group	
	2016 RM'000	2015 RM'000
Goodwill		
At 1 January	154,101	154,101
Accumulated impairment loss		
At 1 January	(15,831)	(14,969)
Addition	(53,378)	(862)
At 31 December	(69,209)	(15,831)
	84,892	138,270
Development rights		
At 1 January/31 December	18,017	18,017
Order Book		
At 1 January	160,786	114,638
Addition	-	51,683
Amortisation charge	(3,153)	(3,534)
Amortisation charge capitalised in		
- investment properties under construction	(3,474)	(2,001)
- property development costs	(4,200)	-
At 31 December	149,959	160,786
Total	252,868	317,073

Goodwill – 348 Sentral Sdn. Bhd. (RM53,118,877)

Following the disposal of significant assets by a subsidiary during the financial year, the goodwill of RM53,118,877 in respect of that subsidiary, was tested for impairment using the fair value less cost to sell method (2015: fair value less cost to sell). The fair value of the remaining assets of the subsidiaries is unable to support the carrying value of the goodwill. Accordingly, the goodwill had been fully impaired and the carrying value of the Group's interest in the subsidiary has been written down to its estimated net recoverable value. The goodwill impairment has been charged to other operating expenses in the statements of comprehensive income.

24 INTANGIBLE ASSETS (CONTINUED)

Goodwill – Gapurna group of companies (RM81,969,755)

The goodwill of RM81,969,755 arising from the acquisition of Gapurna group of companies which are allocated to the engineering & construction and property development business segments (i.e. Cash Generating Units ("CGU")) was tested for impairment using the value in use ("VIU") method.

Based on the impairment assessment performed by the Group, no impairment is required for the goodwill.

The recoverable amount of the CGUs in respect of the goodwill was determined based on VIU calculations. Cash flow projections used in these calculations were based on financial budgets approved by the Board of Directors covering a three (3) year period (financial years 2017 to 2019).

Key assumptions used in the VIU calculations for the goodwill impairment assessment is as follows:

	2016	2015
Gross margin	10%-12%	10%-12%
Discount rate (pre-tax)	7.96%	8.96%
Terminal growth rate	1.00%	2.00%

A reasonable possible change in the key assumptions would not result in any impairment.

Development rights

Development rights of RM18,016,809 allocated to 59 INC Sdn. Bhd., a property development company was tested for impairment using the VIU method.

The recoverable amount of CGU in development rights was determined based on VIU calculations. Cash flow projections used in these calculations were based on financial budgets approved by management covering a three (3) year period.

Key assumptions used in the VIU calculations for development rights are as follows:

	2016 %	2015 %
Discount rate (pre-tax)	10.07	13.57

Based on the impairment test, no impairment is required for the development rights attributable to 59 INC Sdn. Bhd..

A reasonable possible change in the key assumptions would not result in any impairment.

25 DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deferred tax assets	96,588	76,705	-	-
Deferred tax liabilities	(80,368)	(85,293)	-	-
	16,220	(8,588)	-	-
The movements during the financial year relating to deferred tax are as follows:				
At start of the financial year	(8,588)	(54,435)	-	-
Credit/(charged) to statement of comprehensive income (Note 13)				
Property, plant and equipment	(747)	12,588	72	(190)
Investment properties	9,431	2,441	-	2,702
Property development cost	(3,330)	17,471	-	-
Provisions	9,190	(14,744)	(72)	(2,512)
Order book	757	848	-	-
Tax losses	423	409	-	-
Service concession asset	8,396	22,300	-	-
Others	688	4,534	-	-
	24,808	45,847	-	-
At end of the financial year	16,220	(8,588)	-	-

25 DEFERRED TAX (CONTINUED)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Subject to income tax				
Deferred tax assets (before offsetting)				
Property, plant and equipment	10,148	10,947	-	-
Property development cost	9,712	17,335	-	-
Provisions	21,637	12,447	418	490
Tax losses	19,123	18,700	-	-
Service concession asset	35,199	26,803	-	-
Others	5,222	4,534	-	-
	101,041	90,766	418	490
Offsetting	(4,453)	(14,061)	(418)	(490)
Deferred tax assets (after offsetting)	96,588	76,705	-	-
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	(6,643)	(6,695)	(418)	(490)
Investment property	-	(9,431)	-	-
Property development cost	(51,789)	(56,082)	-	-
Order book	(26,389)	(27,146)	-	-
	(84,821)	(99,354)	(418)	(490)
Offsetting	4,453	14,061	418	490
Deferred tax liabilities (after offsetting)	(80,368)	(85,293)	-	-

The amounts of deductible temporary differences and unused tax losses (which have no expiry date) for which no deferred tax assets are recognised in the statements of financial position are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deductible temporary differences	110,699	41,638	17,137	14,700
Tax losses	136,931	198,839	1,540	2,299

26 INVENTORIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Completed properties for sale	29,653	32,504	5,921	7,220
Raw materials	27,868	30,599	-	-
	57,521	63,103	5,921	7,220

The carrying value of inventories included RM626,397 (2015: RM626,397) stated at net realisable value.

27 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade receivables	245,194	587,304	66,040	11,216
Less: Provision for impairment of trade receivables	(11,472)	(19,179)	-	-
	233,722	568,125	66,040	11,216
Amounts due from customers on contracts (Note 28)	297,744	225,013	54,391	4,844
Accrued billings in respect of property development	463,973	38,155	-	-
Amounts due from related parties	1,001	1,848	77	264
Deposits	76,775	24,891	2,849	4,158
Prepayments	31,935	13,127	-	-
Other receivables	234,952	257,580	114,293	223,603
Less: Provision for impairment of other receivables	(5,214)	(33,637)	(289)	(12,834)
	338,448	261,961	116,853	214,927
	1,334,888	1,095,102	237,361	231,251

	Company	
	2016 RM'000	2015 RM'000
Amounts due from subsidiaries*	605,443	651,188
Less: Provision for impairment of amounts due from subsidiaries	(70,683)	(65,659)
	534,760	585,529

* Amounts due from subsidiaries include Redeemable Cumulative Preference Shares of RM30,000,000 held by the Company in MRCB Putra Sdn. Bhd., a wholly owned subsidiary.

27 TRADE AND OTHER RECEIVABLES (CONTINUED)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Amounts due from associates	14,937	17,282	14,937	17,282
Amounts due from joint ventures	5,044	1,420	281	-
	19,981	18,702	15,218	17,282

The currency exposure profile of the trade and other receivables is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Ringgit Malaysia	1,295,436	1,078,476	237,361	231,251
Australian Dollar	39,442	16,619	-	-
Thai Baht	10	7	-	-
	1,334,888	1,095,102	237,361	231,251

Trade and other receivables that are neither past due nor impaired

Credit terms of trade receivables range from 30 to 60 days (2015: range from 30 to 60 days).

Other than receivables that are impaired, trade and other receivables comprise:

- Receivables in relation to construction business arising from rendering of construction services to companies with a good collection track record with the Group and the Company. These receivables include retention sums which are to be settled in accordance with the terms of the respective contracts;

- Receivables in relation to property development activities arising from sale of development units to large number of property purchasers with end financing facilities from reputable end-financiers, and the ownership and rights to the properties revert to the Group in the event of default; and

- Receivables from other external parties with no history of default.

Trade and other receivables that are past due but not impaired

As at 31 December 2016, the Group's and the Company's trade receivables of RM67,337,869 (2015: RM69,625,542) and RM8,230,429 (2015: RM2,481,979) respectively were past due their contractual payment date but not impaired as it relates to a number of external parties where there is no expectation of default. The age analysis of these trade receivables is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade receivables				
Less than three months	42,090	50,513	8,186	2,438
Between three to six months	9,017	5,012	-	-
Between six months and one year	4,248	10,248	-	-
More than one year	11,983	3,853	44	44
	67,338	69,626	8,230	2,482

27 TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade and other receivables that are past due but not impaired (continued)

As at 31 December 2016, the Group's and the Company's other receivables of RM1,499,470 (2015: RM62,511,730) and Nil (2015: RM40,164,624) respectively were past due their contractual payment date but not impaired as it relates to a number of external parties where there is no expectation of default. The age analysis of these other receivables is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other receivables				
Less than three months	857	52,125	-	39,280
Between three to six months	-	5,453	-	-
Between six months and one year	-	3,486	-	-
More than one year	642	1,448	-	885
	1,499	62,512	-	40,165

Trade and other receivables that are impaired

As at 31 December 2016, the Group's and the Company's trade and other receivables were individually impaired either because of difficulties in collecting promptly or the debtors are in financial difficulty. The aging of these receivables is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade receivables				
Within 6 months	-	-	-	-
More than 6 months	11,472	19,179	-	-
	11,472	19,179	-	-
Other receivables				
Within 6 months	-	-	-	-
More than 6 months	5,214	33,637	289	12,834
	5,214	33,637	289	12,834

27 TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade and other receivables that are impaired (continued)

Movements of the provision for impairment of trade and other receivables during the financial year are as follows:-

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade receivables				
At start of the financial year	19,179	16,362	-	-
Provision for impairment of receivables	2,117	3,332	-	-
Reversal of impairment	(849)	(420)	-	-
Written off	(8,975)	(95)	-	-
At end of the financial year	11,472	19,179	-	-
Other receivables				
At start of the financial year	33,637	32,425	12,834	12,834
Provision for impairment of receivables	517	1,778	289	-
Reversal of impairment	(1,319)	(556)	-	-
Written off	(27,621)	(10)	(12,834)	-
At end of the financial year	5,214	33,637	289	12,834

The creation and release of provision for impaired receivables have been included in 'other operating expenses' in the profit or loss. Amount charged to the allowance account are generally written off, when there is no expectation of further recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at 31 December 2016 is the carrying value of each class of receivables mentioned above.

Amounts due from subsidiaries, associates, joint ventures and related parties are unsecured, interest free and repayable on demand. There is no material difference between the carrying value of the trade and other receivables and their fair values, due to the short term duration of these receivables.

28 CONSTRUCTION CONTRACTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Aggregate costs incurred to date	4,068,268	4,450,153	435,235	613,512
Attributable profits on contract works performed to date	224,449	230,627	11,940	13,795
Less: Provision for foreseeable losses	(17,956)	(80)	-	-
	4,274,761	4,680,700	447,175	627,307
Less: Progress billings	(4,009,159)	(4,467,854)	(393,694)	(623,074)
	265,602	212,846	53,481	4,233
Amounts due from customers on contracts (Note 27)	297,744	225,013	54,391	4,844
Amounts due to customers on contracts (Note 41)	(32,142)	(12,167)	(910)	(611)
	265,602	212,846	53,481	4,233
Retention sum on contracts, included under trade receivables	87,541	73,526	18,721	3,136

The borrowing costs capitalised in construction contracts during the financial year was RM2,628,416 (2015: RM891,976).

29 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Shares in corporations, quoted in Malaysia	2,255	2,381	2,255	2,381

Financial assets at fair value through profit or loss are presented within 'operating activities' as part of changes in working capital in the statements of cash flows.

Changes in fair values of financial assets at fair value through profit or loss are recorded in 'other gain/(losses) – net' in the profit or loss.

The fair value of all equity securities is based on their current bid prices in an active market.

30 DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits with licensed banks	260,581	80,776	10,123	17,642
Deposits with licensed financial institutions	948	1,159	948	494
Cash held under Housing Development Accounts	62,398	77,944	-	-
Cash and bank balances	398,230	361,629	128,602	74,389
	722,157	521,508	139,673	92,525

30 DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

Included in the Group's and the Company's cash and bank balances and deposits with licensed banks and licensed financial institutions are restricted monies amounting to RM129,392,132 (2015: RM182,278,722) and RM30,090,569 (2015: RM36,865,274) respectively, representing:

- collateral pledged with licensed banks and/or licensed financial institutions by the Group and the Company for credit facilities granted and bank guarantee facilities issued to third parties;

- proceeds from the issue of Senior and Junior Sukuk and long term loan by a subsidiary net of permitted withdrawal at date of issue of Sukuk have been channelled to Designated Accounts for the Eastern Dispersal Link Expressway project as provided under the terms and conditions of the Project Account Agreement (Note 36).

Cash held under Housing Development Accounts represents receipts from purchasers of residential properties less payments or withdrawals provided under the Housing Developers (Control and Licensing) Act, 1966.

Cash and cash equivalents of the Group and of the Company comprise:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits, cash and bank balances	722,157	521,508	139,673	92,525
Less:				
Cash and bank balances and fixed deposits held as security value	(129,392)	(182,279)	(30,091)	(36,865)
	592,765	339,229	109,582	55,660

The currency denomination of the deposits, cash and bank balances of the Group and of the Company are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Ringgit Malaysia	711,870	507,805	139,639	92,492
Australian Dollar	9,356	12,816	34	33
Thai Baht	931	887	-	-
	722,157	521,508	139,673	92,525

The weighted average period effective interest rates per annum of deposits with licensed banks and financial institutions that were effective at the end of the financial year were as follows:

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Deposits with licensed banks	2.98	3.16	3.38	3.23
Deposits with licensed financial institutions	3.05	3.18	3.05	3.40

The maturity periods of deposits with licensed banks and licensed financial institutions as at the financial year end were as follows:

	Group		Company	
	2016 days	2015 days	2016 days	2015 days
Deposits with licensed banks	4 - 365	3 - 365	7 - 365	7 - 365
Deposits with licensed financial institutions	8	6 - 90	8	6

Bank balances are held at call except for the restricted monies.

31 ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current assets held for sale				
Investment properties	-	478,088	-	54,576
Liabilities associated with assets held for sale				
Other payables	-	(11,227)	-	-
Net assets held for sale	-	466,861	-	54,576

The movement during the financial year relating to net assets held for sale are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 January	466,861	395,212	54,576	-
Disposal of investment properties and other payables (Notes A & B)	(466,861)	(395,212)	(54,576)	-
Transfer from investment properties	-	478,088	-	54,576
Reduction in other payables	-	(11,227)	-	-
At 31 December	-	466,861	-	54,576

Note A - 2016

The investment properties represent Sooka Sentral and Menara Shell, which were owned by the Company and 348 Sentral Sdn. Bhd., a wholly owned subsidiary of the Company. The investment properties and its related tenants deposit were presented as assets held for sale and liabilities associated with asset held for sale following the Group's decision to dispose the investment properties in the previous financial year.

The disposal of Sooka Sentral was completed on 23 May 2016 with a resulting gain of RM41,619,162 (Note 49(a)).

The disposal of Menara Shell to MRCB-Quill REIT ("MQ REIT") was completed on 22 December 2016. In exchange of the disposal, the Group received RM640.0 million cash. At the same time, the Group also subscribed 91,667,000 Placement Units undertaken by MQ REIT at the issue price of RM1.20 per unit. Upon the subscription, the Group's equity interest in MQ REIT was diluted from 31.18% to 27.89%. The dilution of the equity interest has generated a gain of RM9,392,586 to the Group.

As the disposal of Menara Shell was made to an associate, the gain from the disposal of RM56,539,863 was restricted to the extent of the Group's interest in the associate, as disclosed in Note 20 to the financial statements.

Note B - 2015

The investment property represents Platinum Sentral, a property owned by a wholly owned subsidiary of the Company, MRCB Sentral Properties Sdn. Bhd. The investment property and its related tenants' deposits have been presented as assets held for sale and liabilities associated with assets held for sale following the Group's decision to dispose the investment property.

On 30 March 2015, the disposal of Platinum Sentral to MQ REIT was completed. In exchange of the disposal, the Group received RM476.0 million cash and 206,250,000 units in MQ REIT. The completion of the disposal resulted in the Group having a significant influence via its equity interest of 31.18% in MQ REIT. The disposal proceeds which comprised MQ REIT units was measured based on the published units price of MQ REIT of RM1.22 per unit on 30 March 2015, resulting in a total disposal proceeds of RM727,625,000.

As the disposal of Platinum Sentral was made to an associate company, the gain from the disposal of RM103,138,451 was restricted to the extent of the Group's interest in the associate, as disclosed in Note 20 to the financial statements.

32 SHARE CAPITAL

	Group and Company	
	2016 RM'000	2015 RM'000
Authorised:		
Ordinary shares of RM1.00 each		
At 1 January/31 December	5,000,000	5,000,000
Issued and fully paid:		
Ordinary shares of RM1.00 each		
At 1 January	1,786,591	1,760,178
Issue of shares pursuant to the Private Placement (Note 49(c))	357,318	-
Exercise of option under 2007/2017 ESOS	130	10
Issuance of new shares*	-	26,403
At 31 December	2,144,039	1,786,591

* The issuance of new shares is pursuant to the acquisition of an intangible asset ("Order Book") from Gapurna Sdn. Bhd..

During the financial year, 357,318,171 new ordinary shares of RM1.00 each were issued by the Company pursuant to the Private Placement as disclosed in Note 49(c) to the financial statements. The purpose of the Private Placement was to fund the Group's borrowing commitment and general working capital requirements.

There were also 130,000 new ordinary shares of RM1.00 each issued by the Company for cash by virtue of the exercise of options pursuant to the Company's Employees' Share Option Scheme at the exercise price of RM1.30 per share as part of the Company's long term plan to incentivise and retain employees.

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

32 SHARE CAPITAL (CONTINUED)

Employees' Share Option Scheme

The Company proposed a Employees' Share Option Scheme (2007/2012 ESOS or the Scheme) following the expiry of the 2002/2007 ESOS on 5 September 2007. The 2007/2012 ESOS was approved by the shareholders at an Extraordinary General Meeting held on 29 May 2007 and became effective on 31 October 2007 for a period of five (5) years.

On 25 October 2012, the Board of Directors had extended the duration of the ESOS for another five (5) years. The expiry date is revised from 30 October 2012 to 30 October 2017.

The details of the 2007/2017 ESOS are contained in the By-Laws and the salient features thereof are as follows:

(a) The Scheme is set up for the participation in the ordinary share capital of the Company only.

The total number of shares to be offered under the 2007/2017 ESOS shall not exceed 15% of the total number of issued and fully paid ordinary shares of the Company at any time during the tenure of the Scheme, which shall be in force for a period of ten (10) years commencing 31 October 2007.

(b) Eligible employees (including Executive Directors) are those who must have been confirmed in his/her position as an employee with a minimum of six (6) months continuous service on or prior to the date of offer of the 2007/2017 ESOS.

(c) The Scheme is administered by an ESOS Committee which consists of such persons duly appointed by the Board from time to time.

(d) An option granted under the 2007/2017 ESOS is capable of being exercised by the grantee by notice in writing to the Company commencing from the date of the offer and expiring on 30 October 2017.

(e) Options granted for each year may be exercised in full or in such lesser number of shares.

(f) The option price of each share shall be either at premium or at a discount of not more than 10% from the weighted average market price of the shares of the Company as stated in the Daily Official Listing issued by the Malaysia Securities Exchange Berhad for the five (5) market days immediately preceding the date of offer and shall not be less than the par value of the share.

(g) An eligible employee can only participate in one ESOS implemented by any company in the Group at any one time.

(h) All the new ordinary shares issued arising from the 2007/2017 ESOS shall rank pari passu in all respects with the existing ordinary shares of the Company.

On 31 May 2016, the shareholders of the Company had approved the granting of 3,368,750 options under the Scheme to Directors of the Company and person connected to the Directors and on 1 June 2016, 3,368,750 options were granted and vested.

On 16 November 2016, the ESOS Committee of the Company had approved the granting of 49,341,125 options under the Scheme and of which 47,492,500 options were granted and vested.

32 SHARE CAPITAL (CONTINUED)

Employees' Share Option Scheme (continued)

Options expiring on 30 October 2017

Set out below are details of options over the ordinary shares of the Company granted under the 2007/2017 ESOS:

			No. of ordinary shares of RM1.00 each covered under options				
Tranche	**Date**	**Price***	**At 1.1.2016**	**Granted**	**Exercised**	**Lapsed**	**At 31.12.2016**
1	21 Dec 2007	RM2.79	499,410	-	-	-	499,410
2	28 Apr 2009	RM1.14	67,723	-	-	(9,612)	58,111
3	24 Aug 2010	RM2.00	368,500	-	-	-	368,500
4	27 June 2011	RM2.48	13,000	-	-	-	13,000
5	28 Feb 2013	RM1.61	15,808,368	-	-	(1,756,096)	14,052,272
6	27 Oct 2015	RM1.30	85,093,750	-	(130,000)	(9,275,625)	75,688,125
7	1 June 2016	RM1.30	-	3,368,750	-	-	3,368,750
8	16 Nov 2016	RM1.36	-	47,492,500	-	-	47,492,500
			101,850,751	50,861,250	(130,000)	(11,041,333)	141,540,668

* The options prices for tranches 1 & 2 have been adjusted for the effect of the rights issue of seventy four (74) new options for every one thousand ("1,000") existing options, granted by the Company on 11 March 2010.

At financial year end, the outstanding options included 141,540,668 units which are exercisable.

130,000 options were exercised during the financial year and the options outstanding at financial year end have remaining contractual life of 10 months.

All options granted during the option period will expire on 30 October 2017.

Warrants

The warrants of the Company are constituted by a deed poll dated 22 August 2013.

At financial year end, the outstanding warrants included 576,519,012 units which are exercisable.

No warrants were exercised during the financial year and the warrants outstanding at the financial year end have remaining contractual life until 16 September 2018.

32 SHARE CAPITAL (CONTINUED)

Warrants (continued)

The salient terms of the warrants are as follows:

(a) Each warrant entitles the registered holder to subscribe for one (1) new ordinary share of RM1.00 each of the Company at any time during the five (5) years period commencing on and including 17 September 2013 ("First Issue Date"), to 16 September 2018 ("Exercise Period") at RM2.30 per new share of the Company ("Exercise Price") subject to adjustments in accordance with the provisions of the deed poll dated 22 August 2013 constituting the warrants;

(b) Any warrants not exercised during the Exercise Period shall thereafter lapse and cease to be valid for any purpose; and

(c) The new shares of the Company allotted and issued upon exercise of the warrants shall rank pari passu in all aspects with the existing shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

The movement of the warrants are as follows:

	No. of ordinary shares of RM1.00 each covered under warrants			
	At 1.1.2016	Granted	Exercised	At 31.12.2016
Number of unexercised warrants	576,519,012	-	-	576,519,012

33 SHARE PREMIUM

	Group and Company	
	2016 RM'000	2015 RM'000
At 1 January	327,950	323,986
Issue of shares pursuant to the Private Placement (Note 49(c))	44,385	-
Exercise of options under 2007/2017 ESOS	39	3
Transferred from share options reserve	17	1
Issuance of new shares*	-	3,960
At 31 December	372,391	327,950

* The issuance of new shares is pursuant to the acquisition of an intangible asset ("Order Book") from Gapurna Sdn. Bhd..

34 LOAN STOCKS

The loan stocks issued by a subsidiary pursuant to a Joint Venture Agreement dated 18 April 1996 were due for redemption on 1 January 2002. The joint venture parties have consented to extend the redemption to 31 December 2016 or within 6 months from the completion of joint venture project, whichever shall be earlier at 100% of its nominal value for all loan stocks not previously redeemed or purchased together with all accrued interest thereon under the Supplemental Joint Venture Agreement dated 19 February 2003. The loan stocks were fully redeemed on 31 December 2016.

35 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Group	
	2016 RM'000	2015 RM'000
Provision for liquidated ascertained damages	26,117	10,510

Liquidated ascertained damages

Provision for liquidated ascertained damages (LAD) is recognised for expected LAD claims based on the contract agreement and circumstances of projects.

36 SENIOR AND JUNIOR SUKUK

	Group	
	2016 RM'000	2015 RM'000
Senior Sukuk		
Nominal value	845,000	845,000
Less: Unamortised cost of issue	(8,817)	(10,309)
	836,183	834,691
Senior Sukuk	845,000	845,000
Less: Issuance expenses	(20,805)	(20,805)
Net proceeds	824,195	824,195
Accumulated amortisation of issuance expenses	11,988	10,496
	836,183	834,691
Junior Sukuk		
Nominal value	230,000	230,000
Less: Issuance expenses	(300)	(300)
Net proceeds	229,700	229,700
Accumulated amortisation of issuance expenses	600	461
Less: Accumulated unwinding of premium	(8,006)	(6,388)
	222,294	223,773
Total Senior and Junior Sukuk	1,058,477	1,058,464

(i) In 2008, a subsidiary issued RM845 million Senior Sukuk and RM199.0 million Junior Sukuk which proceeds were used to finance the EDL project. Tenure of the Senior Sukuk ranges from 10.0 to 17.5 years and Junior Sukuk ranges from 18.0 to 19.5 years from the date of issue and carry profit rates, which have been fixed in accordance with the Syariah principles, at profit ratios ranging from 6.33% to 8.35% per annum for Senior Sukuk and 10.05% to 10.40% per annum for Junior Sukuk respectively. Both Sukuk are payable semi-annually from its respective issue dates and traded on the Scriptless Securities Trading System operated and managed by Bank Negara Malaysia.

(ii) Proceeds from the issue of both Sukuk were channelled to Designated Accounts. Permitted withdrawals relating to the EDL project from these Designated Accounts are subject to terms and conditions of the Project Account Agreement (Note 30).

36 SENIOR AND JUNIOR SUKUK (CONTINUED)

(iii) The Junior Sukuk was fully subscribed by the Company in 2008. On 30 September 2011, the Company disposed the Junior Sukuk to The National Agricultural Cooperative Federation ("Purchaser") for a cash consideration of RM230.0 million. The Purchaser was the trustee for HanaDoal Landchip Malaysia JB Private Real Estate Fund Investment Trust No. 34 (REF Trust) of Korea.

(iv) Both Sukuk are denominated in Ringgit Malaysia.

(v) The carrying amounts of the Senior and Junior Sukuk that are measured at amortised cost as at 31 December 2016 approximate their fair values.

37 POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Group and the Company provide for unfunded retirement benefits to eligible employees, those permanent employees who joined before 1 September 2002, and have been in the service of the Group and of the Company for a continuous period of at least ten (10) years.

The liability in respect of the defined benefit plan is the present value of the defined benefit obligation at the statements of financial position. The defined benefit obligation, calculated using the projected unit credit method, is determined by a qualified actuary on the basis of a triennial valuation and after considering the estimated future cash outflows using the market yields at the valuation date of high quality corporate bonds. There were no changes to the assumptions used since the latest actuarial valuation report dated on 16 December 2014.

The defined benefit plan exposed the Group and the Company to actuarial risk such as interest rate risk and salary inflation risk.

Defined benefit plan

	Group	
	2016 RM'000	2015 RM'000
At 1 January	16,307	16,539
Charged to profit or loss	2,082	1,879
Utilised during the financial year	(2,077)	(2,111)
At 31 December	16,312	16,307

	Company	
	2016 RM'000	2015 RM'000
At 1 January	6,537	6,895
Charged to profit or loss	785	772
Utilised during the financial year	(369)	(1,130)
At 31 December	6,953	6,537

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current (Note 41)	1,377	-	-	-
Non-current	14,935	16,307	6,953	6,537
	16,312	16,307	6,953	6,537

37 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

The amounts recognised in the Group's and the Company's statement of financial positions are analysed as follows based on valuation carried out on 16 December 2014:

	Group RM'000	Company RM'000
Present value of unfunded obligations		
At 31 December 2016	16,312	6,953
At 31 December 2015	16,307	6,537
At 31 December 2014	16,539	6,895
At 31 December 2013	16,396	5,102
At 31 December 2012	17,081	5,325

The expenses recognised in the Group's and the Company's profit or loss are analysed as follows:

	Group	
	2016 RM'000	2015 RM'000
Current service cost	1,194	1,037
Interest cost	888	842
At 31 December	2,082	1,879

	Company	
	2016 RM'000	2015 RM'000
Current service cost	410	414
Interest cost	375	358
At 31 December	785	772

The above charge to the profit or loss was included in administrative expenses of the year.

At 31 December 2016, the weighted-average duration of the defined benefit obligation was 7.7 years (2015: 8.7 years).

The principal actuarial assumptions used by the valuer in the valuation carried out on 16 December 2014 in respect of the Group's and the Company's defined benefit plan is as follows:

	Group and Company %
Discount rate	5.2
Expected rate of salary increases	6.0

There is no material effect to the defined benefit obligations should there be a 1% movement in the above assumed discounted rate.

38 LONG TERM BORROWINGS

(a)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Term loans	1,577,377	2,026,928	436,000	525,600
Less: Unamortised cost of issue	(3,898)	(6,529)	(2,634)	(3,725)
	1,573,479	2,020,399	433,366	521,875
Less: Due within 12 months (Note 43)	(501,175)	(733,614)	(100,000)	(89,600)
	1,072,304	1,286,785	333,366	432,275
Term loans	1,577,377	2,026,928	436,000	525,600
Less: Issuance expenses	(7,345)	(15,212)	(5,450)	(5,450)
Net proceeds	1,570,032	2,011,716	430,550	520,150
Accumulated amortisation of issuance expenses	3,447	8,683	2,816	1,725
	1,573,479	2,020,399	433,366	521,875
Less: Due within 12 months (Note 43)	(501,175)	(733,614)	(100,000)	(89,600)
	1,072,304	1,286,785	333,366	432,275

(b) The repayment period of the term loans (before issuance cost) are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Analysis of term loans:				
Payable within one year	501,462	734,653	100,000	89,600
Payable between one and two years	364,658	571,968	67,000	100,000
Payable between two and five years	711,257	647,897	269,000	336,000
Payable after five years	-	72,410	-	-
	1,577,377	2,026,928	436,000	525,600
Representing term loans:				
Due within 12 months	501,462	734,653	100,000	89,600
Due after 12 months	1,075,915	1,292,275	336,000	436,000
	1,577,377	2,026,928	436,000	525,600

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
(c) Weighted average year end effective interest rates per annum	5.65	5.70	5.35	5.67

(d) All current financial borrowings balances are denominated in Ringgit Malaysia.

Included in 31 December 2015 secured term loans due after 12 months was a Australian Dollar borrowings of AUD8,967,290, equivalent to RM27,560,692.

38 LONG TERM BORROWINGS (CONTINUED)

A. Effective interest rate and maturity profile of borrowings

The exposure of borrowings to interest rate and cash flow risk and the periods in which the borrowing mature are as follows:

The Group	Effective interest rate as at year end % p.a	Total Carrying Amount RM'000	< 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	> 5 years RM'000
			Floating interest rate			
2016						
Secured						
Revolving credit 1	4.79	15,232	15,232	-	-	-
Revolving credit 2	4.92	39,924	39,924	-	-	-
Unsecured						
Revolving credit 3	4.81	250,000	250,000	-	-	-
		305,156	305,156	-	-	-
			Fixed interest rate			
Secured						
Term loan 1	4.35 & 4.50	110,000	110,000	-	-	-
			Floating interest rate			
Term loan 1	5.55	137,755	-	-	137,755	-
Term loan 2	5.18	95,876	95,876	-	-	-
Term loan 3	5.02	167,000	100,000	67,000	-	-
Term loan 4	5.67	266,366	-	-	266,366	-
Term loan 5	6.49	206,338	-	206,338	-	-
Term loan 6	5.15	100,042	100,042	-	-	-
Term loan 7	4.75	95,257	95,257	-	-	-
Term loan 8	4.65	26,651	-	-	26,651	-
Term loan 9	5.72	113,398	-	-	113,398	-
Term loan 10	5.23	162,453	-	-	162,453	-
Term loan 11	6.16	76,343	-	76,343	-	-
Term loan 12	5.00	16,000	-	14,000	2,000	-
		1,573,479	501,175	363,681	708,623	-
		1,878,635	806,331	363,681	708,623	-

38 LONG TERM BORROWINGS (CONTINUED)

A. Effective interest rate and maturity profile of borrowings (continued)

The exposure of borrowings to interest rate and cash flow risk and the periods in which the borrowing mature are as follows: (continued)

The Group	Effective interest rate as at year end % p.a	Total carrying amount RM'000	< 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	> 5 years RM'000
			Floating interest rate			
2015						
Secured						
Revolving credit 1	4.94	37,197	37,197	-	-	-
Revolving credit 2	5.22	11,735	11,735	-	-	-
Unsecured						
Revolving credit 3	4.97	250,000	250,000	-	-	-
Trust receipts	7.85	9,580	9,580	-	-	-
		308,512	308,512	-	-	-
			Floating interest rate			
Term loan 1	4.94	123,670	-	-	51,261	72,409
Term loan 2	5.27	148,720	81,752	66,968	-	-
Term loan 3	5.48	256,600	89,600	100,000	67,000	-
Term loan 4	5.85	265,276	-	-	265,276	-
Term loan 5	6.49	205,994	-	-	205,994	-
Term loan 6	5.33	56,338	37,451	-	18,887	-
Term loan 7	5.40	27,561	-	-	27,561	-
Term loan 8	4.88	6,429	-	-	6,429	-
Term loan 13	5.49	115,353	115,353	-	-	-
Term loan 14	4.74	250,508	250,508	-	-	-
Term loan 15	5.25	134,989	134,989	-	-	-
Term loan 16	5.21	428,961	23,961	405,000	-	-
		2,020,399	733,614	571,968	642,408	72,409
		2,328,911	1,042,126	571,968	642,408	72,409

38 LONG TERM BORROWINGS (CONTINUED)

A. Effective interest rate and maturity profile of borrowings (continued)

The exposure of borrowings to interest rate and cash flow risk and the periods in which the borrowing mature are as follows: (continued)

The Company	Effective interest rate as at year end % p.a	Total Carrying Amount RM'000	< 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	> 5 years RM'000
			Floating interest rate			
2016						
Unsecured						
Revolving credit 3	4.81	250,000	250,000	-	-	-
Secured						
Term loan 3	5.02	167,000	100,000	67,000	-	-
Term loan 4	5.67	266,366	-	-	266,366	-
		433,366	100,000	67,000	266,366	-
		683,366	350,000	67,000	266,366	-
2015						
Unsecured						
Revolving credit 3	4.97	250,000	250,000	-	-	-
Secured						
Term loan 3	5.48	256,600	89,600	100,000	67,000	-
Term loan 4	5.85	265,275	-	-	265,275	-
		521,875	89,600	100,000	332,275	-
		771,875	339,600	100,000	332,275	-

38 LONG TERM BORROWINGS (CONTINUED)

B. Principal features of borrowings

Term Loan 1

Term loan 1 of RM247,755,127 (2015: RM123,670,208) is secured by way of:

(i) Fixed charge over a leasehold land and the investment property with total carrying amount of RM328,250,957 (2015: RM217,480,065) (Note 16);

(ii) Master Deed of Assignment in respect of Assigned property as follows:-

  (a) The Agreement to Build and Lease;

  (b) The Lease Agreement or the Tenancy Agreement;

  (c) The Construction Contract;

  (d) The Performance Bond; and

  (e) The Insurances

(iii) Memorandum of Deposit of the shares of the subsidiary;

(iv) Assignment and charge over Shared Designated Accounts;

(v) Debentures by the subsidiary;

(vi) Corporate Guarantee and undertaking by the Company; and

(vii) Priority and Security Sharing Agreement.

Term Loan 2

Term loan 2 of RM95,876,000 (2015: RM148,720,000) is secured by way of:

(i) Fixed charge over the Group's service concession asset amounting to RM1,176,346,634 (2015: RM1,209,991,527) (Note 18); and

(ii) First charge over Debt Service Reserve Account and second charge over the Redemption Account.

Term Loan 3

Term loan 3 of RM167,000,000 (2015: RM256,600,000) is secured by way of:

(i) First and third parties legal charge over the Group's investment properties with a carrying value of RM98,499,431 (2015: RM151,005,797) (Note 16);

(ii) Assignment of rental income from the investment properties above;

(iii) Assignment of the Company's beneficial rights arising from certain investments; and

(iv) Power of Attorney to initiate disposal of the pledged properties/investments upon occurrence of Trigger Events or Event of Default.

Term Loan 4

Term loan 4 (Sukuk Murabahah Programme) of RM266,365,833 (2015: RM265,275,832) is secured by way of:

(i) Third party legal charge over the Group's wholly owned leasehold and freehold land of RM318,721,151 and RM61,342,232 respectively;

(ii) A minimum Security Cover Ratio of 0.7 time;

(iii) Any other lands and properties to be identified subject to the agreement between the issuer, the lead Arranger and the Sukuk holder of first issuance, if required in order to maintain the Security Cover Ratio;

(iv) A charge over the Designated Accounts; and

(v) A charge over the Company REIT units in an associate.

38 LONG TERM BORROWINGS (CONTINUED)

B. Principal features of borrowings (continued)

Term Loan 5

Term loan 5 of RM206,338,460 (2015: RM205,993,799) is secured by way of:
(i) Freehold land of the Group held for development with a carrying value of RM266,975,097 (2015: RM266,957,873) (Note 17(a)); and
(ii) A corporate guarantee by the Company.

Term Loan 6

Term loan 6 of RM100,041,900 (2015: RM56,338,384) is secured by way of:
(i) Fixed charge over a freehold land of the Group held for development with carrying value of Nil (2015: RM58,409,605) (Note 17(a));
(ii) Fixed charge over the leasehold lands of the Group with total carrying amount of RM104,478,070 (2015: RM96,200,956) (Note 17(a) and Note 17(b));
(iii) Master Deed of Assignment over all rights, interests and benefits as contained in the following:
 (a) The Management Agreement to be executed with the car park operator;
 (b) The Tenancy/Rental Agreement to be executed with the tenants;
 (c) The Performance Bonds or Guarantee from the contractor(s);
 (d) The Insurances; and
 (e) The other proceeds in relation to the mixed commercial development on Plot C (including but not limited to the rental proceeds from car park and proceeds from the sale of the development units).
(iv) Assignment and charge over Designated Accounts;
(v) Debenture by the Group; and
(vi) A corporate guarantee by the Company.

Term Loan 7

Term loan 7 of RM95,257,660 (2015: RM27,560,692) is a AUD loan secured by way of:
(i) Freehold land of the Group held for development with a carrying value of RM24,354,657 (2015: RM24,852,130) (Note 17(b));
(ii) Assignment of all insurances;
(iii) Assignment by way of security of the Revenue Account, sales proceeds and the retention sums;
(iv) Assignment over rights, benefits, interest over the Contract Agreement executed between the Group and the contractor;
(v) Assignment by way of security of all rights, titles, benefits and interest including but not limited to any sales agreement(s) and sales proceeds (deposit, payments or otherwise), all permits and licences of the Group;
(vi) Charge over but no limited to the Interest Service Reserve Account; and
(vii) Corporate Guarantee and undertaking by the Company.

Term Loan 8

Term loan 8 of RM26,650,891 (2015: RM6,428,911) is secured by way of:
(i) Assignment of the Group's rights, title and interest in material construction contracts in respect of a Group's project;
(ii) Assignment of the insurance/Takaful policies;
(iii) Security Agreement over Designated Accounts;
(iv) A corporate guarantee by the Company;
(v) Letter of Negative Pledge by the Group in favour of the bank; and
(vi) Subordination of shareholders' loan/financing.

38 LONG TERM BORROWINGS (CONTINUED)

B. Principal features of borrowings (continued)

Term Loan 9

Term loan 9 of RM113,398,247 is secured by way of:

(i) A first party legal charge over certain part of the project land of the Group held for development with carrying value of RM121,935,321;
(ii) A corporate guarantee by the Company;
(iii) Assignment of all future and future rental receivables;
(iv) A first legal charge and assignment over all rights of Designated Accounts;
(v) Debenture by the Group; and
(vi) Assignment of the insurance policies.

Term Loan 10

Term loan 10 of RM162,452,715 is secured by way of:

(i) Deed of Assignment over a Letter of Undertaking from a shareholders of the Company;
(ii) Debentures over the fixed and floating assets;
(iii) A corporate guarantee by the Company;
(iv) Third party first legal charge over five (5) parcel of land of another subsidiary; and
(v) Assignment and charge over Designated Accounts.

Term Loan 11

Term loan 11 of RM76,342,784 is secured by way of:

(i) A first party first legal charge over a freehold land of the Group held for development with carrying value of RM30,482,093 and receivables of RM147,801,353;
(ii) A corporate guarantee by the Company; and
(iii) Deed of Assignment over designated Accounts.

Term Loan 12

Term loan 12 of RM16,000,000 is secured by way of:

(i) A first party first legal charge over a freehold land of the Group held for development with carrying value of RM23,684,000 and assets;
(ii) A corporate guarantee by the Company;
(iii) Assignment and charge over the surpluses of Designated Accounts/Fixed Deposit;
(iv) Debentures by the Group; and
(v) Assignment over any bank guarantees and insurances.

Term Loan 13

Term loan 13 of Nil (2015: RM115,352,674) was secured by way of a freehold land of the Group held for development with a carrying value amount of RM140,000,000 (Note 17(b)).

38 LONG TERM BORROWINGS (CONTINUED)

B. Principal features of borrowings (continued)

Term Loan 14

Term loan 14 of Nil (2015: RM250,508,540) was secured over trade receivables in respect of the sale of an office tower by the Group.

Term Loan 15

Term loan 15 of Nil (2015: RM134,989,318) was secured by way of:
(i) First fixed and floating charges over the past, present and future assets of the Company's subsidiary;
(ii) First party first legal charge over a leasehold land upon transfer of ownership from Pesuruhjaya Tanah Persekutuan to the Company's subsidiary;
(iii) An irrecoverable and unconditional letter of undertaking from the Company to service loan interest and to pay the loan;
(iv) A corporate guarantee of RM135,000,000 by the Company;
(v) Letter of subordination from the Company and a non-controlling interest of a subsidiary of the Company; and
(vi) Irrecoverable and unconditional letter of undertaking from the Company's subsidiary to surrender its rights over the entitlement in a Privatisation Agreement.

Term Loan 16

Tem loan 16 of Nil (2015: RM428,961,242) was secured by way of:
(i) Fixed charge over a freehold land, an investment property and a hotel with a carrying amount of RM518,886,118 (Note 31 and Note 15 respectively);
(ii) Finance Service Reserve Account with carrying amount of RM18,343,112; and
(iii) A corporate guarantee by the Company.

Term loans 13 to 16 were settled during the financial year. It includes an outstanding amount of RM492,700,000, which was settled upon the disposal of assets held for sale.

39 LONG TERM LIABILITIES

	Group	
	2016 RM'000	2015 RM'000
Hire purchase creditors due after 12 months (Note 42)	2,274	622
Other long term liabilities	641	-
	2,915	622

40 GOVERNMENT GRANT

	Group	
	2016 RM'000	2015 RM'000
Facilitation fund	62,971	33,024

The facilitation fund represent grant received from the Malaysian Government for the planning, designing, financing, development, construction, equipping, installation, completion, testing and commissioning of the Penang Sentral transport terminal currently being constructed by a subsidiary of the Company.

41 TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade payables	876,765	685,725	96,254	41,219
Amounts due to customers on contracts (Note 28)	32,142	12,167	910	611
Progress billings in respect of property development	37	29,530	-	-
Amounts due to related parties	1,855	1,271	-	-
Hire purchase creditors due within 12 months (Note 42)	965	335	-	-
Other payables	273,894	343,687	6,891	10,616
Accruals	127,540	105,189	20,062	21,328
Post-employment benefit obligations (Note 37)	1,377	-	-	-
	1,314,575	1,177,904	124,117	73,774

	Company	
	2016 RM'000	2015 RM'000
Amounts due to subsidiaries	44,251	134,435

The amounts due to related parties are unsecured, interest free and have no fixed terms of repayment.

Credit terms of trade payables for the Group and the Company range from 14 days to 90 days (2015: 14 days to 90 days).

Credit terms of other payables for the Group and the Company range from 14 days to 90 days (2015: 14 days to 90 days).

The currency exposure profile of the trade and other payables is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Ringgit Malaysia	1,277,595	1,162,574	124,117	73,774
Australian Dollar	36,966	15,323	-	-
Thai Baht	14	7	-	-
	1,314,575	1,177,904	124,117	73,774

42 HIRE PURCHASE CREDITORS

	Group	
	2016 RM'000	2015 RM'000
Analysis of hire purchase creditors:		
Payable within one year	1,113	376
Payable between one and two years	2,439	650
	3,552	1,026
Less: Finance charges	(313)	(69)
	3,239	957
Present value of hire purchase creditors:		
Payable within one year	965	335
Payable between one and two years	2,274	622
	3,239	957
Representing hire purchase creditors:		
Due within 12 months (Note 41)	965	335
Due after 12 months (Note 39)	2,274	622
	3,239	957

(a) The weighted average year end effective interest rates of hire purchase creditors was 5.34% per annum (2015: 4.98%).

(b) The hire purchase creditors are denominated in Ringgit Malaysia.

(c) Hire purchase liabilities are effectively secured as the rights to the assets under hire purchase revert to the hire purchase creditors in the event of default.

(d) The carrying amounts of the hire purchase creditors approximate its fair values as at reporting date.

43 SHORT TERM BORROWINGS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Secured short term borrowings and other credit facilities	55,156	48,932	-	-
Secured term loans due within 12 months (Note 38)	501,175	733,614	100,000	89,600
Unsecured short term borrowings (Note 38)	250,000	259,580	250,000	250,000
Total	806,331	1,042,126	350,000	339,600

The principal features for the short term borrowings (term loan) of the Group and the Company have been disclosed in Note 38 to the financial statements.

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Weighted average year end effective interest rates				
Secured short term borrowings and other credit facilities	4.88	5.01	-	-
Secured term loans	4.89	5.15	5.02	5.48
Unsecured short term borrowings	4.81	5.08	4.81	4.97

Included in secured term loans due within 12 months was a Australian Dollar borrowings of AUD29,528,103, equivalent to RM95,257,660 (2015: Nil).

Other than the above, the balance of the short term borrowings were denominated in Ringgit Malaysia.

44 RELATED PARTY DISCLOSURES

The related parties with whom the Group and the Company transacted with during the financial year include the following:

Related parties	Nature of relationship
Sistem Televisyen Malaysia Berhad ("STMB")	A subsidiary of Media Prima Berhad ("MPB") and related by virtue of Datuk Shahril Ridza Ridzuan being common Director of both MPB and the Company.
Kumpulan Wang Simpanan Berhad ("KWSP")	Significant shareholder of the Company and related by virtue of Datuk Shahril Ridza Ridzuan being common Board member of both KWSP and the Company and Tan Sri Azlan Mohd Zainol and Puan Rohaya Mohammad Yusof are nominees of KWSP. KWSP is also an Agency of Government of Malaysia.
Gapurna Sdn. Bhd. ("GSB")	GSB is a major shareholders of the Company and Tan Sri Mohamad Salim Fateh Din and Mohd Imran Tan Sri Mohamad Salim being common Board members of both GSB and the Company.
Gapurna Retail Sdn. Bhd. ("GRSB")	Related by virtue of Tan Sri Mohamad Salim Fateh Din and Mohd Imran Tan Sri Mohamad Salim being common Board members of both GRSB and the Company. GRSB is wholly owned by GSB, a major shareholder of the Company.
Bisraya Acres Sdn. Bhd. ("BASB")	Related by virtue of Tan Sri Mohamad Salim Fateh Din being a common Board member of both BASB and the Company. BASB is wholly owned by GSB, a major shareholder of the Company.
Nusa Gapurna Development Sdn. Bhd. ("NGD")	Related by virtue of KWSP and GSB which are 40% and 60% equity shareholders of NGD respectively.
Kejora Kinta Sdn. Bhd. ("KKSB")	Related by virtue of Tan Sri Mohamad Salim Fateh Din being common shareholder of both KKSB and the Company.

44 RELATED PARTY DISCLOSURES (CONTINUED)

The related party transactions were carried out based on terms and conditions negotiated and agreed upon between the parties. The significant related party transactions and balances other than mentioned elsewhere in the financial statements are as follows:

(a) Transactions with related parties

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Rental income from STMB	1,783	1,783	1,634	1,783
Legal fees charged by a legal firm of which its partner also a director of the Company	-	2,769	-	1,996
Management fees from subsidiaries	-	-	46,862	39,343
Management fees charged to an associate	4,564	2,213	4,564	2,213
Provision of building maintenance services to KWSP and GRSB	2,972	5,823	-	-
Purchase of intangible asset ("Order Book") from GSB	-	51,683	-	-
Acquisition of subsidiary from NGD (Note 49(h))	24,780	-	-	-
Purchase of freehold residential Land from KKSB	6,900	-	-	-
Progress billings charged to GSB	-	19,125	-	-
Progress billings charged to the Directors and key management of the Group and of the Company	8,239	6,111	-	-
Redemption of loan stock (Note 19)	-	-	17,333	-
Progress billings charged by subsidiaries				
- MRCB Builders Sdn. Bhd.	-	-	172,022	43,963
- MRCB Environmental Services Sdn. Bhd.	-	-	14,150	-
Repayment of advances by subsidiaries	-	-	89,097	175,016
Advances to subsidiaries	-	-	(630,230)	(214,579)

As at 31 December 2016 there was no outstanding amount arising from the progress billings to the Directors and key management (2015: RM228,216).

(b) Key management compensation (including Executive Directors)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Salaries and other short term employee benefits	17,736	11,802	12,371	8,580
Post-employment benefits	2,862	1,822	1,994	1,321
Share based payments	529	249	399	132

44 RELATED PARTY DISCLOSURES (CONTINUED)

(c) The Group's and the Company's significant transactions with government and government-related entities on terms and conditions negotiated and agreed upon are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Progress billings charged to customers on contracts:				
- Desaru Convention Centre Sdn. Bhd.	11,945	2,124	11,945	2,124
- Desaru Corniche Hotel Sdn. Bhd.	32,043	4,402	32,043	4,402
- Desaru Estate Sdn. Bhd.	38,651	5,276	38,651	5,276
- Desaru Peace Holdings Club Sdn. Bhd.	36,825	5,429	36,825	5,429
- Desaru Peace Holdings Villas Sdn. Bhd.	-	5,333	-	5,333
- Jabatan Pengairan Dan Saliran Malaysia	22,189	24,889	22,189	24,889
- Johor Land Berhad	58,536	15,793	58,536	15,793
- MASS Rapid Transit Corporation Sdn. Bhd.	24,939	1,635	24,939	-
- Syarikat Prasarana Negara Berhad	275,091	445,034	-	-
- Tenaga Nasional Berhad	54,008	62,658	-	-
Progress billings charged to purchasers				
- Malaysia Building Society Berhad	18,502	10,953	-	-
- Perbadanan Harta Intelek Berhad	8,721	13,273	-	-
- Pertubuhan Keselamatan Sosial	37,070	-	-	-
Rental income received from:				
- Jabatan Penilaian dan Perkhidmatan Harta	2,515	2,490	2,515	2,490
- Small and Medium Enterprises Corporation Malaysia	-	5,870	-	-
Project management and building maintenance service fees received from:				
- Keretapi Tanah Melayu Berhad	3,308	4,406	-	-
- Lembaga Tabung Haji	5,338	5,439	-	-
- Malaysia Investment Development Authority	-	3,127	-	-
- Suruhanjaya Syarikat Malaysia	76	2,504	-	-
Rental charged by:				
- Bank Kerjasama Rakyat Malaysia Berhad	5,250	5,250	-	-
- Lembaga Tabung Haji	12,736	12,671	11,188	11,188
- Pertubuhan Keselamatan Sosial	32,907	-	-	-
Sale of property development land to:				
- MASS Rapid Transit Corporation Sdn. Bhd.	180,000	-	-	-
- Perbadanan PR1MA Malaysia	21,226	-	-	-
Compensation and LAD charged to:				
- MASS Rapid Transit Corporation Sdn. Bhd.	9,078	-	-	-

45 CONTINGENT LIABILITIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Performance guarantees extended to third parties	282,064	221,284	208,729	221,284
Litigations arising from business transactions	-	1,480	-	-

The litigation arising from business transactions have not been provided for in the financial statements as the Board of Directors, based on legal advice, are of the opinion that the above claims are not likely to succeed and thus would not have a material effect on the financial position of the business of the Group and of the Company.

46 CAPITAL COMMITMENT

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Authorised capital expenditure not contracted for				
- property, plant and equipment	75,157	107,781	3,673	4,644

47 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The Group's effective equity interest in the subsidiaries, joint ventures and associates as at 31 December 2016, their respective principal activities and country of incorporation are as follows:

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest	
			2016 %	2015 %
SUBSIDIARIES:				
348 Sentral Sdn. Bhd.	Leasing of office and service residence space	Malaysia	100.00	100.00
Held through 100% ownership by 348 Sentral Sdn. Bhd.				
- 348 Sentral Office Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
- 348 Sentral Service Residence Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
59 INC Sdn. Bhd.	Property development and property investment	Malaysia	100.00	100.00
Country Annexe Sdn. Bhd.	Construction and property development	Malaysia	100.00	100.00
Cosy Bonanza Sdn. Bhd.	Property development	Malaysia	65.70	65.70
Excellent Bonanza Sdn. Bhd.	Property development	Malaysia	100.00	100.00
Gapurna Builders Sdn. Bhd.	Construction and development of property	Malaysia	100.00	100.00

47 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest 2016 %	2015 %
Gapurna Global Solutions Sdn. Bhd.	Property and investment holding	Malaysia	100.00	100.00
Gapurna Land Sdn. Bhd.	Construction and development of property	Malaysia	100.00	100.00
Kuala Lumpur Sentral Sdn. Bhd.	Property development	Malaysia	74.00	74.00
Held through 100% ownership by Kuala Lumpur Sentral Sdn. Bhd.				
- Unity Portfolio Sdn. Bhd.	Property management	Malaysia	74.00	74.00
MRCB Builders Sdn. Bhd.	Engineering and construction services	Malaysia	100.00	100.00
Held through 100% ownership by MRCB Builders Sdn. Bhd.				
- Milmix Sdn. Bhd.	Civil and infrastructure building contractor	Malaysia	100.00	100.00
- Region Resources Sdn. Bhd.	Engineering and construction services	Malaysia	100.00	100.00
- Sanjung Sepang Sdn. Bhd.	Trading in construction material	Malaysia	100.00	100.00
- Transmission Technology Sdn. Bhd.	Engineering and construction services to power transmission systems and buildings	Malaysia	100.00	100.00
- MRCB Environmental Services Sdn. Bhd.	Project management services, consultancy services, infrastructure and environmental engineering and investment holding	Malaysia	100.00	100.00
- MRCB Engineering Sdn. Bhd.	Engineering and construction services	Malaysia	100.00	100.00
Held through 100% ownership by MRCB Environmental Services Sdn. Bhd				
- MRCB Environment Sdn. Bhd.	Infrastructure and environmental engineering	Malaysia	100.00	100.00
Held through 100% ownership by MRCB Engineering Sdn. Bhd.				
- MRCB (Thailand) Ltd. ß	Pre-operating	Thailand	100.00	100.00
MRCB Land Sdn. Bhd.	Investment holding	Malaysia	100.00	100.00

47 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest 2016 %	2015 %
Held through 100% ownership by MRCB Land Sdn. Bhd.				
- Efficient Class Sdn. Bhd.	Property development	Malaysia	100.00	100.00
- Esquire Moments Sdn. Bhd.	Property development	Malaysia	100.00	100.00
- Crystal Hallmark Sdn. Bhd.	Property development	Malaysia	100.00	100.00
- Legasi Azam Sdn. Bhd.	Property development	Malaysia	100.00	100.00
- MRCB Rasma JV Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
- Nilaitera Sdn. Bhd.	Pre-operating	Malaysia	100.00	-
- Pinnacle Paradise Sdn. Bhd.	Property development	Malaysia	100.00	100.00
- Subang Sentral Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
- Stigma Tiara Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
Held through 85% ownership by MRCB Land Sdn. Bhd.				
- Rukun Juang Sdn. Bhd.	Construction and property development	Malaysia	85.00	85.00
Held through 51% ownership by MRCB Land Sdn. Bhd.				
- Metro Spectacular Sdn. Bhd.	Pre-operating	Malaysia	51.00	100.00
MRCB Prasarana Sdn. Bhd.	Project management and investment holding	Malaysia	100.00	100.00
Held through 100% ownership by MRCB Prasarana Sdn. Bhd.				
- MRCB Lingkaran Selatan Sdn. Bhd.	Design, development, construction, project management, operations and maintenance of EDL	Malaysia	100.00	100.00
Held through 100% ownership by MRCB Lingkaran Selatan Sdn. Bhd.				
- MRCB Southern Link Berhad	Design, development, construction, project management and financing of expressway and infrastructure related project	Malaysia	100.00	100.00
MRCB Putra Sdn. Bhd.	Property development, property management and investment holding	Malaysia	100.00	70.00

47 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest 2016 %	2015 %
Malaysian Resources Development Sdn. Bhd.	Property development and investment holding	Malaysia	100.00	100.00
Held through 100% ownership by Malaysian Resources Development Sdn. Bhd.				
- MRCB International Sdn. Bhd.	Investment holding	Malaysia	100.00	100.00
Held through 100% ownership by MRCB International Sdn. Bhd.				
- MRCB Australia Holding Company Pty. Ltd. ß*	Investment holding	Australia	100.00	-
- MRCB Land (Australia) Pty. Ltd. ß	Property development	Australia	100.00	100.00
Held through 100% ownership by MRCB Australia Holding Company Pty. Ltd.				
- MRCB Project Carnegie Pty. Ltd. ß	Property development	Australia	100.00	-
Held through 100% ownership by MRCB Land (Australia) Pty. Ltd.				
- MRCB Project Incorporated Pty. Ltd. ß*	Property development	Australia	100.00	100.00
Held through 100% ownership by Malaysian Resources Development Sdn. Bhd.				
- Golden East Corporation Sdn. Bhd.*	Property development and management	Malaysia	100.00	100.00
- Sunrise Properties Sdn. Bhd.*	Property development	Malaysia	100.00	100.00
- MRCB Property Development Sdn. Bhd.*	Investment holding	Malaysia	100.00	100.00
Held through 70% ownership by Malaysian Resources Development Sdn. Bhd.				
- Seri Iskandar Development Corporation Sdn. Bhd.	Property development	Malaysia	70.00	70.00
Malaysian Resources Sentral Sdn. Bhd.	Provision of facility management	Malaysia	100.00	100.00
MRCB Sentral Properties Sdn. Bhd.	Property development and property investment	Malaysia	100.00	100.00
MRCB Utama Sdn. Bhd.	Property development	Malaysia	100.00	100.00
Onesentral Park Sdn. Bhd.	Property development	Malaysia	100.00	100.00
Penang Sentral Sdn. Bhd.	Property development	Malaysia	100.00	100.00
P.J Sentral Development Sdn. Bhd.	Property development	Malaysia	100.00	100.00
Prema Bonanza Sdn. Bhd.	Property development	Malaysia	51.00	51.00

47 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest 2016 %	2015 %
Puncak Wangi Sdn. Bhd.	Construction and development of property	Malaysia	100.00	100.00
Semasa Sentral Sdn. Bhd.	Operation, management and maintenance of the Kuala Lumpur Sentral railway station	Malaysia	100.00	100.00
Semasa Services Sdn. Bhd.	Building services	Malaysia	100.00	100.00
Semasa Parking Sdn. Bhd.	Car park management	Malaysia	100.00	100.00
Semasa Sentral (Penang) Sdn. Bhd.*	Operation, management and maintenance of Penang Sentral	Malaysia	100.00	100.00
Sooka Sentral Sdn. Bhd.	Operation, management and maintenance of retail centre	Malaysia	100.00	100.00
Superview Development Sdn. Bhd. ∂	Property development, management and shares trading	Malaysia	100.00	100.00
SynarGym Sdn. Bhd.	Renting of office space and machinery	Malaysia	100.00	100.00
Landas Utama Sdn. Bhd.*	Investment holding	Malaysia	100.00	100.00
Mafira Holdings Sdn. Bhd.*	Investment holding	Malaysia	100.00	100.00
Held through 38.6% ownership by Mafira Holdings Sdn. Bhd.				
- Zen Concrete Industries Sdn. Bhd. ~	Manufacturing and sale of pre-stressed spun concrete poles	Malaysia	38.60	38.60
MRCB Ceramics Sdn. Bhd.*	Manufacturing, distribution and sale of ceramic tiles	Malaysia	100.00	100.00
MRCB Green Energy Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
MRCB Property Management Sdn. Bhd.*	Property investment and management	Malaysia	100.00	100.00
MR Securities Sdn. Bhd.*	Investment holding	Malaysia	100.00	100.00
Held through 100% ownership by MR Securities Sdn. Bhd.				
- Semasa Security Sdn. Bhd.	Security guard services	Malaysia	100.00	100.00
Semasa District Cooling Sdn. Bhd.	Supply chilled water	Malaysia	100.00	100.00
Seleksi Untung Sdn. Bhd.	Modular building design system	Malaysia	100.00	100.00

47 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest 2016 %	2015 %
MRCB Tekad Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
MRCB DCS Holding Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
Held through 100% ownership by MRCB DCS Holding Sdn. Bhd.				
- DCS Operation & Maintenance Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
- KL Sentral DCS Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
- PJ Sentral DCS Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
- Penang Sentral DCS Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
- KD District Cooling System Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
Bisraya Construction-MRCB Engineering Consortium @	Engineering services and construction	Unincorporated	30.00	30.00
KONSORTIUM KOP-HG-MRCB-ISOPLAS	Design and build transmission line and substation	Unincorporated	100.00	100.00
Sibexlink Sdn. Bhd. ∂	Sale of business information and website development	Malaysia	100.00	100.00
Taiyee Development Sdn. Bhd.^	Property development	Malaysia	-	100.00
ASSOCIATES:				
One IFC Sdn. Bhd. ß	Investment holding	Malaysia	30.00	30.00
Suasana Sentral Two Sdn. Bhd.	Property development	Malaysia	30.00	30.00
UEMB – MRCB JV Sdn. Bhd. ß	Project management	Malaysia	49.00	49.00
MRCB-Quill REIT ß	Acquisition of land investment in commercial properties	Malaysia	27.89	31.18
MRCB Quill Management Sdn. Bhd. ß	Manage real estate investment trust	Malaysia	41.00	41.00
Kota Francais (M) Sdn. Bhd.*ß	Franchising property management and consultancy	Malaysia	20.00	20.00
Ekovest-MRCB Construction Sdn. Bhd. ß	Contractor for 'River of Life' project	Malaysia	-	40.00
Ekovest-MRCB JV Sdn. Bhd. ß	Project coordinator and manager for 'River of Life' project	Malaysia	-	40.00

47 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest	
			2016 %	2015 %
JOINT VENTURES:				
Held through 70% ownership by MRCB Land Sdn. Bhd.				
- CSB Development Sdn. Bhd.	Property development	Malaysia	70.00	-
Held through 50% ownership by MRCB Builders Sdn. Bhd.				
- MRCB George Kent Sdn. Bhd.	Project delivery partner	Malaysia	50.00	50.00
Held through 51% ownership by MRCB Engineering Sdn. Bhd.				
- Dekad Kaliber Sdn. Bhd.	Engineering and construction services	Malaysia	51.00	51.00

* Dormant
@ The Group has full control on this consortium
~ This associate is under court order creditor liquidation
∂ The subsidiaries are under creditors' voluntary liquidation
^ The subsidiary was under members' voluntary liquidation and dissolved during the year
ß Companies not audited by PricewaterhouseCoopers

48 SEGMENT REPORTING

Management has determined the operating segments based on the various reports prepared for the Board of Directors that are used to make strategic decisions.

The reportable operating segments derive their revenue primarily from the property development and investment, engineering, construction and environment, infrastructure, facilities management and parking services and others.

Segment results are defined as operating income before unallocated corporate expenses, finance income, finance cost and share of results from joint venture and associates.

Segment assets consist primarily of current and non-current assets.

Segment liabilities comprises of current and non-current liabilities.

The Group is domiciled in Malaysia. The results of its revenue from external customers in Malaysia is RM2,408,071,714 (2015: RM1,696,727,376) and the total of revenue from external customers from other countries is Nil (2015: Nil).

Inclusive in the Group's non-current assets is RM444,642 (2015: RM56,892) located in countries other than Malaysia.

The was no revenue derived from transactions with a single external customer that amounted to 10% or more of the Group's revenue for the financial year (2015: RM447,956,229, 26.4%). The previous financial year's revenue were derived from the construction of facilities works for the LRT Ampang Line Extension.

48 SEGMENT REPORTING (CONTINUED)

	Property development & investment RM'000	Engineering, construction & environment RM'000	Infrastructure RM'000	Facilities management & parking RM'000	Others RM'000	Total RM'000
Year ended 31 December 2016						
Revenue						
Total revenue	1,343,973	1,367,307	112,400	95,680	381,330	3,300,690
Inter-segment revenue	(13,601)	(509,396)	-	(24,373)	(345,248)	(892,618)
External revenue	1,330,372	857,911	112,400	71,307	36,082	2,408,072
Results						
Segment results	464,646	11,582	58,540	15,827	6,876	557,471
Unallocated corporate expenses						(45,047)
Finance income						23,466
Finance costs						(175,922)
Share of results of joint ventures and associates	18,926	13,323	412	-	-	32,661
Profit before income tax						392,629
Income tax expense						(73,532)
Profit after tax						319,097
Non-controlling interests						(51,737)
Net profit for the financial year attributable to the equity holders of the Company						267,360

48 SEGMENT REPORTING (CONTINUED)

	Property development & investment RM'000	Engineering, construction & environment RM'000	Infrastructure RM'000	Facilities management & parking RM'000	Others RM'000	Total RM'000
At 31 December 2016						
Assets						
Segment assets	4,519,096	795,632	1,267,222	93,341	410,626	7,085,917
Joint ventures and associates	277,270	24,595	-	-	-	301,865
Tax recoverable and deferred tax assets						118,805
Total assets						7,506,587
Liabilities						
Segment liabilities	536,694	772,250	33,763	28,925	46,642	1,418,274
Interest bearing instruments						2,940,351
Current and deferred tax liabilities						122,920
Total liabilities						4,481,545
Other disclosures						
Capital expenditure	234,003	5,358	1,015	1,250	1,285	242,911
Depreciation and amortisation	14,473	6,473	35,185	3,014	3,429	62,574
Impairment loss	53,378	-	-	-	49	53,427

48 SEGMENT REPORTING (CONTINUED)

	Property development & investment RM'000	Engineering, construction & environment RM'000	Infrastructure RM'000	Facilities management & parking RM'000	Others RM'000	Total RM'000
Year ended 31 December 2015						
Revenue						
Total revenue	784,460	1,141,233	115,681	92,406	92,772	2,226,552
Inter-segment revenue	(60,487)	(367,508)	(731)	(17,811)	(83,288)	(529,825)
External revenue	723,973	773,725	114,950	74,595	9,484	1,696,727
Results						
Segment results	442,973	35,402	58,633	9,901	6,767	553,676
Unallocated corporate expenses						(45,932)
Finance income						39,329
Finance costs						(184,843)
Share of results of joint ventures and associates	(1,232)	8,034	1,080	-	-	7,882
Profit before income tax						370,112
Income tax expense						(6,083)
Profit after tax						364,029
Non-controlling interests						(33,637)
Net profit for the financial year attributable to the equity holders of the Company						330,392

48 SEGMENT REPORTING (CONTINUED)

	Property development & investment RM'000	Engineering, construction & environment RM'000	Infrastructure RM'000	Facilities management & parking RM'000	Others RM'000	Total RM'000
At 31 December 2015						
Assets						
Segment assets	3,887,016	695,531	1,291,077	82,756	303,795	6,260,175
Joint ventures and associates	223,054	20,337	4,676	-	-	248,067
Assets held for sale (Note 31)	478,088	-	-	-	-	478,088
Tax recoverable and deferred tax assets						103,467
Total assets						7,089,797
Liabilities						
Segment liabilities	554,052	541,654	28,877	36,357	132,361	1,293,301
Interest bearing instruments						3,395,332
Current and deferred tax liabilities						88,393
Total liabilities						4,777,026
Other disclosures						
Capital expenditure	135,734	3,137	3,046	42,022	14,729	198,668
Depreciation and amortisation	19,728	6,256	30,858	3,120	4,199	64,161
Impairment loss	862	-	-	-	848	1,710

Capital expenditure consists of additions to property, plant and equipment, investment properties and service concession asset (Notes 15, 16 and 18).

The Group's business segments mainly operate in Malaysia.

49 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 5 August 2015, the Company entered into a Sale and Purchase Agreement with Cardiac Vascular Sentral (Kuala Lumpur) Sdn. Bhd. for the sale of Sooka Sentral for a total consideration of RM90.8 million. Sooka Sentral consist of a five-storey commercial building and one level of car park on a 5,662 square meter land. The financial effects of the disposal has been disclosed in Note 31 to the financial statements.

(b) On 28 October 2015, MRCB Land Sdn. Bhd. ("MRCB Land"), the Company's wholly owned subsidiary entered into a joint venture agreement with Cyberview Sdn. Bhd. ("CSB") for the proposed subscription of 700,000 new ordinary shares of RM1.00 each and 2,688,000 redeemable preference shares ("RPS") of RM1.00 each at a premium of RM99.00 per share, representing a 70% equity interest in CSB Development Sdn. Bhd. ("CSBD"), being the joint venture company to purchase and undertake the development of Cyberjaya City Centre, for a total subscription payment of RM269.5 million.

On 19 May 2016, a Supplementary Share Subscription Agreement and Supplementary Joint Venture Agreement were signed to vary the proposed subscription of the RPS to 2,282,000 of RM1.00 each at a premium of RM99.00 per share, also representing 70% equity interest in CSBD. The variation reduces the total subscription payment to RM228.9 million.

On 1 July 2016, MRCB Land had subscribed 70,000 ordinary shares of RM1.00 each and upon completion of the subscription, CSBD became a 70% equity interest owned joint venture of the Company.

(c) On 21 December 2015, the shareholders of the Company approved to undertake a Private Placement of up to 493,019,758 new ordinary shares of RM1.00 each in the Company, representing up to twenty percent (20%) of the issued and paid up share capital of the Company ("Private Placement") as stated in the Circular to shareholders dated 4 December 2015. On 17 May 2016, Bursa Malaysia Securities Berhad approved an extension of time until 1 December 2016 for the Company to complete the Private Placement.

(i) On 25 April 2016, the Company completed the first tranche of the Private Placement comprising 100,000,000 Placement Shares at RM1.09 per Placement Share.

(ii) On 22 August 2016, the Company completed the second tranche of the Private Placement comprising 193,625,000 Placement Shares at RM1.13 per Placement Share.

(iii) On 8 November 2016, the Company completed the third tranche comprising 63,693,171 Placement Shares at RM1.26 per Placement Share. The third tranche represents the final tranche of the entire Private Placement.

The total proceeds raised from the Private Placement of RM408,049,645 was to fund the Group's borrowing commitment and general working capital requirements.

(d) On 5 February 2016, the Company entered into a Share Sale Agreement with Ekovest Berhad ("Ekovest") to dispose its entire 40% equity interest in the following companies to Ekovest for a total cash consideration of RM8.5 million ("Proposed Disposal");

(i) Ekovest-MRCB JV Sdn. Bhd. represented by 40,000 ordinary shares of RM1.00 each and 2,160,000 redeemable preference shares of RM0.01 at premium of RM0.99 each; and

(ii) Ekovest-MRCB Construction Sdn. Bhd. represented by 800,000 ordinary shares of RM1.00 each.

The Proposed Disposals were completed on 29 April 2016 and generated a gain of RM2,770,003.

(e) On 26 May 2016, the Company's wholly owned subsidiary, MRCB Builders Sdn. Bhd. ("MBSB") entered into a project delivery partner ("PDP") agreement with Kwasa Land Sdn. Bhd. ("KLSB") whereby KLSB appointed MBSB as a PDP in connection with the construction and completion of common infrastructure for the Majlis Bandaraya Petaling Jaya area at the proposed Kwasa Damansara Township located on a piece of land (formerly known as Rubber Research Institute Malaysia land) in Sungai Buloh measuring approximately 2,330.42 acres, for a provisional fee of RM112.28 million (excluding goods and services tax and reimbursable costs) ("Proposed PDP Contract").

The Proposed PDP Contract was approved by the Company's shareholders at the Extraordinary General Meeting held on 30 November 2016 and has become unconditional on 1 December 2016.

The Proposed PDP Contract is expected to be completed by the end of 2023.

49 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(f) On 30 June 2016, the Company's wholly owned subsidiary, 348 Sentral Sdn. Bhd. entered into a conditional Sale and Purchase Agreement with Maybank Trustee Berhad, acting as trustee for MRCB-Quill REIT ("MQ REIT") for the disposal of a 33-storey office tower known as "Menara Shell" together with a 5-storey podium and 4-storey basement car park for a total cash consideration of RM640.0 million.

In order to fund the acquisition, MQ REIT undertook a Private Placement of 406.6 million new units at an issue price of RM1.20 each by way of book building. The Proposed Disposal and Private Placement were approved by the shareholders of the Company at the Extraordinary General Meeting held on 30 November 2016 and completed on 22 December 2016. The financial effects of the disposal is disclosed in Note 31 to the financial statements.

(g) On 25 August 2016, the Company announced that it has proposed to establish a Long-Term Incentive Plan of up to 10% of the issue and paid up share capital of the Company (excluding treasury shares), for eligible employees of the Group and eligible executive directors of the Company who fulfill the eligibility criteria.

The Long-Term Incentive Plan was approved by the Company's shareholders at the Extraordinary General Meeting held on 30 November 2016.

(h) On 9 December 2016, the Company's wholly owned subsidiary MRCB Land Sdn. Bhd. entered into a Share Sale Agreement with Nusa Gapurna Development Sdn. Bhd. ("NGD") for the proposed acquisition of 1,000,000 ordinary shares of RM1.00 each, representing 100% equity interest in Nilaitera Sdn Bhd ("Nilaitera") for a total cash consideration of RM24,781,100 ("Purchase Consideration")

At the same time, the Company also entered into a Supplementary Agreement with NGD to vary the terms of the Right of First Refusal and Call Option Agreement ("ROFR Call Option Agreement") dated 8 February 2013, whereby NGD had agreed to remove all reference to Nilaitera as part of the Option Assets as defined in the ROFR Call Option Agreement, hence the right granted and conditions imposed under the ROFR Call Option Agreement shall exclude Nilaitera.

The acquisition was completed on 19 December 2016. With this, Nilaitera became a wholly owned subsidiary of the Company. The financial effects of the acquisition is disclosed in Note 5 to the financial statements.

(i) On 28 July 2016, the Company entered into a Share Sale Agreement with Arch Angel DMC Sdn. Bhd. to acquire the remaining 30% equity interest comprising 1,500,000 ordinary shares of RM1.00 each in MRCB Putra Sdn. Bhd. ("MPSB") for a total cash consideration of RM7,131,421.12.

The acquisition was completed on 4 August 2016. With this, MPSB became a wholly owned subsidiary of the Company.

50 SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

(a) On 12 January 2017, the Company entered into a conditional Share Sale Agreement with Crystal Clear Cleaning Sdn. Bhd. for the disposal of its entire equity interest in Semasa Services Sdn. Bhd., a wholly owned subsidiary of the Company, for a total cash consideration of RM4.8 million ("Purchase Price") with a provision for adjustment to the Purchase Price.

At the date of this report, the completion of the disposal is still pending.

(b) On 14 February 2017, the Company's wholly owned subsidiary, MRCB Engineering Sdn. Bhd. entered into a Share Sale Agreement with Hicom Berhad for the disposal of its entire 51% equity interest represented by 510,000 ordinary shares of RM1.00 each in Dekad Kaliber Sdn. Bhd., for a total cash consideration of RM3,651,556.

The disposal was completed on the same day and generated a disposal gain of approximately RM1.7 million.

51 DIVIDENDS

	2016		2015	
	Dividend per share sen	Amount of dividend RM'000	Dividend per share sen	Amount of dividend RM'000
Declared single tier interim dividend	-	-	2.5	44,664
Proposed first and final single tier dividend	2.75	59,061	-	-

As disclosed in the Directors' Report for the financial year ended 31 December 2015, the Directors on 18 December 2015 declared a single tier interim dividend of 2.5% or 2.5 sen per ordinary share, amounting to RM44,664,823 and the dividend was paid on 24 February 2016.

The Directors recommend the payment of a first and final single tier dividend in respect of the financial year ended 31 December 2016 of 2.75% or 2.75 sen per ordinary share, amounting to approximately RM59.1 million at the date of this report which is subject to the approval of the members at the forthcoming Annual General Meeting.

52 BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Supplementary information disclosed pursuant to Bursa Malaysia Securities Berhad Listing Requirements.

The following analysis of realised and unrealised accumulated profits/(losses) at the legal entity is prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by Bursa Malaysia Securities Berhad.

	Group	
	2016 RM'000	2015 RM'000
Total accumulated profits/(losses)		
- realised	727,084	308,052
- unrealised	15,931	(8,828)
Total share of accumulated profits from associates		
- realised	85,365	61,106
Total share of accumulated profit/(losses) from joint ventures		
- realised	6,965	(51,693)
Add: Consolidation adjustments	(491,034)	(225,484)
Total accumulated profits	344,311	83,153

	Company	
	2016 RM'000	2015 RM'000
Total accumulated profits/(losses)		
- realised	407,999	184,361
- unrealised	(289)	(240)
Total accumulated profits	407,710	184,121

The disclosure of realised and unrealised profits/(losses) above is solely for compliance with the directive issued by Bursa Malaysia Securities Berhad and should not be used for any other purpose.

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