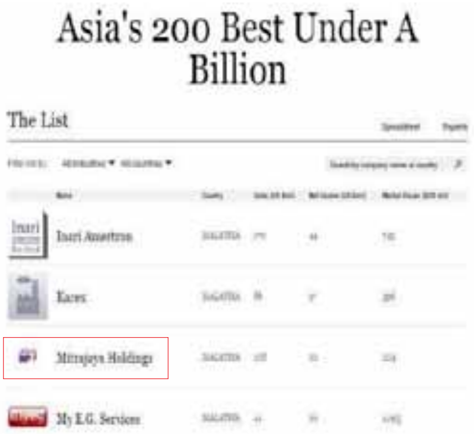
MITRAJAYA HOLDINGS BERHAD
(Company No. 268257–T)

ANNUAL REPORT
2016

CONTENTS

MITRAJAYA IN THE NEWS

5 Malaysian Firms On Forbes Asia 'Best Under A Billion' List



KUALA LUMPUR: Five Malaysian companies, including new entrant Karex Bhd, the world's largest manufacturer of condoms, made it to the 2016 Forbes Asia's "Best Under A Billion" list.

The other companies are semiconductor player Inari Amerton Bhd, construction company Mitrajaya Holdings Bhd, MY E.G. Services Bhd (MyEG) and Signature International Bhd.

The "Best Under A Billion" list honours 200 leading public companies in the Asia Pacific region with annual revenue between US$5mil and US$1bil, have positive net income and have been publicly traded for at least a year.

Mitrajaya's 4Q Profit Jumps 77%; Buys More Land Via New JV

KUALA LUMPUR (Feb 27): Mitrajaya Holdings Bhd, which announced a 77% jump in its final quarter of financial year 2016's earnings, has partnered up with private developer Gema Padu Sdn Bhd to jointly develop three plots of land that the pair is buying from the latter's subsidiaries.

Two of the plots are situated in Dengkil, with one in Nilai on which a mixed development named Emville is in construction. The joint-venture partners are to pay RM181.2 million for the plots.

Mitrajaya will be responsible for 60% of the purchase price, which it will pay by cash (37%), construction cost of infrastructure works in Emville (35%) and a further 28% by cash on condition Gema Padu agrees to buy completed units or units under construction from the Mitrajaya Group.

Mitrajaya unit wins RM274mil job

KUALA LUMPUR: Mitrajaya Holdings Bhd's unit Pembinaan Mitrajaya Sdn Bhd (PMJ) has clinched a RM273.8mil contract to act as the building contractor for "a centre of excellence" in Kuala Lumpur.

In a filing with Bursa Malaysia, the company said PMJ, its main construction arm, accepted the contract from STF Resources Sdn Bhd to build the centre at Jalan Dato' Onn, the road where Bank Negara's centre of excellence Sasana Kijang is located.

Mitrajaya's announcement did not elaborate on "a centre of excellence", but according to the STF website, it plans to have a centre of excellence under an initiative spearheaded by the financial services industry with strong support from the central bank.

It said the contract would span 24 months beginning on April 26. "The contract is expected to contribute positively to the Mitrajaya group's future earnings," it said.

Mitrajaya bags Putrajaya housing deal

KUALA LUMPUR: Mitrajaya Holdings Bhd has clinched a RM157.32 million contract from Putrajaya Homes Sdn Bhd to develop a 1Malaysia Civil Servant Housing project. The firm said its unit, Pembinaan Mitrajaya Sdn Bhd, had accepted the award from Putrajaya Homes for the proposed construction and completion of 800 apartment units under "Perumahan Penjawat Awam 1Malaysia". The project at parcel 17RM2, Presint 17, Putrajaya, is inclusive of two blocks of multi-level car park and common facilities.

Mitrajaya wins RM183mil West Coast Expressway job

PETALING JAYA: Mitrajaya Holdings Bhd has secured a contract for the construction and completion of civil works for Section 2 of the West Coast Expressway (WCE) for a sum of RM183.44mil.

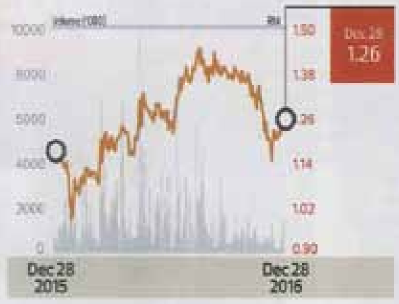
In a filing with Bursa Malaysia, the company said that the portion in question would be from the South Klang Valley Expressway interchange to the Shah Alam Expressway interchange.

The contract, which was awarded by West Coast Expressway Sdn Bhd, has a duration of 30 months commencing from the date of site possession which would be advised in due course.

Mitrajaya said in the statement that it expected the contract to contribute positively to future earnings.

Mitrajaya Holdings Bhd

Target price: **RM1.49 OUTPERFORM**



KENANGA RESEARCH (DEC 28): Yesterday, Mitrajaya announced that it had secured a civil works contract worth RM183.4 million from West Coast Expressway Sdn Bhd for Section 2 of the West Coast Expressway from the South Klang Valley Expressway interchange to the Shah Alam Expressway interchange. Mitrajaya's YTD wins stand at RM920 million, surpassing our RM800 million FY16E targeted replenishment by 15%.

Nonetheless, we remain neutral on the award as billings from the award are only expected to kick in in FY2017. Assuming PBT margins of 8%, we expect the contract to contribute about RM4.4 million to the bottom line each year. Currently, Mitrajaya's outstanding order book stands at RM1.68 billion, providing earnings visibility for another 1½ to 2 years.

We believe our FY17E replenishment order book of RM800 million is achievable on the back of a RM2 billion tender book. However, we note that job margins may be slightly compromised by the competitive landscape caused by the slowdown in the property market.

Mitrajaya bags RM159.39m job in Johor

BY GHO CHEE YUAN

KUALA LUMPUR: Mitrajaya Holdings Bhd has bagged an RM159.39 million contract to undertake superstructure works for an office tower development in Bandar Medini, Iskandar Malaysia, Johor.

In a filing with Bursa Malaysia yesterday, Mitrajaya said its wholly-owned subsidiary Pembinaan Mitrajaya Sdn Bhd had accepted the award from Medini Development Sdn Bhd.

The contract will commence on Jan 17, 2017, and is expected to be completed by Jan 16, 2019.

"The contract is expected to contribute positively to Mitrajaya Group's future earnings," it said.

Shares in Mitrajaya closed down one sen or 0.81% at RM1.22 yesterday, with a market value of RM816.35 million.

Mitrajaya awarded contract for superstructure works at Medini, Iskandar

Mitrajaya Holdings Bhd

FYE DEC (RM mil)	[illegible]	[illegible]	[illegible]	[illegible]
Revenue	891	953	1,029	1,081
Ebitda	148	162	175	188
Ebit	130	143	157	170
PBT	125	137	150	164
Core Patmi	87	99	109	119
ch Consensus (%)		26	48	0
Core EPS (sen)	12.9	14.8	16.3	17.8
PER (x)	9.4	8.2	7.5	6.8
Net DPS (sen)	4.8	5.3	5.7	6.2
Net DY (%)	3.9	4.3	4.7	5.1
BV per share	0.75	0.84	0.95	1.07
P/B (x)	1.6	1.4	1.3	1.1
ROE (%)	19.3	18.8	18.2	17.7
Net gearing (%)	24.5	16.7	12.0	6.4

Source: HLIB

Mitrajaya Holdings Bhd (Dec 22, RM1.23)

Maintain buy recommendation with an unchanged target price of RM1.95: Mitrajaya Holdings Bhd announced that it has been awarded a RM159.4 million contract for superstructure works for an office tower development at Medini, Iskandar.

The job was awarded by Medini Development with a contract duration of two years, to be completed by January 2019. With this job in the bag, Mitrajaya's year-to-date job wins currently stands at RM736 million, which has surpassed last year's sum of RM400 million.

We estimate its order book balance to stand at RM1.5 billion now, translating into a cover ratio of two times on financial year 2015 construction revenue.

It was recently reported in the Dec 12 issue of *The Edge* weekly that Mitrajaya is in the running for a RM400 million condominium job in Ara Damansara. Mitrajaya is said to have submitted the most competitive bid for the job. Should this materialise, the contract would boost Mitrajaya's order book by 27% to RM1.9 billion.

Last week, Mitrajaya announced that it will be disposing of six acres (2.43ha) of its land at Pengerang, Johor. The disposal is on a compulsory acquisition basis for the development of the Rapid (Refinery and Petrochemical Integrated Development) project. As compensation, Mitrajaya will receive RM31.4 million.

Based on the land's book value of RM10.40 per sq ft, the disposal gains are estimated at RM28.8 million. The disposal will reduce Mitrajaya's net gearing from 35% to 30%. We are positive about this disposal as there is no development plans for the said land and it highlights the deep value of Mitrajaya's land bank.

Risks, on the other hand, would include lower-than-expected order book replenishment, which could slow down its earnings growth potential that has been robust over the last three years. — *Hong Leong Investment Bank, Dec 22*

CORPORATE INFORMATION

Board of Directors

Independent Non-Executive Chairman
General Tan Sri Ismail Bin Hassan (R)

Group Managing Director
Tan Eng Piow

Executive Directors
Foo Chek Lee
Cho Wai Ling

Independent Non-Executive Directors
Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim
Ir Zakaria Bin Nanyan
Roland Kenneth Selvanayagam

Secretary

Leong Oi Wah
(MAICSA No. 7023802)

Registered Office

No. 9, Blok D,
Pusat Perdagangan Puchong Prima,
Persiaran Prima Utama,
Taman Puchong Prima,
47150 Puchong,
Selangor Darul Ehsan.
Tel : (603) 8060 9999
Fax: (603) 8060 9998

Auditors

Baker Tilly Monteiro Heng (AF 0117)
Baker Tilly MH Tower,
Level 10, Tower 1, Avenue 5,
Bangsar South City,
59200 Kuala Lumpur.

Principal Bankers

ABSA Bank Limited (South Africa)
Al Rajhi Banking & Investment Corporation (Malaysia) Bhd
AmBank Islamic Berhad
AmBank (M) Berhad
Bank of China (Malaysia) Berhad
CIMB Islamic Bank Berhad
Hong Leong Bank Berhad
Hong Leong Islamic Bank Berhad
HSBC Amanah Malaysia Berhad
Malayan Banking Berhad
Maybank Islamic Berhad
OCBC Bank (Malaysia) Berhad
RHB Islamic Bank Berhad
United Overseas Bank (Malaysia) Berhad

Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.
Tel: (603) 2783 9299
Fax: (603) 2783 9222

Solicitors

Joseph Ting & Co.
Suite 12, 13 & 14,
6th Floor, IOI Business Park,
No.1, Persiaran Puchong Jaya Selatan,
Bandar Puchong Jaya, 47170 Puchong,
Selangor Darul Ehsan.

Lio & Partners
B-9-4, Setia Walk,
Persiaran Wawasan,
Pusat Bandar Puchong,
47160 Puchong,
Selangor Darul Ehsan.

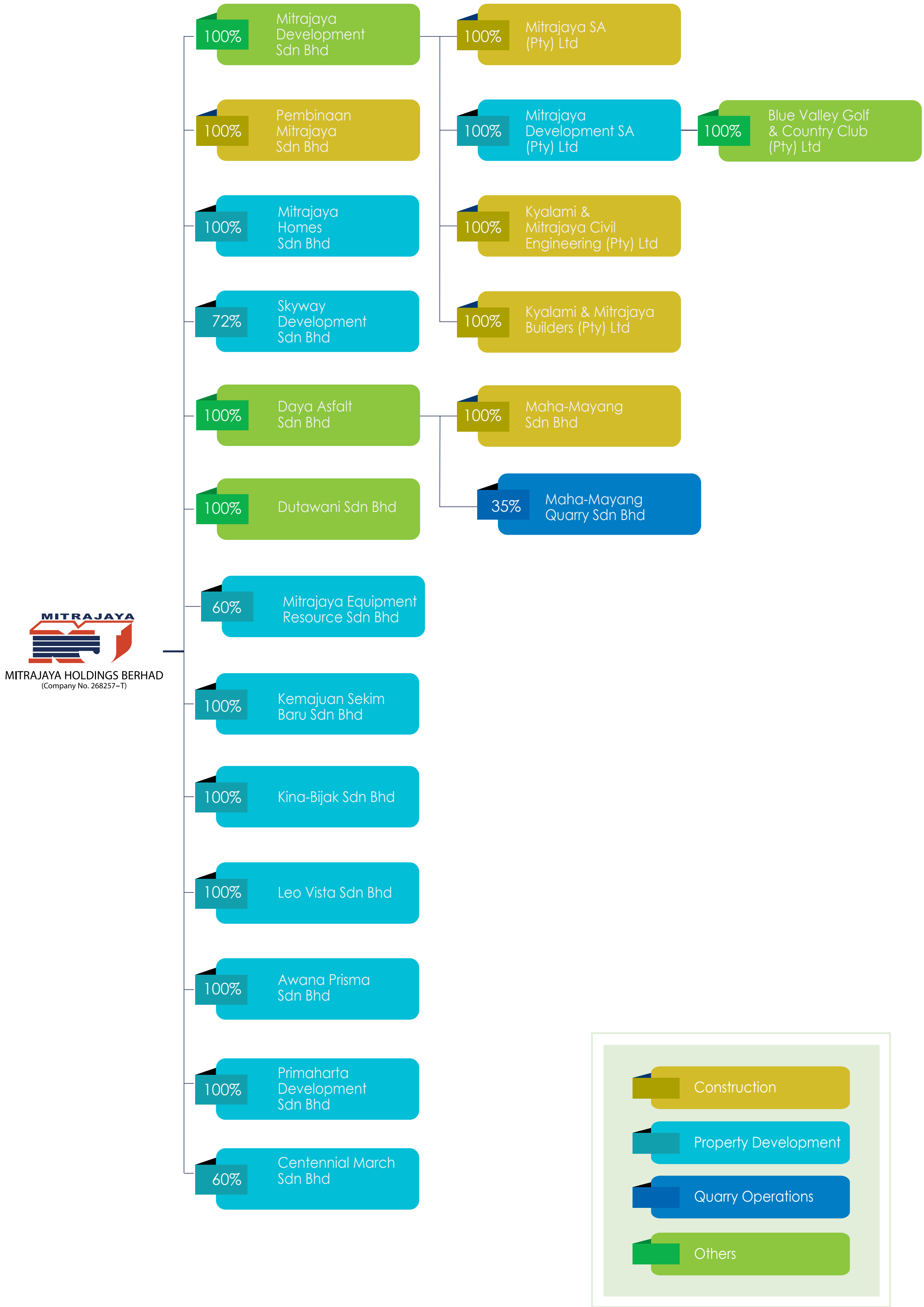
Tee Bee Kim & Partners
No. 25A & 27A (1st Floor),
Jalan 52/1, Merdeka Square,
46200 Petaling Jaya,
Selangor Darul Ehsan.

Van Der Merwe Du Toit
Brooklyn Place,
Cnr Bronkhors and Dey Streets,
Brooklyn, Docex 110 Pretoria,
Republic of South Africa.

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad
Stock Name : MITRA
Stock Code : 9571

CORPORATE STRUCTURE



BOARD OF DIRECTORS

Seated From Left To Right:

Tan Eng Piow

General Tan Sri Ismail Bin Hassan (R)

Cho Wai Ling

Standing From Left To Right:

Ir Zakaria Bin Nanyan

Foo Chek Lee

Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim

Roland Kenneth Selvanayagam

DIRECTORS' PROFILE

GENERAL TAN SRI ISMAIL BIN HASSAN (R)

General Tan Sri Ismail Bin Hassan (R), aged 74, was appointed as an Independent Non-Executive Director of Mitrajaya Holdings Berhad ("MHB") on 9 August 2000. He was appointed the Chairman of the Company on 26 November 2009. He is also the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee. He is also a Director of Pembinaan Mitrajaya Sdn Bhd.

He graduated from the Universiti Sains Malaysia with a Bachelor of Social Sciences Degree (Hons in Politics). In the Military Professional Education, Tan Sri Ismail graduated from Command and General Staff College, Fort Leavenworth, Kansas, USA (on Commandant's List) in 1975, from Joint Services Staff College Canberra, Australia, in 1982 and he is also a graduate of the National Defense University, Washington, DC, USA in 1987. Later he was inducted into the NDU International Fellows Hall of Fame, in recognition of outstanding achievement accorded to the graduates of the University who had achieved the highest rank/ appointment in their respective Service.

Prior to joining MHB, Tan Sri Ismail has served as a Commission Officer in the Malaysian Army for 36 years and he held many key appointments at Field Command, Training Command and the Ministry of Defence levels before retiring as Chief of Army in December 1997.

TAN ENG PIOW

Tan Eng Piow, aged 63, was appointed as Group Managing Director of MHB on 9 September 1994. He is one of the founding members of Pembinaan Mitrajaya Sdn Bhd.

He holds a Bachelor of Civil Engineering (Honours) degree from University of Malaya, which was obtained in 1977. He is also a Member of the Institution of Engineers Malaysia.

He began his career as Works Engineer with Jabatan Kerja Raya – JKR (Public Works Department) from 1977 to 1979. From 1980 till 1985, he was a Project Manager with Perkuat Kuari Sdn Bhd (Quarry Operation).

He has over 35 years of extensive technical and management experience in the construction industry and has been actively involved in the management and operations of the MHB Group. He also oversees the Group's development, growth and expansion.

FOO CHEK LEE

Foo Chek Lee, aged 62, was appointed a Director of MHB on 1 August 1995. Currently, he is an Executive Director of MHB. He is also the Managing Director of Pembinaan Mitrajaya Sdn Bhd.

He graduated from University Technology Malaysia in 1978 with a Bachelor of Civil Engineering (Honours) degree.

Prior to joining MHB, he served with Jabatan Kerja Raya (Public Works Department) for a period of 14 years. He last served as Assistant Director of Roads, JKR Kelantan Darul Naim from 1989 to 1991, after which he joined Pembinaan Mitrajaya Sdn Bhd as General Manager. He has over 35 years of extensive technical and management experience which includes all aspects of civil engineering construction and project management.

He is also currently serving as President of Master Builders Association Malaysia. He is also a Board member of NIOSH Certification Sdn Bhd.

DIRECTORS' PROFILE (cont'd)

CHO WAI LING

Cho Wai Ling, aged 44, was appointed as an Executive Director of MHB on 1 September 2014. She graduated from University of Malaya in 1998 with a Bachelor of Accountancy (Honours) degree and has been a member of the Malaysian Institute of Accountants since 2001.

She started her career with MHB in 1999 as an Executive in the Finance & Accounts Department and rose from rank and file to managerial position and in 2005 was promoted to Group Finance Manager. She heads the Finance & Accounts Department and handles all corporate matters of the Group. In her position as Executive Director, her role was expanded to cover investor relations function and to assist the Group Managing Director on strategic management responsibilities.

TAN SRI DATO' SERI MOHAMAD NOOR BIN ABDUL RAHIM

Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim, aged 72, was appointed as Independent Non-Executive Director of MHB on 26 February 2002. He is the Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee.

He graduated with a Bachelor of Arts (Honours) from University of Malaya and joined the Malaysian Civil Service in 1968. He has held positions in the Government including State Secretary of Pulau Pinang, Kelantan Federal Development Director (Prime Minister's Department), Perak State Financial Officer, Director General of Kuala Lumpur City Hall, Under Secretary for Ministry of Defence and Ministry of Finance and Secretary General of Ministry of Domestic Trade and Consumer Affairs. His last post in the civil service was as the Secretary General of the Ministry of Home Affairs from 1998-2000.

Currently, he is Chairman of Prinsiptek Corporation Bhd and TSR Capital Berhad. He is also Independent Non-Executive Director of Pinehill Pacific Bhd. He is currently the President of the Malaysian Petanque Association, Vice President of the Malaysia Golf Association and Past Deputy President of the Olympic Council of Malaysia.

IR ZAKARIA BIN NANYAN

Ir Zakaria Bin Nanyan, aged 74, was appointed as Independent Non-Executive Director of MHB on 26 February 2002. He is also a member of the Audit Committee and the Nomination and Remuneration Committee.

He graduated with B.Sc in Mechanical Engineering from the University of Strathclyde U.K. in 1972 and later obtained his Masters of Science in Industrial Hygiene from the University of Pittsburgh USA. He is a Professional Engineer and a Member of The Institution of Engineers Malaysia.

Prior to his appointment to the MHB Board, he was the Director General of the Department of Occupational Safety and Health Malaysia, a position held from 1992 to 1998. He holds directorship in Pressure Care Sdn Bhd.

He is currently serving as Chairman of the Board of Examiners for the Site Safety Supervisors Course conducted by Master Builders Association Malaysia.

DIRECTORS' PROFILE (cont'd)

ROLAND KENNETH SELVANAYAGAM

Roland Kenneth Selvanayagam, aged 60, was appointed an Executive Director on 23 April 1998. From 1 July 2008, he was redesignated as Non-Executive Director as he left full time employment to start his own business. On 28 March 2011 where having met the Listing Requirements criteria for Independent Director, the Board re-designated him to be an Independent Non-Executive Director of the Company. He is also a member of the Audit Committee.

He is a professionally qualified accountant with over 30 years post qualifying commercial experience. Prior to his involvement with the MHB Group, he was employed variously within the British American Tobacco Group, Sears Roebuck Group and the PT Mayora Indah Group – where he was the pioneer General Manager for their Malaysian operations.

He was President of the Malaysian Division of the Chartered Institute of Management Accountants from June 1996 - May 1998. He is a recipient of the Institute's Bronze medal – awarded in recognition of services rendered to the Institute and the profession at large.

At various times, he has held directorships (listed & unlisted companies) in various countries including South Africa, Sri Lanka, Singapore, Thailand and Australia.

Notes:

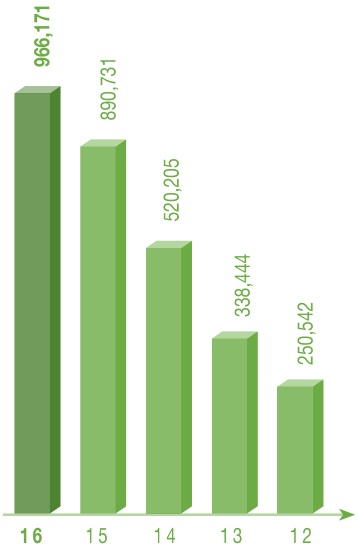
- *All Directors of MHB are Malaysian and do not have any conflict of interest with MHB.*
- *They have not been convicted for offences within the past five (5) years other than traffic offences, if any.*
- *There is no family relationship amongst the Directors and major shareholders of MHB.*
- *The Executive Directors are the key senior management of the Group.*

Proposed mini water theme park and children playground at Wangsa 9 Residency

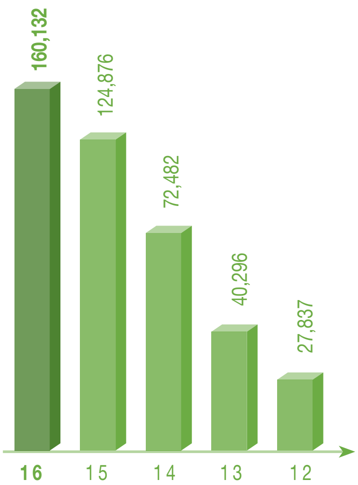
5 YEARS FINANCIAL HIGHLIGHTS

Year Ended 31 December		2016	2015	2014	2013	2012
Revenue	RM'000	966,171	890,731	520,205	338,444	250,542
- Construction	RM'000	845,573	767,225	370,674	215,006	159,520
- Property development	RM'000	89,641	55,186	98,718	82,254	58,344
- South Africa Investment	RM'000	30,957	39,283	22,438	17,293	13,351
- Healthcare	RM'000	-	29,037	27,317	20,624	18,384
- Manufacturing and trading	RM'000	-	-	1,058	3,267	943
Profit Before Taxation	RM'000	160,132	124,876	72,482	40,296	27,837
Profit After Taxation	RM'000	121,266	86,969	53,285	28,652	18,881
Profit Attributable to Owners of the Company	RM'000	118,683	86,575	53,769	29,316	17,930
Share Capital	RM'000	334,862	321,085	198,766	198,766	198,766
Total Assets	RM'000	1,236,873	1,020,952	639,857	560,044	544,319
Shareholders' Funds	RM'000	618,558	500,500	394,418	349,655	332,395
Total Borrowings	RM'000	254,937	162,480	102,011	81,613	80,477
Cash and Bank Balances	RM'000	58,180	39,831	23,919	19,101	3,346
Gearing Ratio	%	41.21	32.46	25.86	23.34	24.21
Net Gearing Ratio	%	31.81	24.51	19.80	17.88	23.20
Basic Earnings Per Share	sen	18.10	13.85	13.64	7.43	4.54
Net Assets Per Share	sen	92	78	99	88	84
Net Dividend Per Share	sen	5.00	5.00	5.00	2.00	2.00
Share Performance						
Year High	RM	1.47	2.08	1.17	0.58	0.66
Year Low	RM	1.02	0.80	0.47	0.40	0.41
Year Close	RM	1.26	1.20	0.98	0.51	0.43
Trading Volume	Shares ('000)	358,233	593,906	771,360	114,423	151,705
Market Capitalisation	RM'000	843,850	770,603	389,581	200,754	168,951

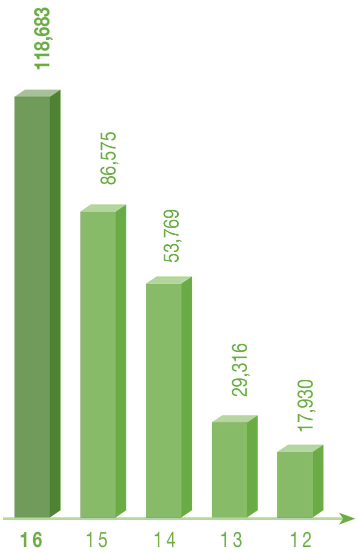
5 YEARS FINANCIAL HIGHLIGHTS (cont'd)



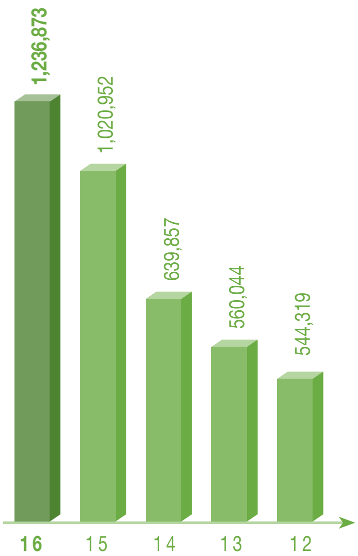
Revenue (RM'000)



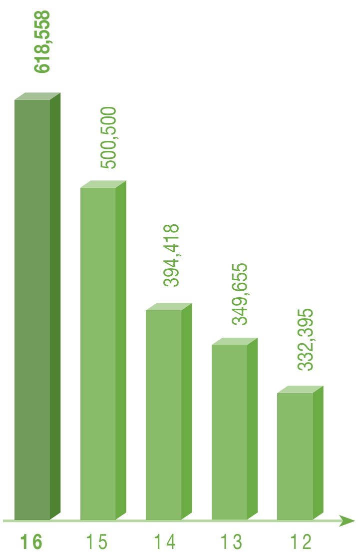
Profit Before Taxation (RM'000)



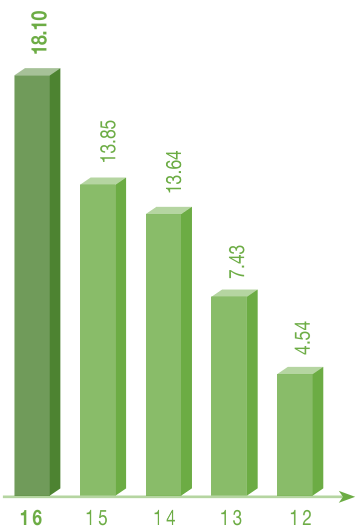
Profit Attributable to Owners of the Company (RM'000)



Total Assets (RM'000)



Shareholders' Funds (RM'000)



Basic Earnings Per Share (Sen)

CHAIRMAN'S STATEMENT

General Tan Sri Ismail Bin Hassan (R)
Independent Non-Executive Chairman

On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Financial Statements of Mitrajaya Holdings Berhad ("the Company") and its subsidiary companies ("the Group" or "Mitrajaya Group") for the financial year ended 31 December 2016 ("FYE 2016").

OVERVIEW

During the year the Group achieved a record set of results with revenue of RM966.17 million and profit before tax ("PBT") of RM160.13 million. This represents the highest the Group has ever achieved. The Construction Division was the main contributor as it brought in 87.5% of Group revenue and 69.2% of Group PBT. As a result, the Group achieved a profit after tax of RM121.27 million compared to RM86.97 million during 2015, an increased of 39.4%.

The Property Division also showed improved results with the higher revenue of RM89.64 million and PBT of RM26.61 million. Our property projects in South Africa continued to contribute decent profit to the Mitrajaya Group despite it having achieved lower revenue in FYE 2016. The revenue for this division reduced by RM8.33 million (21.2%) to RM30.96 million in FYE 2016. The PBT reduced slightly by RM1.21 million (7.4%) to RM15.15 million due to better gross margin derived from the lots sold in the year.

DIVIDEND

The Board is pleased to recommend a first and final single tier dividend of 5 sen per ordinary share for the FYE 2016 to be approved at the forth forthcoming Annual General Meeting by the shareholders.

This has been arrived at after taking into the consideration the Group's capital and cash requirements for the coming year.

CHAIRMAN'S STATEMENT (cont'd)

CORPORATE DEVELOPMENT

On 18 October 2016, the Company completed the divestment of our equity interest of 51% in Optimax Eye Specialist Centre Sdn Bhd for RM5.10 million. The divestment resulted in a disposal gain of RM1.49 million for the Company, but a loss of RM1.33 million to the Group.

This is pursuant to the decision by the Board to divest from non-core business and concentrate on the Group's core competencies.

The Board has also decided that the Group embarks on a number of strategies towards expanding our land bank for further property development in the future. With this objective, the Group has entered into a Joint Venture with Gema Padu Sdn Bhd to jointly develop land in excess of 335 acres valued at RM185.42 million. These properties are strategically located in prime locations within Kuala Lumpur's southern corridor.

MARKET OUTLOOK AND PROSPECTS

Bank Negara Malaysia projects the domestic economy would grow around 4.3%-4.8% in 2017, which will be supported by exports on the back of improving global growth as well as domestic demand. Areas of business opportunities are expected to come from construction/infrastructure sector which is poised to benefit from the implementation of the ongoing and new public projects.

Despite global and domestic economic challenges, the construction industry recorded a remarkable performance with a growth rate of 8.5% in 2016, slightly higher than the 8.2% recorded in 2015. For 2017, the outlook of construction industry remains positive with the government's effort in rolling out major infrastructure projects. Among the major projects are Mass Rapid Transport (MRT) Line 2 and Line 3, LRT 3, KL- Singapore High Speed Rail, Pan Borneo Highway and East Coast Rail Line.

The Malaysia property market outlook in 2017 will continue to be soft in view of the increasing cost of living – resulting in lower disposable incomes – and other economic uncertainties. The Board however expects that the demand for affordable housing is likely to be positive and robust demand will help to improve this market.

Despite the various challenges that South Africa will face during 2017, we are of the view that for gated and secured residential housing estates the Group is well positioned to take advantage of local demand for such properties.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

At Mitrajaya, we believe that we bear a responsibility towards our employees and the communities that we operate in.

Our report on CSR and Quality, Environment, Safety and Health (QESH) are detailed on pages 21 and 23.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express sincere appreciation to the management team and employees of their commitment and dedication to the Group's success. I would also like to record my heartfelt gratitude to my fellow board members, our shareholders, business associates, clients, bankers and various government agencies for their continued support for the Group.

GENERAL TAN SRI ISMAIL BIN HASSAN(R)
Independent Non-Executive Chairman

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

The following discussion and analysis of the consolidated results of operations and financial condition of Mitrajaya Holdings Berhad ("Mitrajaya" or "the Company") should be read in conjunction with the Company's financial year ended 31 December 2016 consolidated financial statements and notes.

Mitrajaya Group recorded another year of high revenue and profit for financial year ended 31 December 2016 ("FYE 2016"). The Group's revenue increased by RM104.48 million (12.1%) to RM966.17 million for FYE 2016 as compared to RM861.69 million in the corresponding previous period. The Group's profit before tax rose by RM38.01 million (31.1%) from RM122.11 million to RM160.13 million during FYE 2016. The profit after tax ("PAT") showed a significant increase of RM34.30 million (39.4%) to RM121.27 million from RM86.97 million in FYE 2015. The increase was partially due to the one-off transaction from the compulsory acquisition of our project land located at Mukim Pengerang, Johor. This compulsory land acquisition contributed profit after tax of RM13.40 million to the Group. If the one-off item was excluded and the share option expenses added back, the Group's PAT would have been RM110.94 million, RM12.33 million (12.5%) increase as compared to the previous year's PAT (before deduction of share option expenses) of RM98.61 million. Both Construction and Property Development Divisions contributed to the better financial results for FYE 2016. Basic Earnings Per Share (EPS) increased from 13.85 sen to 18.10 sen in FYE 2016.

Acting to increase productivity and competitiveness, the Group invested heavily in the acquisition of various types of advanced construction equipment. The Group incurred capital expenditure of RM77.5 million & RM55.3 million in FYE 2016 and FYE 2015 respectively. As a result, the Group's borrowings increased as we entered into a 2-year tenure hire purchase for the financing of these asset acquisitions at 90% margin finance. Total outstanding hire purchase financing as at FYE 2016 amounted to RM56.12 million as compared to RM24.61 million previously.

As at the current financial year end, the Group's borrowings increased by 56.9% to RM254.94 million from RM162.48 million the previous period. The net gearing ratio remains healthy and low at 0.32 times compared to 0.24 times as at the previous financial year end. The increase in borrowings was in tandem with the Group's business growth especially from the Construction division. Additional working capital required was as a result of the significantly increased projects that was undertaken in the last 2 years. Short term borrowings have been drawn down to finance the on-going projects pending collection from the project debtors.

As at 31 December 2016, the Group has successfully built up its cash reserves to RM77.78 million where RM19.60 million is placed in short term funds through commercial banks and the balance of RM58.18 million in bank deposits.

The current ratio as at 31 December 2016 remained at 1.68 times as at the end of the previous financial year end.

FORWARD-LOOKING INFORMATION

The information in this Management's Discussion and Analysis includes certain forward-looking statements. Although these forward-looking statements are based on currently available competitive, financial and economic data and operating plans, they are subject to risks and uncertainties. In addition to general economic events outside Mitrajaya's control, there are factors which could cause actual results, performance or achievements to vary from those expressed or inferred herein including risks associated with an investment in the shares of Mitrajaya and the risks related to Mitrajaya's business. Risk factors are discussed in greater detail in the section on "Risk Factors" later in this MD&A. Forward looking statements include information concerning possible or assumed future results of Mitrajaya's operations and financial position, as well as statements preceded by, followed by, or that include the words "believes", "expects", "anticipates", "estimates", "projects", "intends", "should" or similar expressions. Other important factors, in addition to those discussed in this document, could affect the future results of Mitrajaya and could cause its results to differ materially from those expressed in any forward-looking statements. Mitrajaya assumes no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

OPERATIONS REVIEW

Construction Division

Pembinaan Mitrajaya Sdn Bhd ("PMSB"), the main construction arm of the Group delivered another set of impressive results with a better gross profit margin of 17.8% in FYE (2015: 17.6%). This division contributed profit before tax ("PBT") of RM109.66 million for FYE 2016 (2015: RM98.57 million) on the back of revenue of RM847.19 million recognised in FYE 2016 (2015: RM767.54 million). This set of financial results represents a growth of 10.4% and 11.2% in revenue and PBT respectively. There was a slight increase in PBT margin from 12.8% to 13.0% in FYE 2016 despite the following increase in cost:

a) higher finance cost of RM3.37 million from RM3.80 million to RM7.13 million as a result of additional borrowings in FYE 2016;
b) staff cost increased by RM3.26 million from RM14.09 million to RM17.35 million as a result of an increase in number of staff; and
c) depreciation cost increased by RM2.59 million from RM1.57 million to RM4.16 million in FYE 2016 as a result of acquisition of new assets

Malaysian Anti-Corruption Commission building in advanced construction stage

Staging for Formwork Erection at Cooling Tower, RAPID Package 14-305

PMSB completed and handed over the following projects during the FYE 2016:

a) 4 LRT stations for Ampang & Kelana Jaya Extension Line
b) A business operation complex in Shah Alam
c) Residential project - Verdi Eco-Dominiums for Symphony Hills (Cyberjaya)
d) Phase 1 of Raffles American School in Nusajaya, Johor

During the financial year, PMSB successfully replenished RM956 million worth of orders by securing the following major projects:

a) 2 blocks of 800 units public apartments (PPA1M) for Putrajaya Homes Sdn Bhd
b) Complex building and external works at Seksyen 13, Petaling Jaya for PJ Midtown Development Sdn Bhd
c) Execution of Road, Drainage, Culvert and Duct Bank Works Package 22 at RAPID Project for Punj Lloyd Sdn Bhd
d) Mixed development project for PJ Sentral Development Sdn Bhd
e) Commercial project for Medini Development Sdn Bhd
f) Civil Works for Section 2 South Klang Valley Expressway (SKVE) Interchange to Shah Alam Expressway (SAE) Interchange

As of April 2017, the Division's outstanding order book stood at RM1.79 billion after securing a new job for construction of 'A Centre of Excellence' for STF Resources Sdn Bhd. This will keep the Division busy until 2019.

Raffles American School in Nusajaya, Johor

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

Local Property Development Division

The Property development division contributed a higher revenue of RM89.64 million and a profit before tax of RM26.61 million for FYE 2016. The improvement in the financial performance was partially derived from an one-off transaction - compulsory acquisition of our land held in Pengerang, Johor. Total compensation sum offered was RM31.45 million for a total area of 24,145.49 sq meter and revenue recognised during the financial year was RM19.59 million based on the actual amount received as at the end of the FYE 2016 with a PBT of RM17.63 million. If this one-off transaction was excluded, this division would have reported revenue of RM70.05 million for FYE 2016, RM14.86 million (26.9%) higher than the previous year revenue of RM55.19 million. With the slight increase in finance cost by RM0.99 million from RM6.95 million to RM7.94 million in FYE 2016 coupled with a better profit margin, the PBT increased by 446.2% from RM1.64 million to RM8.98 million during FYE 2016.

Wangsa 9 Residency

The Division is currently working on its residential project at Wangsa Maju, namely Wangsa 9 Residency comprising 3 tower blocks of 565 units of high-rise condominiums with an estimated Gross Development Value of RM680 million. The development which is situated at a strategic location, right opposite the Wangsa Walk and within close proximity to the Sri Rampai LRT Station was launched in 2014. 2 blocks out of a total 3 blocks have since been launched and the take up rate to-date for Block B and C is 77.5% and 57.4% respectively. Current unbilled sales stands at RM191.22 million. We expect the sales to pick up when the mock-up units are opened for viewing in the second half of 2017. Block B & C are targeted for completion by mid-2018. As such, a significant contribution is expected from this project when the project is in its advanced construction stage during 2017. Besides this, the target launching of Block A during the second half of 2017 is also expected to have additional contribution to the Group.

Wangsa 9 Residency (Block B & C) – Front view from Wangsa Walk Mall

Kiara 9 Residency (Completed in July 2011)

During the financial year 2016, this completed project consisting of high-end condominiums and garden villas had sold 9 units and contributed a revenue of RM18.87 million (FYE 2015: RM11.23 million – 5 units). With another 8 units sold in 2017, the unsold units have reduced to 21 units equivalent to a Gross Sales Value of RM73.85 million to-date. We are currently appointing overseas property agent to market the completed units overseas. The sales response has been encouraging thus far. We expect this project will increase its contribution in terms of cash flow and profits to the Group in 2017.

280 Park Homes (Completed in April 2016)

This project consists of 11 blocks of 280 units of 6-storey duplex apartments with lifts, within a gated and guarded community with clubhouse facilities with an estimated Gross Development Value of RM330 million. Total sales to-date is 111 units equivalent to a 40% take up rate. The low take-up rate is mainly due to the unit sizes which are bigger, ranging from 2,529 sq ft to 4,370 sq ft per unit. This has resulted in a high absolute selling price of at least RM800,000 per unit. The Division will undertake aggressive marketing strategy to boost sales.

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

Proposed Affordable Homes "Rumah Selangorku" – Pangsapuri Seri Akasia

In line with the state government's commitment to build more affordable homes in Selangor, Mitrajaya planned to launch a new project in early 2016 under "Rumah SelangorKu" - the proposed affordable home development at Puchong Prima comprising 408 units of apartments with a built up area of 900 sq ft per unit. Due to a land issue, this project was temporary deferred and suspended after we had started the piling work in early 2016. Nonetheless, the Division managed to resolve the land issue and resumed construction work recently. The expected completion year for this project is 2019.

Compulsory land acquisition – Pengerang, Johor

In relation to the RAPID Project and the massive development coming up in Pengerang, Johor, the State Government imposed a compulsory land acquisition of 122 lots (out of a total 198 lots) covering an area of 24,145.49 sqm of our freehold land. The compensation sum offered was RM31.45 million. We have accepted the compensation sum offer under objection and registered our objection to the sum offered. We will negotiate with the relevant parties to ensure that a fair compensation is received. In December 2016, a payment of RM19.59 million was received contributing PAT of RM13.40 million in FYE 2016. The remaining balance outstanding of RM11.60 million will be recognised when payment is expected during 2017. A second payment of RM 10.90 million was received in March 2017 and a balance of RM0.70 million remains outstanding as of today.

Proposed development of 2-storey shop houses at Taman Rengit, Pengerang, Johor

As a result of the compulsory land acquisition of our land held in Pengerang, Johor, our land size has shrunk by 55.3% from 198 subdivided lots to 74 lots. Due to high property demand in Pengerang, the Division plans to launch 24 units of 2-storey shop houses in 2017. The estimated Gross Development Value is RM20 million.

Proposed residential development at Bukit Beruntung – 146 units of double storey terrace houses

Through a contra settlement in 2005, the Group acquired 308 sub-divided freehold titles of double storey houses in Bukit Beruntung with a total area of 9.81 acres. After conducting a market survey and feasibility study, we plan to launch the first phase of this project of 146 units with an affordable selling price. Submission of building plan approval is in process and the target launching is end 2017.

Proposed Mixed development project – Puchong Prima

The Group has been working on a mixed development project on our last parcel of commercial land – 15 acres in Taman Puchong Prima since 2014. Due to the current slowdown of the property market, we have put on hold this project and currently revising the layout plan.

New land acquisition

The Group has recently entered into a Joint Venture with Gema Padu Sdn Bhd for joint development of land comprising 335.53 acres for RM185.42 million strategically located in the prime location of Kuala Lumpur's southern corridor development. Mitrajaya's commitment will be 60% of the total land value for an amount of RM111.25 million. This JV arrangement is a strategic venture with the land owner that Mitrajaya managed to lock in at relatively fair land price, with partial settlement of the purchase price being through the land owner taking up RM30 million worth of completed & on-going properties developed by the Group.

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

Property Development in South Africa

Contribution from our overseas property project in South Africa, Blue Valley Golf & Country Estate, has decreased for the FYE 2016. This Division reported a revenue of RM30.96 million, a reduction of RM8.32 million (21.2%) as compared to the previous financial year. The decline in revenue was mainly due to a limited number but bigger lots size available for sale. The profit before tax has decreased slightly by RM1.21 million (7.4%) from RM16.37 million to RM15.15 million for FYE 2016 as the gross margin for lots sold in FYE 2016 was higher - 49.0% compared to 42.0% in FYE 2015.

Blue Valley Golf and Country Estate

We expect this Division will have a lower contribution to the Group's earnings for 2017 in view of its current unbilled sales of Rand24 million (equivalent to RM7.2 million) and inventories available for sale of Rand26 million (equivalent to RM7.8 million). The Division is currently working on completion 30 units of bungalow houses in 2017. Potential revenue will be generated from sales of these completed bungalow units with an estimated sales value of Rand63 million (equivalent to RM18.9 million).

In addition, there are also plans to develop a business park consisting of a neighbourhood shopping mall, office block, medical centre and high-end serviced apartments. Target completion date for the neighbourhood shopping mall will be during the third quarter of 2017. We expect the shopping mall with small offices will generate recurring rental income upon completion. As the development of office block, medical centre and high-end serviced apartments are currently under the planning and rezoning stage, its contribution will only be seen in the subsequent years.

As the remaining land in Blue Valley will be fully developed in the next three years, the Group has acquired 215 acres freehold land for Rand 40 million (equivalent to RM12 million) in October 2015. Based on its ideal location and terrain, this property has great potential for the development of an Eco Park Residential Estate, with at least 1,600 units of medium to high density cluster/apartment homes. The management is currently working together with various consultants for concept plan development plan concepts.

RISK FACTORS

The following risk factors together with the information incorporated herein, should be considered carefully. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Project Risk

A substantial portion of Mitrajaya's revenue is derived from construction projects, some of which are conducted through joint ventures. These projects provide opportunities for significant revenue and profit contributions but, by their nature, carry significant risk and, as such, can result in losses if not properly executed. As a result of the existing infrastructure deficit throughout Malaysia a significant number of large projects are expected to be tendered over the next several years. In addition to a growing involvement in large projects in response to changing market conditions, Mitrajaya is also active in the Public Private Partnership ("PPP") market in Malaysia. The PPP procurement model typically involves a transfer of certain risks to a contractor beyond those contained in a conventional fixed price contract. As such, a failure to properly execute and complete a PPP project may subject Mitrajaya to significant losses. The contract price on large projects is based on cost estimates using a number of assumptions. Given the size of the projects, if these assumptions prove incorrect, whether due to faulty estimates, unanticipated circumstances, or a failure to properly assess risk, profit may be materially lower than anticipated or, in a worst case scenario, result in a significant loss. The recording of the results of large project contracts can distort revenues and earnings on both a quarterly and an annual basis and can, in some cases, make it difficult to compare the financial results between reporting periods.

Mitrajaya has a number of commitments and contingencies. If Mitrajaya was called upon to honour these contingent obligations, its financial results could be adversely affected. The failure to replace the revenue generated from these large projects on a going forward basis could adversely affect Mitrajaya.

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

Contractual Factors

Mitrajaya performs construction activities under a variety of contracts including lump sum, fixed price, guaranteed maximum price, cost reimbursable and design-build. Some forms of construction contracts carry more risk than others. Historically, a substantial portion of Mitrajaya's revenue is derived from lump sum contracts pursuant to which a commitment is provided to the owner of the project to complete the project at a fixed price ("Lump Sum") or guaranteed maximum price ("GMP"). In Lump Sum and GMP projects, in addition to the risk factors of a unit price contract (as described below), any errors in quantity estimates or schedule delays or productivity losses, for which contracted relief is not available, must be absorbed within the Lump Sum or GMP, thereby adding a further risk component to the contract. Such contracts, given their inherent risks, have from time to time resulted in significant losses. The failure to properly assess a wide variety of risks, appropriately execute such contracts or contractual disputes, may have an adverse impact on financial results.

Mitrajaya is also involved in fixed unit price construction contracts under which the Company is committed to provide services and materials at a fixed unit price. While this shifts the risk of estimating the quantity of units to the contract owner, any increase in Mitrajaya's cost over the unit price bid, whether due to estimating error, inefficiency in project execution, inclement weather, inflation or other factors, will negatively affect Mitrajaya's profitability. In certain instances, Mitrajaya guarantees to a customer that it will complete a project by a scheduled date or that the facility will achieve certain performance standards. If the project or facility subsequently fails to meet the schedule or performance standards, Mitrajaya could incur additional costs or penalties commonly referred to as liquidated damages. Although Mitrajaya attempts to negotiate waivers of consequential or liquidated damages, on some contracts the Company is required to undertake such damages for failure to meet certain contractual provisions. Such penalties may be significant and could impact Mitrajaya's financial position or results of future operations. Furthermore, schedule delays may also reduce profitability because staff may be prevented from pursuing and working on new projects. Project delays may also reduce customer satisfaction which could impact future awards.

Mitrajaya is also involved in design-build contracts or certain contracts for owners such as Putrajaya Holdings Sdn Bhd and Bank Negara Malaysia where, in addition to the responsibilities and risks of a unit price or lump sum construction contract, Mitrajaya is responsible for certain aspects of the design of the facility being constructed. This form of contract adds the risk of Mitrajaya's liability for design errors as well as additional construction costs that might result from such design errors. Some of Mitrajaya's contractual requirements may also involve financing elements, where Mitrajaya is required to provide one or more letters of credit, performance bonds, financial guarantees or equity investments. There can be no assurance on a going forward basis that Mitrajaya will be able to obtain the necessary financing on favourable or commercially reasonable terms and conditions for such equity investments, nor that its working capital and bonding facilities will be adequate in order to issue the required letters of credit and performance bonds.

Change orders, which modify the nature or quantity of the work to be completed, are frequently issued by clients. Final pricing of these change orders is often negotiated after the changes have been started or completed. As such, disputes regarding the quantum of unpriced change orders could impact Mitrajaya's profitability on a particular project, its ability to recover costs or, in a worst case scenario, result in significant project losses. If, ultimately, there are disputes with clients on the pricing of change orders or disputes regarding additional payments owing as a result of changes in contract specifications, delays, additional work or changed conditions, Mitrajaya's accounting policy is to record all costs for these changes but not to record any revenues anticipated from these disputes until resolution is probable. The timing of the resolution of such events can have a material impact on income and liquidity and thus can cause fluctuations in the revenue and income of Mitrajaya from one reporting period to another.

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

Mitrajaya Operates in a Highly Competitive Industry

Mitrajaya operates businesses in highly competitive product and geographic markets in Malaysia. Mitrajaya competes with other major contractors, as well as many mid-size and smaller companies, across a range of industry segments. In addition, an increase in the number of construction companies entering into the marketplace has also made the market more competitive. Each has its own advantages and disadvantages relative to Mitrajaya. New contract awards and contract margin are dependent on the level of competition and the general state of the markets in which the Company operates. Fluctuations in demand in the segments in which the Company operates may impact the degree of competition for work. Competitive position is based on a multitude of factors including pricing, ability to obtain adequate bond financing, backlog, financial strength, appetite for risk, reputation for safety, quality, timeliness and experience. Mitrajaya has little control over and cannot otherwise affect these competitive factors. If the Company is unable to effectively respond to these competitive factors, results of operations and financial condition will be adversely impacted. In addition, a prolonged economic slump or slower than anticipated recovery may affect one or more of Mitrajaya's competitors or the markets in which it operates, resulting in increased competition in certain market segments, price or margin reductions or decreased demand for services, which may adversely affect results.

Labour Factors

A significant portion of Mitrajaya's labour force are foreign workers and accordingly, Mitrajaya is subject to the detrimental effects of a restriction in the hiring of foreign workers, in addition to competitive cost factors. The Company's future prospects depend to a significant extent on its ability to attract sufficient skilled workers. The construction industry is faced with an increasing shortage of skilled labourers in some areas and disciplines, particularly in remote locations that require workers to live in temporary "camp" environments. The resulting competition for labour may limit the ability of the Company to take advantage of opportunities otherwise available or alternatively may impact the profitability of such endeavours on a going forward basis. The Company believes that its size and industry reputation will help mitigate this risk but there can be no assurance that the Company will be successful in identifying, recruiting or retaining a sufficient number of skilled workers.

MARKET OUTLOOK AND PROSPECTS

Construction Division

Economic growth in Malaysia has eased in recent quarters due to a slump in commodity prices and sluggish global demand for its exports. Malaysia's economy grew 4% year-on-year, the slowest pace in nearly seven years but the construction sector remains the fastest-growing activity although the sector accounts for less than 5% of gross domestic product. The sector is expected to grow more than 7% in 2017, supported mainly by infrastructure projects such as the mass rapid transit project in the capital city of Kuala Lumpur.

With Mitrajaya's proven track record, we believe that we are now geared to undertake large–scale construction related activities and will continue to participate aggressively to bid for new contracts, particularly the government infrastructure or building projects. Our target is set to secure RM 1.0 billion worth of new contracts in 2017.

We are also mindful of the highly competitive environment, increasing construction material prices and escalating labour cost due to shortage in skilled labour supply which would have an impact on the bottom line. Nevertheless, the project team will put emphasis on value engineering, innovation in construction method, close monitoring of project implementation and cost. This is to ensure the projects will be completed on time with high quality while maintaining profitability to the Group.

As the Division will be completing 3 major projects, namely the MACC building, the Raffles American School (phase 2) and the MK22 condominium project in 2017, these projects are currently at the peak of the construction stage and substantial revenue will be recognized in this financial year. Order book replenishment will be our top priority to expand the Group's overall performance. At the same time, the Management will remain selective in its pursuit of new construction projects from reputable clients who are prompt pay masters.

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

Local Property Development Division

In view of the challenging facing the Malaysian property market, the Group is now more cautious on new property project planning and launching. However, we believe that property situated at strategic location are still on high demand. Besides, high property prices coupled with the increasing cost of living have increased the demand for affordable housing. Therefore, our proposed new development projects are carefully planned to focus on affordable housing.

This division is expected to have a higher contribution to the Group in 2017 as the construction work will be at an advanced stage for the existing on-going 'Wangsa 9 Residency'.

Property Development in South Africa

Although the political and economic uncertainty is likely to continue across the globe next year, economists and commentators in general are more positive about growth in South Africa for 2017 - while business confidence has improved, which in turn enhances overall sentiment which is a key driver of the residential property market. Living within a secure and gated housing estate has become increasingly popular in South Africa recent years with residents appreciating the facilities, sense of community and high levels of security on offer. Our residential golf estate - Blue Valley Golf and Country Estate is highly ranked in South Africa and last year played host to the World Amateur Golf Tournament 2016. We are confident that our investment in South Africa - since 1998 - will continue to make a positive contribution to the Group.

Acknowledgement

On behalf of the management team, I would like to express my gratitude and sincere appreciation to our shareholders, various government departments, regulatory authorities, customers, bankers, consultants and business associates for their continued trust and support to the Group. I would like to thank our Board members and employees for their strong commitment and dedication towards the continued success of the Group.

Tan Eng Piow
Group Managing Director

Blue Valley Golf and Country Estate

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility

As a corporate citizen, Mitrajaya is committed to uphold its Corporate Social Responsibility. On 8th December 2016, Mitrajaya held its first ever charity run at Taman Puchong Prima, Selangor with more than 400 participants consisting of employees and members of the public. The objective of the run was to promote healthy living and to give back to the society as part of the company's CSR programme. There were two categories for the event – 3.5 km and 7.5 km. The event successfully raised a total of RM 48,000 for four charities, namely the National Kidney Foundation (NKF), Yayasan Kebajikan SSL Haemodialysis, Persatuan Bulan Sabit Merah Wilayah Persekutuan and The Penang Home for the Infirm and Aged.

Race flag-off at Taman Puchong Prima

Throughout the year, we have paid visits to a total of four charity homes providing shelter and care for abandoned senior citizens and orphans. The charity homes visited were Persatuan Kebajikan Ci Hang-Chempaka, House of Joy, Rumah Jagaan dan Rawatan Orang Tua Al-ikhlas and Rumah Anak-Anak Yatim At-Taqwa. Apart from the Company presenting donations in the form of financial aid and daily necessities to the homes, our employees had the opportunity to spend time with the residents of the homes and lift their spirits.

Visit to Persatuan Kebajikan Ci Hang-Chempaka during Chinese New Year

Breaking fast with the elderly at Rumah Jagaan dan Rawatan Orang Tua Al-ikhlas during the holy month of Ramadan

Visit to House of Joy, a home for orphans and underprivileged children

Hari Raya celebrations with orphans from Rumah Anak-Anak Yatim At-Taqwa

CORPORATE SOCIAL RESPONSIBILITY (cont'd)

In September 2015, the Company launched the Mitrajaya Scholarship Programme. This initiative grants scholarships every year to the needy to enrol to local and private universities throughout the country. Mitrajaya Scholarship was set up to provide funds, grants, financial assistance and support to assist the individuals to realise their academic aspirations. For 2016, Mitrajaya awarded scholarships to two deserving students; Nurlieda Ellyanna Munirrah Binti Razali studying Bachelor of Software Engineering at Universiti Kebangsaan Malaysia and Muhammad Shahrol Hafiz Bin Ibrahim studying Bachelor of Quantity Surveying at Universiti Teknologi MARA.

We continue to support meaningful charitable causes via monetary contributions from the company and voluntary efforts from our employees. Amongst them were cash donations made to Persatuan Dialisis Kurnia Petaling Jaya Selangor, a non-profit Dialysis Centre to help out the less fortunate end-stage renal failure patients and their families. We have also donated to the TA Family Living Skills Centre which was set up to equip poor families living in Taman Medan with skills and knowledge needed at work and school to be more self-reliant. Working together with Pusat Darah Negara, we have been organising the annual Mitrajaya Blood Donation Drive since the inaugural event in 2013. Since then, our employees have donated more than 130 pints of blood to help save lives.

Cheque presentation to Persatuan Dialisis Kurnia Petaling Jaya Selangor

2016 Blood Donation drive

The Mitrajaya Sports & Recreational Club remains active to promote the culture of 'Work Smart, Play Hard' amongst our employees by organising sport activities, excursion trips and family day carnivals amongst others. In 2016, two fully subsidised getaway trips to Pulau Redang and Pulau Lang Tengah were organised for its members. The Club remains a good conduit to enhance the well-being of our employees and fostering a strong team spirit.

Paintball Tournament

White Water Rafting at Sungai Selangor / Sungai Slim

QUALITY, ENVIRONMENTAL, SAFETY AND HEALTH (QESH) REPORT

Introduction

Our philosophy is based on the belief that a business organisation, while in pursuit of profit, should fulfil its role as an agent of progress and discharge its moral responsibility to society and employees.

In line with this, we are committed in delivering quality products & services to our clients while maintaining reasonable and practicable best practices in minimising adverse impact on the environment and protecting safety and health of our clients, employees, workers, public and other stakeholders.

Our commitment evidence is the Integrated QESH Management System (QESHMS) implemented by our wholly-owned subsidiary, Pembinaan Mitrajaya Sdn. Bhd. ("PMSB"). PMSB obtained certification for ISO 9001 – Quality Management System since year 2000. In keeping abreast with market trend as well as fulfilling our corporate philosophy, PMSB has taken an initiative to integrate ISO 14001, OHSAS 18001 and MS 1722 into PMSB's current management system in year 2010. Our Integrated QESHMS serves as a guidance and promote continual improvement to enable our organisation to implement, control and continually improve our quality, environmental, safety and health practices.

QESH Organisation

In order to uphold our Integrated QESHMS, all levels within the organisation are constantly involved in the implementation and development of the systems through the following platforms:

Monthly Management Meetings:

- Monthly Management Meetings are held in project sites and chaired by Group Managing Director where QESH's physical operation and performance are reviewed and monitored.

QESH Meetings:

- QESH Committee which consist of senior management, employees and other stakeholders play important roles to implement and managing QESH matters at workplace as well review on its performance through participation, consultation and communication at corporate and project levels.

QESH Department:

- The QESH Department plays an important role in establishing, implementing, monitoring and maintaining Integrated QESHMS.

QUALITY, ENVIRONMENTAL, SAFETY AND HEALTH (QESH) REPORT (cont'd)

Quality Transformation

Our construction division strives to meet our project delivery by investing in latest technology such as Building Information Modelling (BIM). BIM has replaced the traditional blueprints and managed construction information into one collaborative place to ensure everyone work in tandem to achieve cost, safety and environmental efficiency during construction period.

Aside from that, our construction division is making effort to enhance and adopt new system formwork for better and quicker results. Currently, several systems formwork are in use for our projects such as Mivan and Peri Systems. We are slowly phasing out conventional timber formwork in order to achieve economical and improved operation efficiency.

Conventional timber formwork

Peri system formwork

Mivan system formwork

QUALITY, ENVIRONMENTAL, SAFETY AND HEALTH (QESH) REPORT (cont'd)

With increasing client and consumer awareness towards better quality of workmanship, our construction division has adopted Quality Assessment System for Building Works (QLASSIC) and BCA Construction Quality Assessment System (CONQUAS) in several projects. These assessment systems measures and evaluates the workmanship quality of a building construction work and enables the quality of workmanship to be objectively compare through scoring system, thus promoting the practice of "do it right the first time".

Marble tiles are laid and marked according to design and tonality

Checking squareness of wall

Environmental, Safety and Health Best Management Practices

Our construction division continually strives to minimise safety and health hazards and any adverse impact to the environment in our project sites by adopting the following best management practices:

Safety and Health

1) Safety & Health/ Security Management

Effective monitoring and control of site personnel and visitor entering to our project sites.

2) Safety & Health/ Welfare Management

Adequate and appropriate welfare facilities are provided for site personnel and visitors in our project sites.

QUALITY, ENVIRONMENTAL, SAFETY AND HEALTH (QESH) REPORT (cont'd)

Environmental, Safety and Health Best Management Practices (Cont'd)

3) Safety & Health/ Fall Prevention

Effective monitoring and control of fencing and fall protection system are implemented in our project sites.

4) Safety & Health/ Machinery & Equipment Safety

Effective system to control mechanical and non-mechanical hazards are implemented in project sites.

5) Safety & Health/ Chemical management

All hazardous substances used in project sites are clearly labelled and registered in "Register Chemical Hazardous to Health".

6) Safety & Health/ Toolbox Briefing

Regular toolbox briefing are conducted in project sites to inform site personnel regarding active work activities and promote environmental, safety and health best practices.

QUALITY, ENVIRONMENTAL, SAFETY AND HEALTH (QESH) REPORT (cont'd)

Environmental, Safety and Health Best Management Practices (Cont'd)

7) Safety & Health/ Site cleanliness

Recognised site cleanliness and safety go hand-in-hand in project sites. To minimise safety hazards, every site personnel are responsible to ensure cleanliness of project sites.

Environmental

1) Environment/ Water pollution monitoring

Adopting effective water pollution monitoring system such as sedimentation trapping, slope protection and stabilisation system.

2) Environment/ Air pollution monitoring

Prohibition of open burning and provisional of washing bay facilities to reduce the air pollutant emitted into the environment.

3) Environmental/ Noise pollution monitoring

Conduct noise monitoring to ensure receptor is unaffected by noise emitted from construction activities.

QUALITY, ENVIRONMENTAL, SAFETY AND HEALTH (QESH) REPORT (cont'd)

Environmental (Cont'd)

4) Environmental/ Soil contamination monitoring

Adopting a practical approach such as regular maintenance of machineries and provision of drip tray to static machineries to control contamination of soil in the project sites.

5) Environmental/ Waste management monitoring

Adopting 3Rs practices in construction planning and waste management to minimise amount of wastes entering into landfill.

QESH Management System Conformity

To ensure conformity of QESHMS requirements are fulfilled, our organisation engaged an independent party (SIRIM QAS International Sdn. Bhd.) to carry out an audit on our current QESHMS to obtain unbiased opinions of our organisation management and performances.

Our organisation has designed a systematic audit programme to verify the effectiveness of QESHMS and appointed trained internal auditors to assess conformity of QESHMS. The audit results are presented during the Management Review Board meetings attended by Head of Departments and Project Directors to review and improve the QESHMS.

Aside from that, our organisation has introduced CIDB's Quality Assessment System in Construction (QLASSIC) and Safety and Health Assessment System in Construction (SHASSIC) in our project sites to ensure our workmanship quality and safety and health implementation is on par with the standards.

QUALITY, ENVIRONMENTAL, SAFETY AND HEALTH (QESH) REPORT (cont'd)

Trainings Programme and Recognition (Quality, Environmental, Safety & Health)

To enhance our QESHMS, various trainings programme are carried out to improve our employee skills and knowledge in order to drive our management systems to a new level. The following are the trainings programme but not limited to list below:

1. QLASSIC Awareness
2. HSE Campaign
3. Emergency Drill
4. Behavioural Based Safety
5. Oil Spillage
6. Waste Recycling
7. First Aid and Cardiopulmonary Resuscitation (CPR)
8. Hazard Identification Risk Analysis and Risk Control (HIRARC)

Recognition and Other Awards

Safety and Health Assessment System in Construction (SHASSIC) accredited by Construction Industry Development Board (CIDB)

2016/ 4-Star for A Business Operation Complex Project
2016/ 4-Star for Raffles American School Project
2016/ 3-Star for Verdi Condominium Project

Other Awards
2016/SPRM / Putrajaya Holdings - Achievement of highest merit point for year 2016
2015/10E / Putrajaya Holdings' Construction Quality Assessment Financial Incentive Award
2015/SPRM / Excellence achievement of 1 million man hours without Lost Time Injury (LTI)
2015/ PPA1M/ Champion on Best Management Practice (Environmental)
2015/ Verdi/ Majlis Perbandaran Sepang TABAS – Tapak Bina Sejahtera

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board of Directors ("the Board") of Mitrajaya Holdings Berhad ("MHB" or "the Company") is committed to ensure the fulfillment of the highest standards of Corporate Governance as set out in the Malaysian Code on Corporate Governance 2012 ("the Code"), which highlights the principles and recommendations of best practices on structures and processes that the Company may use in their operations towards achieving the optimal governance framework.

The Board welcomes the constructive recommendations of the Code and will always evaluate the MHB and its subsidiaries ("MHB Group" or "the Group") corporate governance practice and procedures as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

During the financial year ended 31 December 2016, the Board considers that it has fundamentally applied the principles and recommendations of the Code and is pleased to report the actions taken by the Company to conform to the Code as set out below:-

THE BOARD OF DIRECTORS

The Board Charter is the key point of reference for the Directors of the Board in relation to its role, powers, duties and functions and there is also a formal schedule of matters reserved for its decision. MHB is led and managed by a competent Board, comprising members with a wide range of experience, knowledge and skills in relevant fields such as engineering, architectural, construction and finance. Together, the Directors contribute to successfully direct and supervise the Group's business activities, which are vital to the success of the Group and the enhancement of long-term shareholders' value.

During the financial year ended 31 December 2016, the Board met a total of five (5) times. Details of the attendance are as follow:-

DIRECTORS	POSITION	BOARD MEETINGS ATTENDED
1. General Tan Sri Ismail Bin Hassan (R)	Independent Non- Executive Chairman	5/5
2. Tan Eng Piow	Group Managing Director	5/5
3. Foo Chek Lee	Executive Director	5/5
4. Cho Wai Ling	Executive Director	5/5
5. Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim	Independent Non- Executive Director	5/5
6. Ir Zakaria Bin Nanyan	Independent Non-Executive Director	5/5
7. Roland Kenneth Selvanayagam	Independent Non-Executive Director	5/5

The Board has delegated specific responsibilities to the Audit Committee and the Nomination & Remuneration Committee. These Committees have the authority to examine particular issues and report back to the Board with their recommendation. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

BOARD BALANCE

The Board currently comprises seven (7) Directors, categorised as follows:-

Four (4) Independent Non-Executive Directors
Three (3) Executive Directors

A brief profile of the Directors is presented on pages 6 to 8 of the Annual Report.

CORPORATE GOVERNANCE STATEMENT (cont'd)

BOARD BALANCE (cont'd)

The Board composition complies with paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") which requires that at least one-third of the Board members comprise Independent Directors. The Board has taken note of Recommendation 2.2 of the Code pertaining to the establishment of policy formalising the Company's approach to boardroom diversity. The appointment of Ms Cho Wai Ling to the Board on 1 September 2014 reflects that the Board recognized the value of a lady member of the Board and this is an initial step taken towards achieving a more gender diversified Board. The Company does not have a formal policy on diversity of gender, ethnicity and age as the Board views that its current composition already encompasses this.

There is a clear division of responsibility at the head of the Company to ensure that there is a balance of power and authority. The Board is led by the Independent Non-Executive Chairman, General Tan Sri Ismail Bin Hassan (R) and Mr Tan Eng Piow, as the Group Managing Director who is in charge of running the business and implementing the policies and strategies adopted by the Board.

The Independent Non-Executive Directors participate at the Board Meetings and also contribute in Board Committees that have been set up as part of the practice of good corporate governance within the Company. They provide an objective and independent view of the performance of management in attempting to achieve the results to which the strategy of the Company is directed. The Nomination & Remuneration Committee have upon their assessment, concluded that each of the four (4) Independent Non-Executive Directors continues to demonstrate conduct and behavior that are essential indicators of independence and find that their length of service does not in any way interfere with their exercise of independent judgement and ability to act in the interest of the Company. The Board does not see a need to limit the tenure of the Independent Non-Executive Directors at this juncture.

Mr Tan Eng Piow, the Group Managing Director and Mr Foo Chek Lee, the Executive Director have been steeped in the infrastructure and property construction sector since the beginning of their respective careers, and have collectively extensive experience in engineering and construction. Both of them have been with the Mitrajaya Group for more than 25 years. Ms Cho Wai Ling, the Executive Director in charge of Finance has been working with the Group for more than 15 years, starting her career in the Group as an Accounts Executive and rose from rank and file to her present position. The Group Managing Director and the Executive Directors play a pivotal role in driving the Group's direction and oversee the conduct of the Group's business.

The appointment of a Senior Independent Non-Executive Director to whom concerns may be conveyed has not been made, given that the Board's composition has a majority of Independent Non-Executive Directors reflecting the strong and independent element on the Board and the Independent Chairman maintains an active and objective dialogue with Board members and encourages full deliberation of all matters submitted to the Board and Board Committee Meetings. The Board does not consider it necessary at this juncture to identify a Senior Independent Non-Executive Director.

The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Company.

BOARD COMMITTEES

The Board has established the Audit Committee and the Nomination & Remuneration Committee. Please refer to the Audit Committee Report and the Nomination & Remuneration Committee Report for further details.

SUPPLY OF INFORMATION

The Chairman ensures that each Director is provided with timely notices of every Board Meeting and board papers for each agenda item. This is to ensure that Directors have sufficient time to prepare for discussions, and to obtain further explanation or clarification to facilitate the decision process and discharge of their duties. The Board has unrestricted access to timely and accurate information in the furtherance of its duties.

The Board has formalised procedures for Directors, whether as a full Board or in their individual capacity, to take independent advice where necessary, in the furtherance of their duties and at the Group's expense.

Every Director has access to the advice and services of the Company Secretary. The Board believes that the Company Secretary is capable of carrying out her duties to ensure the effective functioning of the Board and the terms of appointment of the Company Secretary permits her removal and appointment of a successor only by the Board as a whole.

CORPORATE GOVERNANCE STATEMENT (cont'd)

DIRECTORS' TRAINING

The Directors are mindful that they should receive appropriate continuous training and they have attended seminars and briefings in order to broaden their perspectives and so that they keep abreast with developments in the market place and new statutory and regulatory requirements.

The Nomination and Remuneration Committee has assessed the training needs of the Directors and are satisfied that the trainings attended have been helpful in enabling the Directors to carry out their duties and responsibilities.

The following Directors attended the following training programs in 2016:-

Name	Title of Course
General Tan Sri Ismail Bin Hassan (R)	• MBAM Annual Safety Conference 2016
Tan Eng Piow	• U & I CEO Synergy Session
Foo Chek Lee	• 7th Malaysia Construction Summit 2016 • MBAM Annual Safety Conference 2016
Cho Wai Ling	• Structuring Successful Property Joint Ventures • The Interplay between CG, Non-Financial Information and Investment • Workshop on Enhanced Understanding of Risk Management and Internal Control for Chief Financial Officers, Internal Auditors and Risk Officers • Future of Auditor Reporting – The Game Changer For Boardroom • Advocacy Sessions On Management's Discussion and Analysis Statement (MD&A) • Tax Seminar - Budget 2017 • In-house Training On GST – Recent Amendment to Finance Bill, GST Regulation and DG Decisions • In-house Training On GST – GST Audit & Investigation • In-house Training On GST – Input Tax Claim (Identifying the Hurdles)
Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim	• Comprehending Financial Statement for Directors and Senior Managers • Board Chairman Series Part 2 : Leadership Excellent From The Chair
Ir Zakaria Bin Nanyan	• MBAM Annual Safety Conference 2016
Roland Kenneth Selvanayagam	• Introduction to MYOB • Digital Literacy - Advanced • IAS Breakfast Briefing - Global Mobility

The Board is regularly updated by the Company Secretary on the latest update/amendments on the Bursa Securities Main Market Listing Requirements and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

RE-ELECTION OF DIRECTORS

The Company's Articles of Association provides for all Directors (including the Group Managing Director) to retire at least once in each three (3) years at the Annual General Meeting ("AGM") and the retiring Director shall be eligible for re-election. The Directors who are due for re-election at the AGM will be first assessed by the Nomination & Remuneration Committee as to whether they meet the Board's expectations and have continued to perform in an exemplary manner, which will then submit its recommendation to the Board for deliberation and approval.

CORPORATE GOVERNANCE STATEMENT (cont'd)

DIRECTORS' REMUNERATION

The Nomination & Remuneration Committee is entrusted under its terms of reference to assist the Board in determining the framework of Executive Director's remuneration and the remuneration package for each Executive Director, drawing from outside advice as necessary. The Nomination & Remuneration Committee shall ensure that the level of remuneration is sufficient to attract and retain the Directors needed to run the Company successfully.

The Board as a whole shall determine the Non-Executive Directors' fees with the individual concerned abstaining from deliberations and voting on discussions in respect of his fee. The level of Directors' fee shall reflect the experience and responsibilities undertaken by the particular Non-Executive Director.

The breakdown of the remuneration of the Directors in the Company during the financial year is as follows:-

	COMPANY		GROUP		
	FEES RM	ALLOWANCES & CONTRIBUTION	FEES RM	SALARIES & OTHER EMOLUMENTS RM	TOTAL RM
Executive Directors	-	-	-	2,938,673	2,938,673
Non-Executive Directors	110,000	51,776	110,000	111,776	221,776

The numbers of Directors whose remuneration fall into the following bands are as follow:-

RANGE OF REMUNERATION (RM)	EXECUTIVE	NON-EXECUTIVE
50,000 and below	-	2
50,001 – 100,000	-	2
500,001 – 550,000	1	-
1,200,001-1,250,000	2	-

In order to align the long term interest of the employees to the corporate goals of the Group and to recognise their services which are valued and considered vital to the operation and continued growth of the Group, the Company has implemented an Employee Share Option Scheme to reward the employees by allowing them to participate in the Group's profitability and eventually realise potential capital gains arising from appreciation in the value of the the Company's shares.

DIALOGUE BETWEEN THE COMPANY AND INVESTORS

The Board acknowledges the importance for shareholders to be informed of all key issues and major development affecting the Company. The dissemination of the information to shareholders and other stakeholders of the Company are made through the following:-

- The Annual Report;
- The AGM;
- The various disclosures and announcements made to the Bursa Securities including the Quarterly Financial Results and Annual Financial Results; and
- The Company's website, http://www.mitrajaya.com.my.

Briefings are held with analysts to clarify information in relation to the announcements. Dialogues with institutional investors and the press are held from time to time.

The Company has in place an Investor Relations Policy to ensure that shareholders, stakeholders, investors and the investment community are provided with relevant, timely and comprehensive information about the Company. This policy provides the guidance for communication through its designated spokespersons.

CORPORATE GOVERNANCE STATEMENT (cont'd)

AGM

The Company's AGM serves as a principal forum for dialogue with shareholders. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Members of the Board as well as the External Auditors of the Company are present to answer questions raised at the meeting. The Executive Directors meet with members of the press after the AGM to answer any queries that may be raised.

FINANCIAL REPORTING

In presenting the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates.

The quarterly and annual financial statements are reviewed by the Audit Committee and approved by the Board before its release to Bursa Securities.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which have to be made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates as on pages 45 to 151.

The Directors have the responsibility in ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy, the financial position of the Group and the Company, which will then enable them to ensure that the financial statements comply with the requirements of the Companies Act, 2016.

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

RISK MANAGEMENT AND INTERNAL CONTROL

Please refer to the Statement on Risk Management and Internal Control for further details.

RELATIONSHIP WITH THE AUDITORS

The External Auditors, Messrs. Baker Tilly Monteiro Heng has continued to report to the Audit Committee on their findings which are included as part of the Company's financial report with respect to each year's audit on the statutory financial statements. In doing so, the Company has established a transparent arrangement with the External Auditors to meet their professional requirements.

The independent members of the Audit Committee make it a point to sit and discuss with the External Auditors without the presence of the Management Team to allow the External Auditors to broach issues in an uninhibited and private fashion. For the financial year 2016, the Audit Committee met the External Auditors 3 times independently to discuss issues arising out of the audits. There were also exchange of views and opinions in relation to the financial reporting.

The Company has a policy to assess and monitor the performances and independence of External Auditors. The policy covers selection and appointment, independence, conflict of interest, non-audit services, rotation of lead engagement partner, annual assessment and audit fees. The External Auditors do provide their written assurance of their independence annually. Based on the assessment conducted by the Audit Committee, the Board is satisfied that the quality of service, adequacy of resources provided, communication, independence and professionalism demonstrated by the External Auditors in carrying out their function.

AUDIT COMMITTEE REPORT

The Audit Committee of comprises four (4) members, all of whom are Independent Non-Executive Directors and one Audit Committee Member, namely Mr Roland Kenneth Selvanayagam is a member of the Malaysian Institute of Accountants. The current members of the Audit Committee are as follow:-

CHAIRMAN

General Tan Sri Ismail Bin Hassan (R) *(Independent Non-Executive Director)*

MEMBERS

Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim *(Independent Non-Executive Director)*
Ir Zakaria Bin Nanyan *(Independent Non-Executive Director)*
Mr Roland Kenneth Selvanayagam *(Independent Non-Executive Director)*

DUTIES

The duties of the Committee shall be:-

- to consider the appointment of the External Auditors, the audit fee, and any questions of resignation or dismissal.

- to discuss with the External Auditors, the audit plan, the evaluation of the system of internal control, the audit report and the assistance given by the employees of the Company to the external auditors.

- to review the quarterly and annual financial statements before submission to the Board of Directors ("Board") focusing particularly on:-
  - any changes in or implementation of major accounting policies and practices;
  - significant and unusual events or transactions;
  - significant judgements made by Management;
  - significant adjustments arising from the audit;
  - the going concern assumption;
  - financial reporting issues;
  - compliance with accounting standards;
  - compliance with stock exchange and legal requirements; and
  - significant matters highlighted by Management, Internal Auditors or External Auditors and how these matters are addressed.

- to review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work.

- to review the internal audit programme, process, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

- to consider the major findings of internal investigations and Management's response.

- to discuss problems and reservations arising from the audit and any matter the External Auditors may wish to discuss (in the absence of Management where necessary).

- to recommend the nomination of a person or persons as External Auditors.

- to review and report to the Board any related party transaction and conflict of interests situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.

- to consider any other functions or duties as may be agreed to by the Audit Committee and the Board.

AUDIT COMMITTEE REPORT (cont'd)

MEETING ATTENDANCE

The numbers of meetings attended by the Committee Members during the financial year ended 31 December 2016 were as follow:-

Members	No. of Attendance
General Tan Sri Ismail Bin Hassan (R) - Chairman	5/5
Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim	5/5
Ir Zakaria Bin Nanyan	5/5
Roland Kenneth Selvanayagam	5/5

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2016, the Audit Committee carried out the following activities:-

- Reviewed the report by External Auditors on the review of the financial statements for financial year ended 31 December 2015;
- Reviewed the Internal Audit Reports, which highlighted the audit issues on the auditable areas of project management and cost management practices;
- Reviewed and appraised the adequacy and effectiveness of Management response in resolving the audit issues reported;
- Reviewed the findings of the Internal Auditors and follow-up on the recommendations;
- Reviewed the unaudited quarterly financial results of the Group and the audited financial statements of the Group and Company and recommended the same to the Board;
- Reviewed the Audit Planning Memorandum for the financial year 2016 presented by the External Auditors;
- Reviewed and approved the Internal Audit Plan;
- Reviewed the recurrent related parties transactions;
- Reviewed the Risk Management Committee report;
- Reviewed the Statement on Risk Management and Internal Control and Audit Committee Report for the financial year ended 31 December 2015;
- Assessed the independence and performance of the External Auditors;
- Recommended the External Auditors fees and the re-appointment of Auditors; and
- Reviewed the performance of the Internal Auditors.

The Audit Committee also held discussion with the External Auditors twice during the year without the presence of the Executive Directors and Senior Management.

AUDIT COMMITTEE REPORT (cont'd)

INTERNAL AUDIT FUNCTION

The Group's internal audit functions are outsourced to an external professional internal audit firm which reports to the Audit Committee. The Internal Auditors serves to assist the Audit Committee in the discharge of its duties and responsibilities. Its role is to undertake independent, regular and systematic reviews of internal controls, so as to provide the Audit Committee with independent and objective feedback and reports to enable the internal control systems continue to operate satisfactorily and effectively.

The activities carried out by the Internal Audit function were:-

(a) Prepared and presented the Internal Audit Plan for 2016 for the Audit Committee's consideration and approval;
(b) Regularly performed risk-based audits on strategic business processes of the Company and the Group, which covered reviews of Human Resource and Administration management and Project Management of on-going projects;
(c) Issued Internal Audit Reports to the Audit Committee and Senior Management identifying weaknesses and issues as well as highlighting recommendations for improvements and followed up on matters raised;
(d) Acted on comments made by the Audit Committee and/or Senior Management on concerns over operations or controls and significant issues pertinent to the Company and of the Group; and
(e) Reported to the Audit Committee on the review of the adequacy, appropriateness and compliance with the procedures established to monitor related party transactions.

NOMINATION AND REMUNERATION COMMITTEE REPORT

The Nomination and Remuneration Committee ("NRC") comprises of the following members who are all Independent Non-Executive Directors:

CHAIRMAN

Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim

MEMBERS

General Tan Sri Ismail Bin Hassan (R)
Ir Zakaria Bin Nanyan

DUTIES

The duties of the NRC shall be:-

- To review regularly the Board of Directors ("Board") structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary.

- To propose new nominees for appointment to the Board. In making the recommendations, the NRC shall consider the candidates:-
    - skills, knowledge, expertise and experience;
    - professionalism;
    - integrity; and
    - in the case of candidates for the position of Independent Directors, the NRC shall also evaluate the candidates' ability to discharge such responsibilities or functions as expected from Independent Non-Executive Directors.

- To assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.

- To recommend to the Board, Directors to fill the seats on the Board Committees.

- To review annually the Board's mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board.

- To recommend to the Board for the continuation (or not) in service of Executive Director(s) and Director(s) who are due for retirement by rotation.

- To orientate and educate new Directors as to the nature of the business, current issues within the Company and the corporate strategy, the expectations of the Company concerning input from the Directors and the general responsibilities of Directors.

- To recommend the remuneration policy and review the payment of Directors' fees and allowance.

NOMINATION AND REMUNERATION COMMITTEE REPORT
(cont'd)

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2016, the NRC in discharging its functions and duties carried out the following activities:-

- Reviewed the size and composition of the Board and Board Committee;
- Reviewed the mix of skill and experience and other qualities of the Board;
- Assessed the effectiveness of the Board as a whole, the Board Committees and the Directors;
- Discussed and recommended the re-election and re-appointment of retiring Directors;
- Assessed and confirmed the independence of the Independent Directors; and
- Reviewed the payment of Directors fee.

The NRC upon its annual assessment carried out for financial year 2016, was satisfied that:-

- The size and composition of the Board is optimum with appropriate mix of knowledge skills, attribute and core competencies;
- The Board has been able to discharge its duties professionally and effectively;
- All the Directors continues to uphold the highest governance standards in discharging their duties and responsibilities;
- All the members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective working experience, academic and professional qualifications, depth of knowledge, skills and experience and their personal qualities;
- The Independent Directors, General Tan Sri Ismail Bin Hassan (R), Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim, Ir Zakaria Bin Nanyan and Mr Roland Kenneth Selvanayagam are demonstrably independent;
- The Directors are able to devote sufficient time commitment to their roles and responsibilities as evidenced by their attendance records; and
- The Directors have received training during the financial year ended 31 December 2016 that is relevant and would serve to enhance their effectiveness in the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board of Directors ("the Board") of Mitrajaya Holdings Berhad ("MHB") is committed towards maintaining a sound system of risk management and internal control and is pleased to present this Statement on Risk Management and Internal Control ("Statement") for the financial year ended 31 December 2016, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and as guided by Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"). This statement outlines the nature of risk management and internal control of MHB and its subsidiaries ("the Group").

Board's Responsibility

The Board acknowledges its overall responsibility for the Group's system of internal controls, which includes the establishment of an appropriate risk and control framework as well as the review of its effectiveness, adequacy and integrity to safeguard shareholders' investments and the Group's assets. Such system is however, designed to manage, rather than eliminate, the risk of failure to achieve business and corporate objectives. The system can therefore only provide reasonable, but not absolute assurance, against material misstatement or loss.

There is an on-going process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies. The Board annually reviews the results of this process for each business segment on cycle basis, including measures taken by Management to address areas of key risks as identified. This process has been in place for the financial year under review and up to the date of approval of this Statement.

The Board is assisted by management in implementing the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to manage and control these risks.

Risk Management

The Group has a risk management framework, which includes a risk management assessment process to identify significant risks and the mitigating measures thereof. The framework also addresses the specific risk profiles of each business division and the key functional unit identified within the Group. The Board has also established a Risk Management Committee to focus on risk management, and which comprises key management staff and is chaired by an Executive Director. Significant risks affecting the Group's strategic and business plans are escalated to the Board at scheduled meeting through the Risk Assessment Report. The Risk Assessment Report is reviewed annually at a minimum to ensure it remains adequate and effective. These risk management practices serve as an on-going process to identify, evaluate and manage significant risks of the Group.

Insurance and physical security of major assets are in place to ensure that the assets of the Group are sufficiently covered against any mishap that will result in material losses to the Group.

The Board is committed to continue to foster a risk-aware culture in all decision-making and to manage all key risks proactively and effectively. This is to enable the Group to respond effectively to the changing business and competitive environment which are critical for the Group's sustainability and the enhancement of shareholders' value.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

Internal Controls

The Board receives and reviews quarterly reports from the management on key financial data, and operational matters. This is to ensure that matters that require the Board and Management's attention are highlighted for review and deliberated for decision making purposes on a timely basis. The results of the Group are reported quarterly and any significant fluctuations are analysed and acted on in a timely manner.

The Management Team, led by the Group Managing Director, comprises experienced personnel with vast specialised industry experience in both Construction and Property Development. The Management Team meets on monthly basis to discuss and review performance and operational matters within their respective business units structured by projects and functional departments.

The other salient features of the Group's system of internal controls are as follows:-

- Organisation structure and limits of authority

  Clearly defined and documented lines and limits of authority, responsibility and accountability have been established through the Standard Operating Procedures, organizational structures and appropriate authority limits.

- Written policies and procedures

  Clearly defined internal policies and procedures as set out in the Group's Standard Operating Procedures Manual based on the business unit are periodically updated to reflect changing risks or to address operational deficiencies.

- Planning, monitoring and reporting

  o The Audit Committee reviews the Group's quarterly financial performance, together with Management, which is subsequently reported to the Board; and
  o Financial and non-financial information, which includes the quarterly management reports covering key financial and performance indicators based for the respective business units, is provided to Senior Management for monitoring.

- International Standards Certification

  The Group's integrated QESH policies and procedures are implemented by its wholly-owned subsidiary, Pembinaan Mitrajaya Sdn Bhd ("PMSB").

  PMSB has been certified for ISO 9001 Quality Management System since year 2000 and subsequently certified for the following standards in year 2010:-

  o ISO 14001 - Environmental Management System; and
  o OHSAS 18001 and MS 1722 - Occupational Health and Safety Management System.

  Audits are carried out to ensure adherence and conformity to the QESH management systems implemented.

- Related Party Transactions

  Related party transactions are disclosed, reviewed, and monitored by the Board on a quarterly basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

Internal Audit Function

The Board acknowledges the importance of the internal audit function and has outsourced its internal audit function to a professional services firm, as part of its effort to ensure that the Group's system of internal controls is adequate and effective. The internal audit function assists the Board and Audit Committee in providing independent assessment of the effectiveness and adequacy of the Group's system of internal controls. The internal audit function reports directly to the Audit Committee.

During the financial year ended 31 December 2016, internal audits were carried out in accordance with an internal audit plan that has been reviewed and approved by the Audit Committee. Observations from these audits are presented, together with Management's response and proposed action plans, to the Audit Committee for its review. The internal audit function also follows up and reports to the Audit Committee on the status of implementation of action plans by Management on the recommendations highlighted in the internal audit reports, especially on areas where internal control deficiencies or lapses have been noted.

A total of RM48,000 was spent on internal audit activities for the financial year ended 31 December 2016.

Review by the Board

The Board has considered the adequacy and effectiveness of the risk management and internal controls process in the Group during the financial year.

Before producing this Statement, the Group Managing Director and Executive Director-Finance have provided assurance to the Board in writing stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects during the financial year under review.

Taking into consideration the assurance from the Management Team and inputs from the relevant assurance providers, the Board is of the view, and to the best of its knowledge, that the risk management and internal control systems are satisfactory and is adequate to safeguard shareholders' investments and the Group's assets. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

Review by the External Auditors

The external auditors, Messrs Baker Tilly Monteiro Heng, have performed a limited assurance engagement on this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2016 and reported to the Board that based on the procedures performed, nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Controls intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

OTHER INFORMATION

SANCTION AND /OR PENALTY

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the regulatory bodies.

NON-AUDIT FEES

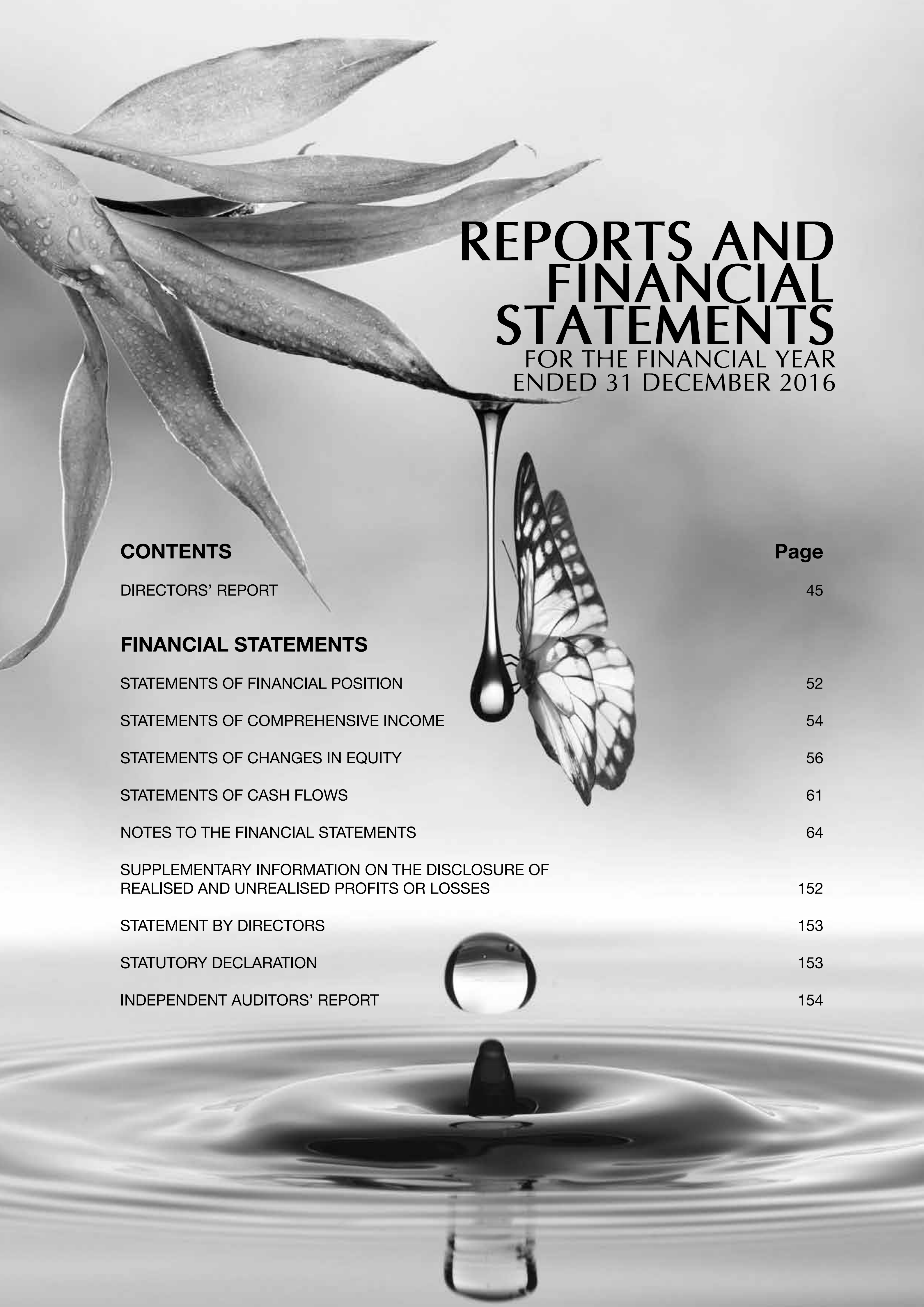
The amount of audit fees payable to Messrs Baker Tilly Monteiro Heng by the Company and Group is RM36,000 and RM141,100 respectively and non-audit fees payable to them by the Group for the financial year 2016 is RM11,500.

MATERIAL CONTRACTS INVOLVING DIRECTORS'/MAJOR SHAREHOLDERS' INTEREST

There were no material contracts of the Company and its subsidiaries involving Directors' and major shareholders' interests for the financial year under review.

STATUS OF UTILISATION OF PROCEEDS

The proceeds raised from the exercise of Warrants C, Warrants D and the Employees' Share Option Scheme has been fully utilised as working capital.



REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

CONTENTS

DIRECTORS' REPORT

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

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

RESULTS

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

DIVIDEND

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

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

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

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT (cont'd)

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, and

(ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

DIRECTORS' REPORT (cont'd)

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

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

(a) 24,031,383 new ordinary shares of RM0.50 each arising from the exercise of Warrants C;

(b) 95,938 new ordinary shares of RM0.50 each arising from the exercise of Warrants D; and

(c) 3,425,200 new ordinary shares of RM0.50 each arising from the exercise of share options under the Employees' Share Option Scheme ("ESOS").

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

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

WARRANTS

Warrants C

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

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

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

Warrants D

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

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

DIRECTORS' REPORT (cont'd)

WARRANTS (cont'd)

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

Warrants C has lapsed on 4 July 2016.

TREASURY SHARES

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

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

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

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

EMPLOYEES' SHARE OPTION SCHEME

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

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

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

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

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

DIRECTORS' REPORT (cont'd)

EMPLOYEES' SHARE OPTION SCHEME (cont'd)

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

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

DIRECTORS

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

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

DIRECTORS' INTERESTS

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

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

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS (cont'd)

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

[1] Shares held through children.
[2] Shares held through spouse.

	Number of Warrants-D Issued Pursuant To the Deed Poll dated 3.7.2015 exercisable at any time from 24.8.2015 to 23.8.2020			
	At 1.1.2016	**Alloted**	**Exercised**	**At 31.12.2016**
The Company				
Direct interest				
Tan Eng Piow	34,606,331	-	-	34,606,331
Foo Chek Lee	162,166	-	-	162,166
Indirect interest				
Tan Eng Piow	486,500 [1]	-	-	486,500 [1]
Foo Chek Lee	4,865 [2]	-	-	4,865 [2]

	Number of shares under the ESOS			
	At 1.1.2016	**Granted**	**Exercised**	**At 31.12.2016**
The Company				
Direct interest				
Tan Eng Piow	1,987,500	-	-	1,987,500
Foo Chek Lee	1,528,500	-	-	1,528,500
Cho Wai Ling	865,500	-	-	865,500
Indirect interest				
Tan Eng Piow	838,500 [1]	-	(42,000)	796,500 [1]

[1] Warrants/ Share options held through children.
[2] Warrants/ Share option held through spouse.

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

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

DIRECTORS' REPORT (cont'd)

DIRECTORS' BENEFITS

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

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

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 46 to the financial statements.

AUDITORS

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

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

…..
TAN ENG PIOW
Director

....
FOO CHEK LEE
Director

Date: 13 April 2017

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016 (cont'd)

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

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

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

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (cont'd)

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

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

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

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (cont'd)

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (cont'd)

		Attributable to owners of the Company										
			Non-distributable					Distributable				
Group	Note	Share capital RM	Share premium RM	Other reserves Total RM	Foreign exchange reserves RM	Revaluation reserves RM	Share option (ESOS) reserve RM	Retained profits RM	Treasury shares RM	Equity attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
At 1 January 2015		198,765,901	-	(8,847,410)	(19,454,276)	10,606,866	-	205,538,006	(1,038,417)	394,418,080	749,781	395,167,861
Profit for the financial year		-	-	-	-	-	-	86,576,295	-	86,576,295	393,859	86,970,154
Other comprehensive income												
Foreign currency translation	22	-	-	(4,205,432)	(4,205,432)	-	-	-	-	(4,205,432)	-	(4,205,432)
Total comprehensive income		-	-	(4,205,432)	(4,205,432)	-	-	86,576,295	-	82,370,863	393,859	82,764,722
Realisation of revaluation reserves	22	-	-	(1,505,824)	201,583	(1,707,407)	-	1,505,824	-	-	-	-
Transactions with owners												
Purchase of treasury shares	21	-	-	-	-	-	-	-	(610,842)	(610,842)	-	(610,842)
Share option (ESOS) granted	22	-	-	11,641,531	-	-	11,641,531	-	-	11,641,531	-	11,641,531
		-	-	11,641,531	-	-	11,641,531	-	(610,842)	11,030,689	-	11,030,689

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (cont'd)

		Attributable to owners of the Company										
			Non-distributable					Distributable				
Group	Note	Share capital RM	Share premium RM	Other reserves Total RM	Foreign exchange reserves RM	Revaluation reserves RM	Share option (ESOS) reserve RM	Retained profits RM	Treasury shares RM	Equity attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Transactions with owners (Continued)												
Dividends on ordinary shares	39	-	-	-	-	-	-	(21,403,670)	-	(21,403,670)	-	(21,403,670)
Resale of treasury shares		-	5,465,940	-	-	-	-	-	1,102,607	6,568,547	-	6,568,547
Issuance of ordinary shares arising from:	19											
- exercise of Warrants		15,273,048	12,217,088	-	-	-	-	-	-	27,490,136	-	27,490,136
- exercise of share option (ESOS)		27,500	58,102	(22,352)	-	-	(22,352)	-	-	63,250	-	63,250
- bonus issue		107,018,327	-	-	-	-	-	(107,018,327)	-	-	-	-
Member's voluntary winding up of a subsidiary		-	-	-	-	-	-	(37,535)	-	(37,535)	(16,865)	(54,400)
Total transactions with owners		122,318,875	17,741,130	11,619,179	-	-	11,619,179	(128,459,532)	491,765	23,711,417	(16,865)	23,694,552
At 31 December 2015		**321,084,776**	**17,741,130**	**(2,939,487)**	**(23,458,125)**	**8,899,459**	**11,619,179**	**165,160,593**	**(546,652)**	**500,500,360**	**1,126,775**	**501,627,135**

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (cont'd)

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

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

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

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (cont'd)

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (cont'd)

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 13 April 2017.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

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

(a) Adoption of Amendments/Improvements to FRSs

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

Amendments/Improvements to FRSs

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

The adoption of the above amendments/improvements to FRSs did not have any significant effect on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. BASIS OF PREPARATION (cont'd)

2.2 New FRS and Amendments/ Improvements to FRSs (cont'd)

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

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

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

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

FRS 9 Financial Instruments

Key requirements of FRS 9:

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. BASIS OF PREPARATION (cont'd)

2.2 New FRS and Amendments/ Improvements to FRSs (cont'd)

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

FRS 9 Financial Instruments (cont'd)

Key requirements of FRS 9 (cont'd):

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

- FRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

Amendments to FRS 1 First-time Adoption of MFRSs

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

Amendments to FRS 2 Share-based Payment

Amendments to FRS 2 provide specific guidance on the accounting for:
(a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
(b) share-based payment transactions with a net settlement feature for withholding tax obligations; and
(c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Amendments to FRS 12 Disclosure of Interests in Other Entities

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

Amendments to FRS 107 Statement of Cash Flows

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. BASIS OF PREPARATION (cont'd)

2.2 New FRS and Amendments/ Improvements to FRSs (cont'd)

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

Amendments to FRS 112 Income Taxes

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

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

Amendments to FRS 128 Investments in Associates and Joint Ventures

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

Amendments to FRS 140 Investment Property

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

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

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

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

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

IC Int 22 Foreign Currency Transactions and Advance Consideration

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. BASIS OF PREPARATION (cont'd)

2.2 New FRS and Amendments/ Improvements to FRSs (cont'd)

(c) MASB Approved Accounting Standards, MFRSs

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

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

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

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

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

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

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

2. BASIS OF PREPARATION (cont'd)

2.2 New FRS and Amendments/ Improvements to FRSs (cont'd)

(c) MASB Approved Accounting Standards, MFRSs (cont'd)

MFRS 15 Revenue from Contracts with Customers

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

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

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

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

MFRS 16 Leases

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

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

2.3 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in the summary of significant accounting policies.

2.4 Use of estimates and judgement

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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

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

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

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

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Transactions with Non-Controlling Interests

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

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

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

3.3 Separate financial statements

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

3.4 Foreign Currency

(i) Functional and Presentation Currency

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

(ii) Foreign Currency Transactions

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Foreign Currency (cont'd)

(iii) Foreign Operations

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

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

3.5 Property, Plant and Equipment and Depreciation

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Investment Properties

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

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

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

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

3.7 Intangible Assets

Goodwill

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Intangible Assets (cont'd)

Goodwill (cont'd)

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

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

3.8 Subsidiaries

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

3.9 Associates

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 Financial Assets

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

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

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

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

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

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

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

(ii) *Loans and receivables*

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

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

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

(iii) *Held-to-maturity investment*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 Financial Assets

(iv) Available-for-sale financial assets

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

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

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

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

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

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

3.11 Impairment of Non-Financial Assets

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

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

In assessing value in use, the estimated future value cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of the assets exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.11 Impairment of Non-Financial Assets (cont'd)

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

The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in subsequent period.

3.12 Impairment of Financial Assets

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

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

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

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

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

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

(ii) *Unquoted equity securities carried at cost*

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Impairment of Financial Assets

(iii) Available-for-sale financial assets

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

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

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

3.13 Construction Contracts

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.14 Land Held for Property Development and Property Development Costs

(i) Land Held for Property Development

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

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

(ii) Property Development Costs

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

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

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

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

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

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

3.15 Inventories

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Cash and Cash Equivalents

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

3.17 Financial Liabilities

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

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

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

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

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

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

(ii) Other financial liabilities

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.18 Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because of a specified debtor fails to make payment when due.

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

3.19 Leases

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

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

(i) Lessee accounting

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

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

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

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

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

(ii) Lessor accounting

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.20 Provisions for Liabilities

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

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

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

3.21 Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

3.22 Employee Benefits

(i) Short Term Employee Benefits

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

(ii) Defined Contribution Plans

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.22 Employee Benefits (cont'd)

(iii) Share-based Compensation

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

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

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

3.23 Revenue and Other Operating Income Recognition

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

(i) Construction Contracts

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

(ii) Sale of properties

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

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

(iii) Golf Management, Photorefractive and Keratectomy

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.23 Revenue and Other Operating Income Recognition (cont'd)

(iv) Sales of Goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(v) Interest Income

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

(vi) Dividend Income

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

(vii) Rental Income

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

(viii) Income from Short Term Funds

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

3.24 Taxes

(i) Income Tax

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

Current Tax

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

Deferred Tax

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.24 Taxes (cont'd)

(i) Income Tax (cont'd)

Deferred Tax (cont'd)

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.24 Taxes (cont'd)

(ii) Goods and Services Tax

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

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST included.

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

3.25 Discontinued Operation

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

- represents a separate major line of business or geographical area of operations;

- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

- is a subsidiary acquired exclusively with a view to resale.

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

3.26 Segment Reporting

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

3.27 Share Capital and Share Issuance Expenses

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

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

3.28 Treasury Shares

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.29 Contingencies

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

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

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

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

3.30 Fair value measurements

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

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

(i) Deferred Tax Assets (Note 11)

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

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

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

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

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

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

(iv) Impairment of Investment Properties (Note 7)

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

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

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

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

(vi) Impairment of Goodwill (Note 10)

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

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

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

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

(viii) Construction (Note 12)

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

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

(ix) Property Development (Note 13)

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

(x) Income Tax (Note 35)

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

(xi) Share-based payments (Note 19)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

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

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

(b) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM95,445,586 (2015: 55,295,120) of which RM58,417,442 (2015: RM31,640,681) and RM8,587,165 (2015: Nil) were acquired by means of hire purchase and on credit terms respectively.

(c) In previous financial year, included in property, plant and equipment was a building and certain plant and machinery with carrying amount of RM1,507,576 which is pledged to a financial institution to secure the term loan facility granted to the Group as disclosed in Note 26.

(d) Certain freehold lands of the Group with carrying amount of RM700,000 (2015: RM nil) were revalued by the Directors in the financial year 1993 based on an independent valuation carried out on an existing use basis. The property has continued to be stated on the basis of the 1993 valuation, as allowed by the transitional provisions of IAS16 (Revised), Property, Plant and Equipment, issued by the Malaysian Accounting Standards Board by virtue of which a reporting enterprise is allowed to retain revalued amounts on the basis of their previous revaluations (subject to continuity in depreciation policy and the requirement to write an asset down to its recoverable amount). The above-mentioned freehold lands were revalued on 25 October 1993.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. LAND HELD FOR PROPERTY DEVELOPMENT

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

7. INVESTMENT PROPERTIES

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

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

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

(b) In previous financial year, a further impairment loss of RM2,154,310 was recognised in the profit or loss under other operating expenses line item on certain properties as their recoverable amount is assessed to be lower than their carrying amount based on fair value less costs of disposal.

(c) Included in investment properties is a building on a freehold land under construction with carrying amount of RM481,924 (2015: RMNil).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

7. INVESTMENT PROPERTIES (cont'd)

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

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

(e) Fair value information

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

Fair value of investment properties are categorised as follows:

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

Policy on transfer between levels

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

Level 1 fair value

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

Level 2 fair value

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

Level 3 fair value

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. INVESTMENT IN SUBSIDIARIES

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

Details of the subsidiaries are as follows:

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. INVESTMENT IN SUBSIDIARIES (cont'd)

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of Company	Principal Place of Business and Country of Incorporation	Proportion Ownership Interest/ Voting Rights 2016 %	2015 %	Principal Activities
Held through Mitrajaya Development SA (Pty) Ltd.:				
Blue Valley Golf and Country Club (Pty) Ltd.*	South Africa	100	100	Golf management
Held through Optimax Eye Specialist Centre Sdn. Bhd.:				
Optimax Laser Eye Centre Sdn. Bhd.	Malaysia	-	70	Photorefractive keratectomy and related services
Optimax Eye Specialist Centre (Shah Alam) Sdn. Bhd.	Malaysia	-	70	Photorefractive keratectomy and related services
Optimax Eye Specialist Centre (Kota Kinabalu) Sdn. Bhd.	Malaysia	-	70	Photorefractive keratectomy and related services
Visual Series Sdn. Bhd.	Malaysia	-	100	Photorefractive keratectomy and related services
Optimax Eye Specialist Centre (Kajang) Sdn. Bhd.	Malaysia	-	70	Photorefractive keratectomy and related services
Optimax Eye Specialist Centre (Ampang) Sdn. Bhd.	Malaysia	-	70	Photorefractive keratectomy and related services
Optimax Eye Specialist Centre (Kuching) Sdn. Bhd.	Malaysia	-	75	Photorefractive keratectomy and related services
Held through Optimax Eye Specialist Centre (Shah Alam) Sdn. Bhd.:				
Optimax Eye Specialist Centre (Sunway) Sdn. Bhd.	Malaysia	-	65	Photorefractive keratectomy and related services
Optimax Eye Specialist Centre (Seremban) Sdn. Bhd.	Malaysia	-	70	Photorefractive keratectomy and related services

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

\# *Unincorporated entity*

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. INVESTMENT IN SUBSIDIARIES (cont'd)

(a) *Disposal of Optimax Eye Specialist Centre Sdn. Bhd. ("Optimax")*

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

(b) *Investment in Redeemable cumulative convertible preference shares of subsidiaries ("RCCPS")*

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

(i) 3,000,000 RCCPS of RM1 each in Mitrajaya Homes Sdn. Bhd. at an issue price of RM30 each;

(ii) 400 RCCPS of RM1 each in Mitrajaya Equipment Resource Sdn. Bhd. at an issue price of RM61 each;

(iii) 250,000 RCCPS of RM1 each in Kina-Bijak Sdn. Bhd. at an issue price of RM80 each and

(iv) 2,600,000 RCCPS of RM1 each in Primaharta Development Sdn. Bhd. at an issue price of RM10 each.

The Salient features of the RCCPS are as follows:

(a) Dividends

(i) Each RCCPS shall confer on the holder thereof the right to be paid, out of such profits of the respective RCCPS issuer available for distribution determined by the Directors at their discretion to be distributed in respect of each financial year or other accounting period of the RCCPS issuer and rank pari passu to any payment in respect of any other class of shares in the capital of the RCCPS issuer, a cumulative dividend at a rate as Board of Directors and the holders of the RCCPS shall mutually agree from time to time.

(ii) The holder of the RCCPS shall not be entitled to participate in the surplus profits or assets of the RCCPS issuer beyond such rights as are expressly set out herein.

(b) Voting rights

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

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

(ii) the meeting is convened for the purpose of considering the reduction of the capital of the respective RCCPS issuer; or

(iii) the meeting is relating to any dividend or part thereof unpaid on any RCCPS; or

(iv) the proposition which is submitted to the meeting proposes to abrogate or vary or otherwise directly affects the special rights and privileges attaching to the RCCPS

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. INVESTMENT IN SUBSIDIARIES (cont'd)

(b) *Investment in Redeemable cumulative convertible preference shares of subsidiaries ("RCCPS") (cont'd)*

The Salient features of the RCCPS are as follows (cont'd):

(c) Redemption

(i) Subject to the provision of the Companies Act 1965, the RCCPS issuer shall have the right to redeem all or any of the RCCPS at anytime after the date of issuance of RCCPS; and

(ii) no RCCPS redeemed by the respective RCCPS issuer shall be capable of reissue.

(d) Conversion

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

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

9. INVESTMENT IN AN ASSOCIATE

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

Details of the associate is as follows:

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

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

The Group does not have any material associate.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

10. GOODWILL ON CONSOLIDATION

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

11. DEFERRED TAX ASSETS/(LIABILITIES)

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

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

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

	Group 2016 RM	Group 2015 RM
Deferred tax assets:		
- Unrealised profit arising from development activities	(2,850,593)	(2,627,195)
- Tax implication arising from development property activities reclassified to investment property	(497,813)	-
- Tax implication arising from disposal of development property	(2,578,272)	-
	(5,926,678)	(2,627,195)
Defered tax liabilities:		
- Accelerated capital allowances	2,474,801	1,440,694
	2,474,801	1,440,694
	(3,451,877)	(1,186,501)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

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

The following are costs incurred during the financial year:

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

13. PROPERTY DEVELOPMENT COSTS

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

13. PROPERTY DEVELOPMENT COSTS (cont'd)

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

13. PROPERTY DEVELOPMENT COSTS (cont'd)

The following are costs incurred during the financial year:

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

14. INVENTORIES

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

15. TRADE AND OTHER RECEIVABLES

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

(a) Trade receivables

(i) Trade receivables are non-interest bearing and the Group's normal trade credit terms ranging from 30 to 90 days (2015: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. The credit period varies from customers to customers after taking into consideration their payment track record, financial background, length of business relationship and size of transactions. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(ii) In previous financial year, included in trade receivables of the Group is an amount of RM264,652 due from certain Directors of the Company and companies in which certain Directors have interest in.

(iii) Stakeholder sums on property development are amounts held by the Group's solicitors.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

15. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

Ageing analysis of trade receivables

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

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

Receivables that are neither past due nor impaired

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

Receivables that are impaired

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

15. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

Receivables that are impaired (cont'd)

Movement in allowance accounts:

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

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

(b) Amount due from an associate

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

(c) Deposits

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

16. OTHER INVESTMENT

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

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

17. AMOUNT DUE FROM SUBSIDIARIES

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

18. DEPOSITS, CASH AND BANK BALANCES

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

19. SHARE CAPITAL

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

(a) Share Capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

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

(a) 24,031,383 new ordinary shares of RM0.50 each arising from the exercise of Warrants C;

(b) 95,938 new ordinary shares of RM0.50 each arising from the exercise of Warrants D; and

(c) 3,425,200 new ordinary shares of RM0.50 each arising from the exercise of share options under the Employees' Share Option Scheme ("ESOS") granted.

(b) Warrants

Warrants C

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

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

19. SHARE CAPITAL (cont'd)

(b) Warrants (cont'd)

Warrants C (cont'd)

The salient features of the warrants are as follows:

(i) entitles its registered holder for free one (1) warrant for every eight (8) ordinary shares held;

(ii) each warrant entitles the holder to subscribe for one (1) new ordinary share at the exercise price at time during the exercise period;

(iii) the warrants may be exercised at any time within a period commencing on or after the date the Warrants are used and ending at 5pm on the date immediately preceding the fifth (5th) anniversary not exercised during the exercise period shall thereafter lapse and cease to be valid; and

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

Warrants D

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

The salient features of the warrants are as follows:

(i) entitles its registered holder for one (1) free warrant for every five (5) ordinary shares held;

(ii) each warrant entitles the holder to subscribe for one (1) new ordinary share at the exercise price at time during the exercise period;

(iii) the warrants may be exercised at any time within a period commencing on or after the date the Warrants are used and ending at 5pm on the date immediately preceding the fifth anniversary not exercised during the exercise period shall thereafter lapse and cease to be valid; and

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

19. SHARE CAPITAL (cont'd)

(b) Warrants (cont'd)

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

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

Warrants C has lapsed on 4 July 2016.

(c) Employees' Share Option Scheme ("ESOS")

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

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

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

(i) has attained the age of eighteen (18) years and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings; and

(ii) is a confirmed employee of the Group with at least one (1) year of continuous service;

(ii) the ESOS is for a period of five (5) years commencing from 24 July 2015, subject to an extension for a further period of five (5) years commencing from the expiration of the aforesaid five (5) years, provided always that the ESOS does not exceed ten (10) years in aggregate from the effective date of the ESOS;

(iii) the maximum number of shares to be offered shall not exceed 15% of the issued and paid-up capital of the Company at any point in time during the existence of the ESOS and the number of shares of the Company that may be offered to each Eligible Employee is determined by ESOS Committee appointed by the Board of Directors in accordance with the ESOS By-Laws;

(iv) the options granted under the ESOS cannot be assigned, transferred or otherwise disposed of in any manner whatsoever;

(v) the option price of each share shall be based on a discount of not more than 10% of the weighted average market price of the ordinary shares of the Company as shown in the Daily Official List for the five market days immediately preceding the offer date, subject to the minimum price of RM0.50 being the par value of the ordinary shares of the Company;

(vi) the option may be exercised in full or in part provided that such exercise of the option shall not be less than and shall be multiples of 100 shares. Subject to the foregoing, a partial exercise of an option shall not preclude the grantee from exercising his option with respect to the balance of the new shares comprised in his option; and

19. SHARE CAPITAL (cont'd)

(c) Employees' Share Option Scheme ("ESOS") (cont'd)

(vii) the new shares to be allotted upon the exercise of the ESOS options shall rank pari passu with the existing issued ordinary shares of the Company.

Movement of share options during the financial year

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

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

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

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

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

20. SHARE PREMIUM

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. The share premium is not distributable by way of cash dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965 in Malaysia.

21. TREASURY SHARES

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

21. TREASURY SHARES (cont'd)

As at 31 December 2016, the Company held a total of 580,000 (2015: RM560,000) treasury shares of its 669,722,072 (2015: RM642,164,551) issued ordinary shares. Such treasury shares are held at a carrying amount of RM572,350 (2015: RM546,652).

22. OTHER RESERVES

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

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

22. OTHER RESERVES (cont'd)

(a) *Exchange reserves*

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

(b) *Revaluation reserves*

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

(c) *Share option reserve*

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

23. BORROWINGS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Current Liabilities				
Secured:				
Bank overdrafts (Note 24)	43,871,377	46,956,215	-	-
Term loans (Note 26)	1,656,913	2,131,866	-	-
Hire purchase and finance lease payables (Note 27)	39,609,760	18,384,193	-	-
	85,138,050	67,472,274	-	-
Unsecured:				
Bank overdrafts (Note 24)	2,379,618	2,174,701	379,618	174,700
Bankers' acceptance (Note 25)	21,655,000	29,357,000	-	-
Short term revolving credit (Note 25)	106,296,000	44,500,000	-	-
	215,468,668	143,503,975	379,618	174,700
Non-current Liabilities				
Secured:				
Term loans (Note 26)	22,954,320	12,751,446	-	-
Hire purchase and finance lease payables (Note 27)	16,513,745	6,224,926	-	-
	39,468,065	18,976,372	-	-
Total Borrowings				
Secured:				
Bank overdrafts (Note 24)	43,871,377	46,956,215	-	-
Term loans (Note 26)	24,611,233	14,883,312	-	-
Hire purchase and finance lease payables (Note 27)	56,123,505	24,609,119	-	-
	124,606,115	86,448,646	-	-
Unsecured:				
Bank overdrafts (Note 24)	2,379,618	2,174,701	379,618	174,700
Bankers' acceptance	21,655,000	29,357,000	-	-
Short term revolving credit (Note 25)	106,296,000	44,500,000	-	-
	254,936,733	162,480,347	379,618	174,700

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

24. BANK OVERDRAFTS

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

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

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

25. SHORT TERM BORROWINGS

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

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

26. TERM LOANS

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

26. TERM LOANS (cont'd)

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

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

27. HIRE PURCHASE AND FINANCE LEASE PAYABLES

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

28. TRADE AND OTHER PAYABLES

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

(a) Trade payables

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

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

(b) Other payables

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

29. AMOUNT DUE TO SUBSIDIARIES

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. REVENUE

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

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

31. COST OF SALES

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

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

32. OPERATING PROFIT

Operating profit of continuing operations has been arrived at:

	Group 2016 RM	Group 2015 RM Restated	Company 2016 RM	Company 2015 RM
After charging :				
Audit fees:				
- statutory audit:				
· current year	195,528	192,455	36,000	36,000
· prior years	7,207	21,421	-	6,305
- other services	11,500	15,000	8,000	8,000
Bad debts written off	19	202,108	-	-
Depreciation of:				
- property, plant and equipment	4,846,047	1,799,135	-	-
- investment properties	38,944	252,252	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

32. OPERATING PROFIT (cont'd)

Operating profit of continuing operations has been arrived at: (cont'd)

	Group		Company	
	2016 RM	2015 RM Restated	2016 RM	2015 RM
Directors' remuneration	7,086,889	7,296,933	161,776	158,816
Employee benefits expense (Note 33)	20,646,185	23,158,301	-	-
Hire of plant and machinery	46,747	29,979	-	-
Impairment losses on:				
- investment properties	-	2,154,310	-	-
- trade receivables	289,952	-	-	-
Loss on foreign exchange:				
- realised	822,862	-	-	-
- unrealised	-	186,337	-	-
Office rental	151,695	-	-	-
Property, plant and equipment written-off	13	1,420,040	-	-
And crediting:				
Gain on foreign exchange:				
- realised	153,175	398,222	-	-
- unrealised	58,725	-	-	-
Gain on disposal of:				
- property, plant and equipment	954,919	239,779	-	-
- investment in a subsidiary	-	-	1,493,300	-
Gain on voluntary winding up of subsidiary	-	-	-	36,463
Interest income				
- subsidiaries	-	-	7,502,070	8,767,842
- other interest income	2,138,952	1,359,989	778,294	510,832
Income from short term fund	2,289	14,467	2,289	14,467
Rental income:				
- land	720,000	531,760	-	-
- building	892,944	1,451,460	-	-
- others	1,989,987	-	-	-
Reversal of impairment loss on trade receivables	-	202,180	-	-
Changes in fair value of other investment	14,613	36,120	14,613	36,120

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

33. EMPLOYEE BENEFITS EXPENSE

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

34. DIRECTORS' REMUNERATION

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

35. FINANCE COSTS

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

36. INCOME TAX EXPENSE

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

36. INCOME TAX EXPENSE (cont'd)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

37. DISCONTINUED OPERATION

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

37. DISCONTINUED OPERATION (cont'd)

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

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

(i) Employee benefits expense

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

(ii) Director's remuneration

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

37. DISCONTINUED OPERATION (cont'd)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

38. EARNINGS PER SHARE (cont'd)

(a) Basic

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

	Group	
	2016 RM	**2015 RM**
Profit for the financial year attributable to owners of the Company:		
- Continuing operations	118,508,433	85,346,572
- Discontinued operation	175,376	1,229,723
	118,683,809	86,576,295

	Number of shares	
	Unit	**Unit**
Number of shares in issue (less treasury share) as of 1 January	641,609,551	394,099,155
Effect of:		
- Share buyback, net of resale	(6,749)	1,369,517
- Exercise of Warrants C	12,464,013	15,474,417
- Exercise of Warrants D	29,707	-
- Bonus issue	-	214,036,654
- Exercise of share options	1,653,861	9,625
Weighted average number of ordinary shares in issue	655,750,384	624,989,368
Basic earnings per share (sen)		
- Continuing operations	18.07	13.65
- Discontinued operation	0.03	0.20
	18.10	13.85

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

38. EARNINGS PER SHARE (cont'd)

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, arising from warrants and ESOS.

	Group	
	2016 RM	**2015 RM**
Profit for the financial year attributable to owners of the Company		
- Continuing operations	118,508,433	85,346,572
- Discontinued operation	175,376	1,229,723
	118,683,809	86,576,295

	Number of shares	
	Unit	**Unit**
Weighted average number of ordinary shares in issue	655,750,384	624,989,368
Effect of:		
- dilution of Warrants C	-	25,777,640
- dilution of Warrants D	85,518,618	85,614,556
- dilution of share options	33,498,300	28,590,500
Weighted average number of ordinary shares at 31 December	774,767,302	764,972,064
Diluted earnings per share (sen)		
- Continuing operations	15.30	11.16
- Discontinued operation	0.02	0.16
	15.32	11.32

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

39. DIVIDENDS

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

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

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

40. CORPORATE AND PERFORMANCE GUARANTEES

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

41. SEGMENT REPORTING

General Information

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

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

Measurement of Reportable Segments

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

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

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

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

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

(a) Business Segments

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

41. SEGMENT REPORTING (cont'd)

(a) Business Segments (cont'd)

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

41. SEGMENT REPORTING (cont'd)

(a) Business Segments (cont'd)

	Continuing Operations													Discontinued Operation			
	Construction		Property development		Investment in South Africa		Others		Eliminations		Note	Consolidated		Healthcare		Consolidated	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Segment liabilities	492,029	399,120	104,797	89,051	4,119	6,975	931	2,921	-	-		601,876	498,067	-	7,882	601,876	505,949
Tax payable	8,027	10,924	6,766	-	614	22	389	600	-	-		15,796	11,546	-	389	15,796	11,935
Deferred tax liabilities	1,573	559	494	541	-	341	-	-	-	-		2,067	1,441	-	-	2,067	1,441
Total liabilities												619,739	511,054			619,739	519,325
Capital expenditure	70,872	47,693	6,589	5,575	11	316	-	-	-	-		77,472	53,584	17,974	1,711	95,446	55,295
Depreciation	19,338	13,835	3,150	1,374	74	50	16	17	-	-		22,578	15,276	2,168	3,027	24,746	18,303
Impairment loss of investment properties	-	2,154	-	-	-	-	-	-	-	-		-	2,154	-	-	-	2,154
Non-cash items other than depreciation and impairment loss of investment properties	3,303	9,775	55	2,799	(59)	572	-	102	-	-	(c)	3,299	13,248	45	668	3,344	13,916

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

41. SEGMENT REPORTING (cont'd)

(b) Reconciliation of segment results are as follow:

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

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

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

41. SEGMENT REPORTING (Continued)

(d) Geographical Information

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

	Continuing Operations						Discontinued Operation			
	Malaysia		South Africa		Consolidated		Malaysia		Consolidated	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total revenue from external customers	935,214	822,411	30,957	39,283	966,171	861,694	21,666	29,037	987,837	890,731
Non-current assets (exclude deferred tax assets and financial assets)	235,925	147,144	26,391	23,266	262,316	170,410	-	9,903	262,316	180,313

(e) Information about major customers

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

42. RELATED PARTY TRANSACTIONS

(a) Identification of Related Parties

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

Related parties of the Group include:

(i) Direct subsidiaries;

(ii) Associate; and

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

42. RELATED PARTY TRANSACTIONS (cont'd)

(b) Related party transactions and balances

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

Group	2016 RM	2015 RM
Transactions with companies in which Directors have substantial controlling interests:		
Purchases of hardware by certain subsidiaries from Mitrajaya Trading Sdn. Bhd., a company in which a director of the Company has interest in	3,949,557	7,143,118
Rent payable by certain subsidiaries to Modal Saujana Sdn. Bhd., a company in which a director of Optimax Eye Specialist Centre Sdn. Bhd. ("OESC") has interest in	98,573	137,940
Rent payable by OESC to Sena Diecasting Industries Sdn. Bhd., a company in which a director of OESC has interest in	-	12,168
Rent payable by OESC to Sena Letrik Sdn. Bhd., a company in which a director of OESC has interest in	33,768	138,074
Rent payable by OESC to Top Compliment Sdn. Bhd., a company in which a director of OESC has interest in	42,330	-
Sale of development properties to companies in which a director of the Company has interest in	-	1,647,384
Sale of development properties to immediate family members of the Company's director	-	4,963,732
Subcontractor work, mobilisation cost, hire of plant and machinery and transportation charges payable by certain subsidiaries to Pembinaan Segamuda Sdn. Bhd., a company in which a person connected to a director of the Company has interest in	573,560	514,197
Doctor fees payable by OESC to See Well Services Sdn. Bhd., a company in which a director of OESC has interest in	912,433	2,039,862
Doctor fees payable by Optimax Eye Specialist Centre (Shah Alam) Sdn. Bhd. ("OESC-SA") to RZ70 Sdn. Bhd., a company in which a director of OESC- SA has interest in	169,695	470,112
Doctor fees payable by Optimax Eye Specialist Centre (Seremban) Sdn. Bhd. ("OESC-Seremban") to Sura Vision Sdn Bhd., a company in which a director of OESC-Seremban has interest in	80,307	272,960
Doctor fees payable by Optimax Eye Specialist Centre (Kajang) Sdn. Bhd. ("OESC-Kajang") to Aquiline Vision Sdn. Bhd., a company in which a director of OESC-Kajang has interest in	-	171,476

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

42. RELATED PARTY TRANSACTIONS (cont'd)

(b) Related party transactions and balances (cont'd)

Group	2016 RM	2015 RM
Consultation fees payable by OESC to Optimax Healthcare Services Sdn. Bhd., a company in which a director of OESC has interest in	3,060	60,000
Consultation fees payable by OESC to Sena Letrik Sdn. Bhd., a company in which a director of OESC has interest in	-	3,000

Company	2016 RM	2015 RM
Transactions with subsidiaries:		
Exempt dividend income from:		
- Pembinaan Mitrajaya Sdn. Bhd.	(15,000,000)	(23,000,000)
- Kemajuan Sekim Baru Sdn. Bhd.	(11,700,000)	-
Interest income from:		
- Daya Asfalt Sdn. Bhd.	(34,211)	(37,821)
- Kina-Bijak Sdn. Bhd.	(996,258)	(1,595,156)
- Maha-Mayang Sdn. Bhd.	(298,327)	(342,840)
- Pembinaan Mitrajaya Sdn. Bhd.	(528,144)	(26,185)
- Mitrajaya Homes Sdn. Bhd.	(2,511,012)	(3,427,531)
- Skyway Development Sdn. Bhd.	(2,403,561)	(2,301,225)
- Optimax Eye Specialist Centre Sdn. Bhd.	-	(20,645)
- Primaharta Development Sdn. Bhd.	(725,468)	(1,016,439)
- Kemajuan Sekim Baru Sdn. Bhd.	(5,089)	-

Subscription of Redeemable Cumulative Convertible Preference Shares in subsidiaries ("RCCPS") by way of capitalisation of the amount due from subsidiaries:

- Kina-Bijak Sdn. Bhd.	20,000,000	-
- Mitrajaya Homes Sdn. Bhd.	90,000,000	-
- Primaharta Development Sdn. Bhd.	26,000,000	-
- Mitrajaya Equipment Resource Sdn. Bhd.	24,400	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

42. RELATED PARTY TRANSACTIONS (cont'd)

(c) Key management personnel remuneration

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

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

Included in the key management personnel is:

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

Directors' interest in employees' share option scheme

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

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

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

43. CAPITAL COMMITMENT

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

44. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

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

	Loans and receivables RM	Financial assets at fair value through profit or loss RM	Financial liabilities at amortised cost RM	Total RM
Group				
2016				
Financial Assets				
Amount due from customers for contract work	103,857,230	-	-	103,857,230
Trade and other receivables *	456,032,974	-	-	456,032,974
Other investment	-	19,600,867	-	19,600,867
Deposits, cash and bank balances	58,180,152	-	-	58,180,152
	618,070,356	19,600,867	-	637,671,223
Financial Liabilities				
Borrowings	-	-	254,936,733	254,936,733
Trade and other payables #	-	-	322,297,204	322,297,204
	-	-	577,233,937	577,233,937
2015				
Financial Assets				
Amount due from customers for contract work	96,511,226	-	-	96,511,226
Trade and other receivables *	381,042,134	-	-	381,042,134
Other investment	-	1,463,394	-	1,463,394
Deposits, cash and bank balances	39,830,636	-	-	39,830,636
	517,383,996	1,463,394	-	518,847,390
Financial Liabilities				
Borrowings	-	-	162,480,347	162,480,347
Trade and other payables #	-	-	327,852,407	327,852,407
	-	-	490,332,754	490,332,754

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

44. FINANCIAL INSTRUMENTS (cont'd)

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

	Loans and receivables RM	Financial assets at fair value through profit or loss RM	Financial liabilities at amortised cost RM	Total RM
Company				
2016				
Financial Assets				
Amount due from subsidiaries	89,091,085	-	-	89,091,085
Trade and other receivables *	9,218	-	-	9,218
Other investment	-	19,600,867	-	19,600,867
Deposits, cash and bank balances	11,359,327	-	-	11,359,327
	100,459,630	19,600,867	-	120,060,497
Financial Liabilities				
Borrowings	-	-	379,618	379,618
Trade and other payables #	-	-	157,687	157,687
	-	-	537,305	537,305
2015				
Financial Assets				
Amount due from subsidiaries	222,322,257	-	-	222,322,257
Trade and other receivables *	123,404	-	-	123,404
Other investment	-	1,463,394	-	1,463,394
Deposits, cash and bank balances	11,839,870	-	-	11,839,870
	234,285,531	1,463,394	-	235,748,925
Financial Liabilities				
Amount due to subsidiaries	-	-	10,809	10,809
Borrowings	-	-	174,700	174,700
Trade and other payables #	-	-	2,134,275	2,134,275
	-	-	2,319,784	2,319,784

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

44. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial Risk Management and Objectives

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

(i) Credit Risk

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

(a) Exposure to credit risk

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

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

(b) Credit risk concentration profile

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

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

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

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

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

(d) Inter-company balance

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

44. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial Risk Management and Objectives (cont'd)

(i) Credit Risk (cont'd)

(e) Financial guarantee contacts

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

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

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

(ii) Interest Rate Risk

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

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

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

	Effective Interest Rate % per annum	Carrying Amount Within 1 Year RM	1 - 5 Years RM	more than 5 Years RM	Total RM
Group					
2016					
Financial Liabilities					
Bank overdrafts	6.65 - 7.85	46,250,995	-	-	46,250,995
Bankers' acceptances	3.58 - 5.28	21,655,000	-	-	21,655,000
Term loans	5.60 - 6.85	1,656,913	20,471,570	2,482,750	24,611,233
Short term revolving credit	3.83 - 5.01	106,296,000	-	-	106,296,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

44. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial Risk Management and Objectives (cont'd)

(ii) Interest Rate Risk (cont'd)

	Effective Interest Rate % per annum	Within 1 Year RM	Carrying Amount 1 - 5 Years RM	more than 5 Years RM	Total RM
Group					
2015					
Financial Liabilities					
Bank overdrafts	6.85 - 7.85	49,130,916	-	-	49,130,916
Bankers' acceptances	4.25 - 4.80	29,357,000	-	-	29,357,000
Term loans	5.85 - 6.85	2,131,866	8,072,611	4,678,835	14,883,312
Short term revolving credit	4.12 - 5.55	44,500,000	-	-	44,500,000

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

Interest rate risk sensitivity

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

44. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial Risk Management and Objectives (cont'd)

(iii) Liquidity Risk

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

Analysis of financial instruments by remaining contractual maturities

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

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

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

44. FINANCIAL INSTRUMENTS (cont,d)

(b) Financial Risk Management and Objectives (cont'd)

(iii) Liquidity Risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

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

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

\# *GST payable were excluded from trade and other payables.*

(iv) Foreign Currency Risk

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

The Group does not hedge its investment in South Africa.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

44. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair values

(i) Determination of Fair Value

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

(i) *Deposits, cash and bank balances, trade and other receivables and payables*
The carrying amounts approximate fair values due to the relatively short term maturities of these financial assets and liabilities.

(ii) *Other investment*
The fair value of short term funds is derived based on their redemption price.

(iii) *Borrowings*
The carrying amounts of bank overdrafts, bankers' acceptance, short term revolving credits and short term loans approximate fair values due to the relatively short term maturities of these financial liabilities.

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

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

(ii) Fair Value Hierarchy

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
Group						
2016						
Financial assets						
Other investment	19,600,867	-	-	19,600,867	19,600,867	19,600,867
Financial liabilities						
Term loans	-	(24,611,233)	-	(24,611,233)	(24,611,233)	(24,611,233)
Hire purchase and finance lease payable	-	(56,354,740)	-	(56,354,740)	(56,354,740)	(56,123,505)
	-	(80,965,973)	-	(80,965,973)	(80,965,973)	(80,734,738)

44. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair values (cont'd)

(ii) Fair Value Hierarchy (cont'd)

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

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

45. CAPITAL MANAGEMENT

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

45. CAPITAL MANAGEMENT (cont'd)

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

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

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

46. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

(a) *Companies Act 2016*

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

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

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

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

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

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

i. the Company to acquire 600 shares at the consideration of RM600 in Centennial March Sdn. Bhd. ("CMSB") representing 60% equity interest. CMSB will acquire leasehold lands from Creative First Sdn. Bhd., a subsidiary of GPSB for RM85.2 million;

ii. the Company to acquire freehold land in Eminent Earnings Sdn. Bhd. ("EESB"), a subsidiary of GPSB through acquiring 60% equity interest in EESB for RM33.6 million; and

iii. Mitrajaya Equipment Resource Sdn. Bhd. ("MERSB"), a 60% owned subsidiary of Mitrajaya Holdings Berhad to acquire a leasehold land each from Pembinaan Damai Gemilang Sdn. Bhd. and Visible Profit Sdn. Bhd., both subsidiaries of GPSB for a total consideration of RM40 million and RM4.22 million respectively.

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

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

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

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

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

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

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

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

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

We, TAN ENG PIOW and FOO CHEK LEE, being two of the directors of MITRAJAYA HOLDINGS BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 52 to 151 are drawn up in accordance with the Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of their financial performance and their cash flows for the financial year then ended.

The supplementary information set out on page 152 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

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

TAN ENG PIOW
Director

FOO CHEK LEE
Director

Selangor Darul Ehsan
Date: 13 April 2017

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

I, **CHO WAI LING**, being the director primarily responsible for the financial management of MITRAJAYA HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 52 to 151 and the supplementary information set out on page 152 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHO WAI LING

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

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MITRAJAYA HOLDINGS BERHAD
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mitrajaya Holdings Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 151.

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

Basis for Opinion

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

Key Audit Matters

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MITRAJAYA HOLDINGS BERHAD
(Incorporated in Malaysia) (cont'd)

Key Audit Matters (cont'd)

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

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

Our audit response:
Our audit procedures included, among others:

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MITRAJAYA HOLDINGS BERHAD
(Incorporated in Malaysia) (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MITRAJAYA HOLDINGS BERHAD
(Incorporated in Malaysia) (cont'd)

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Companies Act 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act 1965 in Malaysia.

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements, being accounts that have been included in the consolidated accounts.

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

(d) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 152 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

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

Kuala Lumpur

Date: 13 April 2017

SHAREHOLDING ANALYSIS

Issued Share Capital	:	669,980,072 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share
No. of treasury shares held	:	580,000 ordinary shares
No. of voting shares	:	669,400,072 ordinary shares

ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2017

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	253	3.95	11,417	0.00
100 – 1,000	543	8.48	347,356	0.05
1,001 – 10,000	3,270	51.08	17,457,084	2.61
10,001 – 100,000	1,984	30.99	61,994,927	9.25
100,001 – less than 5% of issued shares	351	5.48	317,744,215	47.42
5% and above of issued shares	1	0.02	271,845,073	40.58
Treasury shares	N/A	N/A	580,000	0.09
TOTAL	6,402	100.00	669,980,072	100.00

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2017 (excluding treasury shares)

No.	Name	No. of Shares	%
1.	Tan Eng Piow	271,845,073	40.61
2.	Aw Eng Soon	13,909,413	2.08
3.	Permodalan Nasional Berhad	13,399,400	2.00
4.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for CIMB Islamic Dali Equity Theme Fund	11,665,600	1.74
5.	Amanahraya Trustee Berhad Amanah Saham Malaysia	10,516,800	1.57
6.	Amanahraya Trustee Berhad Amanah Saham Bumiputera 2	10,000,000	1.49
7.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad – Kenanga Growth Fund	9,438,850	1.41
8.	Citigroup Nominees (Asing) Sdn Bhd Exempt an for Citibank New York (Norges Bank 9)	8,048,300	1.20
9.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Amundi)	8,000,000	1.20
10.	Amanahraya Trustee Berhad Amanah Saham Gemilang for Amanah Saham Pendidikan	6,289,000	0.94
11.	Lembaga Tabung Haji	6,159,200	0.92

SHAREHOLDING ANALYSIS (cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2017
(excluding treasury shares)

No.	Name	No. of Shares	%
12.	MIDF Amanah Investment Bank Berhad Exempt an CLR for Amanahraya Trustee Berhad	5,642,700	0.84
13.	Maybank Nominees (Tempatan) Sdn Bhd Bank Kerjasama Rakyat (M) Berhad (412803)	5,497,000	0.82
14.	Kok Siew Leng	5,353,050	0.80
15.	Amanahraya Trustees Berhad Amanah Saham Nasional 2	4,705,800	0.70
16.	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund SD4N for government of the province of Alberta	4,604,850	0.69
17.	Song Kim Lee	4,500,000	0.67
18.	CIMB Islamic Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Berhad – Kenanga Syariah Growth Fund	4,400,400	0.66
19.	Teo Guan Lee Holdings Sendirian Berhad	4,270,000	0.64
20.	Amanah Raya Berhad Kumpulan Wang bersama Syariah	3,800,000	0.57
21.	Tan Mei Yin	3,690,750	0.55
22.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (F.Temislamic)	3,610,600	0.54
23.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	3,541,500	0.53
24.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (ARIM)	3,500,000	0.52
25.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	3,427,800	0.51
26.	Valuecap Sdn Bhd	3,113,900	0.47
27.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (F Templeton)	2,736,000	0.41
28.	Citigroup Nominees (Tempatan) Sdn Bhd Universal Trustee (Malaysia) Berhad for CIMB-Principal Equity Fund	2,730,500	0.41
29.	Kok Siew Leng	2,711,698	0.41
30.	Amanahraya Trustees Berhad Amanah Saham Nasional	2,618,500	0.39

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2017

	No Of Shares			
	Direct Interest	%	Indirect Interest	%
Tan Eng Piow	271,845,073	40.61	-	-

WARRANTHOLDING ANALYSIS

ANALYSIS OF 2015/2020 WARRANTHOLDINGS (WARRANT D) AS AT 31 MARCH 2017

No of 2015/2020 Warrants issued	: 85,614,556
No of 2015/2020 Warrants outstanding	: 85,518,618
Voting Rights at Warrantholders' Meeting	: One vote per warrant

Size of Warrantholdings	No. of 2015/2020 Warrantholders	%	No. of 2015/2020 Warrants	%
Less than 100	404	10.98	11,792	0.01
100 – 1,000	1,122	30.51	647,339	0.76
1,001 – 10,000	1,572	42.74	6,049,806	7.07
10,001 – 100,000	500	13.59	15,074,809	17.63
100,001 – less than 5% of issued warrants	79	2.15	29,128,541	34.06
5% and above of issued warrants	1	0.03	34,606,331	40.47
TOTAL	3,678	100.00	85,518,618	100.00

LIST OF THIRTY LARGEST 2015/2020 WARRANT HOLDERS (WARRANT D) AS AT 31 MARCH 2017

No.	Name	No. of Warrants	%
1.	Tan Eng Piow	34,606,331	40.47
2.	Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hui Koon Chor @ Hee Ah Leek (Penang-CL)	2,036,940	2.38
3.	Aw Eng Soon	1,859,921	2.17
4.	Tan Cheng Chin	1,605,660	1.88
5.	Cheah Meow Choong	1,380,900	1.61
6.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Cheah Chee Siong (MY1891)	1,245,000	1.46
7.	Song Kim Lee	1,000,000	1.17
8.	Teo Guan Lee Holdings Sendirian Berhad	942,700	1.10
9.	Kok Siew Leng	867,940	1.01
10.	Maybank Nominees (Tempatan) Sdn Bhd Teo Swee Sek	840,000	0.98
11.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Thong Kim Ying @ Thong Kum Ying (021)	700,000	0.82
12.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Siew Leng (CEB)	645,390	0.75
13.	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund SD4N for government of the province of Alberta	613,980	0.72
14.	Choo Yee Ling	505,500	0.59
15.	Tan Mei Yin	486,500	0.57
16.	Lau Chuan Aik	482,000	0.56

WARRANTHOLDING ANALYSIS (cont'd)

No.	Name	No. of Warrants	%
17.	Kee Gek Ching	432,260	0.51
18.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ting Sie Hiing	432,000	0.51
19.	Kok Yee Meng	429,750	0.50
20.	Kok Siew Keng	415,600	0.49
21.	Lee Bee Seng	400,000	0.47
22.	Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Si Yan (Penang-CL)	399,000	0.47
23.	Ng Bieng San	384,000	0.45
24.	Liaw Leong Soon	380,000	0.45
25.	Teo Swee Sek	362,000	0.42
26.	Kok Siew Leng	336,639	0.39
27.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiam Lee Wah (001)	335,200	0.39
28.	Lee Chuan Lai	327,840	0.38
29.	Chen Kin Kuen	321,360	0.38
30.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Eng Chye	310,300	0.36

DIRECTORS' INTEREST AS AT 31 MARCH 2017

	Ordinary Shares			
Directors	Direct Interest	%	Indirect Interest	%
Tan Eng Piow	271,845,073	40.61	3,690,750	0.55
Foo Chek Lee	1,216,252	0.19	36,487	0.01

	Warrant D			
Directors	Direct Interest	%	Indirect Interest	%
Tan Eng Piow	34,606,331	40.47	486,500	0.57
Foo Chek Lee	162,166	0.19	4,865	0.01

	ESOS			
Directors	Direct Interest	%	Indirect Interest	%
Tan Eng Piow	1,987,500	0.30	796,500	0.12
Foo Chek Lee	1,528,500	0.23	-	-
Cho Wai Ling	865,500	0.13	-	-

SHARES IN RELATED CORPORATION

By virtue of his interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Tan Eng Piow is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office as at 31 March 2017 had any interest in shares of the Company and its related corporations during the financial year.

LIST OF PROPERTIES

The details on the Mitrajaya Holdings Berhad Group's properties as at 31 December 2016 are set out below:-

PROPRIETOR	LOCATION	DESCRIPTION	CURRENT USE	AGE OF BUILDING	TENURE	DATE OF EXPIRY	LAND AREA	BUILT-UP AREA	NET BOOK VALUE RM	DATE OF ACQUISITION / REVALUATION*
PMSB	Lot 999, C.T. 3871 Mukim and District of Port Dickson, Negeri Sembilan.	Agricultural land	Planted with rubber trees	N/A	Freehold	N/A	10.71 acres	N/A	700,000	25.10.1993*
PMSB	Baiduri Apartments, Kijal Beach Resort Parcel No. 27B, South Block, Storey No. Two, Kijal, Kemaman, Terengganu D.I.	Apartment	Employees resort apartment	22 years	Freehold	N/A	N/A	850 sq.f.	109,040	28.06.1996
PMSB	D-01-09, Block D, Jalan Prima 5/1, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor.	Shoplot	Office	14 years	Freehold	N/A	N/A	1,498 sq.f.	287,368	07.07.2003
PMSB	D-02-03, Block D, Jalan Prima 5/1, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor.	Shoplot	Office	14 years	Freehold	N/A	N/A	663 sq.f.	104,400	14.10.2003
PMSB	5 units staff apartment Pangsapuri Teratai, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor. (E-04-04, F-04-05, A-04-06, F-04-07, A-04-08)	Apartment	Employees apartment	14 years	Freehold	N/A	N/A	4,000 sq.f.	280,461	07.04.2004
PMSB	29 units corporate office building Block D, Jalan Prima 5/1, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor. (D-02-02, D-02-04 to D-02-12, D-03-02 to D-03-12 & D-04-02 to D-04-09)	Shoplot	Office	14 years	Freehold	N/A	N/A	39,372 sq.f.	3,328,563	01.09.2004
PMSB	6 units corporate office building Block B, Jalan Prima 5/5, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor. (B-02-14, B-03-14, B-04-09, B-02-13, B-03-13 & B-04-10)	Shoplot	Archieve store	14 years	Freehold	N/A	N/A	12,504 sq.f.	1,370,294	28.02.2015
PMSB	17-G, Blok D, Jaya 1, 72A Jalan Universiti, 46200 Petaling Jaya. Selangor.	Shoplot (Retail/Showroom)	Rented	9 years	Leasehold	12.04.2060	N/A	150 sq.m.	970,032	14.04.2006
PMSB	Apartment Mawar, Jalan Mawar 2, Prima Beruntung, 48300 Rawang. (E4-02, F2-04, F2-06, F3-04, F3-06, F4-02, F4-04, F4-06)	Apartment	Vacant	15 years	Freehold	N/A	N/A	5,760 sq.f.	347,635	29.12.2010

LIST OF PROPERTIES (cont'd)

The details on the Mitrajaya Holdings Berhad Group's properties as at 31 December 2016 are set out below:-

PROPRIETOR	LOCATION	DESCRIPTION	CURRENT USE	AGE OF BUILDING	TENURE	DATE OF EXPIRY	LAND AREA	BUILT-UP AREA	NET BOOK VALUE RM	DATE OF ACQUISITION / REVALUATION*
PMSB	26 units of retail and office suites Menara Larkin Utama, Jalan Tun Abdul Razak Susur 5, Taman Dato'Onn, Johor Bahru, Johor.	Retail and office suites	Vacant	9 years	Leasehold	21.04.2093	N/A	13,082 sq.f.	Nil	15.12.2011
PMSB	Lot no. PT2 to PT93 and PT367, Town of Kawasan Bandar XLIII, District of Melaka Tengah, State of Melaka.	92 parcels of bungalow lots	Vacant	N/A	Leasehold	09.11.2096	17.84 acres	N/A	28,424,020	31.12.2006
APSB	HS (M) 26788, PT 40761 HS (M) 30054, PT 40366 HS (M) 30055, PT 40352 Kg Sri Aman Dalam, Mukim Petaling, Daerah Petaling, Selangor.	Residential Land	Vacant	N/A	Leasehold	22.05.2099 12.09.2106 25.09.2106	2.00 acres	N/A	1,089,531	25.07.2007
KBSB	HS (D) 119815, PT 9926 Mukim Setapak, Daerah Kuala Lumpur, Wilayah Persekutuan.	Residential land	On-going development project	N/A	Leasehold	12.05.2114	7.52 acres	N/A	78,095,395	01.03.1999
KSBSB	Various sub-divided lots in Sungai Buntu, Mukim Pengerang, Daerah Kota Tinggi, Johor.	Residential Land	Vacant	N/A	Freehold	N/A	6.97 acres	N/A	3,823,295	27.12.1996
LVSB	HS (D) 315128, PT 82584 PN 100704 to 100708, Lot 98383 to 98387 Kg Sri Aman Dalam, Mukim Petaling, Daerah Petaling, Selangor.	Residential Land	On-going development project	N/A	Leasehold	15.12.2107	4.30 acres	N/A	6,525,870	May 2004
LVSB	PT 10725 to PT 11033, HS (D) 38483 to 38782 and HS (D) 38784 to 38792 Mukim Serendah, Daerah Hulu Selangor, Selangor.	308 parcels of residential lots	Vacant	N/A	Freehold	N/A	9.81 acres	N/A	4,863,918	31.12.2006
MHSB	HS (D) 8178, PT 7100 HS (D) 27478, PT 7563 HS (D) 18253 to 18255, PT 767 to 769 Mukim Serendah, Daerah Hulu Selangor, Selangor.	Industrial land	Vacant	N/A	Freehold	N/A	7.08 acres	N/A	4,901,060	11.12.1997
MHSB	HS (D) 97248, PT 29 'A' Seksyen 28, Mukim Bandar Petaling Jaya, Daerah Petaling, Selangor.	Industrial land	Vacant	N/A	Leasehold	11.04.2067	9.30 acres	N/A	41,947,522	28.08.2009

LIST OF PROPERTIES (cont'd)

The details on the Mitrajaya Holdings Berhad Group's properties as at 31 December 2016 are set out below:-

PROPRIETOR	LOCATION	DESCRIPTION	CURRENT USE	AGE OF BUILDING	TENURE	DATE OF EXPIRY	LAND AREA	BUILT-UP AREA	NET BOOK VALUE RM	DATE OF ACQUISITION / REVALUATION*
MDSA	Portion 251 & 252 of the farm Olievenhoutbosch 389, Registration Division J.R. Province of Gauteng, South Africa.	Land for Development	On-going development project	N/A	Freehold	N/A	48.28 acres	N/A	17,364,293	07.04.2006*
MDSA	Portion 237 (a Portion of Portion 7) of the farm Knopjeslaagte Number 385, Registration Division J.R. City of Tshwane Metropolitan Municipality, South Africa	Land for Development	Vacant	N/A	Freehold	N/A	215 acres	N/A	13,168,025	23.10.2015
PDSB	HS (D) 135348, PT1159 Mukim of Pekan Puchong Perdana, Daerah Petaling, Selangor.	Land for Development	Rented	N/A	Freehold	N/A	1.08 acres	N/A	1,961,871.00	17.05.1999
PDSB	HS (D) 311924, PT7357 Mukim Pekan Puchong Perdana, Daerah Petaling, Selangor.	Land for Development	Vacant	N/A	Freehold	N/A	14.53 acres	N/A	37,097,180	17.05.1999
SDSB	Geran 25563, Lot 481, Mukim Tanjung Duabelas, Daerah Kuala Langat, Selangor.	Land for Development	Planted with oil palm	N/A	Freehold	N/A	198 acres	N/A	29,220,238	19.01.2007

Remarks:
Net book value of the development properties are stated at Group land cost together with the related development expenditure incurred to the remaining unsold properties

KEY:
APSB - Awana Prisma Sdn Bhd
KBSB - Kina-Bijak Sdn Bhd
KSBSB - Kemajuan Sekim Baru Sdn Bhd
LVSB - Leo Vista Sdn Bhd
MHSB - Mitrajaya Homes Sdn Bhd
MDSA - Mitrajaya Development SA (Proprietary) Limited
PDSB - Primaharta Development Sdn Bhd
PMSB - Pembinaan Mitrajaya Sdn Bhd
SDSB - Skyway Development Sdn Bhd

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth Annual General Meeting of the Company will be held at Melati Room 123, Grand Dorsett Subang Hotel, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Thursday, 8 June 2017 at 10.00 a.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 and the Reports of the Directors and Auditors thereon.

2. To declare a first and final single tier cash dividend of 5 sen per share in respect of the financial year ended 31 December 2016. **Resolution 1**

3. To approve the payment of Directors' Fees for the financial year ended 31 December 2016. **Resolution 2**

4. To approve the payment of meeting allowance of RM500 per meeting for each Independent Director and special monthly allowance not exceeding RM5,000 with effect from February 2017 until otherwise resolved. **Resolution 3**

5. To re-elect Mr Tan Eng Piow who is retiring pursuant to Article 84 of the Articles of Association of the Company. **Resolution 4**

6. To re-appoint the following Directors of the Company:

   6.1 Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim **Resolution 5**
   6.2 General Tan Sri Ismail Bin Hassan (R) **Resolution 6**
   6.3 Ir Zakaria Bin Nanyan **Resolution 7**

7. To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration. **Resolution 8**

8. To consider and if thought fit, pass the following Resolutions:

   ORDINARY RESOLUTION **Resolution 9**
   Authority to allot shares pursuant to Section 76 of the Companies Act, 2016

   "THAT pursuant to Section 76 of the Companies Act, 2016 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued ordinary share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

ORDINARY RESOLUTION **Resolution 10**

Proposed Renewal of Authority for the Company to purchase its own shares of up to 10% of the Issued Share Capital ("Proposed Renewal of Share Buy-Back")

"THAT subject to the provisions under the Companies Act, 2016 ("Act"), the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all prevailing laws, rules, regulations, orders and guidelines as well as the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company ("MHB Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of MHB Shares purchased pursuant to this resolution or held as treasury shares does not exceed ten percent (10%) of the total issued share capital of the Company at the time of purchase;

THAT the maximum amount of funds to be utilised for the purpose of the Proposed Renewal of Share Buy-Back shall not exceed the Company's aggregate retained profits account;

THAT authority be and is hereby given to the Directors of the Company to decide at their discretion, as may be permitted and prescribed by the Act and/or any prevailing laws, rules, regulations, orders and guideline and requirements issued by any relevant authorities for the time being in force to deal with any MHB Shares so prescribed by the Company in the following manner:-

(i) to cancel the MHB Shares so purchased; or
(ii) to retain the MHB Shares so purchased as treasury shares for distribution as share dividends to the shareholders of MHB and/or be resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
(iii) combination of (i) and (ii) above;

THAT the authority conferred by this resolution will be effective immediately from the passing of this Ordinary Resolution until:-

(i) the conclusion of the Company's next AGM following the general meeting at which such resolution was passed at which time the authority would lapse unless renewed by ordinary resolution;
(ii) the passing of the date on which the Company's next AGM is required by law to be held; or
(iii) the authority is revoked or varied by ordinary resolution that the shareholders pass in general meeting;

whichever occurs first.

AND THAT the Directors be and are hereby authorised to take all steps as are necessary and/or to do all such acts and things as the Directors deem fit and expedient in the interest of the Company to give full effect to the aforesaid Proposed Renewal of Share Buy-Back with full powers to assent to any condition, modification, variation and/or amendment (if any) as may be imposed by the relevant authorities."

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a first and final single tier cash dividend of 5 sen in respect of the financial year ended 31 December 2016, if so approved at the Twenty-Fourth Annual General Meeting, will be paid on 16 August 2017 to Shareholders whose names appear in the Records of Depositors at the close of business on 18 July 2017.

A Depositor shall qualify for entitlement only in respect of: -

a) Shares transferred into the depositor's securities account before 4.00 p.m. on 18 July 2017 in respect of ordinary transfers; and

b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

LEONG OI WAH (MAICSA 7023802)
Company Secretary

28 April 2017

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead.

2. When a member appoints more than one proxy (subject always to a maximum of two proxies at each meeting), the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if such appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 9, Blok D, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

5. Depositors who appear in the Record of Depositors as at 31 May 2017 shall be regarded as member of the Company entitled to attend the Twenty-Fourth Annual General Meeting or appoint a proxy to attend and vote on his behalf.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

6. Explanatory notes:

   Resolution No. 5, 6 & 7

   The proposed Ordinary Resolutions, if passed will enable Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim, General Tan Sri Ismail Bin Hassan (R) and Ir Zakaria Bin Nanyan to continue in office.

   Resolution No. 9

   The proposed Ordinary Resolution will give powers to the Directors to issue up to a maximum ten percent (10%) of the issued share capital of the Company for the time being for such purposes as the Directors would consider in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

   The general mandate sought for issue of securities is a renewal of the mandate that was approved by the shareholders on 3 June 2016. The Company did not utilise the mandate that was approved last year. The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

   Resolution No. 10

   Please refer to Statement to the Shareholders dated 28 April 2017.

MITRAJAYA

MITRAJAYA HOLDINGS BERHAD
(Company No. 268257–T)

FORM OF PROXY

I/We____(NRIC/ Co. No____________________________)

of____

being a *member/members of **MITRAJAYA HOLDINGS BERHAD** hereby appoint ____________________

____________________________ (NRIC/ Co.No ___________________________) of______________

____

and/or failing him/her____________________________ (NRIC/ Co.No ____________________________)

of____

or the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Fourth Annual General Meeting of the Company to be held at Melati Room 123, Grand Dorsett Subang Hotel, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Thursday, 8 June 2017 at 10.00 a.m. and at any adjournment thereof.

*My/Our proxy(ies) is/are to vote as indicated below:-

	Resolutions	**For**	**Against**
Resolution 1	To declare a first and final single tier cash dividend of 5 sen per share in respect of the financial year ended 31 December 2016.		
Resolution 2	To approve the payment of Directors' Fees for the financial year ended 31 December 2016.		
Resolution 3	To approve the payment of meeting allowance of RM500 per meeting for each Independent Director and special monthly allowance not exceeding RM5,000 with effect from February 2017 until otherwise resolved.		
Resolution 4	To re-elect Tan Eng Piow as Director.		
Resolution 5	To re-appoint Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim as Director.		
Resolution 6	To re-appoint General Tan Sri Ismail Bin Hassan (R) as Director.		
Resolution 7	To re-appoint Ir Zakaria Bin Nanyan as Director.		
Resolution 8	To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration.		
Resolution 9	To approve the authority to allot shares pursuant to Section 76 of the Companies Act, 2016.		
Resolution 10	To approve the proposed renewal of authority for the Company to purchase its own shares of up to 10% of the issued share capital.		

(Please indicate with "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion).

Dated this ______________ of____________________ 2017

CDS Account No:	
Number of Shares:	

____

[Signature/Common Seal of Shareholder(s)]
[*Delete if not applicable]

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead.

2. When a member appoints more than one proxy (subject always to a maximum of two proxies at each meeting), the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if such appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

4. The instrument appointing a proxy must be deposited at the Registered Office at No. 9, Blok D, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

5. Depositors who appear in the Record of Depositors as at 31 May 2017 shall be regarded as member of the Company entitled to attend the Twenty-Fourth Annual General Meeting or appoint a proxy to attend and vote on his behalf.

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AFFIX STAMP

MITRAJAYA HOLDINGS BERHAD **(Company No: 268257-T)**
No. 9 Blok D
Pusat Perdagangan Puchong Prima
Persiaran Prima Utama
Taman Puchong Prima
47150 Puchong
Selangor Darul Ehsan
Malaysia

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MITRAJAYA

MITRAJAYA HOLDINGS BERHAD
(Company No. 268257-T)

No. 9, Blok D, Pusat Perdagangan Puchong Prima,
Persiaran Prima Utama, Taman Puchong Prima,
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