

**LBS BINA GROUP BERHAD**  
**(Company No. 518482-H)**  
**(Incorporated in Malaysia)**

**REPORTS AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2015**

**Registered office and  
principal place of business:  
Plaza Seri Setia, Level 1-4  
No.1, Jalan SS9/2  
47300 Petaling Jaya  
Selangor Darul Ehsan**

**LBS BINA GROUP BERHAD**  
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS**

**31 DECEMBER 2015**

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**LBS BINA GROUP BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT**

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

**Principal Activities**

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies in the Group. The principal activities of the subsidiary companies are disclosed in Note 52 to the financial statements.

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

**Financial Results**

	<b>Group RM</b>	<b>Company RM</b>
Net profit for the financial year	<u>70,495,985</u>	<u>54,681,246</u>
Attributable to:		
Owners of the Parent	76,074,430	54,681,246
Non-controlling interests	<u>(5,578,445)</u>	<u>-</u>
	<u>70,495,985</u>	<u>54,681,246</u>

**Reserves and Provisions**

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

## Dividends

Since the end of the last financial year, the Company paid the following dividends:

	<b>RM</b>
<b><i>In respect of the financial year ended 31 December 2014 :</i></b>	
A single tier special dividend of 6 sen per ordinary share on 530,057,957 ordinary shares of RM1.00 each, paid on 6 February 2015	31,803,477
A single tier first and final dividend of 3.25 sen per ordinary share on 546,438,417 ordinary shares of RM1.00 each, paid on 10 August 2015	17,759,247
<b><i>In respect of the financial year ended 31 December 2015 :</i></b>	
A single tier special dividend of 6 sen per ordinary share on 545,320,317 ordinary shares of RM1.00 each, paid on 26 January 2016	32,719,219
	82,281,943

On 6 April 2016, the directors have proposed a single tier first and final dividend of 3.50 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2015. The proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company. 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 2016.

## Issue of Shares and Debentures

During the financial year, the Company increased its issued and paid-up share capital from 538,298,257 to 551,437,117 by way of issuance of 13,138,860 new ordinary shares of RM1.00 each as follows:

- (a) 3,470,300 new ordinary shares of RM1.00 each for cash arising from the exercise of share options under Employees' Share Option Scheme at a weighted average exercise price of RM1.11 per ordinary share;
- (b) 9,653,560 new ordinary shares of RM1.00 each for cash arising from the exercise of Warrants A; and
- (c) 15,000 new ordinary shares of RM1.25 each for cash arising from the exercise of Warrants B.

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

There was no issuance of debentures during the financial year.

## **Treasury Shares**

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 29 May 2015, renewed their approval for the Company's plan to repurchase its own shares. The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 7,606,800 of its issued shares from the open market. The average price paid for the shares repurchased was RM1.43 per share. The total consideration paid for the repurchase including transaction costs was RM10,900,389. The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

During the financial year, the Company has also disposed of 12,320,000 of its treasury shares in the open market for a total consideration of RM19,295,623.

As at 31 December 2015, the total number of treasury shares held by the Company is 6,116,800 out of the total 551,437,117 issued ordinary shares. Further relevant details are disclosed in Note 25 to the financial statements.

## **Warrants**

### ***Warrants 2008/2018 ("Warrants A")***

The Warrants A were constituted under the Deed Poll dated 30 April 2008.

As at 31 December 2015, the total number of Warrants A that remain unexercised were 46,614,018.

The salient terms of the Warrants A are detailed in Note 26(e)(i) to the financial statements.

### ***Warrants 2015/2020 ("Warrants B")***

The Warrants B were constituted under the Deed Poll dated 3 September 2015.

As at 31 December 2015, the total number of Warrants B that remain unexercised were 136,414,897.

The salient terms of the Warrants B are detailed in Note 26(e)(ii) to the financial statements.

## **Options Granted Over Unissued Shares**

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Employees' Share Option Scheme ("ESOS").

### **Employees' Share Option Scheme ("ESOS")**

The Company has established an Employees' Share Option Scheme ("ESOS") of not more than 15% of the issued share capital of the Company at the point of time throughout the duration of the scheme to eligible directors and employees of the Group, which was approved by shareholders at an Extraordinary General Meeting ("EGM") held on 28 June 2012.

The ESOS shall be in force for a period of 10 years from 18 September 2012 to 17 September 2022. The salient features and other terms of the ESOS and the movement of options over unissued shares of the Company granted under the ESOS during the financial year are disclosed in Note 40 to the financial statements.

Details of the options granted to directors are disclosed in the section of directors' interests in this report.

During the financial year, the Company has been granted an exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, other than directors, who have been granted options during the financial year to subscribe for less than 119,000 ordinary shares of RM1.00 each and details of their holdings as required by S169(11) of the Companies Act 1965. This information has been separately filed with the Companies Commission of Malaysia.

The list of employees who have been granted options to subscribe for ordinary shares of RM1.00 each of 119,000 and more during the financial year are as follows:

	<b>No. of options over ordinary shares of RM1.00 each granted</b>
Annie Chin	178,500
Lee Eileen	178,500
Gan Set Chen	159,800
C.Gnaneswari A/P R.Chelliah	144,500
Lim Swee Hun	130,000
Tang Foong Yen	122,400
Lim Chooi Fong	119,000
Chong Siew Pheng	119,000
Lim Kim Kiat	119,000
Lim Lit Chek	119,000
Lim Seng Lee	119,000

**Directors**

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

Dato' Seri Lim Bock Seng, SSSA, DPMS, AMN  
Tan Sri Lim Hock San, PSM, SSAP, DSSA, JP  
Datuk Wira Lim Hock Guan, DCSM, DMSM, PJK, JP  
Maj (Hon) Dato' Sri Lim Hock Sing, SSAP, DIMP, JP  
Datuk Lim Hock Seong, DMSM  
Dato' Chia Lok Yuen, DIMP  
Dato' Lim Mooi Pang, DIMP  
Lim Tong Lee  
Datuk Haji Baharum Bin Haji Mohamed, DMSM, AMN, PIS  
Datuk Lim Si Cheng, PJN, PIS

**Directors' Interests**

Details of holdings and deemed interests in the share capital, options, warrants over the shares and debentures of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were directors at the end of the financial year, according to the register of directors' shareholdings are as follows:

	<b>No. of ordinary shares of RM1.00 each</b>			
	<b>At 1.1.2015</b>	<b>Acquired</b>	<b>Disposed</b>	<b>At 31.12.2015</b>
<b>Gaterich Sdn. Bhd.</b>				
Direct interests				
Tan Sri Lim Hock San	2,500,000	-	-	2,500,000
Datuk Wira Lim Hock Guan	1,000,000	-	-	1,000,000
Maj (Hon) Dato' Sri Lim Hock Sing	750,000	-	-	750,000
Datuk Lim Hock Seong	750,000	-	-	750,000
<b>LBS Bina Group Berhad</b>				
Direct interests				
Dato' Seri Lim Bock Seng	1,540,000	-	-	1,540,000
Tan Sri Lim Hock San	11,561,300	580,400	-	12,141,700
Datuk Wira Lim Hock Guan	4,518,800	3,349,560	-	7,868,360
Maj (Hon) Dato' Sri Lim Hock Sing	2,125,000	-	1,300,000	825,000
Datuk Lim Hock Seong	2,309,500	-	1,300,000	1,009,500
Dato' Chia Lok Yuen	1,850,000	130,000	-	1,980,000
Dato' Lim Mooi Pang	1,716,900	243,000	1,000,000	959,900

**Directors' Interests (Cont'd)**

	No. of ordinary shares of RM1.00 each			
	At 1.1.2015	Acquired	Disposed	At 31.12.2015
<b>LBS Bina Group Berhad</b>				
Indirect interests				
Dato' Seri Lim Bock Seng <sup>2</sup>	2,651,000	-	25,000	2,626,000
Tan Sri Lim Hock San <sup>3</sup>	297,512,860	25,800	-	297,538,660
Datuk Wira Lim Hock Guan <sup>3</sup>	297,439,160	-	-	297,439,160
Maj (Hon) Dato' Sri Lim Hock Sing <sup>3</sup>	296,737,160	-	-	296,737,160
Datuk Lim Hock Seong <sup>3</sup>	296,667,160	-	-	296,667,160

**No. of options over ordinary shares of RM1.00 each  
("ESOS")**

	At 1.1.2015	Granted	Exercised	At 31.12.2015
<b>LBS Bina Group Berhad</b>				
Direct interests				
Datuk Wira Lim Hock Guan	1,625,000	-	1,625,000	-
Dato' Lim Mooi Pang	153,000	153,000	153,000	153,000
Lim Tong Lee	-	119,000	-	119,000
Datuk Haji Baharum bin Haji Mohammed	-	119,000	-	119,000
Datuk Lim Si Cheng	-	119,000	-	119,000

**No. of Warrants A**

	At 1.1.2015	Acquired	Exercised	At 31.12.2015
<b>LBS Bina Group Berhad</b>				
Direct interests				
Dato' Seri Lim Bock Seng	140,000	-	-	140,000
Tan Sri Lim Hock San	-	331,400	-	331,400
Datuk Wira Lim Hock Guan	1,326,160	-	1,326,160	-
Dato' Chia Lok Yuen	-	50,000	-	50,000
Indirect interests				
Dato' Seri Lim Bock Seng <sup>2</sup>	404,000	-	-	404,000
Tan Sri Lim Hock San <sup>1</sup>	8,378,946	-	-	8,378,946
Datuk Wira Lim Hock Guan <sup>1</sup>	8,378,946	-	-	8,378,946
Maj (Hon) Dato' Sri Lim Hock Sing <sup>3</sup>	8,433,746	-	-	8,433,746
Datuk Lim Hock Seong <sup>1</sup>	8,378,946	-	-	8,378,946

**Directors' Interests (Cont'd)**

	<b>No. of Warrants B</b>			
	<b>At 1.1.2015</b>	<b>Subscribed</b>	<b>Exercised</b>	<b>At 31.12.2015</b>
<b>LBS Bina Group Berhad</b>				
Direct interests				
Dato' Seri Lim Bock Seng	-	385,000	-	385,000
Tan Sri Lim Hock San	-	3,060,425	-	3,060,425
Datuk Wira Lim Hock Guan	-	1,967,090	-	1,967,090
Maj (Hon) Dato' Sri Lim Hock Sing	-	206,250	-	206,250
Datuk Lim Hock Seong	-	252,375	-	252,375
Dato' Chia Lok Yuen	-	495,000	-	495,000
Dato' Lim Mooi Pang	-	239,975	-	239,975
Indirect interests				
Dato' Seri Lim Bock Seng <sup>2</sup>	-	656,500	-	656,500
Tan Sri Lim Hock San <sup>3</sup>	-	74,384,664	-	74,384,664
Datuk Wira Lim Hock Guan <sup>3</sup>	-	74,359,789	-	74,359,789
Maj (Hon) Dato' Sri Lim Hock Sing <sup>3</sup>	-	74,184,289	-	74,184,289
Datuk Lim Hock Seong <sup>3</sup>	-	74,166,789	-	74,166,789

*Note:*

<sup>1</sup> Deemed interests pursuant to Section 6A of the Companies Act, 1965 by virtue of their direct interests in Gaterich Sdn. Bhd.

<sup>2</sup> Deemed interests pursuant to Section 134(12)(c) of the Companies Act, 1965 in compliance with the Companies (Amendment) Act, 2007 by virtue of their spouse and/or child direct interests in the Company.

<sup>3</sup> Deemed interests pursuant to Section 134(12)(c) of the Companies Act, 1965 in compliance with the Companies (Amendment) Act, 2007 by virtue of their spouse and/or child direct interests in the Company and Section 6A of the Companies Act, 1965 by virtue of their direct interests in Gaterich Sdn. Bhd.

By virtue of their interests in the shares of the Company, Tan Sri Lim Hock San, Datuk Wira Lim Hock Guan, Maj (Hon) Dato' Sri Lim Hock Sing and Datuk Lim Hock Seong are also deemed to have interests in the shares of all the subsidiary companies to the extent that the Company has an interest under Section 6A of the Companies Act, 1965.

### **Directors' Benefits**

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than certain directors who have significant financial interests in the companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 43 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was 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 warrants and share options granted under the ESOS.

### **Other Statutory Information**

- (a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the directors took reasonable steps:
- (i) 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 satisfied themselves that all known bad debts had been written off and that adequate allowance for doubtful debts had been made; and
  - (ii) to ensure that any current assets which were unlikely to realise their values in the ordinary course of business as shown in the accounting records had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
  - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

### **Other Statutory Information (Cont'd)**

- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;
  - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in the notes to the financial statements; and
  - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### **Significant Events**

The significant events during the financial year are disclosed in Note 47 to the financial statements.

### **Subsequent Events**

The subsequent events subsequent to the end of the financial year are disclosed in Note 48 to the financial statements.

### **Holding company**

The holding company is Gaterich Sdn. Bhd., a company incorporated and domiciled in Malaysia.

Company No. 

518482	H
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**Auditors**

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

Signed on behalf of the board of directors in accordance with a resolution of the directors dated 6 April 2016.

TAN SRI LIM HOCK SAN

MAJ (HON) DATO' SRI LIM HOCK SING

KUALA LUMPUR

**LBS BINA GROUP BERHAD**  
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**  
**Pursuant to Section 169(15) of the Companies Act, 1965**

We, the undersigned, being two of the directors of the Company, do hereby state that, in the opinion of the directors, the financial statements set out on pages 16 to 160 are drawn up in accordance with 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 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 56 to the financial statements on page 161 have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the board of directors in accordance with a resolution of the directors dated 6 April 2016.

TAN SRI LIM HOCK SAN

MAJ (HON) DATO' SRI LIM HOCK SING

KUALA LUMPUR

**LBS BINA GROUP BERHAD**  
(Incorporated in Malaysia)

**STATUTORY DECLARATION**  
**Pursuant to Section 169(16) of the Companies Act, 1965**

I, Dato' Lim Mooi Pang, being the director primarily responsible for the financial management of LBS Bina Group Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 16 to 161 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provision of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the )  
abovenamed at Kuala Lumpur in the )  
Federal Territory on 6 April 2016 )

DATO' LIM MOOI PANG

Before me,

NO. W521  
MOHAN A.S. MANIAM

COMMISSIONER FOR OATHS

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
LBS BINA GROUP BERHAD**

(Company No. : 518482-H)

(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of LBS Bina Group Berhad, which comprise statements of financial position as at 31 December 2015 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 16 to 160.

*Directors' Responsibility for the Financial Statements*

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

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
LBS BINA GROUP BERHAD (CONT'D)**

(Company No. : 518482-H)  
(Incorporated in Malaysia)

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

**Report on Other Legal and Regulatory Requirements**

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act;
- (b) We have considered the financial statements and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 52 to the financial statements;
- (c) We are satisfied that the financial statements of the subsidiary companies 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; and
- (d) The audit reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
LBS BINA GROUP BERHAD (CONT'D)**

(Company No. : 518482-H)

(Incorporated in Malaysia)

**Other Reporting Responsibilities**

The supplementary information set out in Note 56 on page 161 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 Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**Other Matters**

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

UHY

Firm Number: AF 1411

Chartered Accountants

CHAN JEE PENG

Approved Number: 3068/08/16 (J)

Chartered Accountant

KUALA LUMPUR

6 April 2016

**LBS BINA GROUP BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
		<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Non-Current Assets</b>					
Property, plant and equipment	4	240,941,611	214,444,731	-	-
Capital work-in-progress	5	6,229,079	208,447	-	-
Land and property development costs	6	515,026,439	347,549,001	-	-
Investment properties	7	33,767,090	33,197,563	-	-
Investment in subsidiary companies	8	-	-	393,366,006	393,366,006
Investment in associated companies	9	13,879,340	13,868,068	7,305,338	9,754,704
Promissory note	10	100,498,924	159,661,639	-	-
Other investments	11	94,983,631	136,869,815	-	-
Goodwill on consolidation	12	84,217,235	87,142,327	-	-
Deferred tax assets	13	13,182,690	2,989,265	-	-
<b>Total Non-Current Assets</b>		<u>1,102,726,039</u>	<u>995,930,856</u>	<u>400,671,344</u>	<u>403,120,710</u>

**LBS BINA GROUP BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015 (CONT'D)**

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
<b>Current Assets</b>					
Land and property development costs	6	437,734,614	383,729,714	-	-
Inventories	14	76,537,272	13,024,091	-	-
Amount owing by customers on contracts	15	56,017	3,693,953	-	-
Accrued billings in respect of land and property development costs		149,080,582	123,689,261	-	-
Trade receivables	16	196,123,831	181,575,618	-	-
Other receivables	17	92,873,289	63,631,041	3,318,220	34,104,763
Promissory note	10	105,523,704	85,866,581	-	-
Other investments	11	38,488,161	27,070,770	11,029,697	22,070,770
Amount owing by subsidiary companies	18	-	-	256,720,778	190,978,386
Tax recoverable		8,042,029	8,984,728	160,778	367,041
Fixed deposits with licensed banks	19	33,471,075	160,983,954	15,670,959	16,196,079
Cash held under Housing Development Accounts	20	87,735,381	89,132,344	-	-
Cash and bank balances	21	106,385,800	82,321,983	4,739,917	3,027,237
		<u>1,332,051,755</u>	<u>1,223,704,038</u>	<u>291,640,349</u>	<u>266,744,276</u>
Non-current assets classified as held for sale	22	-	-	-	-
<b>Total Current Assets</b>		<u>1,332,051,755</u>	<u>1,223,704,038</u>	<u>291,640,349</u>	<u>266,744,276</u>
<b>Total Assets</b>		<u>2,434,777,794</u>	<u>2,219,634,894</u>	<u>692,311,693</u>	<u>669,864,986</u>

**LBS BINA GROUP BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015 (CONT'D)**

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
<b>Equity</b>					
Share capital	23	551,437,117	538,298,257	551,437,117	538,298,257
Share premium	24	48,298,035	44,586,608	48,298,035	44,586,608
Treasury shares	25	(8,634,411)	(14,678,685)	(8,634,411)	(14,678,685)
Other reserves	26	(24,605,115)	(38,422,577)	16,999,926	15,170,918
Retained profits/ (Accumulated losses)		465,165,545	439,277,991	(95,713,650)	(100,208,020)
Equity attributable to owners of the Parent		1,031,661,171	969,061,594	512,387,017	483,169,078
Non-controlling interests		(19,288,472)	(7,207,160)	-	-
<b>Total Equity</b>		<b>1,012,372,699</b>	<b>961,854,434</b>	<b>512,387,017</b>	<b>483,169,078</b>
<b>Non-Current Liabilities</b>					
Trade payables	29	93,613,370	50,854,138	-	-
Other payables	30	56,228,935	48,591,303	-	-
Amount owing to a subsidiary company	18	-	-	-	41,442,423
Finance lease payables	31	5,099,292	3,688,384	-	-
Bank borrowings	28	287,939,163	274,566,258	18,783,730	12,651,900
Deferred tax liabilities	32	45,454,291	40,985,971	-	-
<b>Total Non-Current Liabilities</b>		<b>488,335,051</b>	<b>418,686,054</b>	<b>18,783,730</b>	<b>54,094,323</b>

**LBS BINA GROUP BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015 (CONT'D)**

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
<b>Current Liabilities</b>					
Amount owing to customers on contracts	15	5,602,800	5,093,951	-	-
Progress billings in respect of land and property development costs		45,209,124	116,799,940	-	-
Trade payables	29	315,942,280	277,401,479	-	-
Other payables	30	281,302,004	234,037,527	33,471,401	32,104,762
Bank overdrafts	33	43,665,940	13,263,668	8,631,290	7,771,560
Finance lease payables	31	1,700,660	1,025,908	-	-
Islamic Securities	27	-	10,000,000	-	10,000,000
Bank borrowings	28	229,765,752	173,964,415	62,060,247	57,572,442
Amount owing to subsidiary companies	18	-	-	56,978,008	25,152,821
Tax payable		10,881,484	7,507,518	-	-
<b>Total Current Liabilities</b>		<u>934,070,044</u>	<u>839,094,406</u>	<u>161,140,946</u>	<u>132,601,585</u>
<b>Total Liabilities</b>		<u>1,422,405,095</u>	<u>1,257,780,460</u>	<u>179,924,676</u>	<u>186,695,908</u>
<b>Total Equity and Liabilities</b>		<u>2,434,777,794</u>	<u>2,219,634,894</u>	<u>692,311,693</u>	<u>669,864,986</u>

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

**LBS BINA GROUP BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Revenue	34	680,295,861	668,265,030	65,599,000	62,149,237
Cost of sales	35	(445,041,756)	(455,874,300)	-	-
<b>Gross profit</b>		235,254,105	212,390,730	65,599,000	62,149,237
Other income		28,072,285	29,795,333	12,116,782	7,292,393
Administrative and operating expenses		(135,025,557)	(116,014,319)	(14,262,660)	(11,416,786)
<b>Profit from operations</b>		128,300,833	126,171,744	63,453,122	58,024,844
Finance costs	36	(21,831,551)	(23,535,952)	(6,384,242)	(4,403,971)
Share of profits in associated companies		1,618,371	1,493,262	-	-
<b>Profit before taxation</b>	37	108,087,653	104,129,054	57,068,880	53,620,873
Taxation	38	(37,591,668)	(37,035,293)	(2,387,634)	(1,987,506)
<b>Net profit for the financial year</b>		70,495,985	67,093,761	54,681,246	51,633,367
<b>Other comprehensive income, net of tax :</b>					
Exchange translation differences for foreign operations		64,911,675	29,514,783	-	-
(Loss) / Gain on revaluation of available-for-sale financial assets		(21,232,278)	4,646,143	19,750	54,074
Reclassification adjustment for disposal of available-for-sale financial assets		1,888,206	1,465,100	(73,824)	-
		45,567,603	35,626,026	(54,074)	54,074
<b>Total comprehensive income for the financial year</b>		116,063,588	102,719,787	54,627,172	51,687,441

**LBS BINA GROUP BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
<b>Net profit for the financial year attributable to:</b>					
Owners of the Parent		76,074,430	69,929,925	54,681,246	51,633,367
Non-controlling interests		<u>(5,578,445)</u>	<u>(2,836,164)</u>	<u>-</u>	<u>-</u>
		<u>70,495,985</u>	<u>67,093,761</u>	<u>54,681,246</u>	<u>51,633,367</u>
<b>Total comprehensive income for the financial year attributable to:</b>					
Owners of the Parent		126,835,601	106,711,661	54,627,172	51,687,441
Non-controlling interests		<u>(10,772,013)</u>	<u>(3,991,874)</u>	<u>-</u>	<u>-</u>
		<u>116,063,588</u>	<u>102,719,787</u>	<u>54,627,172</u>	<u>51,687,441</u>
<b>Earnings per share attributable to owners of the Parent (sen)</b>					
Basic earnings per share	39(a)	<u>14.09</u>	<u>14.06</u>		
Diluted earnings per share	39(b)	<u>13.13</u>	<u>13.45</u>		

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

**LBS BINA GROUP BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

Group	Note	← Attributable to owners of the Parent →				Distributable Retained Profits RM	Total RM	Non- Controlling Interests RM	Total Equity RM
		Share Capital RM	Share Premium RM	Other Reserves RM	Treasury Shares RM				
At 1 January 2014		479,651,357	26,641,899	(42,942,110)	(9,541,438)	415,847,590	869,657,298	2,982,935	872,640,233
Net profit for the financial year		-	-	-	-	69,929,925	69,929,925	(2,836,164)	67,093,761
Foreign currency translation		-	-	30,670,493	-	-	30,670,493	(1,155,710)	29,514,783
Gain on revaluation of available-for-sale financial assets		-	-	4,646,143	-	-	4,646,143	-	4,646,143
Reclassification adjustment for disposal of available-for-sale financial assets		-	-	1,465,100	-	-	1,465,100	-	1,465,100
Total comprehensive income for the financial year		-	-	36,781,736	-	69,929,925	106,711,661	(3,991,874)	102,719,787

**LBS BINA GROUP BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

Group	Note	Attributable to owners of the Parent					Total RM	Non- Controlling Interests RM	Total Equity RM
		Share Capital RM	Share Premium RM	Other Reserves RM	Treasury Shares RM	Distributable Retained Profits RM			
<b>Transactions with owners:</b>									
Changes in ownership interest in subsidiary companies	8(d)	-	-	(31,993,929)	-	-	(31,993,929)	(2,606,071)	(34,600,000)
Net changes of non-controlling interests		-	-	-	-	-	-	537,850	537,850
Realisation of subsidiary company's reserve		-	-	(188,537)	-	188,537	-	-	-
Dividends paid / payable	42	-	-	-	-	(46,912,049)	(46,912,049)	-	(46,912,049)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(4,130,000)	(4,130,000)
Issuance of ordinary shares :									
- Exercise of warrants	23, 24,26(e)	37,037,000	3,703,700	(3,703,700)	-	-	37,037,000	-	37,037,000
- Exercise of ESOS	23, 24	1,609,900	241,009	-	-	-	1,850,909	-	1,850,909
- Private Placement	23, 24	20,000,000	14,000,000	-	-	-	34,000,000	-	34,000,000
Realisation of ESOS reserve	26(b)	-	-	(223,988)	-	223,988	-	-	-
Share-based payment	26(b)	-	-	3,847,951	-	-	3,847,951	-	3,847,951
Shares repurchased	25	-	-	-	(5,137,247)	-	(5,137,247)	-	(5,137,247)
		58,646,900	17,944,709	(32,262,203)	(5,137,247)	(46,499,524)	(7,307,365)	(6,198,221)	(13,505,586)
At 31 December 2014		538,298,257	44,586,608	(38,422,577)	(14,678,685)	439,277,991	969,061,594	(7,207,160)	961,854,434

**LBS BINA GROUP BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

Group	Note	← Attributable to owners of the Parent →				Distributable	Total	Non-Controlling	Total				
		← Non - distributable →								Retained	RM	Interests	Equity
		Share Capital RM	Share Premium RM	Other Reserves RM	Treasury Shares RM								
At 1 January 2015		538,298,257	44,586,608	(38,422,577)	(14,678,685)	439,277,991	969,061,594	(7,207,160)	961,854,434				
Net profit for the financial year		-	-	-	-	76,074,430	76,074,430	(5,578,445)	70,495,985				
Foreign currency translation		-	-	70,105,243	-	-	70,105,243	(5,193,568)	64,911,675				
Loss on revaluation of available-for-sale financial assets		-	-	(21,232,278)	-	-	(21,232,278)	-	(21,232,278)				
Reclassification adjustment for disposal of available-for-sale financial assets		-	-	1,888,206	-	-	1,888,206	-	1,888,206				
Total comprehensive income for the financial year		-	-	50,761,171	-	76,074,430	126,835,601	(10,772,013)	116,063,588				

**LBS BINA GROUP BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

Group	Note	Attributable to owners of the Parent					Total RM	Non- Controlling Interests RM	Total Equity RM
		Share Capital RM	Share Premium RM	Other Reserves RM	Treasury Shares RM	Distributable Retained Profits RM			
<b>Transactions with owners:</b>									
Changes in ownership interest									
in subsidiary companies	8(d)	-	-	(38,826,791)	-	-	(38,826,791)	(473,240)	(39,300,031)
Net changes of									
non-controlling interests		-	-	-	-	-	-	2,163,941	2,163,941
Dividends paid / payable	42	-	-	-	-	(50,478,466)	(50,478,466)	-	(50,478,466)
Dividends paid to non- controlling interests		-	-	-	-	-	-	(3,000,000)	(3,000,000)
Issuance of ordinary shares :									
- Exercise of warrants	23, 24,26(e)	9,668,560	969,106	(965,356)	-	-	9,672,310	-	9,672,310
- Exercise of ESOS	23, 24	3,470,300	391,361	-	-	-	3,861,661	-	3,861,661
Own shares sold	24, 25	-	2,350,960	-	16,944,663	-	19,295,623	-	19,295,623
Realisation of ESOS reserve	26(b)	-	-	(291,590)	-	291,590	-	-	-
Share-based payment	26(b)	-	-	3,140,028	-	-	3,140,028	-	3,140,028
Shares repurchased	25	-	-	-	(10,900,389)	-	(10,900,389)	-	(10,900,389)
		13,138,860	3,711,427	(36,943,709)	6,044,274	(50,186,876)	(64,236,024)	(1,309,299)	(65,545,323)
At 31 December 2015		551,437,117	48,298,035	(24,605,115)	(8,634,411)	465,165,545	1,031,661,171	(19,288,472)	1,012,372,699

**LBS BINA GROUP BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

Company	Note	Non-distributable					Fair value Reserve RM	Accumulated Losses RM	Total RM
		Share Capital RM	Share Premium RM	ESOS Reserve RM	Warrants Reserves RM	Treasury Shares RM			
At 1 January 2014		479,651,357	26,641,899	6,321,209	8,875,372	(9,541,438)	-	(105,153,326)	406,795,073
Net profit for the financial year		-	-	-	-	-	-	51,633,367	51,633,367
Gain on revaluation of available-for-sale financial assets		-	-	-	-	-	54,074	-	54,074
Total comprehensive income for the financial year		-	-	-	-	-	54,074	51,633,367	51,687,441
<b>Transactions with owners:</b>									
Dividends paid / payables	42	-	-	-	-	-	-	(46,912,049)	(46,912,049)
Issuance of shares:									
- Exercise of warrants	23, 24,26(e)	37,037,000	3,703,700	-	(3,703,700)	-	-	-	37,037,000
- Exercise of ESOS	23, 24	1,609,900	241,009	-	-	-	-	-	1,850,909
- Private Placement	23, 24	20,000,000	14,000,000	-	-	-	-	-	34,000,000
Realisation of ESOS reserve	26(b)	-	-	(223,988)	-	-	-	223,988	-
Share-based payment	26(b)	-	-	3,847,951	-	-	-	-	3,847,951
Shares repurchased	25	-	-	-	-	(5,137,247)	-	-	(5,137,247)
		58,646,900	17,944,709	3,623,963	(3,703,700)	(5,137,247)	-	(46,688,061)	24,686,564
At 31 December 2014		538,298,257	44,586,608	9,945,172	5,171,672	(14,678,685)	54,074	(100,208,020)	483,169,078

**LBS BINA GROUP BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

Company	Note	← Non-distributable →					Fair Value Reserve RM	Accumulated Losses RM	Total RM
		Share Capital RM	Share Premium RM	ESOS Reserve RM	Warrants Reserves RM	Treasury Shares RM			
At 1 January 2015		538,298,257	44,586,608	9,945,172	5,171,672	(14,678,685)	54,074	(100,208,020)	483,169,078
Net profit for the financial year		-	-	-	-	-	-	54,681,246	54,681,246
Gain on revaluation of available-for-sale financial assets		-	-	-	-	-	19,750	-	19,750
Reclassification adjustment for disposal of available-for-sale financial assets		-	-	-	-	-	(73,824)	-	(73,824)
Total comprehensive income for the financial year		-	-	-	-	-	(54,074)	54,681,246	54,627,172
<b>Transactions with owners:</b>									
Dividends paid / payable	42	-	-	-	-	-	-	(50,478,466)	(50,478,466)
Issuance of shares:									
- Exercise of warrants	23, 24,26(e)	9,668,560	969,106	-	(965,356)	-	-	-	9,672,310
- Exercise of ESOS	23, 24	3,470,300	391,361	-	-	-	-	-	3,861,661
Own shares sold	24, 25	-	2,350,960	-	-	16,944,663	-	-	19,295,623
Issuance of Warrants B	26(e)	-	-	-	64,122,052	-	(64,122,052)	-	-
Realisation of warrant reserve	26(e)	-	-	-	(7,050)	-	7,050	-	-
Realisation of ESOS reserve	26(b)	-	-	(291,590)	-	-	-	291,590	-
Share-based payment	26(b)	-	-	3,140,028	-	-	-	-	3,140,028
Shares repurchased	25	-	-	-	-	(10,900,389)	-	-	(10,900,389)
		13,138,860	3,711,427	2,848,438	63,149,646	6,044,274	(64,115,002)	(50,186,876)	(25,409,233)
At 31 December 2015		551,437,117	48,298,035	12,793,610	68,321,318	(8,634,411)	(64,115,002)	(95,713,650)	512,387,017

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

**LBS BINA GROUP BERHAD**  
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
<b>Cash Flows From Operating Activities</b>		
Profit before taxation :	108,087,653	104,129,054
Adjustments for:		
Allowance for impairment losses on:		
- Other investment	100,000	-
- Goodwill arising on consolidation	2,926,366	7,050,743
- Investment in an associated company	3,578,431	199,999
Bad debts written off	29,263	26,853
Depreciation of :		
- Investment properties	757,554	460,232
- Property, plant and equipment	17,546,711	15,091,813
Interest expense	21,831,551	16,446,889
Interest expense on financial liabilities measured at amortised cost	-	7,089,063
Inventories written down	36,400	-
Property, plant and equipment written off	78,946	17,365
Share-based payment	3,140,028	3,847,951
Unrealised loss on foreign exchange	1,841,631	1,174,120
Dividend income from :		
- Available-for-sale financial assets	(720,386)	(2,854,961)
- Financial assets at fair value through profit or loss	(97,547)	-
Fair value gain on revaluation of financial assets at fair value through profit or loss	(25,554)	-
(Gain) / Loss on disposal of :		
- Available-for-sale financial assets	(588,190)	1,912,925
- Financial assets at fair value through profit or loss	(333,757)	(40,834)
- Property, plant and equipment	305,830	(65,126)
- Non-current assets classified as held for sale	-	(70,200)
Interest income	(5,108,038)	(5,007,678)
Interest income from financial assets measured at amortised cost	(12,234,392)	(19,179,133)
Reversal of allowance for impairment losses on receivables	(12,718)	(41,269)
Share of profits in associated companies	(1,618,371)	(1,493,262)
Waiver of debts	(14,300)	-
<b>Operating profit before working capital changes</b>	<u>139,507,111</u>	<u>128,694,544</u>

**LBS BINA GROUP BERHAD**  
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
<b>Operating profit before working capital changes</b>	139,507,111	128,694,544
<b>Changes in working capital</b>		
Land and property development costs	(100,189,463)	(90,553,595)
Inventories	(66,421,061)	9,556,915
Amount owing by / to customers on contracts	4,146,785	(2,212,853)
Accrued / Progress billings in respect of land and property development costs	(96,982,135)	(13,063,589)
Trade receivables	(16,427,273)	(18,147,184)
Other receivables	24,932,287	(17,583,756)
Trade payables	77,276,886	39,188,292
Other payables	25,271,860	(17,002,475)
Foreign exchange reserve	123,197	2,627,098
	<u>(148,268,917)</u>	<u>(107,191,147)</u>
<b>Cash (used in) / generated from operations</b>	<u>(8,761,806)</u>	<u>21,503,397</u>
Dividends received	720,386	2,854,961
Interest received	5,108,038	5,007,678
Interest paid	(31,704,807)	(26,978,964)
Tax paid	(46,996,726)	(54,012,413)
Tax refund	997,333	2,418,593
	<u>(71,875,776)</u>	<u>(70,710,145)</u>
<b>Net cash used in operating activities</b>	<u>(80,637,582)</u>	<u>(49,206,748)</u>

**LBS BINA GROUP BERHAD**  
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
<b>Cash Flows From Investing Activities</b>		
Additional investment in :		
- Associated company	(773,608)	(9,754,704)
- Available-for-sale financial assets	(166,592)	-
- Subsidiary companies	(35,800,226)	(4,081,600)
- Financial assets at fair value through profit or loss	(128,200,000)	(46,000,000)
Capital work-in-progress incurred	5 (6,209,768)	(208,447)
Net cash inflows / (outflows) from acquisition of subsidiary companies	8(b) 451	(285,690)
Proceeds from disposal of :		
- Available-for-sale financial assets	44,782,439	15,699,566
- Financial assets at fair value through profit or loss	117,190,595	19,024,137
- Non-current assets classified as held for sale	-	511,527
- Promissory note	105,683,759	112,700,000
- Property, plant and equipment	754,483	504,644
Purchase of :		
- Investment properties	(317,045)	(469,226)
- Property, plant and equipment	4(e) (6,840,482)	(3,588,232)
Deposits and consideration paid for the acquisition and joint venture of development lands	(145,799,618)	(56,493,750)
Repayment of prior year investment in subsidiary and associated companies	(8,886,000)	(20,233,934)
<b>Net cash (used in) / generated from investing activities</b>	<u>(64,581,612)</u>	<u>7,324,291</u>

**LBS BINA GROUP BERHAD**  
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
<b>Cash Flows From Financing Activities</b>		
Decrease / (Increase) in fixed deposits pledged	22,217,635	(27,337,595)
Increase in cash and bank balances pledged	(398,607)	(2,904,330)
Drawdown of bank borrowings	247,794,135	270,742,441
Repayment of bank borrowings	(228,423,687)	(186,428,156)
Dividends paid	(49,562,724)	(15,108,572)
Dividends paid to non-controlling interests	(3,000,000)	(4,130,000)
Purchase of treasury shares	(10,900,389)	(5,137,247)
Proceeds from :		
- Exercise of warrants	9,672,310	37,037,000
- Disposal of treasury shares	19,295,623	-
- Exercise of ESOS	3,861,661	1,850,909
- Issuance of shares	-	34,000,000
Repayment of :		
- Finance lease payables	(2,129,940)	(1,191,229)
- Islamic Securities	(10,000,000)	(20,000,000)
- Loans	-	(48,532,095)
<b>Net cash (used in) / generated from financing activities</b>	<u>(1,573,983)</u>	<u>32,861,126</u>
<b>Net decrease in cash and cash equivalents</b>	(146,793,177)	(9,021,331)
<b>Effects of exchange rate changes</b>	33,363,908	9,371,140
<b>Cash and cash equivalents at the beginning of the financial year</b>	<u>267,789,063</u>	<u>267,439,254</u>
<b>Cash and cash equivalents at the end of the financial year</b>	<u>154,359,794</u>	<u>267,789,063</u>
<b>Cash and cash equivalents at the end of the financial year comprise:</b>		
Fixed deposits with licensed banks	33,471,075	160,983,954
Cash held under Housing Development Accounts	87,735,381	89,132,344
Cash and bank balances	106,385,800	82,321,983
Bank overdrafts	(43,665,940)	(13,263,668)
	<u>183,926,316</u>	<u>319,174,613</u>
Less: Fixed deposits pledged to licensed banks	(20,452,403)	(42,670,038)
Cash and bank balances pledged	(9,114,119)	(8,715,512)
	<u>154,359,794</u>	<u>267,789,063</u>

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

**LBS BINA GROUP BERHAD**  
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	57,068,880	53,620,873
Adjustments for:		
Allowance for impairment losses on investment in an associated company	3,578,431	-
Dividend income from financial assets at fair value through profit or loss	(40,141)	-
Interest expense	6,384,242	4,403,971
Share-based payment	3,140,028	3,847,951
Unrealised loss on foreign exchange	2,230,125	6,239,844
Fair value gain on revaluation of financial assets at fair value through profit or loss	(29,697)	-
Gain on disposal of financial assets at fair value through profit or loss	(104,141)	(40,834)
Interest income	(10,977,325)	(7,292,209)
Dividend income	(65,035,000)	(61,988,403)
<b>Operating loss before working capital changes</b>	<u>(3,784,598)</u>	<u>(1,208,807)</u>
<b>Changes in working capital</b>		
Other receivables	33,986,543	(114,315)
Other payables	85,293	(1,183,695)
Amount owing to / by subsidiary companies	(110,134,482)	(112,519,757)
	<u>(76,062,646)</u>	<u>(113,817,767)</u>
<b>Cash used in operations</b>	<u>(79,847,244)</u>	<u>(115,026,574)</u>
Dividends received	95,818,360	28,005,043
Interest received	10,977,325	7,292,209
Interest paid	(6,384,242)	(4,403,971)
Tax refund	155,374	1,594,350
Tax paid	(2,336,749)	(551,898)
	<u>98,230,068</u>	<u>31,935,733</u>
<b>Net cash generated from / (used in) operating activities</b>	<u>18,382,824</u>	<u>(83,090,841)</u>

**LBS BINA GROUP BERHAD**  
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
<b>Cash Flows From Investing Activities</b>		
Additional investment in :		
- Financial assets at fair value through profit or loss	(29,000,000)	(41,000,000)
- An associated company	(763,458)	(9,754,704)
Proceeds from disposal of investment in financial assets at fair value through profit or loss	40,160,980	19,024,137
<b>Net cash generated from / (used in) investing activities</b>	<u>10,397,522</u>	<u>(31,730,567)</u>
<b>Cash Flows From Financing Activities</b>		
Dividends paid	(49,562,724)	(15,108,572)
Decrease / (increase) in fixed deposits pledged	1,450,227	(1,689,915)
(Increase) / decrease in cash and bank balances pledged	(176,515)	76,176
Drawdown of bank borrowings	15,000,000	68,372,360
Repayment of bank borrowings	(6,762,975)	(124,443)
Repayment of Islamic Securities	(10,000,000)	(20,000,000)
Proceeds from :		
- Exercise of warrants	9,672,310	37,037,000
- Disposal of treasury shares	19,295,623	-
- Exercise of ESOS	3,861,661	1,850,909
- Issuance of shares	-	34,000,000
Purchase of treasury shares	(10,900,389)	(5,137,247)
<b>Net cash (used in) / generated from financing activities</b>	<u>(28,122,782)</u>	<u>99,276,268</u>

**LBS BINA GROUP BERHAD**  
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	657,564	(15,545,140)
<b>Effects of exchange rate changes</b>	943,978	265,954
<b>Cash and cash equivalents at beginning of the financial year</b>	(888,536)	14,390,650
<b>Cash and cash equivalents at end of the financial year</b>	<u>713,006</u>	<u>(888,536)</u>
<b>Cash and cash equivalents at end of the financial year comprise:</b>		
Fixed deposits with licensed banks	15,670,959	16,196,079
Cash and bank balances	4,739,917	3,027,237
Bank overdrafts	(8,631,290)	(7,771,560)
	<u>11,779,586</u>	<u>11,451,756</u>
Less: Fixed deposits pledged with licensed banks	(10,341,966)	(11,792,193)
Cash and bank balances pledged	(724,614)	(548,099)
	<u>713,006</u>	<u>(888,536)</u>

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

**LBS BINA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**

**1. Corporate Information**

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

The registered office and principal place of business of the Company is located at Plaza Seri Setia, Level 1 - 4, No. 1, Jalan SS9/2, 47300 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and provision of management services to subsidiary companies in the Group. The principal activities of its subsidiary companies are disclosed in Note 52 to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

The holding company is Gaterich Sdn. Bhd., a company incorporated and domiciled in Malaysia.

**2. Basis of Preparation**

(a) **Statement of compliance**

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (“FRSs”) and the requirements of the Companies Act, 1965 in Malaysia. The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies.

**Adoption of new and amended standards**

During the financial year, the Group and the Company have adopted the following amendments to FRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for the current financial year:

Amendments to FRS 119      Defined Benefits Plans: Employee Contributions  
Annual Improvements to FRSs 2010 – 2012 Cycle  
Annual Improvements to FRSs 2011 – 2013 Cycle

Adoption of above amendments to FRSs did not have any significant impact on the financial statements of the Group and of the Company.

**2. Basis of Preparation (Cont'd)****(a) Statement of compliance (cont'd)****Standards issued but not yet effective**

The Group and the Company have not applied the following new FRSs and amendments to FRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
FRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 101	Disclosure Initiative	1 January 2016
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127	Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to FRSs 2012–2014 Cycle		1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group and the Company intend to adopt the above FRSs when they become effective.

## 2. Basis of Preparation (Cont'd)

### (a) Statement of compliance (cont'd)

The initial application of the abovementioned FRSs are not expected to have any significant impact on the financial statements of the Group and of the Company except as mentioned below:

#### **FRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)**

FRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of FRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. FRS 9 when effective will replace FRS 139 *Financial Instruments: Recognition and Measurement*.

FRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investment in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. FRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 139.

The adoption of FRS 9 will result in a change in accounting policy. The Group and the Company are currently examining the financial impact of adopting FRS 9.

## 2. **Basis of Preparation (Cont'd)**

### (a) Statement of compliance (cont'd)

#### **New Malaysian Financial Reporting Standards (“MFRS Framework”) issued but not yet effective**

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* and IC Interpretation 15 *Agreements for Construction of Real Estate*, including its parent, significant investor and venturer (hereinafter called “Transitioning Entities”).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the financial year ending 31 December 2018. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group and the Company have not completed its assessment of the financial effects of the differences between FRSs and accounting standards under the MFRS Framework. Accordingly, the consolidated and separate financial performance and financial position as disclosed in these financial statements for the financial year ended 31 December 2015 could be different if prepared under the MFRS Framework.

## 2. **Basis of Preparation (Cont'd)**

### (b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”) which is the Group’s and the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

### (c) Significant accounting judgements, estimates and assumptions

The preparation of the Group’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### **Judgments**

There are no significant areas of critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

#### **Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

##### (i) Useful lives of property, plant and equipment and investment properties

The Group regularly review the estimated useful lives of property, plant and equipment and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment and investment properties. The carrying amount at the reporting date for property, plant and equipment and investment properties are disclosed in Notes 4 and 7 respectively.

**2. Basis of Preparation (Cont'd)****(c) Significant accounting judgements, estimates and assumptions (cont'd)****Key sources of estimation uncertainty (cont'd)****(ii) Property development**

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

Significant judgement is required in determining the stage of completion, the extent of the property development cost incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The carrying amount of the Group's property development costs at the reporting date is disclosed in Note 6.

**(iii) Impairment of investment in associated companies**

The Group reviews its investments in associated companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. The Group evaluates the recoverable amount based on market performance, economic and political situation of the country in which the associated companies operate.

The carrying amount at the reporting date for investment in associated companies are disclosed in Note 9 respectively.

**(iv) Impairment of loans and receivables**

The Group assesses at end of each reporting period whether there is any objective evidence that a receivables 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 receivables 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 of assets with similar credit risk characteristics. The carrying amount at the reporting date for loan and receivables are disclosed in Notes 10, 16, 17 and 18 respectively.

**2. Basis of Preparation (Cont'd)****(c) Significant accounting judgements, estimates and assumptions (cont'd)****Key sources of estimation uncertainty (cont'd)****(v) Impairment of goodwill on consolidation**

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 12.

**(vi) Deferred tax assets**

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The details of carrying value of recognised and unrecognised of deferred tax assets are disclosed in Note 13.

**(vii) Inventories valuation**

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. The details of inventories are disclosed in Note 14.

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions (cont'd)

**Key sources of estimation uncertainty (cont'd)**

(viii) Construction contracts

The Group recognises construction contracts 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 construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on experience and by relying on the work of specialists. The details of construction contracts are disclosed in Note 15.

(ix) Income taxes

Judgment 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 recognises liabilities for expected tax issues 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. As at 31 December 2015, the Group and the Company have tax recoverable and tax payable of RM8,042,029 and RM160,778 (2014: RM8,984,728 and RM367,041) and RM10,881,484 and RM Nil (2014: RM7,507,518 and RM Nil) respectively.

**2. Basis of Preparation (Cont'd)****(c) Significant accounting judgements, estimates and assumptions (cont'd)****Key sources of estimation uncertainty (cont'd)****(x) Employees' Share Option Scheme**

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also require determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The details of assumptions made in respect of the share-based payment scheme are disclosed in Note 40.

**(xi) Fair value of financial instruments**

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 45(c) regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

**(xii) Contingent liabilities**

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting internal and external experts to the Group, for matters in the ordinary course of business. The details of contingent liabilities are disclosed in Note 51.

### 3. **Significant accounting policies**

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) **Basis of consolidation**

(i) **Subsidiary companies**

Subsidiary companies 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. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interests in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of FRS 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

### 3. Significant accounting policies (Cont'd)

#### (a) Basis of consolidation (cont'd)

##### (i) Subsidiary companies (cont'd)

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investment in subsidiary companies is stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

##### (ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

##### (iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

### 3. Significant accounting policies (Cont'd)

#### (a) Basis of consolidation (cont'd)

##### (iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

#### (b) Investment in associated companies

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

On acquisition of an investment in an associated company, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associated companies' profit or loss for the period in which the investment is acquired.

An associated company is equity accounted for from the date on which the investee becomes an associated company. Under the equity method, on initial recognition of the investment in an associated company is recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associated companies after the date of acquisition. When the Group's share of losses in an associated company exceeds the carrying amount of the investment, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associated companies.

### 3. Significant Accounting Policies (Cont'd)

#### (b) Investment in associated companies (cont'd)

Profits or losses resulting from upstream and downstream transactions between the Group and its associated companies are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associated companies are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies FRS 139 to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associated companies. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with FRS 136 *Impairment of Assets* as a single assets, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associated companies, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associated companies upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investment in associated companies is stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

### 3. Significant Accounting Policies (Cont'd)

#### (c) Foreign currency transaction

##### (i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

### 3. Significant Accounting Policies (Cont'd)

#### (c) Foreign currency transaction (cont'd)

##### (ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

### 3. Significant Accounting Policies (Cont'd)

#### (d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy for the recognition and measurement of impairment is in accordance with Note 3(m)(i).

##### (i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

##### (ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property and accounted for in accordance with Note 3(g).

### 3. Significant Accounting Policies (Cont'd)

#### (d) Property, plant and equipment (cont'd)

##### (iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

##### (iv) Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

	Over the remaining period of
Leasehold land	the lease
Buildings	20 to 50 years
Motor vehicles	5 years
Office equipment, furniture and fittings	2 to 10 years
Renovations	5 to 10 years
Plant, machinery and equipment	5 to 10 years
Motor racing circuit	20 years

The residual values, useful lives and depreciation method are reviewed at each reporting period 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 property, plant and equipment.

#### (e) Capital work-in-progress

Capital work-in progress consists of expenditure incurred on construction of property, plant and equipment and investment properties which takes a substantial period of time to be ready for their intended use.

Capital work-in-progress is stated at cost during the period of construction. No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment or investment properties.

### 3. Significant Accounting Policies (Cont'd)

(f) Land and property development costs

(i) Land held for property development

Land held for property development consists of land held for future development activities where no development activities has been undertaken or where development activities are not expected to be completed within normal operating cycle. Such land is classified as non-current asset and is stated at cost less any accumulated impairment losses. The policy of recognition and measurement of impairment is in accordance with Note 3(m)(i).

Land held for property development shall be reclassified to current asset when the development activities have commenced or development activities are expected to commence within the period of twelve months after the end of financial year and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

(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.

Property development costs shall be classified as non-current asset where no development activities have been carried out or development activities are not expected to commence within the period of twelve months after the end of financial year or where development activities are not expected to be completed within the normal operating cycle.

Property development costs shall be reclassified to current asset when the development activities have been commenced or development activities are expected to commence within the period of twelve months after the end of financial year and where the activities are expected to be completed within the normal operating cycle.

When the financial outcome of development activity can be reliably estimated, property development revenue and expenses are recognised in the profit or loss by using the stage of completion. 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.

### 3. Significant Accounting Policies (Cont'd)

(f) Land and property development costs (cont'd)

(ii) Property development costs (cont'd)

When 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 units 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 defect liability period shall be recognised as an expense immediately.

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

When the revenue recognised in the profit or loss exceeds billings to purchasers, the balance is shown as accrued billings under current assets. When the billings to purchasers exceed the revenue recognised in the profit or loss, the balance is shown as progress billings under current liabilities.

(g) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rate for buildings is 20 to 50 years. The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

### 3. Significant Accounting Policies (Cont'd)

#### (h) Financial assets

Financial assets are recognised on 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 assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

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

Financial assets at fair value through profit or loss include financial assets held for trading, contingent consideration in a business combination or financial assets that are designated into this category upon initial recognition. A financial asset is classified in this category if it is acquired principally for the purpose of selling it in the near term. Derivatives, including separated embedded derivatives, are also categorised as held for trading unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

After initial recognition, financial assets in this category are measured at fair value with any gains or losses arising from changes in the fair values recognised in profit or loss in the period in which the changes arise.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

### 3. Significant Accounting Policies (Cont'd)

#### (h) Financial assets (cont'd)

##### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

##### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group and the Company have the positive intention and ability to hold to maturity. They 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.

After initial recognition, financial assets categorised as held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when held-to-maturity investments are derecognised or impaired, and through the amortisation process.

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

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

### 3. Significant Accounting Policies (Cont'd)

#### (h) Financial assets (cont'd)

##### (iv) Available-for-sale financial assets (cont'd)

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 the effective interest method is recognised in profit or loss. Dividends from an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

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 marketplace concerned. All regular way purchases and sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial assets has expired or have been transferred and the Group and the Company has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in the profit or loss.

### 3. Significant Accounting Policies (Cont'd)

#### (i) Financial liabilities

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

Financial liabilities are recognised on 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.

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, contingent consideration in a business combination or financial liabilities designated into this category upon initial recognition.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivatives financial instruments that are not designated as effective hedging instruments. Separated embedded derivatives are also categorised as held for trading unless they are designated as effective hedging instruments.

Gains or losses on financial liabilities held for trading are recognised in profit or loss.

#### (ii) Other financial liabilities measured at amortised cost

The Group's and the Company's other financial liabilities comprise trade and 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.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

### 3. Significant Accounting Policies (Cont'd)

(i) Financial liabilities (cont'd)

(iii) Financial guarantee contracts

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

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

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. 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 the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(j) Offsetting of financial instruments

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

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude fixed deposits, sinking funds account and cash collateral account pledged to secure banking facilities, if any.

### 3. Significant Accounting Policies (Cont'd)

#### (l) Construction costs

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

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion method is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

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

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that 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.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is presented as amounts owing by contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as amounts owing to contract customers.

#### (m) Impairment of assets

##### (i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount owing by contract customers, deferred tax assets, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

### 3. Significant Accounting Policies (Cont'd)

#### (m) Impairment of assets (cont'd)

##### (i) Non-financial assets (cont'd)

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

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An 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. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

### 3. Significant Accounting Policies (Cont'd)

#### (m) Impairment of assets (cont'd)

##### (ii) Financial assets

All financial assets, other than those categorised as fair value through profit or loss, investment in subsidiary companies and investment in associated companies, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

##### 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 considers factors such as the probability of insolvency or significant financial difficulties of the receivable 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'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 economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in the profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

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 (such as an improvement in the receivable's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

### 3. Significant Accounting Policies (Cont'd)

#### (m) Impairment of assets (cont'd)

##### (ii) Financial assets (cont'd)

###### Available-for-sale financial assets

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. A significant or prolonged decline in the fair value of investments in equity instruments below its cost is also an objective evidence of impairment.

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously. When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value of equity instrument, 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 if 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.

#### (n) Inventories

Raw material, finished goods and completed properties are stated at the lower of cost and net realisable value.

Cost of raw material is determined on a first-in-first out basis. Cost of finished goods consists of direct material and direct labour.

The cost of completed properties includes costs of land and related development cost or its purchase costs and incidental cost of acquisition.

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

### 3. Significant Accounting Policies (Cont'd)

(o) Share capital

(i) Ordinary shares

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

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(ii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares in the statements of changes in equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied as a reduction of the share premium account or the distributable retained profits, or both.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(p) Contingencies

Where it is not probable that an inflow or outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

### 3. Significant Accounting Policies (Cont'd)

#### (q) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date 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, even if that right is not explicitly specified in an arrangement.

#### As lessee

##### (i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and 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 asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment or as investment property if held to earn rental income as capital appreciation or both.

##### (ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised in the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using cost model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

### 3. Significant Accounting Policies (Cont'd)

(q) Leases (cont'd)

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(r) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Property development

Revenue derived from property development activities is recognised based on the percentage of completion method. The stage of completion is determined based on the total actual costs incurred to date over the estimated total property development costs.

(ii) Construction contracts

Revenue from work done on construction contracts is recognised based on the percentage of completion method. The stage of completion is determined based on the total actual costs incurred to date over the estimated total contract costs. Allowance for foreseeable losses is made in the financial statements when such losses can be determined.

(iii) Sales of goods and services rendered

Revenue from sales of goods is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Revenue from services rendered is recognised in the profit or loss based on the value of services performed and invoiced to customers during the period.

### 3. Significant Accounting Policies (Cont'd)

(r) Revenue recognition (cont'd)

(iv) Dividend income

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

(v) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(vi) Interest income

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

(vii) Management fee

Management fee is recognised on accrual basis when services are rendered.

(viii) Motor car racing event income

Motor car racing event income is recognised when the event is completed and services rendered.

(ix) Motor racing sponsorship income

Motor racing sponsorship income is recognised at the fair value of the sponsorship received or receivable.

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

### 3. Significant Accounting Policies (Cont'd)

#### (t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which 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.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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.

#### (u) Provisions

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

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

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

### 3. Significant Accounting Policies (Cont'd)

#### (v) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is 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 is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

### 3. Significant Accounting Policies (Cont'd)

#### (w) 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. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur. The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

##### (ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund (“EPF”). Some of the Group’s foreign subsidiary companies also make contributions to their respective countries’ statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

##### (iii) Share-based compensation

LBS Bina Group Berhad Employees’ Share Option Scheme (“ESOS”), an equity-settled, share-based compensation plan, allows the Company and its subsidiary companies’ 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. At the end of each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognised the impact of the revision of original estimates, 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 to share premium, or until the option expires, upon which it will be transferred directly to retained earnings. The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

3. **Significant Accounting Policies (Cont'd)**

(x) Non-current assets (or disposal groups) held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group). Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and investment properties are not depreciated or amortised once classified as held for sale.

4. **Property, Plant and Equipment**

<b>Group</b>	<b>Leasehold land and buildings RM</b>	<b>Motor vehicles RM</b>	<b>Office equipment, furniture and fittings RM</b>	<b>Renovations RM</b>	<b>Plant, machinery and equipment RM</b>	<b>Motor racing circuit RM</b>	<b>Total RM</b>
<b>Cost</b>							
At 1 January 2015	290,296,169	9,238,817	14,810,682	4,778,320	3,972,949	78,459,135	401,556,072
Additions	3,196,500	2,669,292	1,818,928	666,022	4,807,753	-	13,158,495
Transfer from inventories	1,871,620	-	-	-	-	-	1,871,620
Transfer from capital work-in-progress	400,000	-	-	-	-	-	400,000
Disposals	-	(1,856,230)	(243,747)	-	-	-	(2,099,977)
Write off	(23,142)	-	(234,239)	-	(224,935)	-	(482,316)
Exchange differences	44,158,264	-	1,056,482	-	-	12,332,289	57,547,035
At 31 December 2015	<u>339,899,411</u>	<u>10,051,879</u>	<u>17,208,106</u>	<u>5,444,342</u>	<u>8,555,767</u>	<u>90,791,424</u>	<u>471,950,929</u>
<b>Accumulated depreciation</b>							
At 1 January 2015	96,474,389	3,263,163	9,507,978	3,938,227	2,185,831	71,735,700	187,105,288
Charge for the financial year	9,953,151	967,937	1,459,265	288,322	885,593	3,992,443	17,546,711
Disposals	-	(811,947)	(227,717)	-	-	-	(1,039,664)
Write off	(23,142)	-	(196,268)	-	(183,960)	-	(403,370)
Exchange differences	15,492,078	-	807,306	-	-	11,494,916	27,794,300
At 31 December 2015	<u>121,896,476</u>	<u>3,419,153</u>	<u>11,350,564</u>	<u>4,226,549</u>	<u>2,887,464</u>	<u>87,223,059</u>	<u>231,003,265</u>
<b>Accumulated impairment losses</b>							
At 1 January 2015/ 31 December 2015	-	6,053	-	-	-	-	6,053
<b>Carrying amount</b>							
At 31 December 2015	<u>218,002,935</u>	<u>6,626,673</u>	<u>5,857,542</u>	<u>1,217,793</u>	<u>5,668,303</u>	<u>3,568,365</u>	<u>240,941,611</u>

4. **Property, Plant and Equipment (Cont'd)**

<b>Group</b>	<b>Leasehold land and buildings RM</b>	<b>Motor vehicles RM</b>	<b>Office equipment, furniture and fittings RM</b>	<b>Renovations RM</b>	<b>Plant, machinery and equipment RM</b>	<b>Motor racing circuit RM</b>	<b>Total RM</b>
<b>Cost</b>							
At 1 January 2014	272,734,874	8,769,411	12,810,755	4,579,509	3,038,209	73,763,132	375,695,890
Additions	750,000	1,996,621	1,800,660	198,811	986,140	-	5,732,232
Disposals	-	(1,518,848)	(135,897)	-	-	-	(1,654,745)
Write off	(4,047)	(8,367)	(63,177)	-	(51,400)	-	(126,991)
Exchange differences	16,815,342	-	398,341	-	-	4,696,003	21,909,686
At 31 December 2014	<u>290,296,169</u>	<u>9,238,817</u>	<u>14,810,682</u>	<u>4,778,320</u>	<u>3,972,949</u>	<u>78,459,135</u>	<u>401,556,072</u>
<b>Accumulated depreciation</b>							
At 1 January 2014	82,122,346	3,319,131	8,192,139	3,705,258	1,629,328	63,972,172	162,940,374
Charge for the financial year	8,586,256	1,032,053	1,193,091	232,969	607,902	3,439,542	15,091,813
Disposals	-	(1,083,733)	(131,494)	-	-	-	(1,215,227)
Write off	(3,643)	(4,288)	(50,296)	-	(51,399)	-	(109,626)
Exchange differences	5,769,430	-	304,538	-	-	4,323,986	10,397,954
At 31 December 2014	<u>96,474,389</u>	<u>3,263,163</u>	<u>9,507,978</u>	<u>3,938,227</u>	<u>2,185,831</u>	<u>71,735,700</u>	<u>187,105,288</u>
<b>Accumulated impairment losses</b>							
At 1 January 2014/ 31 December 2014	-	6,053	-	-	-	-	6,053
<b>Carrying amount</b>							
At 31 December 2014	<u>193,821,780</u>	<u>5,969,601</u>	<u>5,302,704</u>	<u>840,093</u>	<u>1,787,118</u>	<u>6,723,435</u>	<u>214,444,731</u>

**4. Property, Plant and Equipment (Cont'd)**

- (a) Included in the property, plant and equipment of the Group are leasehold land and buildings with carrying amount of RM10,973,167 (2014: RM7,809,982) which have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 28 and 33.
- (b) Included in the property, plant and equipment of the Group are:
- (i) Motor vehicles under finance lease arrangement with carrying amount of RM6,528,497 (2014: RM5,885,895).
  - (ii) Plant, machinery and equipment under finance lease arrangement with carrying amount of RM2,413,979 (2014: RM Nil).
  - (iii) Leasehold land and buildings under term loan financing with carrying amount of RM7,770,225 (2014: RM4,530,865).

The above assets are pledged as securities for the related financing facilities.

- (c) The remaining lease period of the leasehold land and buildings ranges from 28 to 98 (2014: 29 to 95) years.
- (d) Leasehold land with carrying amount of RM195,960,718 (2014: RM175,391,152) situated in mainland China is held under medium term lease.
- (e) The aggregate additional cost for the property, plant and equipment of the Group during the financial year acquired under finance lease arrangement, term loan financing and cash payment are as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Aggregate costs	13,158,495	5,732,232
Less: Finance lease	(4,215,600)	(1,583,000)
Less: Term loan financing	(2,102,413)	(561,000)
Cash payments	<u>6,840,482</u>	<u>3,588,232</u>

**5. Capital Work-In-Progress**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
At 1 January	208,447	3,306,077
Additions	6,209,768	208,447
Transfer to property, plant and equipment (Note 4)	(400,000)	-
Transfer to investment properties (Note 7)	-	(3,306,077)
Exchange differences	210,864	-
At 31 December	<u>6,229,079</u>	<u>208,447</u>

**6. Land and Property Development Costs**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
<b>Non-Current</b>		
<b>Freehold land, at cost</b>		
At 1 January	73,068,787	78,481,242
Additions	8,455,658	-
Transfer from current portion	17,211,929	-
Transfer to current portion	-	(5,412,455)
Transfer from property development costs	2,178,000	-
At 31 December	<u>100,914,374</u>	<u>73,068,787</u>
<b>Long term leasehold land, at cost</b>		
At 1 January	60,353,585	109,716,815
Additions	111,102,243	-
Transfer to current portion	(39,247,984)	(12,828,249)
Transfer to property development costs	(3,843)	(36,534,981)
At 31 December	<u>132,204,001</u>	<u>60,353,585</u>
<b>Property development costs</b>		
At 1 January	214,126,629	204,264,557
Additions	107,607,627	43,316,699
Transfer to current portion	(37,652,035)	(69,989,608)
Transfer (to) / from freehold and leasehold land	(2,174,157)	36,534,981
At 31 December	<u>281,908,064</u>	<u>214,126,629</u>
Total non-current land and property development costs	<u>515,026,439</u>	<u>347,549,001</u>

**6. Land and Property Development Costs (Cont'd)**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
<b>Current</b>		
<b>Freehold land, at cost</b>		
At 1 January	5,412,455	-
Additions	23,789,796	-
Transfer from non-current portion	-	5,412,455
Transfer to non-current portion	(17,211,929)	-
Transfer from property development costs	5,708,324	-
Transfer to profit or loss	(2,462,875)	-
At 31 December	<u>15,235,771</u>	<u>5,412,455</u>
<b>Long term leasehold land, at cost</b>		
At 1 January	80,827,790	51,850,577
Additions	14,228,255	34,745,577
Transfer from non-current portion	39,247,984	12,828,249
Transfer from property development costs	500,000	5,263,910
Transfer to profit or loss	(44,993,123)	(23,860,523)
Transfer to inventories	(1,448,707)	-
At 31 December	<u>88,362,199</u>	<u>80,827,790</u>
<b>Property development costs</b>		
At 1 January	834,129,658	620,536,369
Additions	417,207,770	467,956,393
Transfer from non-current portion	37,652,035	69,989,608
Transfer to freehold and leasehold land	(6,208,324)	(5,263,910)
Transfer to profit or loss	(572,424,348)	(318,556,962)
Transfer to inventories	(66,491,214)	(531,840)
At 31 December	<u>643,865,577</u>	<u>834,129,658</u>
Less: Costs recognised in profit or loss		
At 1 January	<u>536,640,189</u>	<u>434,656,514</u>
Recognised during the financial year	<u>392,969,090</u>	<u>410,832,718</u>
	929,609,279	845,489,232
Less: Portion related to completed projects	(619,880,346)	(308,849,043)
At 31 December	<u>309,728,933</u>	<u>536,640,189</u>
Total current land and property development costs	<u>437,734,614</u>	<u>383,729,714</u>

**6. Land and Property Development Costs (Cont'd)**

- (a) Certain development lands are pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 27, 28 and 33.
- (b) Certain subsidiary companies entered into agreements with third parties (the landowners) to develop the lands, solely at the cost of the subsidiary companies and based on the agreements, the landowners are entitled to the followings:
- (i) certain percentage of the respective development profits;
  - (ii) certain percentage of the respective development gross sales value;
  - (iii) agreed contract sum as specified in the agreement; and/or
  - (iv) certain units of completed properties erected thereon free from all encumbrances.
- (c) Certain subsidiary companies (developers) entered into joint venture agreements with its subsidiary companies (the landowners) to develop the lands, solely at the cost of the developers and based on the agreements, the landowners are entitled to the followings:
- (i) certain units of completed properties erected thereon free from all encumbrance;
  - (ii) certain percentage of the respective development gross sales value; and/or
  - (iii) certain percentage of the respective development profits.
- (d) Included in the property development costs for the financial year are as follows:

		<b>Group</b>	
	<b>Note</b>	<b>2015 RM</b>	<b>2014 RM</b>
Finance costs	36	9,873,256	10,532,075
Landowners consideration		67,000,000	38,074,796
Rental of premises		-	22,400
		9,873,256	10,532,075

**7. Investment Properties**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
<b>Cost</b>		
At 1 January	35,482,317	8,348,692
Additions	317,045	23,571,884
Transfer from capital work-in-progress (Note 5)	-	3,306,077
Transfer from inventories	1,010,036	-
Transfer from non-current assets classified as held for sale (Note 22)	-	255,664
At 31 December	<u>36,809,398</u>	<u>35,482,317</u>
<b>Accumulated depreciation</b>		
At 1 January	1,609,019	1,148,787
Charge for the financial year	757,554	460,232
At 31 December	<u>2,366,573</u>	<u>1,609,019</u>
<b>Accumulated impairment losses</b>		
At 1 January 2015 / 31 December 2015	<u>675,735</u>	<u>675,735</u>
<b>Carrying amount</b>	<u>33,767,090</u>	<u>33,197,563</u>
Included in the above are:		
<b>Cost</b>		
Leasehold land and buildings	22,118,839	22,127,179
Freehold land and buildings	517,800	517,800
Commercial properties	14,172,759	12,837,338
	<u>36,809,398</u>	<u>35,482,317</u>
<b>Fair value</b>	<u>41,490,045</u>	<u>45,253,400</u>

Investment properties with carrying amount of RM32,963,944 (2014: RM25,821,362) have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 28 and 33.

Certain investment properties are leasehold properties with remaining lease periods range from 76 to 95 (2014: 77 to 96) years.

During the financial year, certain investment properties have generated rental income and incurred direct operating expenses amounting to RM852,229 and RM216,877 (2014: RM808,907 and RM212,936) respectively.

## 7. Investment Properties (Cont'd)

Investment properties comprise a number of freehold land and buildings, leasehold land and buildings and commercial properties that are leased to third parties. Each of the leases contains cancellable periods range from one to three years. Subsequent renewals are negotiated with the lessee on renewal periods range from one to two years.

Fair value of investment properties are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experiences in the locations and category of properties being valued. The fair values are within Level 3 of the fair value hierarchy.

## 8. Investment in Subsidiary Companies

### (a) Investment in subsidiary companies

	<b>Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost		
In Malaysia	393,554,395	393,554,395
Outside Malaysia	4,075	4,075
Less: Accumulated impairment losses	(192,464)	(192,464)
	393,366,006	393,366,006

The Group's subsidiary companies which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group except as disclosed in Note 8(e).

Details of the subsidiary companies are set out in Note 52.

### (b) Acquisition of subsidiary companies during the financial year

- (i) On 23 January 2015, LBS Bina Holdings Sdn. Bhd. ("LBS") has subscribed for Five Hundred and Fifty (550) ordinary shares of RM1.00 each in Megah Solaris Sdn. Bhd. ("MSSB") for a total cash consideration of Ringgit Malaysia Five Hundred and Fifty (RM550) only. Consequently, MSSB became a 55% subsidiary company of LBS.
- (ii) On 14 July 2015, LBS has acquired 1 ordinary share of RM1.00 each in Restu Bidara Sdn. Bhd. ("RBSB"), a company incorporated in Malaysia for a total cash consideration of Ringgit Malaysia One (RM1.00) only. Subsequently, LBS subscribed for additional 69 ordinary shares of RM1.00 each in RBSB for a total cash consideration of Ringgit Malaysia Sixty Nine (RM69) only. Consequently, RBSB became a 70% owned subsidiary company of LBS.

**8. Investment in Subsidiary Companies (Cont'd)****(b) Acquisition of subsidiary companies during the financial year (cont'd)**

- (iii) On 14 July 2015, MITC Engineering Sdn. Bhd. ("MITCE"), indirect subsidiary company of the Company, has acquired 2 ordinary shares of RM1.00 each in Prisma Craft Sdn. Bhd. ("PCSB") for a total cash consideration of Ringgit Malaysia Two (RM2) only. Consequently, PCSB became a wholly-owned subsidiary company of MITCE.
- (iv) On 14 July 2015, MITCE has acquired 2 ordinary shares of RM1.00 each in Top Ace Solutions Sdn. Bhd. ("TASSB") for a total cash consideration of Ringgit Malaysia Two (RM2) only. Consequently, TASSB became a wholly-owned subsidiary company of MITCE.

The effect of the acquisition on the financial results of the Group in respect of the financial year is as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Revenue	5,173,466	18,693
Cost of sales	<u>(4,938,133)</u>	<u>(526,721)</u>
Gross profit / (loss)	235,333	(508,028)
Administrative and operating expenses	<u>(13,615)</u>	<u>(710,811)</u>
Profit / (Loss) before taxation	221,718	(1,218,839)
Taxation	<u>(46,000)</u>	<u>-</u>
Total comprehensive profit / (loss) for the financial year	<u>175,718</u>	<u>(1,218,839)</u>
Net profit / (loss) for the financial year attributable to:		
Owners of the Parent	130,662	(548,690)
Non-controlling interests	<u>45,056</u>	<u>(670,149)</u>
	<u>175,718</u>	<u>(1,218,839)</u>

**8. Investment in Subsidiary Companies (Cont'd)****(b) Acquisition of subsidiary companies during the financial year (cont'd)**

Net cash flows arising from acquisition of subsidiary companies are as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Trade and other receivables	-	850,379
Goodwill on consolidation	1,273	38,316
Cash and bank balances	1,006	75,610
Trade and other payables	(2,314)	(355,258)
Group's share of net (liabilities) / assets	(35)	609,047
Excess of fair value of net assets / (liabilities) acquired over cost of acquisition	590	(247,747)
Total cost of acquisition, discharged by cash	<u>555</u>	<u>361,300</u>
Purchase consideration satisfied by cash	555	361,300
Less: Cash and cash equivalents of subsidiary companies acquired	(1,006)	(75,610)
Net cash (inflows) / outflows from the acquisition of subsidiary companies	<u>(451)</u>	<u>285,690</u>

Impact of the acquisition on the statements of profit or loss and other comprehensive income

From the date of acquisition, acquired subsidiary companies have contributed RM5,173,466 (2014: RM18,693) to the Group's revenue and increased the Group's profit for the financial year by RM175,718 (2014: decreased by RM1,218,839). If the business combination had taken place at the beginning of the financial year, the Group's revenue for the financial year would have been increased by RM Nil (2014: RM Nil) and Group's profit for the financial year would have been decreased by RM194 (2014: RM46,410).

**8. Investment in Subsidiary Companies (Cont'd)**

- (c) Additional investment in subsidiary companies during the financial year
- (i) On 30 March 2015, Casa Inspirasi Sdn. Bhd. (“CISB”), a subsidiary company of LBS has increased its paid-up share capital from 275,000 to 500,000 ordinary shares of RM1.00 each. LBS has subscribed for 130,500 ordinary shares of RM1.00 each in CISB by way of capitalisation. CISB remained as 58 % subsidiary company of LBS.
  - (ii) On 7 October 2015, Fokus Awana Sdn. Bhd.(“FASB”), a 70% owned subsidiary company of LBS, has increased its paid up share capital from 100,000 to 7,000,000 ordinary shares of RM1.00 each. LBS has subscribed for an additional 4,830,000 ordinary shares of RM1.00 each in FASB by way of capitalisation. FASB remained as 70% owned subsidiary company of LBS.
  - (iii) During the financial year, Sinaran Restu Sdn. Bhd. (“SRSB”), a wholly-owned subsidiary company of LBS has increased its paid up share capital from 3,000,000 to 17,000,000 ordinary shares of RM1.00 each. LBS has subscribed for an additional 14,000,000 ordinary shares of RM1.00 each in SRSB by way of capitalisation.
- (d) Acquisition of non-controlling interests during the financial year
- (i) On 9 January 2015, MITCE has acquired Twenty Five Thousand (25,000) ordinary shares of RM1.00 each in Prisma Kasturi Sdn. Bhd. (“PKSB”), a company incorporated in Malaysia from MITC Sdn. Bhd. (“MITC”) and non-controlling interests for a total cash consideration of Ringgit Malaysia Two (RM2) only. Consequently, PKSB ceased to be 51% subsidiary company of MITC and became a wholly-owned subsidiary company of MITCE.
  - (ii) On 1 September 2015, MITCE has acquired One Hundred (100) ordinary shares of RM1.00 each in Restu Bidara Sdn. Bhd. (“RBSB”) from LBS and non-controlling interests for a total cash consideration of Ringgit Malaysia One Hundred (RM100) only. Consequently, RBSB ceased to be 70% subsidiary company of LBS and became a wholly-owned subsidiary company of MITCE.
  - (iii) On 8 September 2015, LBS has acquired One Hundred Fifty Thousand (150,000) ordinary shares of RM1.00 each in Johan Anggun Sdn. Bhd. (“JASB”) for a total cash consideration of Ringgit Malaysia Three Million (RM3,000,000) only. Consequently, LBS’s shareholding in JASB increased from 70% to 85%.

**8. Investment in Subsidiary Companies (Cont'd)****(d) Acquisition of non-controlling interests during the financial year (cont'd)**

- (iv) On 15 October 2015, LBS has entered into a Share Sale Agreement to acquire Two Million One Hundred Thousand (2,100,000) ordinary shares of RM1.00 each representing 30% of the equity interest in FASB for a total cash consideration of Ringgit Malaysia Twelve Million (RM12,000,000) only. The Share Sale Agreement completed on 26 November 2015. Consequently, LBS's shareholding in FASB increased from 70% to 100%.
- (v) During the financial year, LBS has acquired One Hundred Forty Five Thousand (145,000) ordinary shares of RM1.00 each in Iringan Kejora Sdn. Bhd. ("IKSB") for a total cash consideration of Ringgit Malaysia Twenty Four Million and Three Hundred Thousand (RM24,300,000) only. Consequently, LBS's shareholding in IKSB increased from 51% to 80%.

The effect of changes in the equity interest that is attributable to the owners of the Parent is as follows:

	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Carrying amount of non-controlling interests	473,240	2,606,071
Consideration paid to non-controlling interests	<u>(39,300,031)</u>	<u>(34,600,000)</u>
Decrease in Parent's equity	<u>(38,826,791)</u>	<u>(31,993,929)</u>

**8. Investment in Subsidiary Companies (Cont'd)****(e) Material partly owned subsidiary companies**

The summarised financial information of the Group's subsidiary companies that have material non-controlling interests (amounts before inter-company elimination) is as follows:

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss) / Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2015	2014	2015	2014	2015	2014
	%	%	RM	RM	RM	RM
Zhuhai International Circuit Limited ("ZIC")	40	40	(5,938,167)	(4,192,129)	(29,167,922)	(18,537,396)
Mayang Jelatek Sdn. Bhd. ("MJSB")	49	49	318,890	456,644	8,695,140	8,376,250
MITC Engineering Sdn. Bhd. ("MITCE")	25	25	3,086,246	3,116,120	6,539,262	6,453,016
Individually immaterial subsidiaries with non-controlling interests					<u>(5,354,952)</u>	<u>(3,499,030)</u>
Total non-controlling interests					<u>(19,288,472)</u>	<u>(7,207,160)</u>

**8. Investment in Subsidiary Companies (Cont'd)****(e) Material partly owned subsidiary companies (cont'd)**

The summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company elimination.

**(i) Summarised statements of financial position**

	<b>ZIC</b>	<b>MJSB</b>	<b>MITCE</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2015</b>			
Non-current assets	210,338,812	6,262,723	44,224,395
Current assets	40,782,462	17,366,940	133,175,963
Non-current liabilities	(204,360,814)	-	(21,272,212)
Current liabilities	(110,364,615)	(5,884,474)	(129,971,102)
Net (liabilities) / assets	<u>(63,604,155)</u>	<u>17,745,189</u>	<u>26,157,044</u>
Equity attributable to :			
Owners of the Parent	(34,436,233)	17,745,189	26,157,044
Non-controlling interests	<u>(29,167,922)</u>	-	-
Total Equity	<u>(63,604,155)</u>	<u>17,745,189</u>	<u>26,157,044</u>
<b>2014</b>			
Non-current assets	194,127,440	6,081,136	39,072,475
Current assets	32,096,330	16,609,799	143,407,739
Non-current liabilities	(176,231,016)	-	(14,247,035)
Current liabilities	(89,071,152)	(5,596,543)	(142,421,117)
Net (liabilities) / assets	<u>(39,078,398)</u>	<u>17,094,392</u>	<u>25,812,062</u>
Equity attributable to :			
Owners of the Parent	(20,605,934)	17,094,392	25,812,062
Non-controlling interests	<u>(18,472,464)</u>	-	-
Total Equity	<u>(39,078,398)</u>	<u>17,094,392</u>	<u>25,812,062</u>

**8. Investment in Subsidiary Companies (Cont'd)****(e) Material partly owned subsidiary companies (cont'd)**

The summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company elimination. (cont'd)

**(ii) Summarised statements of profit or loss and other comprehensive income**

	<b>ZIC RM</b>	<b>MJSB RM</b>	<b>MITCE RM</b>
<b>2015</b>			
Revenue	22,469,122	5,595,581	263,222,219
Net (loss) / profit for the financial year	(14,845,418)	650,797	12,344,982
Other comprehensive income for the financial year	691,530	271,482	-
Total comprehensive (loss) / income for the financial year	(14,153,888)	922,279	12,344,982
<b>2014</b>			
Revenue	18,183,533	4,429,115	313,613,328
Net (loss) / profit for the financial year	(10,480,323)	931,928	11,157,325
Other comprehensive income for the financial year	42,675	219,896	-
Total comprehensive (loss) / income for the financial year	(10,437,648)	1,151,824	11,157,325

**8. Investment in Subsidiary Companies (Cont'd)****(e) Material partly owned subsidiary companies (cont'd)**

The summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company elimination. (cont'd)

**(iii) Summarised statements of cash flows**

	<b>ZIC RM</b>	<b>MJSB RM</b>	<b>MITCE RM</b>
<b>2015</b>			
Net cash (used in) / generated from operating activities	(1,836,294)	1,687,596	9,594,937
Net cash used in investing activities	(502,494)	-	(2,445,500)
Net cash generated from / (used in) financing activities	<u>2,830,269</u>	<u>(1,594,793)</u>	<u>(8,543,364)</u>
Net increase / (decrease) in cash and cash equivalents	<u>491,481</u>	<u>92,803</u>	<u>(1,393,927)</u>
<b>2014</b>			
Net cash generated from operating activities	4,040,967	761,350	13,003,698
Net cash used in investing activities	(224,693)	-	(26,426,428)
Net cash generated from / (used in) financing activities	<u>4,581,126</u>	<u>(983,863)</u>	<u>428,444</u>
Net increase / (decrease) in cash and cash equivalents	<u>8,397,400</u>	<u>(222,513)</u>	<u>(12,994,286)</u>

**(iv) Dividend paid**

	<b>ZIC RM</b>	<b>MJSB RM</b>	<b>MITCE RM</b>
<b>2015</b>			
Dividend paid to non-controlling interests	<u>-</u>	<u>-</u>	<u>(3,000,000)</u>
<b>2014</b>			
Dividend paid to non-controlling interests	<u>-</u>	<u>-</u>	<u>(2,000,000)</u>

**9. Investment in Associated Companies**

## (a) Investment in associated companies

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>At cost</b>				
Quoted shares in Malaysia	10,883,769	9,754,704	10,883,769	9,754,704
Unquoted shares in Malaysia	4,100,070	4,005,070	-	-
	<u>14,983,839</u>	<u>13,759,774</u>	<u>10,883,769</u>	<u>9,754,704</u>
<b>Accumulated impairment losses</b>				
At 1 January	199,999	-	-	-
Impairment during the financial year	3,578,431	199,999	3,578,431	-
At 31 December	3,778,430	199,999	3,578,431	-
Group's share of post acquisition reserves	2,673,931	308,293	-	-
	<u>13,879,340</u>	<u>13,868,068</u>	<u>7,305,338</u>	<u>9,754,704</u>

Details of the associated companies are set out in Note 53.

The recoverable amount of the Company's investment in ML Global Berhad estimated based on value-in-use method was RM7,305,338. An impairment loss amounting to RM3,578,431 was recognised during the financial year. In determining value-in-use for ML Global Berhad, the cash flows were discounted at a rate of 6.79% on a pre-tax basis.

## (b) The summarised financial information of the associated companies is as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
<b>Assets and liabilities</b>		
Non-current assets	21,386,850	24,500,527
Current assets	34,510,051	19,870,201
Total assets	<u>55,896,901</u>	<u>44,370,728</u>
Non-current assets classified as held for sale	12,086,177	9,385,884
Non-current liabilities	(14,663,759)	(15,133,470)
Current liabilities	(22,103,524)	(17,356,005)
Total net assets	<u>31,215,795</u>	<u>21,267,137</u>
<b>Financial results</b>		
Revenue	37,026,211	8,459,644
Profit / (loss) before taxation	6,701,819	(280,146)
Taxation	3,096,840	-
Net profit / (loss) for the financial year	<u>9,798,659</u>	<u>(280,146)</u>

**9. Investment in Associated Companies (Cont'd)**

- (b) The summarised financial information of the associated companies is as follows: (cont'd)

The unrecognised share of losses of the associated companies is as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
At 1 January	206,676	195,354
Additions during the financial year	18,791	11,322
At 31 December	225,467	206,676

- (c) Investment in associated companies during the financial year

- (i) On 21 April 2015, MITCE acquired One (1) ordinary shares of RM1.00 each of YLT Consultancy Sdn. Bhd. (formerly known as Esquire Outlet Sdn. Bhd.) ("YLTCBSB") for a total cash consideration of Ringgit Malaysia One (RM1) only.

On 22 April 2015, MITCE subscribed for Twenty Nine (29) ordinary shares of RM1.00 each in YLTCBSB. Consequently, YLTCBSB became a 30% associated company of MITCE.

On 21 October 2015, YLTCBSB has increased its paid up share capital from 100 to 150,000 ordinary shares of RM1.00 each. MITCE has subscribed for additional 44,970 ordinary shares of RM1.00 each in YLTCBSB by way of capitalisation of RM34,850 and cash payment of RM10,120. YLTCBSB remained as a 30% associated company of MITCE.

- (ii) On 8 June 2015, Pelangi Homes Sdn. Bhd. ("PHSB"), a wholly-owned subsidiary company of LBS, has acquired 50,000 ordinary shares of RM1.00 each in Biz Bena Development Sdn. Bhd. ("BBDSB") for a total cash consideration of Ringgit Malaysia Fifty Thousand (RM50,000) only. Consequently, PHSB's shareholding in BBDSB increased from 40% to 50% .
- (iii) During the financial year, the Company has acquired 1,852,600 ordinary shares of RM0.50 each in ML Global Berhad ("ML Global") for a total cash consideration of Ringgit Malaysia Seven Hundred Sixty Three Thousand Four Hundred Fifty Eight (RM763,458) only. Consequently, ML Global became a 24.13% associated company of the Company.

**9. Investment in Associated Companies (Cont'd)**

- (d) The Group's associated companies are not material individually to the financial position, financial performance and cash flows of the Group except for ML Global.

The summarised financial information of the Group's material associated company is set out below:

Name of company	Proportion of ownership interests and voting rights held		Investment in associated companies	
	2015	2014	2015	2014
	%	%	RM	RM
ML Global	24.13	22.06	11,073,306	11,072,710
Individually immaterial associated companies			2,806,034	2,795,358
			<u>13,879,340</u>	<u>13,868,068</u>

The summarised financial information represents the amounts in the financial statements of ML Global and not the Group's share of those amounts.

	ML Global	
	2015	2014
	RM	RM
<b>Assets and liabilities</b>		
Non-current assets	20,109,742	24,402,432
Current assets	32,892,852	18,000,237
Non-current assets classified as held for sale	12,086,177	9,385,884
Total assets	<u>65,088,771</u>	<u>51,788,553</u>
Non-current liabilities	(13,976,087)	(15,133,470)
Current liabilities	(20,837,768)	(16,554,005)
Total liabilities	<u>(34,813,855)</u>	<u>(31,687,475)</u>
Total net assets	<u>30,274,916</u>	<u>20,101,078</u>
Market value:		
Quoted shares in Malaysia	<u>40,335,480</u>	<u>39,439,136</u>
<b>Financial results</b>		
Revenue	<u>37,026,211</u>	<u>8,459,644</u>
Profit before taxation	7,076,998	1,370,419
Taxation	3,096,840	(1,252,483)
Net profit for the financial year	<u>10,173,838</u>	<u>117,936</u>

10. **Promissory Note**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Non-current	100,498,924	159,661,639
Current	105,523,704	85,866,581
	<u>206,022,628</u>	<u>245,528,220</u>

The promissory note has a principal amount of HKD850 million and is secured, interest free and receivable by four annual instalments. The first instalment of HKD250 million (equivalent to approximately RM112.7 million) has been received in year 2014. The second instalment of HKD200 million (equivalent to approximately RM107.5 million) has been received during the financial year. The remaining two instalments of HKD200 million each are receivable on or before 31 December 2016 and 31 December 2017 respectively. The promissory note is carried at amortised cost based on an effective interest rate of 5% per annum. The proceeds of promissory note has been assigned to partially secure the bank borrowings as disclosed in Note 28.

11. **Other Investments**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Non-Current</b>				
<i>Available-for-sale financial assets</i>				
Equity securities listed in Hong Kong measured at fair value on recurring basis and classified as level 1 of the fair value hierarchy	<u>93,835,130</u>	<u>135,621,315</u>	<u>-</u>	<u>-</u>
	93,835,130	135,621,315	-	-
<b>Other investment</b>				
<b>At cost</b>				
Transferable corporate club membership	1,248,501	1,248,500	-	-
<b>Accumulated impairment losses</b>				
At 1 January	-	-	-	-
Impairment during the financial year	100,000	-	-	-
At 31 December	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,148,501</u>	<u>1,248,500</u>	<u>-</u>	<u>-</u>
	<u>94,983,631</u>	<u>136,869,815</u>	<u>-</u>	<u>-</u>

**11. Other Investments (Cont'd)**

During the financial year, the Group has recognised an impairment loss of RM100,000 (2014: RM Nil) on transferable corporate club membership classified as other investment as there was significant decline in the fair value of the investment below its cost.

The equity securities listed in Hong Kong with carrying amount of RM93,835,130 (2014: RM135,621,315) have been pledged to licensed banks to partially secure the bank overdrafts as disclosed in Note 33.

The fair value of the listed equity securities was determined by reference to the quoted prices in an active market.

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Current</b>				
<b><i>Financial assets at fair value through profit or loss</i></b>				
Over the counter trust funds measured at fair value on recurring basis and classified as level 1 of the fair value hierarchy	38,488,161	27,070,770	11,029,697	22,070,770

The fair value of the trust funds was determined by reference to the quoted prices provided by a financial intermediary.

**12. Goodwill on Consolidation**

	Group	
	2015 RM	2014 RM
<b>Cost</b>		
At 1 January	134,644,894	134,606,578
Acquisition of subsidiary companies	1,274	38,316
At 31 December	<u>134,646,168</u>	<u>134,644,894</u>
<b>Accumulated impairment losses</b>		
At 1 January	47,502,567	40,451,824
Impairment during the financial year	2,926,366	7,050,743
At 31 December	<u>50,428,933</u>	<u>47,502,567</u>
<b>Carrying amount</b>	<u>84,217,235</u>	<u>87,142,327</u>

**12. Goodwill on Consolidation (Cont'd)****(a) Impairment test for goodwill on consolidation**

Goodwill on consolidation has been allocated to Group's cash-generating units ("CGUs") identified according to business segments as property development.

**(b) Key assumptions used to determine the recoverable amount**

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used for value-in-use calculations are based on future projection of the Group in Malaysia as follows:

Net margin	21%
Growth rate	N/A
Pre-tax discount rate	5.20% p.a.

The key assumptions that the directors have used in the cash flow projections to undertake impairment testing are as follows:

- (i) Net margin - Budgeted value based on the average margins achieved in the year immediately before the budgeted year, increased for expected efficiency improvements and market development.
- (ii) Growth rate - Not applicable as the cash flow projections made is for a period of 5 years, in accordance with the expected life cycle of the CGU.
- (iii) Pre-tax discount rate - Rate that reflects specific risks relating to the relevant CGU.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

**(c) Impairment recognised during the financial year**

The Group recognised an impairment of RM2,926,366 (2014: RM7,050,743) during the financial year in respect of the goodwill arising on consolidation. The goodwill relates to certain subsidiary companies which mainly undertake development projects which are expected to complete within the next 5 years. As a decrease in development activities or other significant cash generating activities is expected from the subsidiary companies, the related goodwill has been impaired accordingly.

**13. Deferred Tax Assets**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
At 1 January	2,989,265	855,372
Recognised in profit or loss	10,193,425	2,133,893
At 31 December	<u>13,182,690</u>	<u>2,989,265</u>

The Group has recognised the deferred tax assets as it is probable that its existing construction contracts and development projects would generate sufficient taxable profits in future against which the deferred tax assets can be utilised.

Deferred tax assets and liabilities are off-set when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

The net deferred tax assets shown on the statements of financial position after appropriate offsetting are as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Deferred tax assets	13,295,290	2,989,265
Deferred tax liabilities	<u>(112,600)</u>	<u>-</u>
	<u>13,182,690</u>	<u>2,989,265</u>

The components and movements of deferred tax assets of the Group are as follows:

	<b>Unused tax losses</b>	<b>Unutilised capital allowances</b>	<b>Accelerated capital allowances</b>	<b>Others</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
At 1 January 2015	118,552	-	-	2,870,713	2,989,265
Recognised in profit or loss	<u>(118,552)</u>	<u>180,401</u>	<u>(293,001)</u>	<u>10,424,577</u>	<u>10,193,425</u>
At 31 December 2015	<u>-</u>	<u>180,401</u>	<u>(293,001)</u>	<u>13,295,290</u>	<u>13,182,690</u>
At 1 January 2014	97,066	-	(866)	759,172	855,372
Recognised in profit or loss	<u>21,486</u>	<u>-</u>	<u>866</u>	<u>2,111,541</u>	<u>2,133,893</u>
At 31 December 2014	<u>118,552</u>	<u>-</u>	<u>-</u>	<u>2,870,713</u>	<u>2,989,265</u>

**13. Deferred Tax Assets (Cont'd)****Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following temporary differences:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Unutilised capital allowances	1,729,756	1,397,747
Unused tax losses	58,046,796	66,866,036
Deductible temporary differences	848,327	795,473
	<u>60,624,879</u>	<u>69,059,256</u>

**14. Inventories**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
<b>At cost:</b>		
Stock of completed properties	74,160,419	10,683,238
Finished goods	116,853	44,453
<b>At net realisable value:</b>		
Stock of completed properties	2,260,000	2,296,400
	<u>76,537,272</u>	<u>13,024,091</u>
<b>Recognised in profit or loss</b>		
Inventories recognised in cost of sales	2,360,216	10,855,850
Inventories written down	36,400	-

Included in the inventories above are carrying amount of RM27,449,832 (2014: RM3,170,900) which have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 27 and 28.

**15. Amount Owning by/(to) Customers on Contracts**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Contract cost incurred to date	81,130,755	21,717,362
Attributable profits recognised to-date	9,314,693	1,600,221
	<u>90,445,448</u>	<u>23,317,583</u>
Less: Progress billings	<u>(95,992,231)</u>	<u>(24,717,581)</u>
	<u>(5,546,783)</u>	<u>(1,399,998)</u>
Presented as:		
Amount owing by customers on contracts	56,017	3,693,953
Amount owing to customers on contracts	<u>(5,602,800)</u>	<u>(5,093,951)</u>
	<u>(5,546,783)</u>	<u>(1,399,998)</u>

Included in contract cost incurred to date is rental of premises amounting to RM72,700 (2014: RM45,850).

Included in progress billings is retention sum of RM4,197,412 (2014: RM1,748,149).

**16. Trade Receivables**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Trade receivables		
- Third parties	194,636,534	180,287,126
- Related parties	2,915,203	2,652,696
	<u>197,551,737</u>	<u>182,939,822</u>
Less: Allowance for impairment losses		
- Third parties	<u>(1,427,906)</u>	<u>(1,364,204)</u>
	<u>196,123,831</u>	<u>181,575,618</u>

The Group's normal trade credit terms range from 14 to 180 days (2014: 14 to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in the trade receivables was an amount of RM28,711,184 (2014: RM16,688,750) retained by stakeholders which are due upon the expiry of retention period as stipulated in the sale and purchase agreements. The retention periods range from 8 to 24 months.

**16. Trade Receivables (Cont'd)**

Analysis of the trade receivables ageing are as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Neither past due nor impaired	70,425,190	76,924,295
Past due less than 30 days not impaired	41,812,056	32,981,110
Past due for 31-60 days not impaired	17,834,164	9,887,956
Past due for more than 60 days not impaired	66,052,421	61,782,257
	125,698,641	104,651,323
	196,123,831	181,575,618
Individually impaired	1,427,906	1,364,204
	197,551,737	182,939,822

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2015, trade receivables of RM125,698,641 (2014: RM104,651,323) were past due but not impaired. These mainly relate to amounts due from house buyers with end financing facilities from end financiers. In respect of house buyers with no end financing facilities, the Group retains the legal title to all the properties sold until the full contracted sale value is settled. Accordingly, under normal circumstances, amounts due from house buyers are not impaired.

The movements in the allowance for impairment losses (individually assessed) during the financial year are as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
At 1 January	1,364,204	1,359,568
Reversal of allowance for impairment losses	-	(19,621)
Exchange differences	63,702	24,257
At 31 December	1,427,906	1,364,204

The trade receivables of the Group that are individually assessed to be impaired amounting to RM1,427,906 (2014: RM1,364,204), related to purchasers that are in financial difficulties or have defaulted on payments. These balances are expected to be recovered through the debt recovery process.

17. **Other Receivables**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Other receivables				
- Third parties	33,607,678	23,485,591	113,720	-
- Related parties	621,145	650,234	3,200,000	33,983,360
	<u>34,228,823</u>	<u>24,135,825</u>	<u>3,313,720</u>	<u>33,983,360</u>
Less: Allowance for impairment losses				
- Third parties	(9,852,186)	(9,864,904)	-	-
	<u>24,376,637</u>	<u>14,270,921</u>	<u>3,313,720</u>	<u>33,983,360</u>
Deposits				
- Third parties	21,067,029	37,104,746	4,500	4,500
- Related parties	76,538	29,728	-	-
Prepayments	47,353,085	12,225,646	-	116,903
<b>Total other receivables</b>	<u><b>92,873,289</b></u>	<u><b>63,631,041</b></u>	<u><b>3,318,220</b></u>	<u><b>34,104,763</b></u>

Included in other receivables of the Group mainly comprise of the followings:

- (i) Deposits and prepaid purchase consideration of RM9,680,000 and RM39,750,000 (2014: RM27,277,508 and RM8,250,000) paid for the acquisition and joint venture of development lands that have not been completed as at 31 December 2015. The balance of these deposits and prepaid purchase consideration are disclosed as capital commitments in Note 50.
- (ii) An amount of RM4,012,645 (2014: RM4,012,645) provided for settlement with the purchasers of a development project of a subsidiary company in accordance with the Workout Proposals of Instangreen Corporation Berhad. This amount will be settled upon receipt of claims from all the purchasers.
- (iii) An amount of RM686,857 (2014: RM673,768) arising from a project management agreement signed with a developer. The projects have been completed and collection is pending strata titles issuance and closure of housing development accounts by the developer.

Included in other receivables of the Company was an amount of RM3,200,000 (2014: RM33,983,360) arising from the dividend receivable from subsidiary companies.

**17. Other Receivables (Cont'd)**

Analysis of the other receivables ageing is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
Neither past due nor impaired	8,271,462	174,396	3,313,720	33,983,360
Past due less than 30 days not impaired	3,527,288	1,928,767	-	-
Past due for 31-60 days not impaired	2,816	-	-	-
Past due for more than 60 days not impaired	12,575,071	12,167,758	-	-
	<u>24,376,637</u>	<u>14,270,921</u>	<u>3,313,720</u>	<u>33,983,360</u>
Individually impaired	9,852,186	9,864,904	-	-
	<u>34,228,823</u>	<u>24,135,825</u>	<u>3,313,720</u>	<u>33,983,360</u>

The Group and the Company have not recognised any impairment on certain receivables that are past due at the end of financial year, as there has not been significant change in credit quality and these amounts are still considered receivable.

The movements in the allowance for impairment losses (individually assessed) during the financial year are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
At 1 January	9,864,904	9,886,552	-	-
Reversal of allowance for impairment losses	(12,718)	(21,648)	-	-
At 31 December	<u>9,852,186</u>	<u>9,864,904</u>	<u>-</u>	<u>-</u>

The reversal of allowance for impairment losses was made during the financial year when these balances are recovered.

Other receivables that are individually determined to be impaired at the reporting date related to debtors that are in financial difficulties and have defaulted on payment.

**18. Amount Owing by/(to) Subsidiary Companies**

(a) Amount owing by subsidiary companies

These represent unsecured interest free advances and repayable on demand except for an amount of RM252,653,104 (2014: RM166,979,336) which bears interest ranging from 5.20% to 5.96% (2014: 5.86%) per annum.

(b) Amount owing to subsidiary company

These represent unsecured interest free advances and repayable on demand except for an amount of RM56,946,384 (2014: RM Nil) which bears interest ranging from 3.87% to 3.89% (2014: Nil%) per annum.

**19. Fixed Deposits with Licensed Banks**

Included in the fixed deposits of the Group and of the Company are amounts of RM20,452,403 and RM10,341,966 (2014: RM42,670,038 and RM11,792,193) respectively which are pledged to licensed banks as security for banking facilities granted to the Company and certain subsidiary companies as disclosed in Notes 27 and 28.

The interest rates and maturities of deposits of the Group and of the Company at the reporting date ranging from 0.28% to 4.50% (2014: 0.50% to 3.60%) per annum and 1 to 365 days (2014: 1 to 365 days) respectively. All unpledged deposits have maturity periods of less than three months.

**20. Cash Held under Housing Development Accounts**

Cash held under the Housing Development Accounts which are not freely available for use represents monies received from purchasers of residential properties less payments or withdrawals in accordance with the Housing Development (Controls and Licensing) Act, 1966.

The interest rates of cash held under Housing Development Accounts at the reporting date ranging from 0.20% to 2.20 % (2014: 0.20% to 2.20 %) per annum.

**21. Cash and Bank Balances**

Included in cash and bank balances of the Group and of the Company are as follows:

- (i) Sinking fund and Disbursement Accounts balances amounting to RM Nil and RM Nil (2014: RM661,857 and RM23,849) respectively maintained in accordance with the terms and conditions set out in Trust Deed dated 12 July 2010 as disclosed in Note 27 to meet redemption of maturing Islamic Securities and future disbursement.
- (ii) Deposits with licensed banks amounting to RM9,114,119 and RM724,614 (2014: RM8,053,655 and RM524,250) respectively have been pledged to licensed banks for banking facilities granted to the Group and to the Company as disclosed in Note 28.

**22. Non-Current Assets Classified as Held for Sale**

Investment properties that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

The Group has entered into agreements to dispose of the investment properties.

	<b>2015</b>	<b>Group</b>	<b>2014</b>
	<b>RM</b>		<b>RM</b>
At 1 January	-		696,991
Transfer to investment properties (Note 7)	-		(255,664)
Disposals during the financial year	-		(441,327)
At 31 December	<u>-</u>		<u>-</u>

23. **Share Capital**

	<b>Group/Company</b>		<b>Amount</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>Unit</b>	<b>Unit</b>	<b>RM</b>	<b>RM</b>
Ordinary shares of RM1.00 each				
<b>Authorised</b>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
<b>Issued and fully paid</b>				
At 1 January	538,298,257	479,651,357	538,298,257	479,651,357
Issuance of shares:				
- Exercise of ESOS	3,470,300	1,609,900	3,470,300	1,609,900
- Exercise of warrants	9,668,560	37,037,000	9,668,560	37,037,000
- Private Placement	-	20,000,000	-	20,000,000
At 31 December	<u>551,437,117</u>	<u>538,298,257</u>	<u>551,437,117</u>	<u>538,298,257</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Company, all rights are suspended until those shares are reissued.

During the financial year, the Company increased its issued and paid-up share capital from 538,298,257 to 551,437,117 by way of issuance of 13,138,860 new ordinary shares of RM1.00 each as follows:

- (a) 3,470,300 new ordinary shares of RM1.00 each for cash arising from the exercise of share options under Employees' Share Option Scheme at a weighted average exercise price of RM1.11 per ordinary share;
- (b) 9,668,560 new ordinary shares of RM1.00 each for cash arising from the exercise of Warrants A; and
- (c) 15,000 new ordinary shares of RM1.25 each for cash arising from the exercise of Warrants B.

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

24. **Share Premium**

	<b>Group/Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
<b>Non-distributable</b>		
At 1 January	44,586,608	26,641,899
Exercise of ESOS	391,361	241,009
Exercise of warrants	969,106	3,703,700
Private Placement	-	14,000,000
Own shares sold	2,350,960	-
At 31 December	48,298,035	44,586,608

25. **Treasury Shares**

	<b>Group/Company</b>			
	<b>Number of shares</b>		<b>Amount</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>Unit</b>	<b>Unit</b>	<b>RM</b>	<b>RM</b>
At 1 January	10,830,000	7,514,700	14,678,685	9,541,438
Shares repurchased	7,606,800	3,315,300	10,900,389	5,137,247
Own shares sold	(12,320,000)	-	(16,944,663)	-
At 31 December	6,116,800	10,830,000	8,634,411	14,678,685

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 29 May 2015, renewed their approval for the Company's plan to repurchase its own shares. The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 7,606,800 (2014: 3,315,300) of its issued shares from the open market. The average price paid for the shares repurchased was RM1.43 (2014: RM1.55) per share. The total consideration paid for the repurchase including transaction costs was RM10,900,389 (2014: RM5,137,247). The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

During the financial year, the Company has also disposed of 12,320,000 of its treasury shares in the open market for a total consideration of RM19,295,623.

**25. Treasury Shares (Cont'd)**

The Company has the right to resell these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

Details of the repurchase and resale of treasury shares during the financial year are as follows:

	<b>Number of shares repurchased Unit</b>	<b>Highest price paid per share RM</b>	<b>Lowest price paid per share RM</b>	<b>Average price per share RM</b>	<b>Total consideration paid RM</b>
<b>2015</b>					
March	380,000	1.51	1.49	1.51	572,898
April	1,090,000	1.55	1.49	1.52	1,661,802
May	20,000	1.62	1.55	1.56	31,278
June	74,600	1.64	1.60	1.62	120,635
July	1,543,200	1.56	1.45	1.49	2,296,211
August	2,850,400	1.50	1.28	1.39	3,953,346
September	1,108,400	1.46	1.28	1.37	1,519,359
October	110,200	1.42	1.39	1.41	155,634
November	260,000	1.39	1.34	1.37	356,769
December	170,000	1.37	1.35	1.37	232,457
	<u>7,606,800</u>				<u>10,900,389</u>
<b>2014</b>					
January	1,588,900	1.61	1.48	1.55	2,460,088
February	160,000	1.49	1.47	1.49	237,960
June	20,000	1.73	1.73	1.74	34,852
October	300,000	1.59	1.55	1.56	469,321
December	1,246,400	1.62	1.46	1.55	1,935,026
	<u>3,315,300</u>				<u>5,137,247</u>
	<b>Number of treasury shares resold Unit</b>	<b>Highest price resold per share RM</b>	<b>Lowest price resold per share RM</b>	<b>Average price resold per share RM</b>	<b>Total consideration received RM</b>
<b>2015</b>					
May	<u>12,320,000</u>	1.62	1.57	1.57	<u>19,295,623</u>

26. **Other Reserves**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Non-distributable</b>				
Fair value				
reserve	(92,969,940)	(6,274,922)	(64,115,002)	54,074
ESOS reserve	12,793,610	9,945,172	12,793,610	9,945,172
Foreign				
exchange				
reserve	121,328,050	47,986,864	-	-
Other reserve	(134,078,153)	(95,251,363)	-	-
Warrants reserves	68,321,318	5,171,672	68,321,318	5,171,672
	<u>(24,605,115)</u>	<u>(38,422,577)</u>	<u>16,999,926</u>	<u>15,170,918</u>

(a) **Fair value reserve**

Fair value reserve represents the cumulative net change in the fair value of available-for-sale financial assets until they derecognised or impaired and fair value allocated to the bonus issue of free detachable Warrants B.

(b) **ESOS reserve**

	<b>Group/Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
<b>Non-distributable</b>		
At 1 January	9,945,172	6,321,209
Share-based payment	3,140,028	3,847,951
Realisation of ESOS reserve	(291,590)	(223,988)
At 31 December	<u>12,793,610</u>	<u>9,945,172</u>

Employees' Share Option Scheme reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options. The Employees' Share option Scheme are disclosed in Note 40 to the financial statements.

(c) **Foreign exchange reserve**

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

**26. Other Reserves (Cont'd)****(d) Other reserve**

Other reserve represents the difference between the Group's share of net assets before and after the acquisition of equity interest from its non-controlling interests, and any consideration paid.

**(e) Warrants reserves**

	<b>Group/Company</b>			
	<b>Number of shares</b>		<b>Amount</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>Unit</b>	<b>Unit</b>	<b>RM</b>	<b>RM</b>
<b>Non-distributable</b>				
<b>Warrants A</b>				
At 1 January	56,267,578	93,304,578	5,171,672	8,875,372
Realisation of Warrants reserve	(9,653,560)	(37,037,000)	(965,356)	(3,703,700)
At 31 December	<u>46,614,018</u>	<u>56,267,578</u>	<u>4,206,316</u>	<u>5,171,672</u>
<b>Warrants B</b>				
At 1 January	-	-	-	-
Issued during the year	136,429,897	-	64,122,052	-
Realisation of Warrants reserve	(15,000)	-	(7,050)	-
At 31 December	<u>136,414,897</u>	<u>-</u>	<u>64,115,002</u>	<u>-</u>
<b>Total warrant reserves</b>	<u>183,028,915</u>	<u>56,267,578</u>	<u>68,321,318</u>	<u>5,171,672</u>

Warrants reserves represent reserves allocated to the detachable Warrants A and Warrants B.

The salient terms of Warrants A and Warrants B are as follows:

**(i) Warrants A**

In the financial year 2008, the Company issued renounceable rights issue of 154,076,578 Warrants A on the basis of two (2) new warrants for every five (5) existing ordinary shares of RM1.00 each. The Company executed a Deed Poll constituting the warrants and the issue price and exercise price of the warrants have been fixed at RM0.10 and RM1.00 each respectively.

The Warrants A may be exercised at any time commencing on the date of issue of warrants on 12 June 2008 but not later than 11 June 2018. Any warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose.

26. **Other Reserves (Cont'd)**

(e) **Warrants reserves (cont'd)**

The salient term of Warrants A and Warrants B are as follows: (cont'd)

(ii) Warrants B

On 5 October 2015, the Company had issued 136,429,897 Warrants B to all the entitled shareholders of the Company on the basis of one (1) free Warrant B for every four (4) existing ordinary shares of RM1.00 each held in the Company.

The Warrants B are constituted under a Deed Poll executed on 3 September 2015 and each warrant entitles the registered holder the right at any time during the exercise period from 5 October 2015 to 4 October 2020 to subscribe in cash for one new ordinary share of RM1.00 each of the Company at an exercise price of RM1.25 each.

The new ordinary shares allotted and issued upon exercise of the warrants shall rank pari passu in all respects with the existing ordinary shares of the Company, 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 allotment of the new ordinary shares arising from the exercise of the warrants.

As at 31 December 2015, the total number of Warrants A and Warrants B that remain unexercised were 46,614,018 (2014: 56,267,578) and 136,414,897 (2014: Nil) respectively.

**27. Islamic Securities**

	<b>Group/Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
<b>Secured</b>		
Nominal value		
4.15% Islamic Securities 2010/2015	-	-
4.05% Islamic Securities 2011/2016	-	10,000,000
	<u>                    </u>	<u>                    </u>
	-	10,000,000
	<u>                    </u>	<u>                    </u>
 Analysed as:		
Repayable within twelve months	-	10,000,000
	<u>                    </u>	<u>                    </u>

Maturities of Islamic Securities are within one year.

The Company, under Kafalah Facility Agreement dated 30 June 2010 and Trust Deed dated 12 July 2010 issued the above Islamic Securities (“ICP/IMTN/Sukuk”) and the main features are as follows:

- (a) The Islamic Securities in multiples of RM1,000; and
- (b) The tenure of the Islamic Securities is up to seven (7) years from the date of first issuance.

The Islamic Securities are secured against the followings:

- (a) A charge on certain subsidiary companies’ development lands and inventories as disclosed in Note 6 and Note 14;
- (b) An assignment of residual proceeds in the Housing Development Accounts of certain subsidiary companies of the Company;
- (c) A charge and/or assignment over the following accounts:
  - (i) Disbursement Account (“DA”)
  - (ii) Sinking Fund Account (“SFA”)
- (d) A pledge of the Company’s fixed deposits as disclosed in Note 19;
- (e) Specific debentures by certain subsidiary companies of the Company;
- (f) Corporate guarantees by certain subsidiary companies of the Company; and
- (g) Irrevocable power of attorney by certain subsidiary companies of the Company.

On 12 February 2015, the Company has early redeemed the Sukuk Programme which is due to be matured on 1 December 2016 (“Final Redemption”).

The Final Redemption marks the full settlement of the Company’s RM135.0 million Sukuk Programme which was issued on 23 July 2010. The early redemptions made throughout the years have saved interest cost of about RM8.3 million.

28. **Bank Borrowings**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Secured</b>				
Floating rates:				
Bridging loans	23,955,181	71,986,534	-	-
Term loans	190,321,839	175,894,565	15,542,470	19,781,700
Revolving credits	303,427,895	200,649,574	65,301,507	50,442,642
<b>Total bank borrowings</b>	<b><u>517,704,915</u></b>	<b><u>448,530,673</u></b>	<b><u>80,843,977</u></b>	<b><u>70,224,342</u></b>
Analysed as:				
<b>Repayable within twelve months</b>				
Floating rates:				
Bridging loans	3,954,800	26,488,093	-	-
Term loans	53,336,233	32,636,748	8,758,740	7,129,800
Revolving credits	172,474,719	114,839,574	53,301,507	50,442,642
	<u>229,765,752</u>	<u>173,964,415</u>	<u>62,060,247</u>	<u>57,572,442</u>
<b>Repayable after twelve months</b>				
Floating rates:				
Bridging loans	20,000,381	45,498,441	-	-
Term loans	136,985,606	143,257,817	6,783,730	12,651,900
Revolving credits	130,953,176	85,810,000	12,000,000	-
	<u>287,939,163</u>	<u>274,566,258</u>	<u>18,783,730</u>	<u>12,651,900</u>
<b>Total bank borrowings</b>	<b><u>517,704,915</u></b>	<b><u>448,530,673</u></b>	<b><u>80,843,977</u></b>	<b><u>70,224,342</u></b>

The banking facilities of the Group and of the Company obtained from licensed banks are secured by:

- (a) fixed charge over certain property, plant and equipment as disclosed in Note 4;
- (b) fixed charge or specific debenture over certain land and property development costs as disclosed in Note 6;
- (c) fixed charge and deed of assignment over rental proceeds in relation to certain investment properties as disclosed in Note 7;
- (d) legal assignment of cashflows or insurance proceeds in relation to projects developed by subsidiary companies;
- (e) fixed charge over certain inventories of certain subsidiary companies as disclosed in Note 14;
- (f) assignment of promissory note as disclosed in note 10;
- (g) corporate guarantees provided by the Company and subsidiary companies, and
- (h) a pledge of fixed deposits as disclosed in Note 19.

**28. Bank Borrowings (Cont'd)**

Maturities of bank borrowings are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Within one year	229,765,752	173,964,415	62,060,247	57,572,442
Between one and two years	95,307,500	117,875,280	9,783,730	7,129,800
Between two and three years	104,037,317	67,812,970	9,000,000	5,522,100
Between three and four years	18,749,589	45,356,218	-	-
Between four and five years	19,815,113	7,859,767	-	-
After five years	50,029,644	35,662,023	-	-
	<u>517,704,915</u>	<u>448,530,673</u>	<u>80,843,977</u>	<u>70,224,342</u>

The range of interest rates at the reporting date is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Bridging loans	7.10 - 8.35	7.35 - 8.35	-	-
Term loans	2.68 - 8.35	2.67 - 8.35	2.67 - 2.73	2.67
Revolving credits	3.43 - 7.10	3.88 - 7.35	4.51 - 7.10	7.10

29. **Trade Payables**

	<b>Group</b>	
	<b>2015 RM</b>	<b>2014 RM</b>
<b>Non-current</b>		
Trade payables	93,613,370	50,854,138
<b>Current</b>		
Trade payables		
- Third parties	250,668,191	223,389,877
- Related parties	12,902,298	1,499,667
	263,570,489	224,889,544
Retention sum		
- Third parties	47,098,766	50,294,638
- Related parties	5,273,025	2,217,297
	52,371,791	52,511,935
	315,942,280	277,401,479
<b>Total trade payables</b>	409,555,650	328,255,617

## (a) Non-current trade payables

This represents payables for the acquisition and joint venture of development lands. Payment will be made as stipulated in the agreements.

## (b) Current trade payables

The normal trade credit terms granted to the Group range from cash basis to 60 days (2014: cash basis to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

30. **Other Payables**

	<b>Group</b>		<b>Company</b>					
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>				
<b>Non-current</b>								
Other payables								
- Related parties	<u>56,228,935</u>	<u>48,591,303</u>	<u>-</u>	<u>-</u>				
<b>Current</b>								
Other payables								
- Third parties	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="padding: 2px 10px;">63,982,005</td></tr></table>	63,982,005	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="padding: 2px 10px;">63,864,579</td></tr></table>	63,864,579	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="padding: 2px 10px;">177,142</td></tr></table>	177,142	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="padding: 2px 10px;">25,130</td></tr></table>	25,130
63,982,005								
63,864,579								
177,142								
25,130								
- Related parties	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="padding: 2px 10px;">6,745,166</td></tr></table>	6,745,166	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="padding: 2px 10px;">14,156,175</td></tr></table>	14,156,175	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="padding: 2px 10px;">-</td></tr></table>	-	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="padding: 2px 10px;">155,061</td></tr></table>	155,061
6,745,166								
14,156,175								
-								
155,061								
	70,727,171	78,020,754	177,142	180,191				
Accruals	175,549,814	121,614,701	575,040	121,094				
Deposits								
- Third parties	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="padding: 2px 10px;">2,303,800</td></tr></table>	2,303,800	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="padding: 2px 10px;">2,598,595</td></tr></table>	2,598,595	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="padding: 2px 10px;">-</td></tr></table>	-	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="padding: 2px 10px;">-</td></tr></table>	-
2,303,800								
2,598,595								
-								
-								
- Related party	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="padding: 2px 10px;">2,000</td></tr></table>	2,000	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="padding: 2px 10px;">-</td></tr></table>	-	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="padding: 2px 10px;">-</td></tr></table>	-	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="padding: 2px 10px;">-</td></tr></table>	-
2,000								
-								
-								
-								
	2,305,800	2,598,595	-	-				
Dividend payable	<u>32,719,219</u>	<u>31,803,477</u>	<u>32,719,219</u>	<u>31,803,477</u>				
	<u>281,302,004</u>	<u>234,037,527</u>	<u>33,471,401</u>	<u>32,104,762</u>				
<b>Total other payables</b>	<u>337,530,939</u>	<u>282,628,830</u>	<u>33,471,401</u>	<u>32,104,762</u>				

## (a) Non-current other payables

This represents unsecured advances of RM56,228,935 (2014: RM48,591,303) from a joint venture partner which is not expected to be settled within the next twelve months.

## (b) Current other payables

This represents an amount of RM7,271,320 (2014: RM14,577,915) owing to certain former shareholders of subsidiary and associated companies.

**31. Finance Lease Payables**

	<b>Group</b>	
	<b>2015 RM</b>	<b>2014 RM</b>
<b>(a) Minimum lease payments</b>		
Within one year	2,043,833	1,245,290
Between one and five years	4,948,460	3,617,069
After five years	673,164	478,692
	<u>7,665,457</u>	<u>5,341,051</u>
Less: Future finance charges	(865,505)	(626,759)
Present value of minimum lease payments	<u>6,799,952</u>	<u>4,714,292</u>
<b>(b) Present value of finance lease payables</b>		
Within one year	1,700,660	1,025,908
Between one and five years	4,468,297	3,243,669
After five years	630,995	444,715
	<u>6,799,952</u>	<u>4,714,292</u>
Analysed as:		
Repayable within twelve months	1,700,660	1,025,908
Repayable after twelve months	5,099,292	3,688,384
	<u>6,799,952</u>	<u>4,714,292</u>

Interest is charged at rates ranging from 2.18% to 4.25% (2014: 2.18% to 4.00%) per annum.

The Group leases motor vehicles and plant, machinery and equipment under finance lease as disclosed in Note 4. At the end of the lease term, the Group has the option to acquire the assets at a nominal price deemed to be a bargain purchase option. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments.

**32. Deferred Tax Liabilities**

	<b>Group</b>	
	<b>2015 RM</b>	<b>2014 RM</b>
At 1 January	40,985,971	39,539,682
Recognised in profit or loss	(1,736,045)	(938,522)
Exchange differences	6,204,365	2,384,811
At 31 December	<u>45,454,291</u>	<u>40,985,971</u>

The components of deferred tax liabilities of the Group are differences between the carrying amount of property, plant and equipment with their tax base.

**33. Bank Overdrafts**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Secured</b>				
Repayable within twelve months	<u>43,665,940</u>	<u>13,263,668</u>	<u>8,631,290</u>	<u>7,771,560</u>

The bank overdrafts obtained from licensed banks are secured by :

- (a) fixed charge over certain property, plant and equipment as disclosed in Note 4;
- (b) fixed charge over certain land and property development costs as disclosed in Note 6;
- (c) fixed charge over certain investment properties as disclosed in Note 7;
- (d) corporate guarantees provided by the Company; and
- (e) certain equity securities listed in Hong Kong as disclosed in Note 11.

The interest rates of the Group and of the Company at the reporting date are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Bank overdrafts	<u>6.85 - 8.35</u>	<u>6.85 - 8.35</u>	<u>8.10</u>	<u>7.85 - 8.10</u>

**34. Revenue**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Property development	577,128,067	615,023,718	-	-
Construction contracts	67,313,756	16,214,280	-	-
Trading and others	13,384,916	18,843,499	-	40,834
Motor racing events	22,469,122	18,183,533	-	-
Management fees from a subsidiary company	-	-	564,000	120,000
Dividends from subsidiary companies	-	-	65,035,000	61,988,403
	<u>680,295,861</u>	<u>668,265,030</u>	<u>65,599,000</u>	<u>62,149,237</u>

35. **Cost of Sales**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Property development	387,788,132	417,254,589	-	-
Construction contracts	37,703,690	14,969,225	-	-
Trading and others	12,455,767	18,044,650	-	-
Motor racing events	7,094,167	5,605,836	-	-
	<u>445,041,756</u>	<u>455,874,300</u>	<u>-</u>	<u>-</u>

36. **Finance Costs**

	<b>Note</b>	<b>Group</b>		<b>Company</b>	
		<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
		<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Interest expenses on:					
Term loans		11,655,747	8,282,716	503,138	363,194
Bank overdrafts		1,603,510	336,705	452,438	278,816
Bridging loans		2,775,290	6,505,459	-	3,974
Revolving credit		14,094,481	9,901,485	3,606,467	1,317,985
Finance lease		242,068	210,541	-	-
Islamic Securities		109,731	895,319	109,731	895,319
Financial liabilities measured at amortised cost		-	7,089,063	-	-
Inter-company advances		-	-	1,712,468	1,508,855
Others		1,223,980	846,739	-	35,828
		<u>31,704,807</u>	<u>34,068,027</u>	<u>6,384,242</u>	<u>4,403,971</u>
Less:					
Interest capitalised in property development costs	6	<u>(9,873,256)</u>	<u>(10,532,075)</u>	<u>-</u>	<u>-</u>
		<u>21,831,551</u>	<u>23,535,952</u>	<u>6,384,242</u>	<u>4,403,971</u>

37. **Profit before Taxation**

Profit before taxation is derived after charging/(crediting):

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Allowance for impairment losses on:				
- Other investment	100,000	-	-	-
- Goodwill arising on consolidation	2,926,366	7,050,743	-	-
- Investment in an associated company	3,578,431	199,999	3,578,431	-
Auditors' remuneration				
- Statutory	416,044	336,981	60,000	50,000
- Others	96,677	145,139	28,000	23,000
- Under provision in prior years	33,216	77,990	10,000	10,000
Bad debts written off	29,263	26,853	-	-
Depreciation on :				
- Investment properties	757,554	460,232	-	-
- Property, plant and equipment	17,546,711	15,091,813	-	-
Inventories written down	36,400	-	-	-
Property, plant and equipment written off	78,946	17,365	-	-
Rental expense on :				
- Premises	543,691	651,809	-	-
- Office equipment	121,186	86,024	-	-
<u>Non-Executive Directors' remuneration:</u>				
Company's directors				
- Fees	130,680	174,891	130,680	174,891
- Salaries and other emoluments	628,000	447,460	628,000	447,460
- Share-based payment	175,656	-	175,656	-
Subsidiary companies' directors				
- Fees	250,657	292,461	-	-
- Salaries and other emoluments	1,955,616	1,659,487	-	-
- Defined contribution plan	117,335	95,271	-	-
- Social security contributions	59,987	40,584	-	-
- Share-based payment	72,429	96,922	72,429	96,922
- Other benefits	3,394	2,831	-	-

**37. Profit before Taxation (Cont'd)**

Profit before taxation is derived after charging/(crediting): (cont'd)

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Net (gain) / loss on foreign exchange				
- Realised	(2,568,617)	552,944	1,424,430	(2,552,050)
- Unrealised	1,841,631	1,174,120	2,230,125	6,239,844
(Gain) / Loss on disposal of :				
- Available-for-sale financial assets	(588,190)	1,912,925	-	-
- Financial assets at fair value through profit or loss	(333,757)	(40,834)	(104,141)	(40,834)
- Non-current assets classified as held for sale	-	(70,200)	-	-
- Property, plant and equipment	305,830	(65,126)	-	-
- Associated company	-	291	-	-
Dividend income from :				
- Available-for-sale financial assets	(720,386)	(2,854,961)	-	-
- Financial assets at fair value through profit or loss	(97,547)	-	(40,141)	-
- Subsidiary companies	-	-	(65,035,000)	(61,988,403)
Fair value gain on revaluation of financial assets at fair value through profit or loss	(25,554)	-	(29,697)	-
Interest income from :				
- Advances to subsidiary companies	-	-	(10,737,310)	(6,881,177)
- Financial assets measured at amortised cost	(12,234,392)	(19,179,133)	-	-
- Licensed banks	(5,108,038)	(5,007,678)	(240,015)	(411,032)
Receipt on unclaimed monies	(549)	-	(549)	-
Rental income from:				
- Investment properties	(852,229)	(808,907)	-	-
- Others	(259,323)	(411,662)	-	-
Reversal of allowance for impairment losses on :				
- Trade receivables	-	(19,621)	-	-
- Others receivables	(12,718)	(21,648)	-	-
Waiver of debts	(14,300)	-	-	-

The Company's non-executive directors' remuneration does not include the estimated monetary value of benefits-in-kind amounting to RM48,900 (2014 : RM33,900).

38. **Taxation**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Current income tax</b>				
Current year tax provision	47,205,433	38,280,738	2,309,395	1,464,000
Under provision in prior years	3,062,974	1,826,970	78,239	523,506
	<u>50,268,407</u>	<u>40,107,708</u>	<u>2,387,634</u>	<u>1,987,506</u>
<b>Deferred taxation</b>				
Relating to origination and reversal of temporary differences	(10,615,222)	(3,638,589)	-	-
Relating to changes in tax rate	399,344	-	-	-
(Over) / Under provision in prior years	(1,713,594)	566,174	-	-
	<u>(11,929,472)</u>	<u>(3,072,415)</u>	<u>-</u>	<u>-</u>
<b>Share of taxation in associated company</b>				
<b>Current income tax</b>				
Over provision in prior years	(385,317)	-	-	-
<b>Deferred taxation</b>				
Relating to origination and reversal of temporary differences	(377,031)	-	-	-
Relating to changes in tax rate	15,081	-	-	-
	<u>(747,267)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total tax expense</b>	<u>37,591,668</u>	<u>37,035,293</u>	<u>2,387,634</u>	<u>1,987,506</u>

Malaysian Income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the financial year. The statutory tax rate will be reduced to 24% from the current year's rate of 25% effective from year of assessment 2016. The computation of deferred tax as at 31 December 2015 has reflected the change.

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

**38. Taxation (Cont'd)**

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 of the Company are as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Profit before taxation	<u>108,087,653</u>	<u>104,129,054</u>
At Malaysian statutory rate of 25% (2014: 25%)	27,021,913	26,032,264
Effects of changes in tax rate	414,425	-
Differential in tax rate in other jurisdiction	1,421,450	(1,590,947)
Subsidiary companies domiciled in tax heaven country	(1,259,708)	(508,779)
Income not subject to tax	(5,047,997)	(1,876,898)
Expenses not deductible for tax purposes	17,131,951	12,394,283
Reversal of temporary difference on revaluation surplus	(1,658,499)	(1,409,042)
Deferred tax assets not recognised	2,562,625	2,697,925
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(4,671,219)	(1,093,952)
Under provision of taxation in prior years	2,677,657	1,826,970
(Over)/Under provision of deferred tax in prior years	(1,713,594)	566,174
Others	712,664	(2,705)
	<u>37,591,668</u>	<u>37,035,293</u>

  

	<b>Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Profit before taxation	<u>57,068,880</u>	<u>53,620,873</u>
At Malaysian statutory rate of 25% (2014: 25%)	14,267,220	13,405,218
Effects of changes in tax rate	-	-
Expenses not deductible for tax purposes	3,484,775	4,187,486
Income not subject to tax	(15,442,600)	(16,128,704)
Under provision of taxation in prior years	78,239	523,506
	<u>2,387,634</u>	<u>1,987,506</u>

The Group has estimated unused tax losses and unutilised capital allowances of RM58,046,796 (2014: RM67,340,244) and RM2,481,425 (2014: RM1,397,747) respectively available for set-off against future taxable profit.

**39. Earnings per Share****(a) Basic earnings per share**

The basic earnings per share has been calculated by dividing the consolidated profit for the financial year attributable to the owners of the Parent by the weighted average number of ordinary shares in issue during the financial year as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
Net profit for the financial year attributable to owners of the Parent (RM)	<u>76,074,430</u>	<u>69,929,925</u>
Weighted average number of ordinary shares in issue		
Ordinary shares in issue as at 1 January	538,298,257	479,651,357
Effect of ordinary shares issued during the year	7,650,033	27,097,602
Effect of treasury shares held	<u>(6,188,997)</u>	<u>(9,335,085)</u>
Weighted average number of ordinary shares as at 31 December	<u>539,759,293</u>	<u>497,413,874</u>
Basic earnings per share (sen)	<u>14.09</u>	<u>14.06</u>

**(b) Diluted earnings per share**

Diluted earnings per share has been calculated by dividing the consolidated profit for the financial year attributable to the owners of the Parent by the adjusted weighted average number of ordinary shares issued and issuable during the year as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
Net profit for the financial year attributable to owners of the Parent (RM)	<u>76,074,430</u>	<u>69,929,925</u>
Weighted average number of ordinary shares used in the calculation of basic earnings per share	539,759,293	497,413,874
Weighted average number of ordinary shares deemed issued at no consideration		
- ESOS	5,666,801	3,174,295
- Warrants A	12,177,873	19,513,222
- Warrants B	<u>21,896,011</u>	<u>-</u>
Adjusted weighted average number of ordinary shares as at 31 December	<u>579,499,978</u>	<u>520,101,391</u>
Diluted earnings per share (sen)	<u>13.13</u>	<u>13.45</u>

#### 40. **Employees' Share Option Scheme**

The Company has established a Employees' Share Option Scheme ("ESOS") of not more than 15% of the issued share capital of the Company at the point of time throughout the duration of the scheme to eligible directors and employees of the Group, which was approved by shareholders at an Extraordinary General Meeting ("EGM") held on 28 June 2012.

The ESOS became effective for a period of 10 years from 18 September 2012 to 17 September 2022.

The salient features of the ESOS are as follows:

- (a) Eligible employees include directors of the Company and confirmed full time employees of the Company and its eligible subsidiary companies or under a fixed term employment contract, the contract should be for a duration of at least one (1) year, whom must be a Malaysian citizen, shall have attained the age of eighteen (18) years old and have served for at least one year of full continuous service in the Group.
- (b) The maximum number of new ordinary shares which may be available under the ESOS shall not exceed 15% of the total issued and paid-up share capital of the Company at the point in time during the tenure of the ESOS.
- (c) The new Company's shares of RM1.00 each ("new Shares") to be allotted and issued upon the exercise of the ESOS Option shall, upon allotment and issue, rank pari passu in all respects with the existing Company's ordinary shares of RM1.00 each save and except that the said new Shares so allotted will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid prior to the date of allotment of the said new Shares.
- (d) The ESOS shall be in force for a period of ten years.
- (e) The option is personal to the grantee and is non-assignable.
- (f) The option price shall be determined at a discount of not more than 10% from the weighted average market price of the Company's ordinary shares of RM1.00 each for five (5) market days preceding the date of offer, or the par value of the shares, whichever is higher.
- (g) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 100 shares.
- (h) The options granted may be exercised, subject to the maximum limit of options exercisable in each particular year, at any time within a period of ten years from the date of offer of the option or such period as may be specifically stated in the offer upon giving notice in writing.
- (i) The persons to whom the options have been granted shall not participate in more than one Employees' Share Option Scheme implemented by any company within the Group.

**40. Employees' Share Option Scheme (Cont'd)**

Movements in the number of share options outstanding and their related weighted average exercise prices ("WAEP") are as follows:

	Number of share options over ordinary shares of RM1.00 each					
	At 1 January	Granted	Forfeited	Exercised	At 31 December	Exercisable at 31 December
<b>2015</b>						
<b>ESOS</b>						
First Grant	4,337,100	-	(50)	(1,843,700)	2,493,350	2,493,350
Second Grant	2,685,750	-	(2,600)	(858,250)	1,824,900	1,824,900
Third Grant	189,200	-	(8,500)	-	180,700	180,700
Fourth Grant	182,600	-	(2,500)	-	180,100	180,100
Fifth Grant	338,150	-	(36,500)	-	301,650	301,650
Sixth Grant	150,350	-	(8,500)	-	141,850	141,850
Seventh Grant	103,600	-	(2,550)	-	101,050	101,050
Eighth Grant	249,850	-	(8,500)	(95,200)	146,150	146,150
Ninth Grant	28,900	-	-	(15,300)	13,600	13,600
Tenth Grant	638,850	-	(49,700)	(15,300)	573,850	573,850
Eleventh Grant	124,050	-	(17,850)	-	106,200	106,200
Twelfth Grant	299,900	-	-	-	299,900	299,900
Thirteenth Grant	492,950	-	(40,750)	(27,600)	424,600	424,600
Fourteenth Grant	130,000	-	(2,500)	-	127,500	127,500
Fifteenth Grant	1,082,100	-	(16,100)	(5,100)	1,060,900	1,060,900
Sixteenth Grant	367,200	-	(2,600)	-	364,600	364,600
Seventeenth Grant	349,500	-	(46,800)	(95,200)	207,500	207,500
Eighteenth Grant	160,600	-	(8,500)	-	152,100	152,100
Nineteenth Grant	111,300	-	(2,500)	-	108,800	108,800
Twentieth Grant	-	261,800	(9,400)	(100,300)	152,100	152,100
Twenty-First Grant	-	135,100	(95,200)	-	39,900	39,900
Twenty-Second Grant	-	148,700	(6,800)	-	141,900	141,900
Twenty-Third Grant	-	1,875,750	(6,700)	(160,150)	1,708,900	1,708,900
Twenty-Fourth Grant	-	325,700	-	(153,000)	172,700	172,700
Twenty-Fifth Grant	-	457,200	(11,900)	(62,900)	382,400	382,400
Twenty-Sixth Grant	-	411,200	(2,600)	-	408,600	408,600
Twenty-Seventh Grant	-	397,700	-	-	397,700	397,700
Twenty-Eighth Grant	-	702,900	-	(38,300)	664,600	664,600
Twenty-Ninth Grant	-	338,100	-	-	338,100	338,100
Thirtieth Grant	-	175,100	-	-	175,100	175,100
Thirty-First Grant	-	248,200	-	-	248,200	248,200
	12,021,950	5,477,450	(389,600)	(3,470,300)	13,639,500	13,639,500
WAEP	1.24	1.35	1.50	1.11	1.31	1.31

40. **Employees' Share Option Scheme (Cont'd)**

Movements in the number of share options outstanding and their related weighted average exercise prices ("WAEP") are as follows: (cont'd)

	<b>Number of share options over ordinary shares of RM1.00 each</b>					
	<b>At</b>				<b>At</b>	<b>Exercisable at</b>
	<b>1 January</b>	<b>Granted</b>	<b>Forfeited</b>	<b>Exercised</b>	<b>31 December</b>	<b>31 December</b>
<b>2014</b>						
<b>ESOS</b>						
First Grant	4,900,950	-	(4,750)	(559,100)	4,337,100	4,337,100
Second Grant	3,307,600	-	(18,500)	(603,350)	2,685,750	2,685,750
Third Grant	278,200	-	(15,300)	(73,700)	189,200	189,200
Fourth Grant	238,350	-	(26,000)	(29,750)	182,600	182,600
Fifth Grant	400,200	-	(62,050)	-	338,150	338,150
Sixth Grant	194,500	-	(44,150)	-	150,350	150,350
Seventh Grant	121,400	-	(2,500)	(15,300)	103,600	103,600
Eighth Grant	-	257,450	(7,600)	-	249,850	249,850
Ninth Grant	-	157,200	-	(128,300)	28,900	28,900
Tenth Grant	-	704,750	(20,000)	(45,900)	638,850	638,850
Eleventh Grant	-	124,050	-	-	124,050	124,050
Twelfth Grant	-	315,200	(15,300)	-	299,900	299,900
Thirteenth Grant	-	596,650	(8,700)	(95,000)	492,950	492,950
Fourteenth Grant	-	130,000	-	-	130,000	130,000
Fifteenth Grant	-	1,111,900	(29,800)	-	1,082,100	1,082,100
Sixteenth Grant	-	367,200	-	-	367,200	367,200
Seventeenth Grant	-	409,000	-	(59,500)	349,500	349,500
Eighteenth Grant	-	160,600	-	-	160,600	160,600
Nineteenth Grant	-	111,300	-	-	111,300	111,300
	<b>9,441,200</b>	<b>4,445,300</b>	<b>(254,650)</b>	<b>(1,609,900)</b>	<b>12,021,950</b>	<b>12,021,950</b>
<b>WAEP</b>	<b>1.10</b>	<b>1.53</b>	<b>1.52</b>	<b>1.15</b>	<b>1.24</b>	<b>1.24</b>

40. **Employees' Share Option Scheme (Cont'd)**

Details of share options outstanding at the end of the financial year are as follows:

Share Options	Exercise prices		Exercise periods	Fair value of share options at grant date	
	2015 RM	2014 RM		2015 RM	2014 RM
<b>ESOS</b>					
First Grant	1.00	1.00	18.09.2012 - 17.09.2022	0.12	0.12
Second Grant	1.08	1.08	01.07.2013 - 17.09.2022	0.33	0.33
Third Grant	1.22	1.22	01.08.2013 - 17.09.2022	0.39	0.39
Fourth Grant	1.46	1.46	01.09.2013 - 17.09.2022	0.77	0.77
Fifth Grant	1.69	1.69	01.10.2013 - 17.09.2022	1.07	1.07
Sixth Grant	1.61	1.61	01.11.2013 - 17.09.2022	1.10	1.10
Seventh Grant	1.50	1.50	01.12.2013 - 17.09.2022	1.03	1.03
Eighth Grant	1.43	1.43	01.01.2014 - 17.09.2022	0.96	0.96
Ninth Grant	1.35	1.35	01.02.2014 - 17.09.2022	0.91	0.91
Tenth Grant	1.55	1.55	01.03.2014 - 17.09.2022	1.04	1.04
Eleventh Grant	1.55	1.55	01.04.2014 - 17.09.2022	1.09	1.09
Twelfth Grant	1.61	1.61	01.05.2014 - 17.09.2022	1.07	1.07
Thirteenth Grant	1.56	1.56	01.06.2014 - 17.09.2022	1.03	1.03
Fourteenth Grant	1.54	1.54	01.07.2014 - 17.09.2022	0.70	0.70
Fifteenth Grant	1.54	1.54	01.08.2014 - 17.09.2022	0.74	0.74
Sixteenth Grant	1.52	1.52	01.09.2014 - 17.09.2022	0.70	0.70
Seventeenth Grant	1.53	1.53	01.10.2014 - 17.09.2022	0.71	0.71
Eighteenth Grant	1.48	1.48	01.11.2014 - 17.09.2022	0.68	0.68
Nineteenth Grant	1.51	1.51	01.12.2014 - 17.09.2022	0.59	0.59
Twentieth Grant	1.44	-	01.01.2015 - 17.09.2022	0.62	-
Twenty-First Grant	1.40	-	01.02.2015 - 17.09.2022	0.55	-
Twenty-Second Grant	1.40	-	01.03.2015 - 17.09.2022	0.52	-
Twenty-Third Grant	1.35	-	01.04.2015 - 17.09.2022	0.63	-
Twenty-Fourth Grant	1.40	-	01.05.2015 - 17.09.2022	0.61	-
Twenty-Fifth Grant	1.48	-	01.06.2015 - 17.09.2022	0.65	-
Twenty-Sixth Grant	1.44	-	01.07.2015 - 17.09.2022	0.61	-
Twenty-Seventh Grant	1.33	-	01.08.2015 - 17.09.2022	0.57	-
Twenty-Eighth Grant	1.18	-	01.09.2015 - 17.09.2022	0.43	-
Twenty-Ninth Grant	1.33	-	01.10.2015 - 17.09.2022	0.52	-
Thirtieth Grant	1.29	-	01.11.2015 - 17.09.2022	0.52	-
Thirty-First Grant	1.23	-	01.12.2015 - 17.09.2022	0.48	-

**40. Employees' Share Option Scheme (Cont'd)**

The fair value of services received in return for share options granted during the financial year is based on the fair value of share options granted estimated by the management using Black-Scholes-Merton model, taking into account the terms and conditions upon which the options were granted. The weighted average fair value of share options measured at grant date and the assumptions are as follows:

	<b>Group/Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Weighted average fair value at grant date	0.56	0.85
Weighted average share price at grant date	1.49	1.68
Weighted average exercise price	1.35	1.53
Expected volatility (%)	17.49 - 29.12	30.11 - 34.77
Expected option life (years)	10	10
Risk-free interest rate, p.a. (%)	3.98 - 4.50	4.07 - 4.64
Expected dividend yield (%)	<u>1.82 - 2.34</u>	<u>1.69 - 2.00</u>

The expected life of the share options is based on historical data that has been adjusted accordingly to management's best estimate for the effects of non-transferability exercise restriction and behaviours conditions. The expected volatility is based on the historical volatility, adjusted for unusual or extraordinary volatility arising from certain economic or business occurrences which is not reflective of its long term average level. While the expected volatility is assumed to be indicative of future trends, it may not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value. The Group and the Company recognised total share-based payment in profit or loss amounting to RM3,140,028 (2014: RM3,847,951) for the new options granted during the financial year.

Executive directors of the Group and of the Company and other members of key management have been granted the following number of options under the ESOS:

	<b>Group/Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
<b>ESOS</b>		
At 1 January	6,814,700	5,807,800
Additions *	59,500	70,000
Granted	1,292,000	1,541,900
Forfeited	(600)	-
Exercised	<u>(2,526,600)</u>	<u>(605,000)</u>
At 31 December	<u>5,639,000</u>	<u>6,814,700</u>

\* Unexercised share options previously granted to new key management personnel during the financial year ended 31 December 2015.

The share options were granted on the same terms and conditions as those offered to other employees of the Group.

41. **Staff Costs**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Fees	651,114	718,265	-	-
Salaries, wages and other emoluments	36,459,337	30,667,164	211,179	-
Defined contribution plan	4,187,420	3,489,961	26,023	-
Social security contributions	789,445	589,492	1,756	-
Share-based payment	2,891,943	3,847,951	2,891,943	3,847,951
Benefits-in-kind	411,196	304,073	-	-
Other benefits	2,370,703	1,944,294	49,107	-
	<u>47,761,158</u>	<u>41,561,200</u>	<u>3,180,008</u>	<u>3,847,951</u>

Included in staff costs is aggregate amount of remuneration received and receivable by the executive directors of the Company and of the subsidiary companies during the financial year as below:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b><i>Executive Directors</i></b>				
Fees	651,114	718,265	-	-
Salaries, wages and other emoluments	7,979,190	6,526,010	-	-
Defined contribution plan	1,110,375	955,200	-	-
Social security contributions	620	620	-	-
Share-based payment	93,927	163,465	93,927	163,465
Benefits-in-kind	411,196	304,073	-	-
Other benefits	28,525	34,867	-	-
	<u>10,274,947</u>	<u>8,702,500</u>	<u>93,927</u>	<u>163,465</u>

The Group's executive directors' remuneration does not include the estimated monetary value of benefits-in-kind amounting to RM354,949 (2014: RM207,149).

42. **Dividends**

	<b>Group/Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
<b><i>In respect of the financial year ended 31 December 2013 :</i></b>		
A single tier interim dividend of 1.5 sen per ordinary share on 498,435,057 ordinary shares of RM1.00 each, paid on 23 May 2014	-	7,476,525
A single tier final dividend of 1.5 sen per ordinary share on 508,803,157 ordinary shares of RM1.00 each, paid on 24 September 2014	-	7,632,047
<b><i>In respect of the financial year ended 31 December 2014 :</i></b>		
A single tier special dividend of 6 sen per ordinary share on 530,057,957 ordinary shares of RM1.00 each, paid on 6 February 2015	-	31,803,477
A single tier first and final dividend of 3.25 sen per ordinary share on 546,438,417 ordinary shares of RM1.00 each, paid on 10 August 2015	17,759,247	-
<b><i>In respect of the financial year ended 31 December 2015 :</i></b>		
A single tier special dividend of 6 sen per ordinary share on 545,320,317 ordinary shares of RM1.00 each, paid on 26 January 2016	32,719,219	-
	<b>50,478,466</b>	<b>46,912,049</b>

On 6 April 2016, the directors have proposed a single tier first and final dividend of 3.50 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2015. The proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company. 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 2016.

**43. Related Party Disclosures****(a) Identity of related parties**

For the purposes of these financial statements, parties are considered to be related to the Group and/or the Company if the Group and/or the Company have the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and/or the Company either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

**(b) Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:**

	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
<b>Group</b>		
<b>Holding company:</b>		
Dividends paid/payable	<u>27,433,572</u>	<u>25,921,361</u>
<b>Other related parties:</b>		
<b>Income</b>		
Sale of development properties	34,148,110	8,459,997
Rendering of insurance services	4,250	39,235
Rental income	<u>35,825</u>	<u>16,800</u>
<b>Expense</b>		
Contractors' fees	32,750,445	18,682,174
Equity instrument	36,300,001	10,600,000
Rental expenses	137,500	134,300
Legal fees	679,180	431,180
Dividends paid/payable	<u>2,988,225</u>	<u>2,384,315</u>

43. **Related Party Disclosures (Cont'd)**

- (b) Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows: (cont'd)

<b>Company</b>	<b>2015</b>	<b>2014</b>
<b>Holding company:</b>	<b>RM</b>	<b>RM</b>
Dividends paid/payable	<u>27,433,572</u>	<u>25,921,361</u>
<b>Other related parties:</b>		
Dividends paid/payable	2,890,548	2,309,748
Legal fees	<u>-</u>	<u>4,000</u>

The nature and relationship between the Group and the Company with other related parties are as follows:

- (i) A firm or companies in which a close family member of certain directors of the Company or its subsidiary companies have financial interest;
  - (ii) A firm or companies in which certain directors of the Company or its subsidiaries have financial interest;
  - (iii) Person who have financial interest in subsidiary companies;
  - (iv) Directors or key management personnel of the Company or its subsidiaries and their close family members; and
  - (v) An associated company of the Company.
- (c) Information regarding outstanding balances arising from related party transactions as at 31 December 2015 is disclosed in Notes 16, 17, 18, 29 and 30.
- (d) Information regarding compensation of key management personnel is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Short-term employee benefits	14,790,450	14,523,201	807,835	738,269
Share-based payment	722,714	1,330,464	722,714	1,330,464
Defined contribution plan	<u>1,522,213</u>	<u>1,333,939</u>	<u>-</u>	<u>-</u>

#### 44. **Segment Information**

The Group has five major reporting segments, as described below, which are the Group's strategic business units. Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure. For each of the strategic business units, the Group's managing director reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

The main business segments of the Group comprise the followings:

Property development	Development of residential, industrial and commercial properties.
Management and investment	Investment holding and provision of management services.
Trading and others	Trading in building material, insurance agent, selling of insurance membership cards and tourism development.
Construction	Building, project planning cum implementation contractor.
Motor racing circuit	Motor racing circuit development and management.

Investment holding and provision of management services are being managed by two different operating segments within the Group. These operating segments have been aggregated to form a reportable segment as management services taking into account that these operating segments have similar nature of the services.

Other business segments include selling of membership cards covering personal insurance and insurance agent, none of which are of a sufficient size to be reported separately. The accounting policies of the segments are consistent with the accounting policies of the Group.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

**44. Segment Information (Cont'd)**

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's managing director. Segment total assets are used to measure the return of assets of each segment.

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's managing director. Hence no disclosure is made on segment liabilities.

**Geographical segments**

In determining the Group segment, revenue and non-current assets are based on the geographical location of customers as follows:

	<b>Revenue</b>		<b>Non-current assets</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Malaysia	657,826,739	650,081,497	695,897,888	506,563,971
People's Republic of China	22,469,122	18,183,533	212,486,634	194,076,101
Hong Kong	-	-	194,341,517	295,290,784
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

**Information about major customers**

There is no significant concentration of revenue from any major customers as the Group sells its development properties to individual purchaser.

## 44. Segment Information (Cont'd)

	Property Development RM	Management and Investment RM	Trading and Others RM	Construction RM	Motor Racing Circuit RM	Total RM
<b>2015</b>						
<b>Revenue</b>						
Sales	577,128,068	154,732,126	32,085,624	255,500,138	22,469,122	1,041,915,078
Less: Inter-segment sales	-	(154,732,126)	(18,700,708)	(188,186,383)	-	(361,619,217)
Total revenue	<u>577,128,068</u>	<u>-</u>	<u>13,384,916</u>	<u>67,313,755</u>	<u>22,469,122</u>	<u>680,295,861</u>
<b>Financial results</b>						
Segment results	107,703,771	1,828,522	(3,247,683)	18,393,785	(13,719,992)	110,958,403
Interest income	4,542,421	12,688,511	-	2,390	109,108	17,342,430
Finance costs	(9,967,697)	(9,220,057)	-	(1,423,503)	(1,220,294)	(21,831,551)
Share of (loss) / profit in associated companies	-	-	(390,254)	2,008,625	-	1,618,371
Profit / (Loss) before taxation	<u>102,278,495</u>	<u>5,296,976</u>	<u>(3,637,937)</u>	<u>18,981,297</u>	<u>(14,831,178)</u>	<u>108,087,653</u>
Taxation	(32,566,509)	(2,387,634)	648,471	(4,947,591)	1,661,595	(37,591,668)
Net profit / (loss) for the financial year	<u>69,711,986</u>	<u>2,909,342</u>	<u>(2,989,466)</u>	<u>14,033,706</u>	<u>(13,169,583)</u>	<u>70,495,985</u>
<b>Assets</b>						
Additional investment in associated companies	50,000	1,129,065	-	45,000	-	1,224,065
Additions to non-current assets	235,139,402	9,682,872	2,454,425	8,027,962	2,623,525	257,928,186
Segment assets	<u>1,688,646,578</u>	<u>386,431,503</u>	<u>8,582,058</u>	<u>105,687,349</u>	<u>245,430,306</u>	<u>2,434,777,794</u>
<b>Other non-cash expenses</b>						
Allowance for impairment loss on:						
- Other investment	-	-	100,000	-	-	100,000
- Goodwill arising on consolidation	2,926,366	-	-	-	-	2,926,366
- Investment in an associated company	-	3,578,431	-	-	-	3,578,431
Bad debts written off	29,263	-	-	-	-	29,263

44. **Segment Information (Cont'd)**

	<b>Property Development RM</b>	<b>Management and Investment RM</b>	<b>Trading and Others RM</b>	<b>Construction RM</b>	<b>Motor Racing Circuit RM</b>	<b>Total RM</b>
<b>2015</b>						
<b>Other non-cash expenses (cont'd)</b>						
Depreciation of :						
- Investment properties	276,945	39,528	-	441,081	-	757,554
- Property, plant and equipment	1,606,025	106	384,358	1,400,373	14,155,849	17,546,711
Inventories written down	36,400	-	-	-	-	36,400
Loss on disposal of Property, plant and equipment	288,434	-	-	17,396	-	305,830
Property, plant and equipment written off	12,757	-	-	45,186	21,003	78,946
Share-based payment	-	3,140,028	-	-	-	3,140,028
Unrealised loss on foreign exchange	-	1,873,693	-	-	-	1,873,693
<hr/>						
<b>Other non-cash income</b>						
Dividend income from financial assets at fair value through profit or loss	-	(97,547)	-	-	-	(97,547)
Fair value gain on revaluation of financial assets at fair value through profit or loss	-	(25,554)	-	-	-	(25,554)
Interest income from financial assets measured at amortised cost	-	(12,234,392)	-	-	-	(12,234,392)
Gain on disposal of :						
- Available-for-sale financial assets	-	(588,190)	-	-	-	(588,190)
- Financial assets at fair value through profit or loss	(153,441)	(180,316)	-	-	-	(333,757)
Reversal of allowance for impairment loss on receivables	(12,718)	-	-	-	-	(12,718)
Unrealised gain on foreign exchange	(1,609)	-	-	-	(30,453)	(32,062)
Waiver of debts	(14,300)	-	-	-	-	(14,300)
<hr/>						

44. **Segment Information (Cont'd)**

	<b>Property Development RM</b>	<b>Management and Investment RM</b>	<b>Trading and Others RM</b>	<b>Construction RM</b>	<b>Motor Racing Circuit RM</b>	<b>Total RM</b>
<b>2014</b>						
<b>Revenue</b>						
Sales	615,905,983	184,403,128	47,652,452	295,097,620	18,183,533	1,161,242,716
Less: Inter-segment sales	-	(184,362,293)	(29,732,054)	(278,883,339)	-	(492,977,686)
Total revenue	<u>615,905,983</u>	<u>40,835</u>	<u>17,920,398</u>	<u>16,214,281</u>	<u>18,183,533</u>	<u>668,265,030</u>
<b>Financial results</b>						
Segment results	111,981,937	(13,487,942)	(788,263)	15,753,395	(11,474,194)	101,984,933
Interest income	6,043,818	17,939,927	-	110,641	92,425	24,186,811
Finance costs	(15,346,062)	(6,978,171)	-	(720,527)	(491,192)	(23,535,952)
Share of profit in associated companies	-	-	1,493,262	-	-	1,493,262
Profit / (Loss) before taxation	<u>102,679,693</u>	<u>(2,526,186)</u>	<u>704,999</u>	<u>15,143,509</u>	<u>(11,872,961)</u>	<u>104,129,054</u>
Taxation	(31,984,880)	(2,216,344)	(152,800)	(4,090,311)	1,409,042	(37,035,293)
Net profit / (loss) for the financial year	<u>70,694,813</u>	<u>(4,742,530)</u>	<u>552,199</u>	<u>11,053,198</u>	<u>(10,463,919)</u>	<u>67,093,761</u>
<b>Assets</b>						
Additional investment in associated companies	350,000	9,754,704	-	-	-	10,104,704
Additions to non-current assets	48,494,532	-	793,798	2,259,842	317,830	51,866,002
Segment assets	<u>1,239,961,710</u>	<u>652,834,184</u>	<u>2,762,855</u>	<u>101,832,030</u>	<u>222,244,115</u>	<u>2,219,634,894</u>

44. **Segment Information (Cont'd)**

	<b>Property Development RM</b>	<b>Management and Investment RM</b>	<b>Trading and Others RM</b>	<b>Construction RM</b>	<b>Motor Racing Circuit RM</b>	<b>Total RM</b>
<b>2014</b>						
<b>Other non-cash expenses</b>						
Allowance for impairment losses on:						
- Goodwill arising on consolidation	7,050,743	-	-	-	-	7,050,743
- Investment in an associated company	199,999	-	-	-	-	199,999
Bad debts written off	5,205	-	-	21,648	-	26,853
Depreciation of :						
- Investment properties	244,147	3,050	-	213,035	-	460,232
- Property, plant and equipment	1,593,692	536	28,597	1,301,638	12,167,350	15,091,813
Interest expense on financial liabilities measured at amortised cost	7,089,063	-	-	-	-	7,089,063
Loss on disposal of :						
- Available-for-sale financial assets	-	1,912,925	-	-	-	1,912,925
- Property, plant and equipment	-	-	-	10,620	2,051	12,671
Property, plant and equipment written off	12,625	-	-	1,288	3,452	17,365
Share-based payment	-	3,847,951	-	-	-	3,847,951
Unrealised loss on foreign exchange	-	1,049,717	-	-	124,403	1,174,120
<b>Other non-cash income</b>						
Interest income from financial assets measured at amortised cost	(2,108,783)	(17,070,350)	-	-	-	(19,179,133)
Gain on disposal of :						
- Financial assets at fair value through profit or loss	-	(40,834)	-	-	-	(40,834)
- Non-current assets classified as held for sale	-	-	-	(70,200)	-	(70,200)
- Property, plant and equipment	(77,797)	-	-	-	-	(77,797)
Reversal of allowance for impairment losses on receivables	(41,269)	-	-	-	-	(41,269)

**45. 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 the 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:

	<b>Carrying amount RM</b>	<b>Loans and receivables RM</b>	<b>Available- for-sale RM</b>	<b>Held-to- maturity RM</b>	<b>Fair value through profit or loss RM</b>
<b>Group</b>					
<b>2015</b>					
<b>Financial Assets</b>					
Trade receivables	196,123,831	196,123,831	-	-	-
Other receivables	45,520,204	45,520,204	-	-	-
Promissory note	206,022,628	-	-	206,022,628	-
Other investments	132,323,291	-	93,835,130	-	38,488,161
Fixed deposits with licensed banks	33,471,075	33,471,075	-	-	-
Cash held under Housing Development Accounts	87,735,381	87,735,381	-	-	-
Cash and bank balances	106,385,800	106,385,800	-	-	-
Total undiscounted financial assets	<u>807,582,210</u>	<u>469,236,291</u>	<u>93,835,130</u>	<u>206,022,628</u>	<u>38,488,161</u>
<b>2014</b>					
<b>Financial Assets</b>					
Trade receivables	181,575,618	181,575,618	-	-	-
Other receivables	51,405,395	51,405,395	-	-	-
Promissory note	245,528,220	-	-	245,528,220	-
Other investments	162,692,085	-	135,621,315	-	27,070,770
Fixed deposits with licensed banks	160,983,954	160,983,954	-	-	-
Cash held under Housing Development Accounts	89,132,344	89,132,344	-	-	-
Cash and bank balances	82,321,983	82,321,983	-	-	-
Total undiscounted financial assets	<u>973,639,599</u>	<u>565,419,294</u>	<u>135,621,315</u>	<u>245,528,220</u>	<u>27,070,770</u>

45. **Financial Instruments (Cont'd)**

## (a) Classification of financial instruments (cont'd)

	<b>Carrying amount RM</b>	<b>Financial liabilities measured at amortised cost RM</b>	
<b>Group</b>			
<b>2015</b>			
<b>Financial Liabilities</b>			
Trade payables	409,555,650	409,555,650	
Other payables	337,530,939	337,530,939	
Finance lease payables	6,799,952	6,799,952	
Bank borrowings and overdrafts	561,370,855	561,370,855	
Total undiscounted financial liabilities	1,315,257,396	1,315,257,396	
<b>2014</b>			
<b>Financial Liabilities</b>			
Trade payables	328,255,617	328,255,617	
Other payables	282,628,830	282,628,830	
Finance lease payables	4,714,292	4,714,292	
Islamic Securities	10,000,000	10,000,000	
Bank borrowings and overdrafts	461,794,341	461,794,341	
Total undiscounted financial liabilities	1,087,393,080	1,087,393,080	
	<b>Carrying amount RM</b>	<b>Loans and receivables RM</b>	<b>Fair value through profit or loss RM</b>
<b>Company</b>			
<b>2015</b>			
<b>Financial Assets</b>			
Other receivables	3,318,220	3,318,220	-
Other investments	11,029,697	-	11,029,697
Amount owing by subsidiary companies	256,720,778	256,720,778	-
Fixed deposits with licensed banks	15,670,959	15,670,959	-
Cash and bank balances	4,739,917	4,739,917	-
Total undiscounted financial assets	291,479,571	280,449,874	11,029,697
<b>2014</b>			
<b>Financial Assets</b>			
Other receivables	33,987,860	33,987,860	-
Other investments	27,070,770	-	27,070,770
Amount owing by subsidiary companies	190,978,386	190,978,386	-
Fixed deposits with licensed banks	16,196,079	16,196,079	-
Cash and bank balances	3,027,237	3,027,237	-
Total undiscounted financial assets	271,260,332	244,189,562	27,070,770

45. **Financial Instruments (Cont'd)**

## (a) Classification of financial instruments (cont'd)

	<b>Carrying amount RM</b>	<b>Financial liabilities measured at amortised cost RM</b>
<b>Company</b>		
<b>2015</b>		
<b>Financial Liabilities</b>		
Other payables	33,471,401	33,471,401
Amount owing to subsidiary companies	56,978,008	56,978,008
Bank borrowings and overdrafts	89,475,267	89,475,267
Total undiscounted financial liabilities	179,924,676	179,924,676
<b>2014</b>		
<b>Financial Liabilities</b>		
Other payables	32,104,762	32,104,762
Amount owing to subsidiary companies	66,595,244	66,595,244
Islamic Securities	10,000,000	10,000,000
Bank borrowings and overdrafts	77,995,902	77,995,902
Total undiscounted financial liabilities	186,695,908	186,695,908

## (b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operations whilst managing its financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity risk and cash flows risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The Group and the Company have exposure to the following risks from its use of financial instruments:

## (i) Credit risk

Credit risk is the risk of a financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its trade and other receivables, fixed deposits with licensed banks, cash held under Housing Development Accounts and cash at bank. Fixed deposits with licensed banks, Cash held under Housing Development Account and cash at banks are placed with financial institutions with good credit rating.

**45. Financial Instruments (Cont'd)****(b) Financial risk management objectives and policies (cont'd)****(i) Credit risk (cont'd)**

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Receivables are monitored on an ongoing basis via the Company's management reporting procedures and action will be taken for long outstanding debts. Majority of the receivables are from property development segment. The credit risk is limited as the property purchasers were using financing from reputable end-financers, legal title to the properties revert to the Group in the event of default.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks and non-financial institutions granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM591,096,133 (2014: RM432,026,705), representing the outstanding financial guarantees to the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers except for loans to its subsidiary companies where risks of default have been assessed to be low.

**(ii) Liquidity risk**

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from mismatches of maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risks is managed with the objective of meeting business obligations on a timely basis. The Group and the Company monitor its cash flows and ensure that sufficient funding is in place to meet the obligations as and when they fall due.

45. **Financial Instruments (Cont'd)**

## (b) Financial risk management objectives and policies (cont'd)

## (ii) Liquidity risk (cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

	<b>Carrying amount RM</b>	<b>Contractual cash flows RM</b>	<b>On demand or within 1 year RM</b>	<b>1 - 2 years RM</b>	<b>2 - 5 years RM</b>	<b>After 5 years RM</b>
<b>Group</b>						
<b>2015</b>						
Trade payables	409,555,650	409,555,650	315,942,280	15,000,000	15,000,000	63,613,370
Other payables	337,530,939	337,530,939	281,302,004	-	-	56,228,935
Finance lease payables	6,799,952	7,665,457	2,043,833	1,919,254	2,956,438	745,932
Bank borrowings and overdrafts	561,370,855	624,695,549	303,405,240	108,879,809	160,503,593	51,906,907
	<b>1,315,257,396</b>	<b>1,379,447,595</b>	<b>902,693,357</b>	<b>125,799,063</b>	<b>178,460,031</b>	<b>172,495,144</b>
<b>2014</b>						
Trade payables	328,255,617	328,255,617	277,401,479	-	-	50,854,138
Other payables	282,628,830	282,628,830	234,037,527	-	-	48,591,303
Finance lease payables	4,714,292	5,341,051	1,245,290	1,100,575	2,329,478	665,708
Islamic Securities	10,000,000	10,033,750	10,033,750	-	-	-
Bank borrowings and overdrafts	461,794,341	531,138,718	208,189,956	142,667,143	142,298,021	37,983,598
	<b>1,087,393,080</b>	<b>1,157,397,966</b>	<b>730,908,002</b>	<b>143,767,718</b>	<b>144,627,499</b>	<b>138,094,747</b>

45. **Financial Instruments (Cont'd)**

## (b) Financial risk management objectives and policies (cont'd)

## (ii) Liquidity risk (cont'd)

	<b>Carrying amount RM</b>	<b>Contractual cash flows RM</b>	<b>On demand or within 1 year RM</b>	<b>1 - 2 years RM</b>	<b>2 - 5 years RM</b>	<b>After 5 years RM</b>
<b>Company</b>						
<b>2015</b>						
Other payables	33,471,401	33,471,401	33,471,401	-	-	-
Amount owing to subsidiary companies	56,978,008	56,978,008	56,978,008	-	-	-
Bank borrowings and overdrafts	89,475,267	95,273,081	75,359,090	10,508,091	9,405,900	-
	<u>179,924,676</u>	<u>185,722,490</u>	<u>165,808,499</u>	<u>10,508,091</u>	<u>9,405,900</u>	<u>-</u>
<b>2014</b>						
Other payables	32,104,762	32,104,762	32,104,762	-	-	-
Amount owing to subsidiary companies	66,595,244	66,595,244	25,152,821	41,442,423	-	-
Islamic Securities	10,000,000	10,033,750	10,033,750	-	-	-
Bank borrowings and overdrafts	77,995,902	82,600,237	69,458,547	7,470,769	5,670,921	-
	<u>186,695,908</u>	<u>191,333,993</u>	<u>136,749,880</u>	<u>48,913,192</u>	<u>5,670,921</u>	<u>-</u>

**45. Financial Instruments (Cont'd)****(b) Financial risk management objectives and policies (cont'd)****(iii) Market risk**Foreign currency exchange risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollar (“USD”), Hong Kong Dollar (“HKD”), Euro and Chinese Renminbi (“RMB”).

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by the management.

The carrying amounts of the Group’s foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	<b>USD RM</b>	<b>HKD RM</b>	<b>EURO RM</b>	<b>RMB RM</b>	<b>Total RM</b>
<b>Group</b>					
<b>2015</b>					
<b>Financial Assets</b>					
Other					
receivables	-	14,947	-	-	14,947
Fixed deposits					
with licensed					
banks	4,330,502	-	-	83,521	4,414,023
Cash and bank					
balances	712,536	513,882	1,320,065	312,325	2,858,808
	<u>5,043,038</u>	<u>528,829</u>	<u>1,320,065</u>	<u>395,846</u>	<u>7,287,778</u>
<b>Financial Liabilities</b>					
Trade					
payables	306,507	-	-	-	306,507
Bank					
borrowings	15,542,470	-	-	-	15,542,470
	<u>15,848,977</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,848,977</u>

45. **Financial Instruments (Cont'd)**

## (b) Financial risk management objectives and policies (cont'd)

## (iii) Market risk (cont'd)

Foreign currency exchange risk (cont'd)

	USD RM	HKD RM	EURO RM	RMB RM	Total RM
<b>Group</b>					
<b>2014</b>					
<b>Financial Assets</b>					
Other					
receivables	-	2,930	-	-	2,930
Fixed deposits with licensed banks					
banks	3,495,000	79,193	-	713,939	4,288,132
Cash and bank balances					
balances	573,083	346,353	1,184,301	92,118	2,195,855
	<u>4,068,083</u>	<u>428,476</u>	<u>1,184,301</u>	<u>806,057</u>	<u>6,486,917</u>
<b>Financial Liabilities</b>					
Trade payables					
payables	249,595	175,523	-	-	425,118
Bank borrowings					
borrowings	19,781,700	-	-	-	19,781,700
	<u>20,031,295</u>	<u>175,523</u>	<u>-</u>	<u>-</u>	<u>20,206,818</u>
<b>Company</b>					
<b>2015</b>					
<b>Financial Assets</b>					
Fixed deposits with licensed banks					
banks	4,330,502	-	-	-	4,330,502
Cash and bank balances					
balances	648,378	107,162	-	-	755,540
	<u>4,978,880</u>	<u>107,162</u>	<u>-</u>	<u>-</u>	<u>5,086,042</u>
<b>Financial Liabilities</b>					
Bank borrowings					
borrowings	15,542,470	-	-	-	15,542,470
	<u>15,542,470</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,542,470</u>

45. **Financial Instruments (Cont'd)**

## (b) Financial risk management objectives and policies (cont'd)

## (iii) Market risk (cont'd)

Foreign currency exchange risk (cont'd)

	USD RM	HKD RM	EURO RM	RMB RM	Total RM
<b>Company</b>					
<b>2014</b>					
<b>Financial Assets</b>					
Fixed deposits with licensed banks					
	3,495,000	79,193	-	-	3,574,193
Cash and bank balances					
	534,223	7,683	-	-	541,906
	4,029,223	86,876	-	-	4,116,099
<b>Financial Liabilities</b>					
Bank borrowings					
	19,781,700	-	-	-	19,781,700

Foreign currency risk sensitivity

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

A 10% strengthening of Ringgit Malaysia against the following foreign currencies at the end of the reporting period would increase / (decrease) the profit before taxation and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain unchanged.

45. **Financial Instruments (Cont'd)**

## (b) Financial risk management objectives and policies (cont'd)

## (iii) Market risk (cont'd)

Foreign currency risk sensitivity (cont'd)

<b>Group</b>	<b>USD RM</b>	<b>HKD RM</b>	<b>EURO RM</b>	<b>RMB RM</b>
<b>2015</b>				
Profit before taxation and other comprehensive income	<u>1,080,594</u>	<u>(52,883)</u>	<u>(132,007)</u>	<u>(39,585)</u>
<b>2014</b>				
Profit before taxation and other comprehensive income	<u>1,596,321</u>	<u>(25,295)</u>	<u>(118,430)</u>	<u>(80,606)</u>
<b>Company</b>				
<b>2015</b>				
Profit before taxation and other comprehensive income	<u>1,056,359</u>	<u>(10,716)</u>	<u>-</u>	<u>-</u>
<b>2014</b>				
Profit before taxation and other comprehensive income	<u>1,575,248</u>	<u>(8,688)</u>	<u>-</u>	<u>-</u>

A 10% weakening of Ringgit Malaysia against the above foreign currencies at the end of the reporting period would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain unchanged.

Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

45. **Financial Instruments (Cont'd)**

## (b) Financial risk management objectives and policies (cont'd)

## (iii) Market risk (cont'd)

Interest rate risk (cont'd)

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes. The carrying amounts of the Group's and of the Company's financial instruments that are exposed to interest rate risk are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Fixed Rate Instruments</b>				
<b>Financial Asset</b>				
Fixed deposits with licensed banks	33,471,075	160,983,954	15,670,959	16,196,079
<b>Financial Liabilities</b>				
Islamic Securities	-	10,000,000	-	10,000,000
Finance lease payables	6,799,952	4,714,292	-	-
<b>Floating Rate Instruments</b>				
<b>Financial Assets</b>				
Cash Held under Housing Development Accounts	87,735,381	89,132,344	-	-
Cash and bank balances	9,114,119	8,715,512	724,614	548,099
Amount owing by subsidiary companies	-	-	252,653,104	166,979,336
<b>Financial Liabilities</b>				
Bank borrowings and overdrafts	561,370,855	461,794,341	89,475,267	77,995,902
Amount owing to subsidiary companies	-	-	56,946,384	-

**45. Financial Instruments (Cont'd)****(b) Financial risk management objectives and policies (cont'd)****(iii) Market risk (cont'd)****Interest rate risk (cont'd)**

The Group and the Company are exposed to interest rate risk arising from the Group's and the Company's financial instruments.

**Interest rate risk sensitivity**

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

A change in 1% interest rate at the end of the reporting period would have increased or decreased the Group's and the Company's profit before taxation by RM4,645,214 and RM1,069,561 (2014: RM3,639,465 and RM895,315) respectively, arising mainly as a result of lower or higher interest expense on floating financial assets and financial liabilities. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

**(c) Fair value of financial instruments**

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

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



45. **Financial Instruments (Cont'd)**

## (c) Fair value of financial instruments (cont'd)

Group 2014	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
<b>Financial assets</b>										
Over-the counter trust funds	27,070,770	-	-	27,070,770	-	-	-	-	27,070,770	27,070,770
Promissory note	-	-	-	-	-	-	159,661,639	159,661,639	159,661,639	159,661,639
Equity securities	135,621,315	-	-	135,621,315	-	-	-	-	135,621,315	135,621,315
	<u>162,692,085</u>	<u>-</u>	<u>-</u>	<u>162,692,085</u>	<u>-</u>	<u>-</u>	<u>159,661,639</u>	<u>159,661,639</u>	<u>322,353,724</u>	<u>322,353,724</u>
<b>Financial liabilities</b>										
Trade payables	-	-	-	-	-	-	50,854,138	50,854,138	50,854,138	50,854,138
Other payables	-	-	-	-	-	-	48,591,303	48,591,303	48,591,303	48,591,303
Finance lease payables	-	-	-	-	-	-	3,189,754	3,189,754	3,189,754	3,688,384
Contingent liabilities	-	-	-	-	-	-	@	-	-	15,425,745
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,635,195</u>	<u>102,635,195</u>	<u>102,635,195</u>	<u>118,559,570</u>
<b>Company</b>										
<b>Financial assets</b>										
Over-the counter trust funds	22,070,770	-	-	22,070,770	-	-	-	-	22,070,770	22,070,770
<b>Financial liabilities</b>										
Contingent liabilities	-	-	-	-	-	-	@	-	-	432,026,705
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>432,026,705</u>

@ It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, cost and eventual outcome.

**45. Financial Instruments (Cont'd)****(c) Fair value of financial instruments (cont'd)****(i) 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.

There were no transfers between levels during current and previous financial years.

**(ii) Level 1 fair value**

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

**(iii) 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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**(iv) Level 3 fair value**

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

**46. Capital Management**

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

#### 46. Capital Management (Cont'd)

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at the end of the reporting period are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Debt</b>				
Finance lease payables	6,799,952	4,714,292	-	-
Bank borrowings and overdrafts	561,370,855	471,794,341	89,475,267	87,995,902
Total debt	<u>568,170,807</u>	<u>476,508,633</u>	<u>89,475,267</u>	<u>87,995,902</u>
<b>Deposits, cash and bank balances</b>				
Fixed deposits with licensed banks	(33,471,075)	(160,983,954)	(15,670,959)	(16,196,079)
Cash and bank balances	(106,385,800)	(82,321,983)	(4,739,917)	(3,027,237)
Cash held under Housing Development Accounts	(87,735,381)	(89,132,344)	-	-
Total deposits, cash and bank balances	<u>(227,592,256)</u>	<u>(332,438,281)</u>	<u>(20,410,876)</u>	<u>(19,223,316)</u>
Net debt	<u>340,578,551</u>	<u>144,070,352</u>	<u>69,064,391</u>	<u>68,772,586</u>
Total equity	<u>1,012,372,699</u>	<u>961,854,434</u>	<u>512,387,017</u>	<u>483,169,078</u>
Gross gearing ratio	<u>0.56</u>	<u>0.50</u>	<u>0.17</u>	<u>0.18</u>
Net gearing ratio	<u>0.34</u>	<u>0.15</u>	<u>0.13</u>	<u>0.14</u>

There were no changes in the Group's approach to capital management during the financial year.

The Group maintains a debt to equity ratio that complies with debt covenant and regulatory requirements in countries where the Group operates. This includes minimum capital requirements and the requirements to maintain legal reserves which are non-distributable.

#### 47. Significant Events

During the financial year, the following significant events took place for the Company:

On 7 April 2014, Bursa Malaysia Securities Berhad ("Bursa Securities") has approved the listing and quotation for up to 58,349,303 new ordinary shares of RM1.00 each ("Placement Shares") pursuant to Section 132D of the Companies Act, 1965 ("Private Placement").

On 2 May 2014, a total of 20,000,000 Placement Shares were listed and quoted on the Main Market of Bursa Securities.

The timeframe approved by the Bursa Securities for the implementation of Private Placement has expired on 2 April 2015.

**48. Subsequent Events**

Subsequent to the financial year, the following subsequent events took place for the Company and its subsidiary companies:

- (a) On 1 January 2016, a total of 176,900 share options under ESOS were granted at the subscription price of RM1.28 each to the eligible employees under the Thirty-Second Grant of the ESOS.
- (b) On 27 January 2016, LBS has acquired One Hundred Fifty Thousand (150,000) ordinary shares of RM1.00 each in Puncak Gama Sdn. Bhd. (“PGSB”) for a total cash consideration of Ringgit Malaysia Eleven Million (RM11,000,000) only. PGSB would become a 66% subsidiary company of LBS upon 50% settlement of the purchase consideration.
- (c) On 1 February 2016, a total of 100,300 share options under ESOS were granted at the subscription price of RM1.22 each to the eligible employees under the Thirty-Third Grant of the ESOS.
- (d) On 1 March 2016, a total of 168,300 share options under ESOS were granted at the subscription price of RM1.21 each to the eligible employees under the Thirty-Fourth Grant of the ESOS.
- (e) On 29 March 2016, LBS Capital Sdn. Bhd. (“LCSB”), a wholly-owned subsidiary company of LBS has increased its paid up share capital from 25,000 to 2,000,000 ordinary shares of RM1.00 each. LBS has subscribed for an additional of 1,975,000 ordinary shares of RM1.00 each in LCSB by way of cash.

**49. Material Litigation**

As at the date of this report, there is no material litigation against the Company and its subsidiary companies.

**50. Capital Commitments**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Approved and contracted for property development:		
- Joint Venture Agreements	385,360,338	226,583,800
- Sale and Purchase Agreements	146,108,200	148,115,549
- Privatisation Agreement	-	60,000,000
	<u>531,468,538</u>	<u>434,699,349</u>

**51. Contingent Liabilities**

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<u>Unsecured :</u>				
Corporate guarantees given to licensed banks to secure banking facilities granted to subsidiary companies	-	-	471,895,591	383,798,439
Corporate guarantees given to the suppliers of goods for credit terms / facilities granted to subsidiary companies	-	-	906,572	1,982,296
Corporate guarantees given to joint venture partners for undertaking due performance in relation to joint venture agreements	-	-	118,293,970	46,245,970
<u>Secured :</u>				
Bank guarantees in favour of the local authorities for development purpose	15,047,932	15,425,745	-	-

The Company participated in the Regularisation Plan of ML Global, an associated company, and guaranteed that in the event that ML Global fails to achieve audited operational profit after taxation of Ringgit Malaysia Six Million (“Guaranteed Profit”) for each of the two (2) consecutive financial years following the successful implementation of the Regularisation Plan, the Company shall be liable to one half (50%) of the difference between the Guaranteed Profit and audited operational profit after taxation (“Differential Sum”).

For the current financial year, the Company has made a provision of RM365,606 based on the audited result of ML Global for the financial year ended 31 December 2015, being one half (50%) of the Differential Sum.

52. **List of Subsidiary Companies**

Name of company	Country of incorporation	Effective interest		Principal activities
		2015	2014	
		%	%	
<b>Direct holding</b>				
Intellplace Holdings Limited	British Virgin Islands	100	100	Investment holding
LBS Bina Holdings Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
LBS Landscape Sdn. Bhd.	Malaysia	100	100	Turfing and landscape contracting
Linkway Property Co., Ltd	British Virgin Islands	100	100	Dormant
Maju Kepunyaan Sdn. Bhd.	Malaysia	100	100	Dormant
Saga Serata Sdn. Bhd.	Malaysia	100	100	Insurance agent
SPJ Construction Sdn. Bhd.	Malaysia	60	60	Dormant
<b>Indirect holding</b>				
Subsidiary companies of LBS Bina Holdings Sdn.Bhd. :				
Adil Restu Sdn. Bhd.	Malaysia	100	100	Property development
Alunan Prestasi Sdn. Bhd.	Malaysia	70	70	Property development
Angsana Abadi Sdn. Bhd.	Malaysia	100	100	Property development
Astana Modal (M) Sdn. Bhd.	Malaysia	100	100	Property development
Azam Perspektif Sdn. Bhd.	Malaysia	100	100	Property development
Casa Inspirasi Sdn. Bhd.	Malaysia	58	58	Property development

52. **List of Subsidiary Companies (Cont'd)**

Name of company	Country of incorporation	Effective interest		Principal activities
		2015	2014	
		%	%	
<b>Indirect holding</b>				
Subsidiary companies of				
LBS Bina Holdings Sdn. Bhd. :				
Cergas Asal (M) Sdn. Bhd.	Malaysia	100	100	Property development
Dataran Enigma Sdn. Bhd.	Malaysia	61	61	Property development
Equal Alliance Sdn. Bhd.	Malaysia	100	100	Property development
Equal Sign Sdn. Bhd.	Malaysia	100	100	Property development
Focal Remedy Sdn. Bhd.	Malaysia	100	100	Property development
Fokus Awana Sdn. Bhd.	Malaysia	100	70	Property development
Galeri Cekap Sdn. Bhd.	Malaysia	100	100	Dormant
Generasi Nostalgia Sdn. Bhd.	Malaysia	100	100	Property development
Generasi Simbolik Sdn. Bhd.	Malaysia	71	71	Property development
Getstyle Sdn. Bhd.	Malaysia	100	100	Property development
Inderaloka Impian Sdn. Bhd.	Malaysia	100	100	Property development
Intellview Sdn. Bhd.	Malaysia	100	100	Property development
Iringan Kejora Sdn. Bhd.	Malaysia	80	51	Property development
Jatidiri Gigih Sdn. Bhd.	Malaysia	100	100	Property development
Jauhari Unggul Sdn. Bhd.	Malaysia	100	100	Property development
Johan Anggun Sdn. Bhd.	Malaysia	85	70	Property development

52. **List of Subsidiary Companies (Cont'd)**

Name of company	Country of incorporation	Effective interest		Principal activities
		2015	2014	
		%	%	
<b>Indirect holding</b>				
Subsidiary companies of				
LBS Bina Holdings Sdn. Bhd. :				
Kalimah Jaya Sdn. Bhd.	Malaysia	100	100	Investment holding
Kilatlima Sdn. Bhd.	Malaysia	100	100	Property development
Koleksi Sigma Sdn. Bhd.	Malaysia	75	75	Property development
LBS Capital Sdn. Bhd.	Malaysia	100	100	Dormant
LBS Maju Sdn. Bhd.	Malaysia	70	70	Property development
LBS Properties Sdn. Bhd.	Malaysia	100	100	Property investment holding
Maju Kamabisa Sdn. Bhd.	Malaysia	100	100	Property development
Mayang Jelatek Sdn. Bhd.	Malaysia	51	51	Property development
Megah Solaris Sdn. Bhd.	Malaysia	55	-	Dormant
Misi Aktif Sdn. Bhd.	Malaysia	100	100	Property development
MITC Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Pelangi Homes Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Pembangunan Primer Sdn. Bhd.	Malaysia	80	80	Property development
Prima Utuh Sdn. Bhd.	Malaysia	80	80	Dormant
Puncak Gama Sdn. Bhd.	Malaysia	51	51	Property development

52. **List of Subsidiary Companies (Cont'd)**

Name of company	Country of incorporation	Effective interest		Principal activities
		2015	2014	
		%	%	
<b>Indirect holding</b>				
Subsidiary companies of				
LBS Bina Holdings Sdn. Bhd. :				
Saga Megah Sdn. Bhd.	Malaysia	100	100	Trading of building materials and general construction
Sepadan Maju Sdn. Bhd.	Malaysia	90	90	Property development
Seribu Baiduri Sdn. Bhd.	Malaysia	100	100	Property development
Sinaran Restu Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Taman Sempurna Sdn. Bhd.	Malaysia	51	51	Dormant
Utuh Aspirasi Sdn. Bhd.	Malaysia	100	100	Property development
Wirama Era Baru Sdn. Bhd.	Malaysia	51	51	Property development
Subsidiary companies of				
Sinaran Restu Sdn. Bhd. :				
Juaraplex Sdn. Bhd.	Malaysia	100	100	Property development
Kenderong Sdn. Bhd.	Malaysia	100	100	Property development
Keranji Bina Sdn. Bhd.	Malaysia	100	100	Property development
Lingkar Semangat Sdn. Bhd.	Malaysia	100	100	Property development
Nilam Mewah Sdn. Bhd.	Malaysia	55	55	Dormant
Pacific Grant Sdn. Bhd.	Malaysia	100	100	Property development
Silibin Jaya Sdn. Bhd.	Malaysia	100	100	Property development

52. **List of Subsidiary Companies (Cont'd)**

Name of company	Country of incorporation	Effective interest		Principal activities
		2015	2014	
		%	%	
<b>Indirect holding</b>				
Subsidiary companies of MITC Sdn. Bhd. :				
MITC Engineering Sdn. Bhd.	Malaysia	75	75	Civil engineering, design and build, property development and trading activities
Prisma Kasturi Sdn. Bhd.	Malaysia	-	51	Dormant
Subsidiary company of Saga Serata Sdn. Bhd. :				
Healthguard Medicare Sdn. Bhd.	Malaysia	60	60	Selling of membership cards covering personal insurance
Subsidiary company of Kalimah Jaya Sdn. Bhd. :				
Utuh Sejagat Sdn. Bhd.	Malaysia	100	100	Property development
Subsidiary companies of MITC Engineering Sdn. Bhd. :				
Nuevo Attraction & Destination Sdn. Bhd.	Malaysia	45	45	Tourism development and investment holding
Prisma Craft Sdn. Bhd.	Malaysia	75	-	Dormant
Prisma Kasturi Sdn. Bhd.	Malaysia	75	-	Dormant
Restu Bidara Sdn. Bhd.	Malaysia	75	-	Dormant
Top Ace Solutions Sdn. Bhd.	Malaysia	75	-	Trading of building materials and general construction
Subsidiary company of Nuevo Attraction & Destination Sdn. Bhd. :				
Nuevoprima Development Sdn. Bhd.	Malaysia	45	45	Dormant

52. **List of Subsidiary Companies (Cont'd)**

Name of company	Country of incorporation	Effective interest		Principal activities
		2015	2014	
		%	%	
<b>Indirect holding</b>				
Subsidiary company of Intellplace Holdings Limited :				
* Dragon Hill Corporation Limited	Hong Kong	100	100	Investment holding
Subsidiary company of Dragon Hill Corporation Limited :				
* Lamdeal Investments Limited	Hong Kong	100	100	Project investment through a subsidiary company in The People's Republic of China ("PRC")
Subsidiary company of Lamdeal Investments Limited :				
* Zhuhai International Circuit Limited	PRC	60	60	Racing circuit development and management
Subsidiary company of Zhuhai International Circuit Limited :				
* Zhuhai International Circuit Promotion (HK) Limited	Hong Kong	60	60	Providing handling services for its holding company
* Subsidiary companies not audited by UHY.				

53. **List of Associated Companies**

Name of company	Country of incorporation	Effective interest		Principal activities
		2015	2014	
		%	%	
<b>Direct holding</b>				
ML Global Berhad	Malaysia	24.13	22.06	Investment holding and provision of management services to its subsidiary companies
<b>Indirect holding</b>				
Associated companies of LBS Bina Holdings Sdn. Bhd. :				
Bayu Cergas Sdn. Bhd.	Malaysia	40	40	Dormant
Bimbingan Sumber Sdn. Bhd.	Malaysia	30	30	Dormant
Pristine Sunrise (M) Sdn. Bhd.	Malaysia	30	30	Dormant
Sambungan Aktif Sdn. Bhd.	Malaysia	30	30	Dormant
Setara Armada Sdn. Bhd.	Malaysia	30	30	Dormant
Tarikan Puncak Sdn. Bhd.	Malaysia	20	20	Dormant
* Usaha Semarak Sdn. Bhd.	Malaysia	35	35	Dormant
Warnasari Idaman Sdn. Bhd.	Malaysia	30	30	Dormant
<b>Indirect holding</b>				
Associated company of Pelangi Homes Sdn. Bhd. :				
Biz Bena Development Sdn. Bhd.	Malaysia	50	40	Dormant
<b>Indirect holding</b>				
Associated company of MITC Engineering Sdn. Bhd. :				
* YLT Consultancy Sdn. Bhd. (f.k.a Esquire Outlet Sdn.Bhd.)	Malaysia	22.50	-	Dormant

\* Associated companies not audited by UHY.

54. **Comparative Figures**

Certain comparatives were restated to conform with current financial year's presentation. There was no significant impact to the financial performance in relation to the financial year ended 31 December 2014.

55. **Date of Authorisation for issue of financial statements**

The financial statements of the Group and of the Company for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the board of directors on 6 April 2016.

**56. Supplementary information on the disclosure of realised and unrealised profits or losses**

The following analysis of realised and unrealised retained earnings / (accumulated losses) of the Group and of the Company as at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The retained profits / (accumulated losses) of the Group and of the Company as at 31 December 2015 is analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Retained profits/ (Accumulated losses)				
- Realised	684,492,577	717,603,842	(87,268,425)	(93,968,177)
- Unrealised	9,362,499	(2,927,677)	(8,445,225)	(6,239,843)
	<u>693,855,076</u>	<u>714,676,165</u>	<u>(95,713,650)</u>	<u>(100,208,020)</u>
Total share of retained profits / (accumulated losses ) from associated companies				
- Realised	3,324,719	963,349	-	-
	<u>697,179,795</u>	<u>715,639,514</u>	<u>(95,713,650)</u>	<u>(100,208,020)</u>
Less: Consolidation adjustments	<u>(232,014,250)</u>	<u>(276,361,523)</u>	-	-
	<u>465,165,545</u>	<u>439,277,991</u>	<u>(95,713,650)</u>	<u>(100,208,020)</u>

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