

Building Communities & Beyond

ANNUAL REPORT

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Chairman's Statement



Dear Shareholders,

On behalf of the Board of Directors of BCB Berhad, I am pleased to present this Annual Report and Financial Statements of BCB Berhad for the financial year ended 30 June 2016.

OVERVIEW

The Malaysian economy's growth (gross domestic product or GDP) is expected to remain challenging and to slow to 4.2% in year 2016 as compared to 4.7% chalked in the previous year. This comes in wake of recent global uncertainties such as Brexit, lower crude oil prices and the weakening of the Ringgit vis a vis with other currencies. The economic slowdown is further exacerbated by the slowdown in China's economy, the introduction of the goods and services tax (GST) in April of year 2015 and other "cooling" measures that were previously mooted by Bank Negara Malaysia (BNM).

On 13 July this year, BNM defied market expectations and for the first time in over seven years reduced banks' Overnight Policy Rates from 3.25% to 3% with the objective of supporting and boosting economic growth.

Against this backdrop, solid domestic demand will continue to be the main driving force propelling Malaysia's growth forward in years 2016 and 2017.

Despite the overall weak market scenario, the Malaysian property market for the past few years did not plunge but held up quite well. This may be due to the fact that since year 2010 when BNM put in place a slew of "cooling" measures, the property market had already on its own adjusted and weeded out excessive speculation.

As in the past, the residential sub-sector continues to spearhead the property market activities. The prevailing low interest rate is expected to spur genuine homebuyers into participating in the property market.

The Group has been quite lucky and is "holding out well" because of pricing, concept, design and location of its products.

Chairman's Statement (cont'd)

FINANCIAL REVIEW

The Group posted a turnover of RM301.03 million compared with RM398.74 million achieved in the previous year. Group profit before tax decreased to RM37.92 million compared with RM48.12 million achieved in the previous year while Group profit after tax decreased to RM24.40 million compared with RM34.25 million achieved in the previous year.

REVIEW OF OPERATIONS

Property Development

The Group experienced strong sales for its products amidst in a more competitive and sluggish market environment.

New development phases in the Group's flagship development projects in Batu Pahat, Johor - Taman Bukit Perdana, Evergreen Heights and Bandar Putera Indah continue to generate interest from home buyers.

These three townships are strategically sited near to public amenities and they continue to provide value to home buyers in terms of better/attractive designs, quality finishes, superb landscaping, excellent infrastructures, and competitive pricing.

On August 7, 2015, the Group officially launched its maiden project in Medini Iskandar Malaysia. Named Elysia Park Residence, it is a high-end high-rise development situated in front of Gleneagles Hospital and a walking distance to Legoland Malaysia. Despite the overall weak sentiment for property developments within the Iskandar Malaysia region, the Group was able to tap into the lucrative foreign market.

In the Klang Valley, the Group's high-end condominium project, Concerto North Kiara continue to generate sales and interest from home buyers. Total cumulative sales to-date is about RM440 million. Its other high-end landed project, Home Tree in Kota Kemuning saw many prospective home buyers eagerly waiting for the official launch of its second phase development. The first phase of Home Tree named Long Branch saw almost all 101 units of high-end 3 storey bungalows (GDV RM280mil) sold within a week of launching last year.

The Group expects these two Klang Valley projects in addition to existing projects in Johor to contribute generously to its earnings in the near term.

JOHOR

a) Taman Bukit Perdana, Batu Pahat

This 400 acres mixed development township is located 1.5km from Batu Pahat town centre and continue to record strong sales during the year.

To date, over 4,000 units have been sold for a total sales value of about RM600 million. As at to-date, this township is almost fully developed.

b) Evergreen Heights, Batu Pahat

This 400 acres mixed development township is located 8km south of Batu Pahat town centre. It is located next to the 18-hole Bukit Banang Golf and Country Club and is distinct as it emphasizes quality living set amidst natural surroundings.

Its development is architecturally attractive with beautifully landscaped terrain. There is also a 12-acres park and lake for family recreational purposes.

To date, over 3,000 units have been sold for a total sales value of about RM1.0 billion. This township is currently 85% developed with another 80 acres of undeveloped land. We are confident that future launches and sales at this township will continue to appeal and attract strong demand given the wide range of amenities, facilities and infrastructure already put in place or due to be put in place in the next few years.

c) Bandar Putera Indah, Batu Pahat

This 390 acre mixed development township is located in the vicinity of Tongkang Pecah, about 11km north-east of Batu Pahat town centre. This entire project will have a GDV of about RM1.1 billion.

The concept here emphasizes quality living set amidst natural surroundings with architecturally attractive designs and beautifully landscaped terrain.

Since its maiden launching in 2011, the take-up rate has been very encouraging with phase 1 encompassing 20 acres of land fully sold and completed. In July 2012, phase 2 was launched and again the take-up rate was encouraging.

To date over 1,000 units have been sold with a total sales value of about RM260 million. We will be rolling out more new phases soon. We are confident of this township's future contribution to the Group's earnings.

Chairman's Statement (cont'd)

d) Elysia Park Residence, Medini, Iskandar Malaysia

This 7.81 acres high-end high-rise development is a joint venture between BCB Berhad (holding a 60% equity stake) and a developer from Hong Kong, China called United Harvest Group Company Limited.

This is a 129 years leasehold project consisting of 6 tower blocks sitting on a 9 storey car park podium. It has a GDV of about RM1.2 billion and will be developed over 5 years. Phase 1 has 981 units sited in 3 tower blocks. There are eight types of unit layouts to choose from and they come in various designs and sizes ranging from 516 s.f. to 1,252 s.f.

This project is expected to generate considerable interest from locals as well as foreigners simply because Medini is a special economic zone; whereby foreigners are exempted from the buying and selling restrictions imposed elsewhere in the country. Phase 1 was officially launched on August 7, 2015.

Despite the "over-supply" fear syndrome for all development projects within Iskandar Malaysia and difficulties encountered by buyers in securing bank loans, the Group was fortunate as it managed to secure quite a number of foreign buyers. To-date about RM180 million in sales has been recorded.

KLANG VALLEY

a) Taman Yarl, Kuala Lumpur

The Group has obtained the development order from the authorities to construct 3 units of high-end 3 and 4 storey bungalows. Construction works is presently in an advance stage.

b) Concerto North Kiara, Kuala Lumpur

A 440 unit high-end condominium project sited on 5 acres of freehold land and comprising 3 tower blocks and a club house. This project is located in the vicinity of Mont' Kiara, Kuala Lumpur and has a GDV of about RM560.0 million. To date, about RM440 million worth of sales has been recorded.

It was officially launched on July 7, 2012 and completed in December 2015.

c) Home Tree at Kota Kemuning, Shah Alam, Selangor

A high-end gated and guarded community sited on 151 acres of land located along the Klang river and comprising about 200 units of high-end bungalows plus various other categories of houses and commercial properties. This project is located in Kota Kemuning and has a 3.5 km long river frontage. It was officially launched on June 22, 2013.

This development is a joint venture between BCB Berhad (holding a 70% stake) and Land Shine Limited, an affiliate of a reputable property developer in Xiamen, China. It will have a nature theme as it is fronting 3.5km of the Klang River. It will be designed to harmonize with nature and have club houses, jogging tracks, an esplanade and observation decks along the water front.

The whole development project will have a GDV of about RM1.8 billion and is targeted for completion in about 5 years time. Phase 1 has a GDV of about RM300million. To-date, about RM280million worth of properties in phase 1 has been recorded.

Subsequent launches of other phases will take place in the first half of year 2017.

OTHERS

Existing townships with on-going developments are as follows:

- Taman Sri Kluang (Kluang, Johor)
- Taman Pulai Utama (Johor Bahru, Johor)
- Taman Megah (Pontian, Johor)

Project Management

On the project management front, the Group has earned a name for itself in Johor Bahru via its management of the vibrant Taman Pulai Utama integrated township in the vicinity of Skudai town. Similarly in Kluang, the Group is managing Taman Saujana which is offering gated security features.

Chairman's Statement (cont'd)

a) Taman Pulau Utama

This 500 acres township is located in the vicinity of Skudai town, about 2 km from Universiti Teknologi Malaysia and Pulau Springs Golf and Country Club. It is served by a shopping mall, U-mall, with Giant hypermarket being the anchor tenant. The shopping mall also has restaurants, retail lots and a Cineplex.

b) Taman Saujana

This 250 acres township is the first in Kluang town to offer a residential gated security concept to home buyers. A sophisticated security system involving Touch Card access and perimeter fencing are featured for the higher-end products of this township.

Construction

The Group's construction division continues to be the main contractor for the Group's various development projects. Consolidated revenue of this division was RM7.27 million during the financial year. Its main objective is to assist the Group in ensuring timely delivery of quality products at competitive pricing.

Shortage of labor and increasing cost of building materials remain a continuing source of concern for this division. To mitigate these issues, the Group has started sourcing certain materials from overseas while ensuring that product quality is not compromised.

Hotel

The Group's Prime City Hotel, a 213 room hotel located in the heart of Kluang has maintained its market position as the town's main avenue for the hosting of business and social functions. Consolidated revenue of this division were RM8.05 million during the financial year.

To keep up with customer expectations and to remain competitive, the Group in year 2013 added 87 new rooms (called the new wing) to the hotel and has embarked on a stage by stage renovation program for the entire hotel.

As Kluang is strategically located in the centre of Johor state, the Group intends to set up new amenities and facilities to position and promote its hotel into a premier business convention centre of choice for surrounding areas.

CORPORATE DEVELOPMENTS

Joint Venture Agreement

On 29th February 2016, the Company entered into a shareholders' agreement with a Madam Kong Lee Kuan and Long Xin Sdn Bhd to jointly develop a 22 acres plot of land in zone C of Medini Iskandar Malaysia. This land was purchased by the Group in December 2015.

Both these two shareholders will hold 5% and 20% shares respectively in a subsidiary company called BCB Medini Development Sdn Bhd (formerly known as Absolute 88 Sdn Bhd).

Share Split

On 7th January 2016, the entire issued and paid-up share capital of the Company (including treasury shares) amounting to 206,250 ordinary shares of RM1.00 each was subdivided into 412,500 ordinary shares of RM0.50 each.

New Subsidiary

On 27th October 2015, the Company acquired 2 ordinary shares of RM1.00 each in Knights Bridge Express Sdn Bhd ("Knights Bridge") representing the entire issued and paid-up capital of RM2.00. With this, Knights Bridge became a wholly owned subsidiary of the Company.

Proposed Dividend

The Group is not proposing any dividend this year in spite of a set of good results, partly to conserve cash in the face of a rather subdued and challenging market.



Chairman's Statement (cont'd)

Prospects

The property market is expected to remain flat for the whole of next year (2017).

Against this dim backdrop, the Group believes that good location, competitive pricing, attractive and practical designs, superior layouts and quality finishing will see it through this tough time. The Group will also continue its efforts in enhancing operational efficiency and effectiveness by putting in place stronger cost control measures.

Nevertheless, going forward, the Group is optimistic of a turnaround in year 2018.

Appreciation

On behalf of the Board of Directors, I would like to express our gratitude and appreciation to all our employees for their dedicated service and contribution to the success of the Group. To our shareholders, valued customers, business associates and Governmental authorities, I would like to convey our sincere thanks for their continued support and confidence in the Group.

Last but not least, my special thanks to my fellow Board members for their counsel, invaluable contributions and understanding in the past year and I look forward to their support in the future.

ASH'ARI BIN AYUB

Chairman



Management Discussion and Analysis

Pursuant to the Listing Requirements ("LR") set by Bursa Malaysia Securities Berhad ("Bursa Malaysia") Paragraph 2.18 of the LR which requires that any application, proposal, statement, information or document presented, submitted or disclosed pursuant to the LR (i) is clear, unambiguous and accurate; (ii) does not contain any material omission; and (iii) is not false or misleading.

1. Business Operations

The Malaysian property market for year 2016 is sluggish as a result of cooling measures put in place by the government the past few years as well as weakness in the global commodities market. This slow down is further exuberated by the currency turmoil. Against this backdrop, location and branding are the key drivers of continued growth for most developers.

The Group is fortunate that its existing projects /undeveloped land banks are strategically located. The past 5 years saw the Group embarking on a brand building exercise in the country. The Group's philosophy is to provide good quality product designs and layouts at reasonable prices. In addition, the Group emphasizes on the conservation of the environment and strives to incorporate "Green" concepts into all its product designs.

Klang Valley

The Group has 2 high-end projects in the Klang Valley.

a) Concerto North Kiara

Is located on a 5 acre land in the vicinity of Mont' Kiara, Kuala Lumpur. It is a high-end condominium project offering private lift lobbies - representing a first of its kind (for condominium built-ups of less than 2,000s.f. per unit) in the country. It is also the first condominium in the country incorporating 2 layers of concrete slabs per floor to eliminate water leaks and flushing sounds from upper floor units. It is reasonably priced at approximately RM750 per s.f.

Total GDV is about RM560.0 million. To date, about RM440 million worth of properties have been sold.

b) Home Tree

Is located on a 151 acres of land in Kota Kemuning, Shah Alam, Selangor. It is a high-end mixed development project comprising of 3 storey bungalows, shophots as well as various types of houses. The whole project will be gated and guarded.

Phase 1 consists of 101 units of 3 storey bungalows and it is almost fully sold. It is a unique development offering "cul-de-sac" bungalows – American style and without front gates. It is reasonably priced at approximately RM500 per s.f. or RM2.7million per unit.

Phase 2 comprising of 99 units of 3 storey bungalows and 166 units of 3 storey Semi-Ds which is expected to be launched in the coming months.

Total GDV for the entire land is about RM1.8 billion. To date, about RM280 million worth of properties have been sold.

Johor

The Group has 3 township projects in Batu Pahat collectively garnering about 65% share of the market. In addition, it is also the largest developer in Kluang. It has various on-going projects in Kluang and Johor Bahru.

a) Bandar Putera Indah

This 390 acres township is an upcoming satellite suburb of Batu Pahat. The proposed high speed rail linking Kuala Lumpur to Singapore is expected to have a station nearby thereby increasing the township's appeal. Double storey terrace houses are reasonably priced below RM500,000 per unit.

Total GDV is about RM1.1 billion. To-date about RM260 million worth of properties have been sold.

Management Discussion and Analysis (cont'd)

b) Elysia Park Residence

Is located on a 7.81 acres land in Medini, Iskandar Malaysia and is wrapped around a park – hence its name. It is located right in front of the Gleneagles Hospital. It is also within a walking distance to Legoland and commands a view of Singapore.

Medini, being designated as a special economic zone by the government has a lot of incentives to offer to both developers as well as end-purchasers. In Medini, there are no restrictions on foreigners buying or reselling properties. First tier end-purchasers are also exempted from the Real Property Gains Tax (RPGT) when they resell their properties.

This high-end project will have 6 tower blocks and a GDV of about RM1.2 billion. It will be developed over a period of 5 years. Phase 1 comprises of 3 tower blocks with a GDV of about RM600 million was officially launched on August 7, 2015.

To date, tower 1 is about 80% sold with sales totaling about RM180 million recorded.

In this financial year, the Group posted a turnover of RM301.03 million compared with RM398.74 million achieved in the previous year. Group profit before tax decreased to RM37.92 million compared with RM48.12 million achieved in the previous year while Group profit after tax decreased to RM24.40 million compared with RM34.25 million achieved in the previous year. This small pull back is in line with the general market trend.

Nevertheless, the Group's fundamentals remain strong as a result of strategic decisions made 6 years ago whereby quality lands were acquired in the Klang Valley and a major corporate rebranding exercise was carried out.

In the Klang Valley, the Group has sold more than RM700 million worth of properties from its 2 high-end projects. Bearing higher profit margins, these 2 projects is expected to contribute generously to the Group in the coming few years.

In Medini, the Group has sold about RM180 million worth of properties from its high-end condominium project called Elysia Park Residence.

The Group foresees minimal risk in investing in Medini as the growth potential in Iskandar Malaysia is still generally strong. Any slowdown is anticipated to be short term in nature.

The Group is not proposing any dividend for financial year ended 30 June 2016 to conserve cash.

2. Financial Performance

The Group's five years performance (as can be seen in the five years financial highlight) has been on an upward trajectory.



Corporate Social Responsibility

The Group undertakes its corporate social responsibility (CSR) by maintaining a corporate culture of contributing back to society in various ways. The CSR initiated by the Group are as follows:

Environment

- The Group complies strictly with the rules and directives set by the authorities in regards to environmental safety and protection. All unwanted wastes, materials and by-products resulting from the construction sites are either recycled or disposed properly.
- Its Prime City hotel in Kluang, Johor is also practicing recycling of daily waste materials.
- The Group also strives to promote more energy-efficient houses to its customers through innovative designs. Besides, the Group has incorporated rain harvesting mechanisms in its high-end bungalows in its development in Home Tree, Kota Kemuning, Shah Alam, Selangor.
- Home Tree is a 151 acres mixed development which is fronting 3.5km of the Klang River. The Group intends to beautify and clean up its stretch of the river as well as perform dredging works at its own expense. The Group will build an esplanade with observation points as well as jogging tracks along its part of the river bank.
- For all its development projects, The Group will emphasize more on landscapes to promote better ambience and connection with nature.
- The Group also "adopted" a 4.8 acres park, named Mahkota Park which is next to the its 7.81 acres Elysia Park Residence project in Medini Iskandar Malaysia. As this park is hilly, the Group has spent a lot of time and resources to beautify and landscape it. A jogging track was added along the way to the summit. At the summit, the Group has spent more than RM2million doing up an arch (with 4 elephant tusks holding up a crown) in conjunction with HRH Sultan Ibrahim Ismail Ibni Almarhum Sultan Iskandar's coronation. This attraction at the summit of the park will encourage more members of the public to use it. HRH Sultan Ibrahim Ismail Ibni Almarhum Sultan Iskandar had formally officiated the opening of Mahkota Park to members of the public on 7th August 2015.

Maintenance of the park will be undertaken by the Group.

Community

- Over the years, the Group has heeded the Government's call to build more affordable housing for the people. This is reflected in its townships which are all mixed development in nature, thus catering to all income groups.
- The Group also care for the welfare of its home buyers by ensuring its flagship townships of Bandar Putera Perdana, Evergreen Heights and Bandar Putera Indah have adequate greens, proper landscaping and spacious recreational parks with facilities for family recreation and relaxation.
- During the year, the Group has made donations totaling to RM100,000.00 to various schools and charitable causes in sports, cultural and social welfare activities.

Workplace

- The Group believes that its human resources is an important asset and hence, the Group constantly invest in its employees by sending them for relevant training courses and workshops to upgrade their skills and knowledge.
- The Group also ensures that its employees' health, welfare and safety is not compromised at the workplace.
- The Group also provides a harassment-free workplace regardless of race, sex and religion.

Sustainability Statement

1. SOCIAL SUSTAINABILITY

Focuses on developing programs and creating an environment to facilitate progress, monitor well being and advancement within the community.

- Maintain a safe, hygienic and healthy workforce;
- Train and retain high potential and performing employees;
- Promote and reward a positive work culture;
- Promote racial harmony and prevent racial and gender discrimination.

2. ENVIRONMENTAL SUSTAINABILITY

The Group is committed to protect the environment around it. Preventive measures taken are as follows:

- The Group practices recycling in its hotel as well as various property development sites;
- The Group strives to promote more energy efficient houses through innovative designs, such as incorporating rain harvesting mechanism in its high-end bungalows in its development in Home Tree, Kota Kemuning, Shah Alam, Selangor;
- The Group ensures that the level of pollutants released into the environment is kept to a minimum in all its development sites;
- The Group will emphasize more on landscapes, greener and healthier environment for its upcoming projects;
- The Group complies with all environmental regulations.

3. GOVERNANCE SUSTAINABILITY

The credibility and integrity of the Group and board members hinges upon the proper execution of this practise. Hence the Group:

- Ensures it forms part of strategic planning;
- Enhances it through regular updates and trainings.

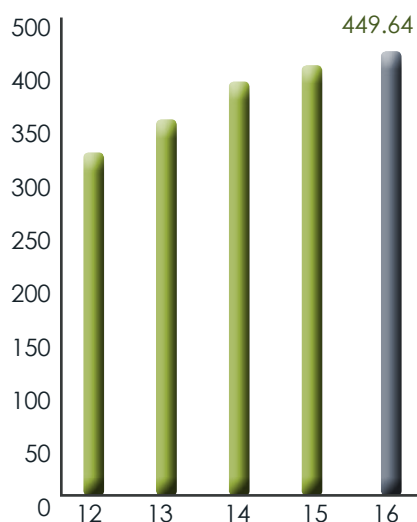
Five Years' Financial Highlights

Consolidated Statement of Financial Position as at 30 June for the financial year

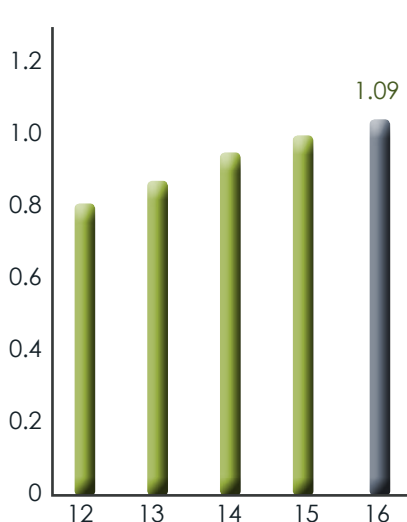
	2012 RM '000	2013 RM '000	2014 RM '000	2015 RM '000	2016 RM '000
Share Capital	206,250	206,250	206,250	206,250	206,250
Treasury Shares	(3,114)	(3,115)	(3,117)	(3,119)	(3,121)
Non-Distributable Shares	6,788	6,788	6,788	6,788	6,788
Retained Earnings	128,442	144,246	174,336	202,250	227,931
Non-Controlling Interests	6,518	6,816	8,896	12,821	11,789
Shareholders' Equity	344,884	360,985	393,153	424,990	449,637
Represented by:					
Property, Plant and Equipment	50,021	65,191	65,521	66,278	62,797
Investment Properties	35,294	24,876	25,849	22,879	61,693
Land Held for Development	47,264	96,766	83,263	83,149	142,620
Other Non-Current Assets	195	44	-	-	1,447
Current Assets	581,683	595,985	718,626	908,916	876,899
Current Liabilities	(207,458)	(254,499)	(344,945)	(451,240)	(384,385)
	374,225	341,486	373,681	457,676	492,514
Non-Current Liabilities	(162,115)	(167,378)	(155,161)	(204,992)	(311,434)
	344,884	360,985	393,153	424,990	449,637
Total Assets	714,457	782,862	893,259	1,081,222	1,145,456
Number of Ordinary Shares of RM 0.50 in Issue ('000)	412,500	412,500	412,500	412,500	412,500
Net Assets Per Share (RM)	0.84	0.88	0.95	1.03	1.09

* The Net Assets Per Share of the Group is calculated based on the net assets value at the balance sheet date divided by the number of ordinary shares in issue at the balance sheet date. The comparatives have been restated to account for subdivision of every one (1) ordinary share of RM1.00 each into two (2) ordinary shares of RM0.50 each (Share Split Exercise) which was completed on 7 January 2016. Upon completion of the Share Split Exercise, the initial 206,250,000 ordinary shares of RM1.00 each were subdivided into 412,500,000 ordinary shares of RM0.50 each

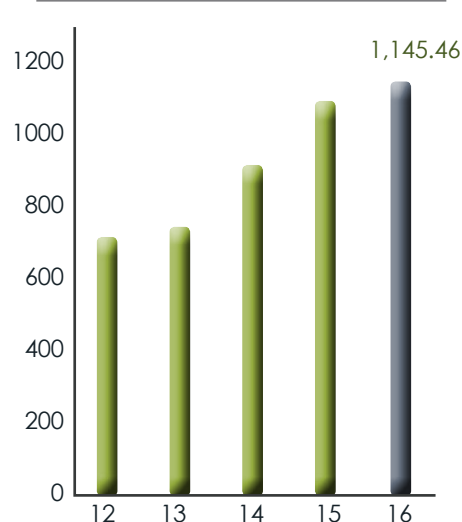
Shareholders Equity
RM'000,000



Net Assets Per Share
RM



Total Assets
RM'000,000



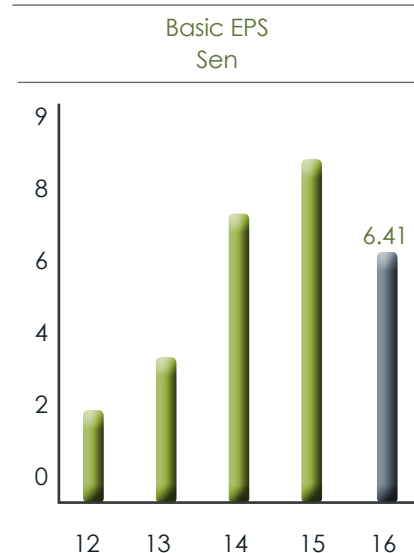
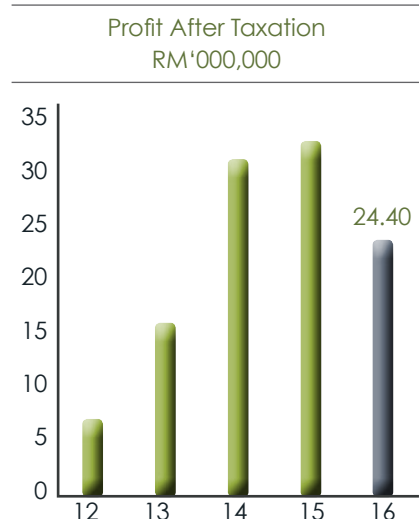
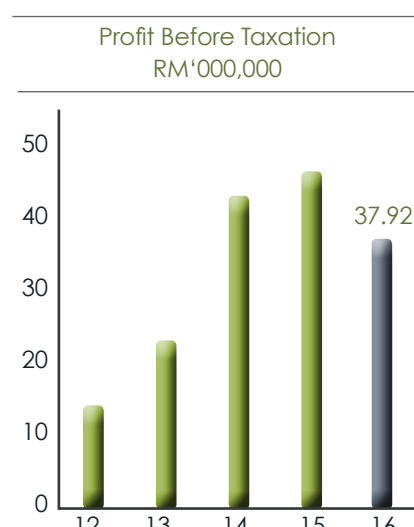
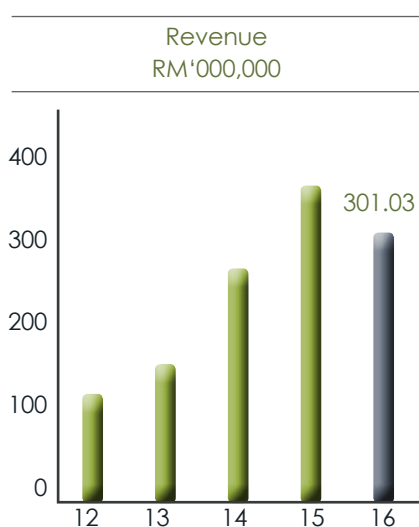
Five Years' Financial Highlights (cont'd)

Consolidated Statement of Comprehensive Income as at 30 June for the financial year

	2012 RM '000	2013 RM '000	2014 RM '000	2015 RM '000	2016 RM '000
Revenue	123,890	164,578	281,945	398,740	301,034
Profit Before Charging Depreciation and Interest Expenses	23,326	33,230	58,007	70,821	60,759
Depreciation	(2,033)	(2,257)	(2,769)	(3,232)	(3,457)
Interest Expenses	(8,993)	(10,049)	(11,431)	(19,471)	(19,381)
Profit Before Taxation	12,300	20,924	43,807	48,118	37,921
Taxation	(4,567)	(4,822)	(11,293)	(13,871)	(13,523)
Profit After taxation	7,733	16,102	32,514	34,247	24,398
Adjusted Weighted Average Number of Shares in Issue	400,476	400,472	400,468	400,464	400,462
Basic EPS (sen)	2.00	3.95	7.67	8.47	6.41

** The comparatives have been restated to account for the subdivision of every one (1) ordinary share of RM1.00 each into two (2) ordinary shares of RM0.50 each (share split) which was completed on 7 January 2016.

*** The Basic Earning Per Share is arrived by dividing the Group's profit attributable to shareholders by the weighted average number of ordinary shares (share split) in issue during the financial year. The comparatives have been restated to account for the subdivision of every one (1) ordinary share of RM1.00 into two (2) ordinary share of RM0.50 each, which was completed on 7 January 2016.



Corporate Information

Board of Directors

Ash'ari Bin Ayub

Chairman

Independent Non-Executive Director

Tan Sri Dato' Tan Seng Leong

Group Managing Director

Datuk Seri Ismail Bin Yusof

Independent Non-Executive Director

Tan Lay Hiang

Executive Director

Tan Lindy

Executive Director

Tan Vin Sern

Executive Director

Tan Vin Shyan

Executive Director

Low Kok Yung

Executive Director

Abd Manap Bin Hussain

Independent Non-Executive Director

Audit Committee

Ash'ari Bin Ayub

Chairman

Datuk Seri Ismail Bin Yusof

Member

Abd Manap Bin Hussain

Member

Nomination & Remuneration Committee

Ash'ari Bin Ayub

Chairman

Datuk Seri Ismail Bin Yusof

Member

Abd Manap Bin Hussain

Member

Company Secretaries

Ng Heng Hooi

(MAICSA No. 7048492)

Wong Mee Kiat

(MAICSA No. 7058813)

Auditors

BDO (AF 0206)

Chartered Accountants

Level 8 Menara CentARa

360 Jalan Tuanku Abdul Rahman

50100 Kuala Lumpur

Tel: 03-2616 2888

Fax: 03-2616 3190/3191

Registered Office

No. 4B, 2nd & 3rd Floor, Jalan Sentol

South Wing - Kluang Parade

86000 Kluang, Johor Darul Takzim

Tel: 07-776 0089 (5 lines)

Fax: 07-772 0089

Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No.8, Jalan Kerinchi

59200 Kuala Lumpur

Tel: 03-2783 9299

Fax: 03-2783 9222

Principal Bankers

Malayan Banking Berhad

United Overseas Bank (Malaysia) Berhad

Stock Exchange

Main Market of Bursa Malaysia Securities Berhad

Stock Number: BCB 6602



Corporate Structure



Building Communities & Beyond

172003-W

Investment Holdings, Property Development
and Hotel Operations



Board Of Directors' Profile

ASH'ARI BIN AYUB

*Chairman/Independent Non-Executive Director
Chairman of Audit Committee
Chairman of Nomination and Remuneration
Committee*

Encik Ash'ari Bin Ayub, male, aged 74, a Malaysian, was appointed to the Board on 16 May 2001. He passed the professional examination of the Malaysian Association of Certified Public Accountants on 24 June 1967. He is a member of the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA). He started his career with Coopers Brothers & Co in 1961 and served until 1970. Thereafter, he joined various organizations in the government and private sectors. He was a Senior Partner of Coopers & Lybrand, Kuala Lumpur (now known as PricewaterhouseCoopers) from 1974 to 1994. He also holds non-executive directorships in Globaltec Formation Berhad and Metrod Holdings Berhad.

He attended five (5) of five (5) Board Meetings held in the financial year ended 30 June 2016.

TAN SRI DATO' TAN SENG LEONG

*Group Managing Director
Key Senior Management*

Tan Sri Dato' Tan Seng Leong, male, aged 60, a Malaysian, was appointed to the Board on 9 November 1988. He is the founder of BCB as well as the Group Managing Director. He oversees the Group's operation and is hands on. He is an entrepreneur with considerable experience in the property development industry. He obtained his Diploma in Building Construction and Management (London) and Master of Business Administration in 1981 and 1992 respectively. In 1995, he obtained his Fellowship of International Institute of Business Management and Member of Institute of Management (United Kingdom). He was conferred a PhD in Property Development and Management (U.S.A.) in 1996.

He is also a director of BCB's subsidiaries and several private companies. He is deemed to be in conflict of interest with the Company by virtue of his interests and directorships in certain privately-owned companies which are also involved in property development and related activities. However, these privately-owned companies are not in direct competition with the business of the Company due to the different market segment and/or locality of developments.

He attended five (5) of five (5) Board Meetings held in the financial year ended 30 June 2016.

DATUK SERI ISMAIL BIN YUSOF

*Independent Non-Executive Director
Member of Audit Committee
Member of Nomination and Remuneration Committee*

Datuk Seri Ismail Bin Yusof, male, aged 72, a Malaysian, was appointed to the Board on 14 July 1998. He holds a Bachelor of Arts (Hons) from University of Malaya in 1967 and served in various capacities with the Government from 1967 to 1991. He was previously the Secretary of The Federal Territory Development Division in the Prime Minister's Department. Currently, he is a member of the Board of Trustees and the Executive Vice-Chairman of the Albukhary Foundation. He also holds non-executive directorships in Minho (M) Berhad, South Malaysia Industries Berhad and Utusan Melayu (Malaysia) Berhad.

He attended five (5) of five (5) Board Meetings held in the financial year ended 30 June 2016.

TAN LAY HIANG

*Executive Director
Key Senior Management*

Ms Tan Lay Hiang, female, aged 49, a Malaysian, was appointed to the Board on 16 July 1994. She manages the sales, marketing and conveyance aspects of BCB's property development projects. Prior to joining BCB in 1989, she was attached to several other property development firms in Kluang. She also holds directorships in BCB's subsidiaries.

She attended three (3) of five (5) Board Meetings held in the financial year ended 30 June 2016.

Board Of Directors' Profile (cont'd)

TAN LINDY

*Executive Director
Key Senior Management*

Ms Tan Lindy, female, aged 32, a Malaysian, was appointed to the Board on 22 May 2008. She is with BCB since 2005 and is responsible for the daily management and operations of BCB's Prime City Hotel in Kluang. She holds a Bachelor of Commerce from University of Melbourne, Australia. She also holds directorships in BCB's subsidiaries.

She is deemed to be in conflict of interest with the Company by virtue of her interests and directorships in certain privately-owned companies which are also involved in property development and related activities. However, these privately-owned companies are not in direct competition with the business of the Company due to the different market segment and/or locality of developments.

She attended three (3) of five (5) Board Meetings held in the financial year ended 30 June 2016.

TAN VIN SHYAN

*Executive Director
Key Senior Management*

Mr Tan Vin Shyan, male, aged 27, a Malaysian, was appointed to the Board on 1 March 2012 and is responsible for the Group's property development projects in the northern (Klang Valley) region. He holds a Bachelor of Applied Science (majoring in Property Valuation) from University of RMIT, Australia. He also holds directorships in BCB's subsidiaries.

He is deemed to be in conflict of interest with the Company by virtue of his interests and directorships in certain privately-owned companies which are also involved in property development and related activities. However, these privately-owned companies are not in direct competition with the business of the Company due to the different market segment and/or locality of developments.

He attended five (5) of five (5) Board Meetings held in the financial year ended 30 June 2016.

TAN VIN SERN

*Executive Director
Key Senior Management*

Mr Tan Vin Sern, male, aged 33, a Malaysian, was appointed to the Board on 25 May 2010 and is responsible for the Group's property development projects in the southern (Johor state) region. He holds a Bachelor of Commerce (Accounting & Finance) from University of Melbourne, Australia. He also holds directorships in BCB's subsidiaries.

He is deemed to be in conflict of interest with the Company by virtue of his interests and directorships in certain privately-owned companies which are also involved in property development and related activities. However, these privately-owned companies are not in direct competition with the business of the Company due to the different market segment and/or locality of developments.

He attended five (5) of five (5) Board Meetings held in the financial year ended 30 June 2016.

LOW KOK YUNG

*Executive Director
Key Senior Management*

Mr. Low Kok Yung, male, aged 47, a Malaysian, was appointed to the Board on 1 February 2013 and he oversees the Group's financial matters. Prior to his appointment as Executive Director of BCB, he was the Group's Financial Controller. He graduated from Newcastle University, Australia with a Bachelor of Commerce degree (majoring in Accounting). He is a member of the Malaysian Institute of Accountants (MIA) and CPA, Australia. He has more than 20 years of experience in the accounting field. He also holds directorships in BCB's subsidiaries.

He attended five (5) of five (5) Board Meetings held in the financial year ended 30 June 2016.

Board Of Directors' Profile (cont'd)

ABD MANAP BIN HUSSAIN

Independent Non-Executive Director

Member of Audit Committee

Member of Nomination and Remuneration Committee

Encik Abd Manap Bin Hussain, male, aged 64, a Malaysian, was appointed to the Board on 30 January 2014. Prior to his appointment, he was doing project advisory services works for various companies. He graduated from Institute Kemahiran MARA Bukit Cagar, Johor Bahru with Seni Bina.

He attended five (5) of five (5) Board Meetings held in the financial year ended 30 June 2016.

Other Information

- Tan Sri Dato' Tan Seng Leong and Ms Tan Lay Hiang are siblings.
- Ms Tan Lindy, Mr Tan Vin Sern and Mr Tan Vin Shyan are the children of Tan Sri Dato' Tan Seng Leong.
- Except as disclosed above, none of the other Directors has any family relationship with any Directors and/or major shareholders of the Company.

Conflict of Interest

None of the other Directors has any conflict of interest with the Company except as disclosed.

Conviction for Offences

None of the Directors have been convicted for offences within the past 5 years other than traffic offences.

None of the Directors have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Audit Committee Report

MEMBERS

The Audit Committee comprises the following members:

- Chairman : Ash'ari Bin Ayub
(Chairman / Independent Non-Executive Director)
- Members : Datuk Seri Ismail Bin Yusof
(Member / Independent Non-Executive Director)
- Abd Manap Bin Hussain
(Member / Independent Non-Executive Director)

AUDIT COMMITTEE MEETINGS

The Audit Committee held five (5) meetings during the financial year ended 30 June 2016. Details of the attendance of the meetings by the Committee Members are as follows:

Members	No. of Meetings attended	%
Ash'ari Bin Ayub	5/5	100
Datuk Seri Ismail Bin Yusof	5/5	100
Abd Manap Bin Hussain	5/5	100

ACTIVITIES UNDERTAKEN BY THE AUDIT COMMITTEE

During the financial year, the activities of the Audit Committee included:

- i) reviewed the internal auditors' audit plan and programme for the year;
- ii) reviewed the internal audit report and follow up report on the Group operations;
- iii) reviewed the external auditors' scope of work and audit plan for the financial year ended 30 June 2016;
- iv) reviewed the external auditors' reports, management letter and management's response;
- v) reviewed the unaudited quarterly financial statements and the audited financial statements of the Company and the Group, upon being satisfied that inter alia, the financial reporting and the disclosure requirements of the relevant authorities had been complied with;
- vi) conducted private discussion with the external auditors without the presence of management;
- vii) reviewed the related party transactions of a revenue or trading nature, and conflict of interest situation that may arise within the Group;
- viii) reviewed the proposal on renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature;
- ix) reviewed the Company's compliance, in particular the quarterly and year end financial statements with the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board;
- x) reviewed the Audit Committee Report for inclusion in the Annual Report; and
- xi) reviewed the report on the Statement on Risk Management and Internal Control for inclusion in the Annual Report.

Audit Committee Report (cont'd)

INTERNAL AUDIT FUNCTION

The Board has outsourced its internal audit function to Messrs. TT Governance Sdn Bhd ("TTG"). Its principal responsibility is to provide independent assurance to, and assist, the Board in discharging its duties and responsibilities.

The annual internal audit plan is reviewed and approved by the Committee at the beginning of each financial year prior to their execution. TTG performs routine audit on and reviews all operating business units within the Group, with emphasis on principal risk areas. The audit adopts a risk-based approach towards planning and conduct of audits, guided by the risk management framework adopted.

The Committee is to:

- review the adequacy of the scope, functions and resources of internal audit department and that it has the necessary authority to carry out its work;
- review internal audit programmes; and
- consider major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit functions.

Three (3) internal audit assignments were completed during the financial year on three (3) areas of the Group; namely

- i) Property Development – Progress Billing, Receivable Management and Collection and Credit Control Monitoring, and Procurement Processing.
- ii) Hotel Division – Procurement Processing, Vendor Selection and Evaluation, Revenue, and Receivables and Cash Management.
- iii) Construction Division – Procurement of building material, contractor awards and goods receipts process.

In addition to that, the Internal Audit will be reviewing procedures for the recurrent related party transactions in the month of November 2016.

Internal audit reports were issued to the Committee and the Board and tabled at the Committee's meetings. The audit reports incorporated TTG's findings, recommendations for improvement and follow-up on the implementation of the recommendations and Management's improvement actions.

During the year, the costs incurred for the internal audit function was RM75,000.00.

Statement On Corporate Governance

The Board of Directors of BCB Berhad ("Board") is committed to the implementation and maintenance of good corporate governance practices and procedures for the whole Group.

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

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Functions reserved for the Board and those delegated to Management

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

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

The Managing Director is responsible for matters which are not specifically reserved for the Board or delegated to the Board committees such as the day-to-day management of the operations of the Company.

Roles and responsibilities

The Board's role and responsibilities are set out in the Company's Board Charter. The Board is led by the Chairman/ Group Managing Director and is supported by its Board Members with experience in a wide range of expertise and they collectively play an important role in the stewardship of the direction and operations of the Group.

The Board, in discharging its fiduciary and leadership functions, has overall responsibility for the Group strategic planning and direction, corporate policies formulation, as well overseeing the Company's business conduct and ethnics, corporate governance, investor relations, risk management and internal controls.

In carrying out its responsibilities, the Board has established dedicated Board Committees and functions, and conducts respective reviews. The Board ensures the senior management is of sufficient calibre to implement Board's strategies and corporate objectives, promote sustainability and safeguard the interest of the stakeholders of the Group.

While the day-to-day management of the operations of the Company is delegated to the Managing Director, the Board retains effective control over important policies and processes covering areas such as internal controls, risk management and the remuneration of executives and employees of the Company.

The Board has also delegated certain responsibilities to other Board committees, which operate within clearly defined terms of reference. Standing committees of the Board include the Audit Committee and Nomination and Remuneration Committee. The terms of reference of Board Committees include detailed the responsibilities of each Committee and how they exercise their authority.

There is a clear division of responsibility between the Chairman and Managing Director to ensure a balance of power and authority. The principal duties of the Chairman are to conduct the meetings of the Board and shareholders and to facilitate constructive discussions at these meetings. The Managing Director is responsible for the day-to-day running of the businesses of the Group and to develop and implement strategies.

Code of Conduct

The Board has adopted a formal Code of Conduct that applies to the activities of the Directors. The Code of

Statement On Corporate Governance (cont'd)

Conduct is reviewed periodically by the Board and revised as and when appropriate.

Promoting sustainability

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

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

The BCB Group engage in the wider community through Corporate Social Responsibility programmes undertaken at the Company's and subsidiary's level. Details of the Group's community initiatives are detailed in the Corporate Social Responsibility section on page 9.

Board members' access to information and advice

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

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

Qualified and competent Company Secretary

The Company Secretaries play an advisory role to the Board in relation to the Company's compliances to relevant regulatory requirements, guidelines and legislation and are capable of carrying out their duties efficiently to ensure the effective functioning of the Board. The Company Secretaries are suitably qualified and have attended relevant training and seminars to keep abreast with the statutory and regulatory requirements' updates. The Company Secretaries circulate relevant guidelines and updates on statutory and regulatory requirements from time to time for the Directors' reference. They also ensure that all Board and Board Committee meetings are properly convened and that deliberations, proceedings and resolutions are properly minuted and documented.

Formalise and review Board Charter

The Board has adopted a formal Board Charter which is available on the Company's website. The Board Charter is subject to an annual review and more frequently, if required, due to a change of law or of company policy that affects the Board Charter.

PRINCIPLE 2: STRENGTHEN COMPOSITION

DIRECTORS

Composition of the Board and Board Committees

The Board currently comprises nine (9) members, of whom three (3) are Independent Non-Executive Directors. The Board has within its members drawn from varied backgrounds; bringing in-depth and diversity in experience and perspectives to the Group's business operations. The Directors' profiles are set out under the section of Profile of Directors contained in this Annual Report.

Statement On Corporate Governance (cont'd)

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

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is appointed by the Board and consists of three (3) Independent Non-Executive Directors. This Committee is empowered to bring to the Board recommendations as to the appointment of any new Executive or Non-Executive Director, provided that the Chairman of the Nomination and Remuneration Committee in developing such recommendations consults all Directors and reflects that consultation in any recommendation of the Nomination and Remuneration Committee brought forward to the Board.

The Nomination and Remuneration Committee recognises the importance of the roles the Committee plays not only in the selection and assessment of Directors but also in other aspects of corporate governance which the Committee can assist the Board to discharge its fiduciary and leadership functions. The Nomination and Remuneration Committee comprises the following members:

- En. Ash'ari Bin Ayub (Chairman of the Committee and Independent Non-Executive Director);
- Datuk Seri Ismail Bin Yusof (Independent Non-Executive Director); and
- En. Abd Manap Bin Hussain (Independent Non-Executive Director)

The Board has stipulated specific terms of reference for the Nomination and Remuneration Committee, which cover inter-alia, assessing and recommending to the Board the candidacy of Directors, appointment of Directors to Board Committees and training programmes for the Board. The terms of reference require the Nomination and Remuneration Committee to review the require mix of skills and experience of Directors annually; succession plans and board diversity, including gender diversity, ethnicity diversity and age; training courses for Directors and other qualities of the Board, including core-competencies which the Independent Non-Executive Directors should bring to the Board. The Committee is also entrusted to assess annually the effectiveness of the Board, as a whole, Board Committees and contribution of each individual Director. Insofar as board diversity is concerned, the Board does not have a specific policy on setting targets for women candidates. The evaluation of candidates' suitability is solely based on their competency, character, time commitment, integrity and experience in meeting the needs of the Company, including, where appropriate, the ability of the candidates to act as Independent Non-Executive Directors, as the case may be.

Criteria for recruitment and assessment

The Nomination Committee conducted an assessment of the performance of the Board, as a whole, the Audit, Nomination and Remuneration Committees and individual Director, based on the following assessment approach:

- i. Group Managing Director to assess Executive Directors;
- ii. Chairman to assess Group Managing Director; and
- iii. All Directors to assess Chairman.

From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board considered and approved the recommendations on the re-election and re-appointment of Directors at the Company's forthcoming Annual General Meeting.

In recruiting and appointing of an appropriate individual to the Board, the Nominating Committee shall first consider and recommend to the Board the suitable candidate for directorship taking into consideration and upon the evaluation of the candidate's skills, knowledge, competencies, expertise and experience, time commitment, professionalism, integrity and diversity.

Statement On Corporate Governance (cont'd)

Board remuneration policies and procedures

The Nomination and Remuneration Committee is also responsible for setting the policy framework and recommending to the Board the remuneration of Directors to ensure the Company is able to attract and retain its Directors' need to run the Group successfully. The components of Directors' remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned.

Directors do not participate in discussion of their individual remuneration.

Basic Salaries and Fees

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

The Board determines fees payable to all Directors subject to the approval of shareholders at each Annual General Meeting. The non-executive members of the Board of Directors receive a fixed base fee as consideration for their Board duties.

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

Annual Incentive Plan (Bonus Scheme)

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

Retirement Plan

Contributions are made to the Employees Provident Fund ("EPF"), the national mandatory defined contribution plan, in respect of all Malaysian resident Executive Directors.

Other Benefits

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

Directors' remuneration for the financial year ended 30 June 2016, categorized into appropriate components, distinguishes between Executive and Non-Executive Directors, is as follows:

Company	Fees (RM)	Salaries and allowances (RM)	Bonus (RM)	Benefits-in-kind (RM)
Executive Directors	-	1,535,287	309,750	100,650
Non-Executive Directors	150,000	-	-	-
Group	Fees (RM)	Salaries and allowances (RM)	Bonus (RM)	Benefits-in-kind (RM)
Executive Directors	147,000	4,174,995	690,000	100,650
Non-Executive Directors	150,000			

Statement On Corporate Governance (cont'd)

The number of Directors of the Company, whose remuneration band falls within the following successive bands of RM 50,000, is as follows:

Range of remuneration	Executive	Non-Executive
Less than RM50,000	-	2
RM50,001 to RM100,000	-	1
RM300,001 to RM350,000	3	-
RM400,001 to RM450,000	1	-
RM450,001 to RM500,000	1	-
RM2,500,001 to RM3,000,000	1	-

PRINCIPLE 3: REINFORCE INDEPENDENCE OF THE BOARD

The Chairman is an Independent Non-Executive Director. The roles of the Chairman and Managing Director are distinct and separate with individual responsibilities.

The Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. As the Managing Director, supported by fellow Executive Directors, he implements the Group's strategies, policies and decision adopted by the Board and oversees the operations and business development of the Group.

The Independent Non-Executive Directors bring independent views, advice and judgment on interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the communities in which the Group conducts its business. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

During the financial year under review, the Board assessed the independence of its Independent Non-Executive Directors based on criteria set out in the Listing Requirements of Bursa Securities. The Board Charter provides a limit of a cumulative term of nine (9) years on the tenure of an Independent Director. However, an Independent Director may continue to serve on the Board upon reaching the nine (9) year limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the Board is required to assess the candidate's suitability to continue as an Independent Director based on the criteria on independence as adopted by the Board.

Two members of the Board namely, Y.Bhg. Datuk Seri Ismail Bin Yusof and En. Ash'ari Bin Ayub whose tenure as Independent Non-Executive Directors as at 30 June 2016 exceeded nine years. The Nomination and Remuneration Committee had assessed the independence of Y.Bhg. Datuk Seri Ismail Bin Yusof and En. Ash'ari Bin Ayub. Based on the result of the assessment by the Nomination and Remuneration Committee, the Board proposed Y.Bhg. Datuk Seri Ismail Bin Yusof and En. Ash'ari Bin Ayub to seek shareholders' approval at the forthcoming Annual General Meeting to continue to serve as Independent Non-Executive Directors.

PRINCIPLE 4: FOSTER COMMITMENT

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

Details of attendance of Board and Board Committee meetings are set out on page 27.

Statement On Corporate Governance (cont'd)

The Directors observe the recommendation of the Code that they are required to notify the Chairman of the Board before accepting any new directorships and to indicate the time expected to be spent on the new appointment. Generally, Directors are at liberty to accept other Board appointments so long as such appointments are not in conflict with the business of the Company and do not adversely affect the Director's performance as a member of the Board.

Continuing education programmes

The Company arranges relevant training programmes for all Directors to keep themselves abreast with the relevant changes in laws, regulations and the business development and enhance their professionalism in discharging their fiduciary duties to the Company in compliance with paragraph 15.08 of the Listing Requirements of the Bursa Securities.

Details of the trainings attended by the Directors during the financial year are set out on page 28.

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

It is Board's commitment to present a balanced and meaningful assessment of the Group's financial performance prospects at the end of each reporting period and financial period, primarily through the quarterly announcement of results to Bursa Securities, the annual financial statements of the Group and Company as well as the Chairman's statement and review of the Group's operations in the Annual Report, where relevant.

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the reporting period and of their results and cash flows for the period then ended.

To assist in its discharge of its duties on financial reporting, the Board has established an Audit Committee, comprising exclusively Non-Executive Directors, the majority of whom are independent, with En. Ash'ari Bin Ayub as the Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report section of this Annual Report. One of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia and provisions of the Companies Act, 1965. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements.

The Board understands its role in upholding the integrity of financial reporting by the Company. Accordingly, the Audit Committee, which assists the Board in overseeing the financial reporting process of the Company, has adopted a policy for the types of non-audit services permitted to be provided by the external auditors, including the need for the Audit Committee's approval in writing before such services can be provided by the external auditors. To address the "self-review" that faced by the external audit firm, the procedures included in the policy require the engagement team conducting the non-audit services to be different from the external audit team.

In assessing the independence of external auditors, the Audit Committee requires written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

Statement On Corporate Governance (cont'd)

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

Sound risk management framework

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

The risk management policy sets out procedures which are designed to identify, assess, monitor and manage risk at each of the businesses of the BCB Group. The risks covered in the procedures and reviewed by the internal audit group include operational, market (both business and finance risks), legal and credit risks. The Management and the Board also carry out a regular review of political, regulatory and economic risks in line with the Board's oversight of the strategic direction and position of BCB within the marketplace it operates.

Internal audit function reporting to the Audit Committee

BCB's management has devised and implemented a risk management system appropriate to the BCB Group's operations. Management is charged with monitoring the effectiveness of this risk management system and is required to report on the adequacy of the internal controls put in place to the Board via the Audit Committee. The Internal Auditor reports to the Audit Committee which oversees the BCB's risk management policy.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Appropriate corporate disclosure policies and procedures

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

Using information technology for effective dissemination

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

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Board recognizes the importance of being transparent and accountable to the Company's shareholders and prospective investors. The various channels of communications are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group's website at www.bccbhd.com.my where shareholders and prospective investors can access corporate information, annual reports, press releases, financial information, company announcements and share prices of the Company. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, i.e. info@bccbhd.com.my to which shareholders can direct their queries or concerns.

Encourage Shareholder Participation at General Meetings

The Annual General Meeting is the principal forum for dialogue with shareholders. BCB makes every effort to encourage maximum participation of shareholders at the Company's Annual General Meetings and Extraordinary General Meetings. Notice of the Annual General Meeting and Annual Report are sent out to shareholders at least 21 days before the date of meeting.

Statement On Corporate Governance (cont'd)

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

Poll Voting

Pursuant to the Paragraph 8.29A(1) of the Listing Requirements of Bursa Securities, the Company is required to ensure that any resolution set out in the notice of general meetings is voted by poll.

All resolutions set out in the Notice of Annual General Meeting will be voted by way of poll.

Communications and Engagements with Shareholders

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

This Statement is made in accordance with the resolution of the Board of Directors dated 20 October 2016.

ATTENDANCE AT BOARD OF DIRECTORS' MEETINGS AND BOARD COMMITTEE MEETINGS

There were five (5) Board of Directors' Meetings held during the financial year ended 30 June 2016. Shown below is the attendance of each Director for the financial year ended 30 June 2016.

Board of Directors' Meetings

Name of Director	Designation	No. of Meetings attended	%
Ash'ari Bin Ayub	Chairman, Independent Non-Executive Director	5/5	100
Tan Sri Dato' Tan Seng Leong	Group Managing Director	5/5	100
Datuk Seri Ismail Bin Yusof	Independent Non-Executive Director	5/5	100
Tan Lay Hiang	Executive Director	3/5	60
Tan Vin Sern	Executive Director	5/5	100
Tan Lindy	Executive Director	3/5	60
Tan Vin Shyan	Executive Director	5/5	100
Low Kok Yung	Executive Director	5/5	100
Abd Manap Bin Hussain	Independent Non-Executive Director	5/5	100

Board of Committee Meetings

Name of Director	Audit Committee	Nomination and Remuneration Committee
Ash'ari Bin Ayub (Chairman)	5/5	1/1
Datuk Seri Ismail Bin Yusof (Member)	5/5	1/1
Abd Manap Bin Hussain (Member)	5/5	1/1

Statement On Corporate Governance (cont'd)

Directors' Training

During the financial year, the Directors have attended the following training:

Director	Course Name	Organizer
En Ash'ari Bin Ayub	CG, NFI and Investment Decision Today's SYNERGY, Tomorrow's REALITY Insider Dealing a Criminal Offence	Bursa Malaysia Malaysian Institute of Accountants MAICSA
Tan Sri Dato' Tan Seng Leong	Insider Dealing a Criminal Offence	MAICSA
Datuk Seri Ismail Bin Yusof	Insider Dealing a Criminal Offence	MAICSA
Ms Tan Lay Hiang	Insider Dealing a Criminal Offence	MAICSA
Mr Tan Vin Sern	Insider Dealing a Criminal Offence	MAICSA
Ms Tan Lindy	Insider Dealing a Criminal Offence	MAICSA
Mr Tan Vin Shyan	Insider Dealing a Criminal Offence	MAICSA
Mr Low Kok Yung	Insider Dealing a Criminal Offence	MAICSA
Abd Manap Bin Hussain	CG, NFI and Investment Decision Insider Dealing a Criminal Offence	Bursa Malaysia MAICSA

Statement On Risk Management And Internal Control

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

RESPONSIBILITIES

The Board has overall responsibility for overseeing the Group's internal control and risk management systems and for reviewing their adequacy and effectiveness. This process lends support to the role of management of implementing the various policies on risk and control, which have been approved by the Board. Due to limitations that are inherent in any system of internal controls, these systems are designed to manage and mitigate, rather than eliminate, the respective inherent risks that exist in achieving the Group's business objectives. Therefore, such systems of internal controls and risk management can only provide reasonable, and not absolute, assurance against material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

The Group has in place an on-going process for identifying, evaluating and managing the significant risks for the financial year under review and up to the date of approval of the Annual Report and financial statements. The Board has delegated its authority to the Audit Committee to review and determine the levels of different categories of risk; while Management and Heads of Divisions are delegated the responsibility to manage risks related to their respective division units. The process requires the Management and Division Heads to comprehensively identify and assess the relevant types of risks in terms of likelihood and magnitude of impact, as well as to identify and evaluate the adequacy and effectiveness of applying the mechanisms in place to manage and mitigate these risks. Key risks relating to the Group's operations are deliberated at the business units' and Company's monthly meetings attended by key management personnel and significant risks are communicated to the Board at their scheduled meetings.

The Audit Committee also has oversight on ensuring compliance with applicable laws, the Listing Requirements, terms and conditions of contracts to which the Group is a party and the conditions of business licenses held by the Group.

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

In light of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued on 31 December 2012, the Board will re-evaluate the existing risk management practices to ensure that it is appropriate and continues to remain relevant to the Group's requirements.

INTERNAL AUDIT FUNCTION

The Audit Committee evaluates the effectiveness of internal auditor in relation to their defined responsibilities. The independent internal audit function is outsourced to a professional service firm which carries out the internal audit reviews based on internal audit plans approved by the Audit Committee and consequentially, the Board of Directors. The internal audit plans are designed using a risk-based approach, based on the risks identified and assessed by the Management. The results of the audits are presented to the Audit Committee at their quarterly meetings.

Follow up reviews are also carried out to assess the status of implementation of management action plans, which are based on internal audit recommendations. The results of these follow up reviews are also highlighted to the Audit Committee at their quarterly meetings.

Statement On Risk Management And Internal Control (cont'd)

OTHER KEY FEATURES OF THE INTERNAL CONTROLS

1. The Group's risk management principles and procedures are clearly documented. The Group's management operates a risk management process that identifies the key risks faced by the Group.
2. The Group's Internal Auditors, reporting to the Audit Committee, performs reviews according to approved internal audit plan of business processes against documented and approved policies to assess the overall continuing effectiveness of internal controls and highlight any significant deviation from these policies that might enhance risks faced by the Group. The Audit Committee conducts annual reviews on the adequacy of the internal audit function's scope of work and resources.
3. The Audit Committee, on behalf of the Board, reviews and holds discussions with management according to approved internal audit plan on the action taken on internal control issues identified in reports prepared by the Internal Auditors, the External Auditors and the Management.
4. Policies and standard operating procedures and policies manuals are available physically and in soft copy to all employees and these also include the Group's reporting hierarchy.

REVIEW AND CONCLUSION

Throughout the financial year 2016, the business and operational risks of the Group were adequately and satisfactorily managed. Non-major internal control weaknesses identified have not resulted in any material loss that would require disclosure in the Group's financial statements.

Conclusion

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 30 June 2016. Their review was performed in accordance with Recommended Practice Guide (RPG) 5 (Revised 2015) Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report issued by the Malaysian Institute of Accountants. RPG 5 (Revised 2015) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control is, in all material aspects, inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control of the Group.

The Board has received assurance from the Managing Director and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects based on the risk management and internal control system of the Company.

The Board is of the view that the risk management and internal control system are operating satisfactorily and has not resulted in any significant breakdown or weaknesses that would cause any material loss to the Group for the financial year ended 30 June 2016.

This statement was made in accordance with a resolution of the Board of directors passed on 20 October 2016.

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Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, property development and hotel operations. The principal activities of the subsidiaries are set out in Note 10 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit for the financial year	24,398,327	6,030,772
Attributable to:		
Owners of the parent	25,681,228	6,030,772
Non-controlling interests	(1,282,901)	-
	24,398,327	6,030,772

DIVIDEND

No dividend has been proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company undertook a share split exercise involving the subdivision of every one (1) existing ordinary share of RM1.00 each into two (2) ordinary shares of RM0.50 each.

The newly issued shares rank pari passu in all respects with the existing shares of the Company. There were no other issues of shares during the financial year.

The Company did not issue any debentures during the financial year.

TREASURY SHARES

During the financial year, the Company repurchased 3,000 (2015: 2,000) of its issued share capital from the open market on Bursa Malaysia Securities Berhad for RM1,798 (2015: RM2,493). The average price paid for the shares repurchased was RM0.60 (2015: RM1.25) per share. Details of the treasury shares are set out in Note 15 to the financial statements.

Directors' Report (cont'd)

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

The Directors who have held for office since the date of the last report are as follows:

Tan Sri Dato' Tan Seng Leong
 Tan Lay Hiang
 Tan Lindy
 Ash'ari Bin Ayub
 Datuk Seri Ismail Bin Yusof
 Tan Vin Sern
 Tan Vin Shyan
 Low Kok Yung
 Abd Manap Bin Hussain

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2016 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

Shares in the company	Number of ordinary shares						
	of RM1.00 each			of RM0.50 each			
	Balance as at 1.7.2015	Bought	Sold	Total shares before share split	Share split#	Bought/ (Sold)	Balance as at 30.6.2016
<u>Direct interests:</u>							
Low Kok Yung	3,000	-	-	3,000	6,000	-	6,000
<u>Indirect interests:</u>							
Tan Sri Dato' Tan Seng Leong	88,254,100	27,629,600	-	115,883,700	231,767,400	-	231,767,400

Shares in the ultimate holding company	Number of ordinary shares of RM1.00 each			
	Balance as at 1.7.2015	Bought	Sold	Balance as at 30.6.2016
<u>Direct interests:</u>				
Tan Sri Dato' Tan Seng Leong	6,999	1	-	7,000
Tan Lindy	500	-	-	500
Tan Vin Sern	1,000	-	-	1,000
Tan Vin Shyan	1,000	-	-	1,000
<u>Indirect interests:</u>				
Tan Sri Dato' Tan Seng Leong	500	-	-	500

The ordinary shares of RM1.00 each were sub-divided into ordinary shares of RM0.50 each during the financial year.

Directors' Report (cont'd)

DIRECTORS' INTERESTS (cont'd)

By virtue of their interests in the ordinary shares of the ultimate holding company, Tan Sri Dato' Tan Seng Leong, Tan Lindy, Tan Vin Sern and Tan Vin Shyan are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interests in ordinary shares or debentures in the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of emoluments received or due and receivable by the 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 except for any benefits which may be deemed to have been derived by virtue of those transactions as disclosed in Note 31 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that provision need not be made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amount written off for bad debts inadequate to any material extent or necessitate the making of provision for doubtful debts in the financial statements of the Group and of the Company;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) 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.

Directors' Report (cont'd)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT (cont'd)

(d) In the opinion of the Directors:

- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and
- (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year, which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 35 to the financial statements.

ULTIMATE HOLDING COMPANY

The Directors regard Evergreen Ratio Sdn. Bhd., a company incorporated in Malaysia as the ultimate holding company.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the Directors.

Tan Sri Dato' Tan Seng Leong
Group Managing Director

Kluang
20 October 2016

Low Kok Yung
Group Finance Director

Statement By Directors

In the opinion of the Directors, the financial statements set out on pages 39 to 117 have been drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 37 to the financial statements on page 118 has been compiled 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, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Tan Sri Dato' Tan Seng Leong
Group Managing Director

Low Kok Yung
Group Finance Director

Kluang
20 October 2016

Statutory Declaration

I, Low Kok Yung, being the Director primarily responsible for the financial management of BCB Berhad, do solemnly and sincerely declare that the financial statements set out on pages 39 to 118 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kluang, Johor this)
20 October 2016)

Low Kok Yung

Before me:

Independent Auditors' Report

To the Members of Bcb Berhad

Report on the Financial Statements

We have audited the financial statements of BCB Berhad, which comprise statements of financial position as at 30 June 2016 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 39 to 117.

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 errors.

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 risks 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 the 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.

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 at 30 June 2016 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.

Independent Auditors' Report

To the Members of Bcb Berhad (cont'd)

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those proposes.
- (c) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The information set out in Note 37 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

BDO

AF : 0206

Chartered Accountants

Kuala Lumpur

20 October 2016

Lee Ken Wai

3185/07/17 (J)

Chartered Accountant

Statements of Financial Position

As At 30 June 2016

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	7	62,797,219	66,278,367	54,660,545	57,465,235
Investment properties	8	61,692,988	22,878,988	7,300,000	11,635,000
Land held for property development	9	142,620,031	83,148,839	13,143,352	13,143,352
Investments in subsidiaries	10	-	-	57,550,012	56,800,010
Deferred tax assets	18	1,446,700	-	1,155,248	-
		268,556,938	172,306,194	133,809,157	139,043,597
CURRENT ASSETS					
Property development costs	11	741,314,424	728,549,758	213,312,603	289,957,391
Inventories	12	30,071,286	70,008,077	19,458,942	11,141,900
Trade and other receivables	13	79,514,669	79,516,977	192,037,854	173,295,132
Current tax assets		4,054,064	2,741,751	-	-
Cash and bank balances	14	21,944,380	28,099,059	6,209,268	7,425,496
		876,898,823	908,915,622	431,018,667	481,819,919
TOTAL ASSETS		1,145,455,761	1,081,221,816	564,827,824	620,863,516
EQUITY AND LIABILITIES					
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital	15	206,250,000	206,250,000	206,250,000	206,250,000
Treasury shares	15	(3,121,003)	(3,119,205)	(3,121,003)	(3,119,205)
Revaluation reserve	16	6,788,088	6,788,088	6,788,088	6,788,088
Retained earnings		227,930,996	202,249,768	112,938,541	106,907,769
		437,848,081	412,168,651	322,855,626	316,826,652
Non-controlling interests	10(b)	11,788,776	12,821,677	-	-
TOTAL EQUITY		449,636,857	424,990,328	322,855,626	316,826,652

Statements of Financial Position

As At 30 June 2016 (cont'd)

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
LIABILITIES					
NON-CURRENT LIABILITIES					
Borrowings	17	311,434,454	204,145,105	32,315,287	57,362,918
Deferred tax liabilities	18	-	846,715	-	1,137,088
		311,434,454	204,991,820	32,315,287	58,500,006
CURRENT LIABILITIES					
Trade and other payables	19	219,567,787	271,671,620	136,918,678	167,965,270
Borrowings	17	160,742,158	175,072,742	71,352,284	75,828,202
Current tax liabilities		4,074,505	4,495,306	1,385,949	1,743,386
		384,384,450	451,239,668	209,656,911	245,536,858
TOTAL LIABILITIES		695,818,904	656,231,488	241,972,198	304,036,864
TOTAL EQUITY AND LIABILITIES		1,145,455,761	1,081,221,816	564,827,824	620,863,516

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

Statements of Profit or Loss and Other Comprehensive Income

For The Financial Year Ended 30 June 2016

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Revenue	22	301,033,746	398,740,493	155,751,616	156,694,580
Cost of sales	23	(184,215,066)	(293,870,699)	(106,509,019)	(107,916,183)
Gross profit		116,818,680	104,869,794	49,242,597	48,778,397
Other operating income		4,268,542	9,389,921	4,448,434	4,052,091
Administrative expenses		(43,900,831)	(36,926,182)	(22,724,508)	(19,244,442)
Marketing and selling expenses		(11,237,848)	(8,170,058)	(5,024,182)	(4,776,103)
Other operating expenses		(9,207,407)	(1,854,774)	(4,335,000)	-
Finance income	24	560,679	150,945	897,275	237,698
Finance costs	24	(19,380,926)	(19,341,593)	(14,126,794)	(14,700,074)
Profit before tax	25	37,920,889	48,118,053	8,377,822	14,347,567
Tax expense	26	(13,522,562)	(13,871,526)	(2,347,050)	(5,061,227)
Profit for the financial year		24,398,327	34,246,527	6,030,772	9,286,340
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		24,398,327	34,246,527	6,030,772	9,286,340
Profit/(Loss) attributable to:					
Owners of the parent		25,681,228	33,920,608	6,030,772	9,286,340
Non-controlling interests	10(b)	(1,282,901)	325,919	-	-
		24,398,327	34,246,527	6,030,772	9,286,340
Earnings per share attributable to owners of the parent (sen)					
- Basic and diluted	29(a)	6.41	8.47		

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

Statements of Changes in Equity

For The Financial Year Ended 30 June 2016

Group	Note	Non-distributable			Distributable		Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
		Share capital RM	Treasury shares RM	Revaluation reserve RM	Retained earnings RM				
Balance as at 1 July 2014		206,250,000	(3,116,712)	6,788,088	174,336,162		384,257,538	8,895,758	393,153,296
Profit for the financial year		-	-	-	33,920,608		33,920,608	325,919	34,246,527
Other comprehensive income, net of tax		-	-	-	-		-	-	-
Total comprehensive income		-	-	-	33,920,608		33,920,608	325,919	34,246,527
Transactions with owners									
Dividend paid	27	-	-	-	(6,007,002)		(6,007,002)	-	(6,007,002)
Issuance of shares in a subsidiary	10(g)	-	-	-	-		-	3,600,000	3,600,000
Purchase of treasury shares	15	-	(2,493)	-	-		(2,493)	-	(2,493)
Total transactions with owners		-	(2,493)	-	(6,007,002)		(6,009,495)	3,600,000	(2,409,495)
Balance as at 30 June 2015		206,250,000	(3,119,205)	6,788,088	202,249,768		412,168,651	12,821,677	424,990,328
Balance as at 1 July 2015		206,250,000	(3,119,205)	6,788,088	202,249,768		412,168,651	12,821,677	424,990,328
Profit/(Loss) for the financial year		-	-	-	25,681,228		25,681,228	(1,282,901)	24,398,327
Other comprehensive income, net of tax		-	-	-	-		-	-	-
Total comprehensive income/(loss)		-	-	-	25,681,228		25,681,228	(1,282,901)	24,398,327
Transactions with owners									
Issuance of shares in a subsidiary	10	-	-	-	-		-	250,000	250,000
Purchase of treasury shares	15	-	(1,798)	-	-		(1,798)	-	(1,798)
Total transactions with owners		-	(1,798)	-	-		(1,798)	250,000	248,202
Balance as at 30 June 2016		206,250,000	(3,121,003)	6,788,088	227,930,996		437,848,081	11,788,776	449,636,857

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

Statements of Changes in Equity

For The Financial Year Ended 30 June 2016 (cont'd)

Company	Note	Share capital RM	Non-distributable		Distributable	Total equity RM
			Treasury shares RM	Revaluation reserve RM	Retained earnings RM	
Balance as at 1 July 2014		206,250,000	(3,116,712)	6,788,088	103,628,431	313,549,807
Profit for the financial year		-	-	-	9,286,340	9,286,340
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	9,286,340	9,286,340
Transactions with owners						
Dividend paid	27	-	-	-	(6,007,002)	(6,007,002)
Purchase of treasury shares	15	-	(2,493)	-	-	(2,493)
Total transactions with owners		-	(2,493)	-	(6,007,002)	(6,009,495)
Balance as at 30 June 2015		206,250,000	(3,119,205)	6,788,088	106,907,769	316,826,652
Balance as at 1 July 2015		206,250,000	(3,119,205)	6,788,088	106,907,769	316,826,652
Profit for the financial year		-	-	-	6,030,772	6,030,772
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	6,030,772	6,030,772
Transaction with owners						
Purchase of treasury shares	15	-	(1,798)	-	-	(1,798)
Total transaction with owners		-	(1,798)	-	-	(1,798)
Balance as at 30 June 2016		206,250,000	(3,121,003)	6,788,088	112,938,541	322,855,626

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

Statements of Cash Flows

For The Financial Year Ended 30 June 2016

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		37,920,889	48,118,053	8,377,822	14,347,567
Adjustments :					
Bad debts written off	13(f)	71,048	51,574	11,308	-
Depreciation of property, plant and equipment	7	3,457,304	3,232,349	2,578,478	2,453,539
Fair value adjustment on investment properties	8	6,852,329	-	4,335,000	-
Gain on disposals of:					
- property, plant and equipment		(2,284,466)	(2,293,815)	(2,140,301)	(2,293,516)
- investment properties		-	(148,234)	-	-
Inventories written off	12	3,045	6,171	-	-
Finance income	24	(560,679)	(150,945)	(897,275)	(237,698)
Finance expense	24	19,380,926	19,341,593	14,126,794	14,700,074
Property, plant and equipment written off	7	189,516	2,223	-	-
Operating profit before working capital changes		65,029,912	68,158,969	26,391,826	28,969,966
Changes in working capital:					
Property development costs		(1,478,503)	(209,596,158)	80,095,676	(94,104,674)
Inventories		3,338,137	(749,437)	(9,018,973)	582,061
Trade and other receivables		(68,740)	37,613,737	(18,754,030)	6,308,123
Trade and other payables		(52,103,833)	114,171,620	(31,046,592)	114,618,555
Cash generated from operations		14,716,973	9,598,731	47,667,907	56,374,031
Tax paid		(18,175,626)	(17,656,048)	(4,996,823)	(4,996,683)
Tax refunded		626,535	53,173	-	-
Net cash (used in)/from operating activities		(2,832,118)	(8,004,144)	42,671,084	51,377,348

Statements of Cash Flows

For The Financial Year Ended 30 June 2016 (cont'd)

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to land held for property development	9	(62,989,954)	(662,668)	-	-
Acquisition of additional interest in subsidiaries	10	-	-	(750,002)	(5,400,000)
Interest received	24	560,679	150,945	897,275	237,698
Proceeds from disposals of:					
- property, plant and equipment		3,745,100	3,298,300	3,370,000	3,298,000
- investment properties		-	3,118,195	-	-
Purchase of property, plant and equipment	7(c)	(751,776)	(3,399,413)	(301,556)	(993,109)
Net cash (used in)/from investing activities		(59,435,951)	2,505,359	3,215,717	(2,857,411)
CASH FLOWS FROM FINANCING ACTIVITIES					
Deposits (pledged to)/lifted from licensed banks		(2,807,358)	(44,754)	(433,949)	200,000
Dividends paid		-	(6,007,002)	-	(6,007,002)
Interest paid	24	(36,920,978)	(19,341,593)	(14,126,794)	(14,700,074)
Drawdowns/(Repayments) of borrowings		94,114,919	37,636,052	(30,719,317)	(29,036,468)
Ordinary share capital contributed by non-controlling interests of subsidiaries		250,000	3,600,000	-	-
Purchase of treasury shares	15	(1,798)	(2,493)	(1,798)	(2,493)
Repayments of hire purchase creditors		(765,040)	(679,953)	(446,555)	(432,778)
Net cash from/(used in) financing activities		53,869,745	15,160,257	(45,728,413)	(49,978,815)
Net (decrease) /increase in cash and cash equivalents		(8,398,324)	9,661,472	158,388	(1,458,878)
Cash and cash equivalents at beginning of financial year		(28,352,135)	(38,013,607)	(45,821,484)	(44,362,606)
Cash and cash equivalents at end of financial year	14(c)	(36,750,459)	(28,352,135)	(45,663,096)	(45,821,484)

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

Notes to the Financial Statements

30 JUNE 2016

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 principal place of business and the registered office of the Company are located at No. 4B, 2nd & 3rd Floor, Jalan Sentol, South Wing - Kluang Parade, 86000, Kluang, Johor.

The consolidated financial statements for the financial year ended 30 June 2016 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 20 October 2016.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, property development and hotel operations. The principal activities of the subsidiaries are set out in Note 10 to the financial statements.

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

3. BASIS OF PREPARATION

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

However, Note 37 to the financial statements set out on page 88 has been prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

On 19 November 2011, the MASB issued the new accounting framework, the Malaysian Financial Reporting Standards ('MFRS') framework, which is effective for financial periods beginning on or after 1 January 2012 with the exception of entities where the new accounting framework need not be applied i.e. entities that are within the scope of MFRS 141 and IC Interpretation 15 ('hereafter called Transitioning Entities'). On 28 October 2015, MASB allowed Transitioning Entities to defer adoption of the MFRS framework to annual periods beginning on or after 1 January 2018. The Company falls within the scope of Transitioning Entities and has opted to defer the adoption of the MFRS framework for the financial periods as allowed.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with FRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

Notes to the Financial Statements (cont'd)

30 June 2016

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) Power over the investee;
- (b) Exposure, or rights, to variable returns from its involvement with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other vote holders of the investee;
- (b) Rights arising from other contractual agreements; and
- (c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represent the equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of profit or loss and other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the financial year are included in the statement of profit or loss and other comprehensive income from the date of the Group gains control until the date the Group ceases to control the subsidiary.

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

Notes to the Financial Statements (cont'd)

30 June 2016

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Basis of consolidation (cont'd)

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- (a) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (b) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or joint venture.

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

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

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

- (a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.
- (b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of FRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with FRS 139. All other subsequent changes are recognised in profit or loss.

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

Notes to the Financial Statements (cont'd)

30 June 2016

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.3 Business combinations (cont'd)

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

When a business combination includes more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit and loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment except for hotel properties are stated at cost less accumulated depreciation and any accumulated impairment losses. Hotel properties are stated at valuation, which is the fair value at the date of revaluation less subsequent accumulated depreciation and any subsequent accumulated impairment losses.

Hotel properties comprise leasehold land, hotel buildings and their integral plant and machineries. Hotel properties are revalued with sufficient regularity to ensure that carrying amount does not differ materially from that which would be determined using fair value at the end of each reporting period. The surplus arising from such revaluations is credited to shareholders' equity as a revaluation reserve, net of deferred tax and any subsequent deficit is offset against such surplus to the extent of a previous increase for the same property. In all other cases, the deficit will be charged to profit or loss. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

Notes to the Financial Statements (cont'd)

30 June 2016

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.4 Property, plant and equipment and depreciation (cont'd)

Depreciation is calculated to write off the cost or valuation of the assets to their estimated residual values on a straight line basis over their estimated useful lives. The principal depreciation periods and annual rates are as follows:

Leasehold land	87 years
Hotel properties	50 - 87 years
Buildings	50 years
Plant and machinery	20%
Motor vehicles	20%
Renovation	15%
Furniture, fittings and office equipment	10% - 20%

Freehold land has unlimited useful life and is not depreciated.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.10 to the financial statements on impairment of non-financial assets).

The residual values, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amounts is included in profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

4.5 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to give a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

Notes to the Financial Statements (cont'd)

30 June 2016

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 Leases and hire purchase (cont'd)

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and building are allocated between the land and the buildings elements in proportion to the relative fair value of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

4.6 Property development activities

(a) Land held for property development

Land held for property development is stated at cost less impairment losses, if any. Such land is classified as non-current asset when no significant development work has been carried out or where development activities are not expected to 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.

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

(b) Property development costs

Property development costs comprise all cost that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. They comprised the cost of land under development, construction costs and other related development costs common to the whole project including professional fees, stamp duties, commissions, conversion fees and other relevant levies as well as borrowing costs.

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

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

Notes to the Financial Statements (cont'd)

30 June 2016

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.7 Construction contracts

Contract costs comprise costs related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customer under the terms of the contract.

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

4.8 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value.

The fair value of investment properties reflect among other things, rental income from current leases and other assumptions that market participants would use when pricing investment properties under current market conditions.

Fair value of investment properties are based on valuation by registered independent valuers with appropriate recognised professional qualification and by reference to market evidence of transaction prices for similar properties.

A gain or loss arising from a change in the fair value of investment properties is recognised in profit or loss for the period in which it arises.

Investment properties are derecognised when either they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss in the period of the retirement or disposal.

4.9 Investment in subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost (or in accordance with FRS 139). Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

Notes to the Financial Statements (cont'd)

30 June 2016

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.10 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investment in subsidiaries), inventories, assets arising from construction contracts, property development costs, investment properties measured at fair value and deferred tax assets, 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.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in the profit or loss when the carrying amount of the asset or the CGU, exceeds the recoverable amount of the asset or the CGU.

The impairment loss is recognised in profit or loss immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve account to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to profit or loss.

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve accounts of the same asset. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

4.11 Inventories

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

Cost of completed development properties comprises proportionate land and development expenditure and is determined on the specific identification basis. Cost of consumable stocks refer to construction materials and is determined using the first-in, first-out formula. Cost of food and beverages is determined on a weighted average basis. Cost comprises the original cost of purchase plus the cost of bringing the inventories to their intended location and condition.

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.

Notes to the Financial Statements (cont'd)

30 June 2016

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

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

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

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

(a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

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

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as fair value through profit or loss are recognised in profit or loss.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

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

Notes to the Financial Statements (cont'd)

30 June 2016

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.12 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(iii) Loans and receivables

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

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

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Cash and cash equivalents consist of cash on hand, bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

Notes to the Financial Statements (cont'd)

30 June 2016

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.12 Financial instruments (cont'd)

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

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

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as fair value through profit or loss are recognised in profit or loss.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as fair value through profit or loss.

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

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statements of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

Notes to the Financial Statements (cont'd)

30 June 2016

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.12 Financial instruments (cont'd)

(c) Equity

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

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amounts of the assets distributed and the carrying amount of the liability in profit or loss.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Companies Act, 1965 in Malaysia.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

Notes to the Financial Statements (cont'd)

30 June 2016

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.13 Impairment of financial assets

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

Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

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

The carrying amount of loans and receivables is reduced through the use of an allowance account.

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

4.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.15 Income taxes

Income taxes include all taxes on taxable profit. Taxes in the profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties, if any.

Notes to the Financial Statements (cont'd)

30 June 2016

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.15 Income taxes (cont'd)

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to either:

- (a) The same taxable entity; or
- (b) Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4.16 Provisions

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

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Notes to the Financial Statements (cont'd)

30 June 2016

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.17 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4.18 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as expenses in the financial year when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plan

The Group makes contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

4.19 Functional and presentation currency

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

Notes to the Financial Statements (cont'd)

30 June 2016

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Property development

Property development revenue is recognised in respect of all development units that have been sold. Revenue recognition commences when the sale of the development unit is effected, upon the commencement of development and construction activities and when the financial outcome can be reliably estimated. The attributable portion of property development cost is recognised as an expense in the period in which the related revenue is recognised. The amount of such revenue and expenses recognised is determined by reference to the stage of completion of development activity at the end of the reporting period. The stage of completion is measured by reference to the value of work certified to date as a percentage of the total value of projects.

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

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

(b) Hotel operations income

Hotel operations income comprises letting of hotel rooms, sales of food and beverages and other hotel related income, and is recognised upon delivery of products, customer acceptance and performance of services, net of goods and services tax and discounts.

(c) Construction contracts

Profit from contract works are recognised on a percentage of completion method. Percentage of completion is measured by reference to the survey of work performed.

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

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

(d) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight line basis.

Notes to the Financial Statements (cont'd)

30 June 2016

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.20 Revenue recognition (cont'd)

(e) Sale of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with delivery of goods and acceptance by customers.

(f) Project management fees

Management fee in respect of rendering of management and consultation services is recognised in the statements of profit or loss and other comprehensive income when services are rendered.

(g) Dividend income

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

(h) Interest income

Interest income is recognised as it accrues, using the effective interest method.

4.21 Operating segments

Operating segments are defined as components of the Group that:

- (a) Engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) Whose operating results are regularly reviewed by the Group's chief operating decision maker in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profit or loss is ten (10) per cent or more of the greater, in absolute amount of:
 - (i) The combined reported profit of all operating segments that did not report a loss; and
 - (ii) The combined reported loss of all operating segments that reported a loss.
- (c) Its assets are ten (10) per cent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

Notes to the Financial Statements (cont'd)

30 June 2016

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.22 Earnings per share

(a) Basic

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

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.23 Fair value measurements

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

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (a) The condition and location of the asset; and
- (b) Restrictions, if any, on the sale or use of the asset.

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

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

Notes to the Financial Statements (cont'd)

30 June 2016

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

5.1 New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2016

The following are Standards of the FRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company.

Title	Effective Date
FRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to FRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to FRS 116 and FRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRSs <i>Annual Improvements to 2012-2014 Cycle</i>	1 January 2016
Amendments to FRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to FRS 107 <i>Disclosure Initiative</i>	1 January 2017
FRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to FRS 2 <i>Classification and Measurement of Share Based Payment Transactions</i>	1 January 2018
Amendments to FRS 10 and FRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for the future financial years.

5.2 New MFRSs that have been issued, but have yet to be adopted during the current financial year

The Group and the Company have yet to adopt the following Standards of the Malaysian Financial Reporting Standards ('MFRS') Framework that were issued by the MASB during the financial year.

MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i>
MFRS 2 <i>Share-based Payment</i>
MFRS 3 <i>Business Combinations</i>
MFRS 4 <i>Insurance Contracts</i>
MFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>
MFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>
MFRS 7 <i>Financial Instruments: Disclosures</i>
MFRS 8 <i>Operating Segments</i>
MFRS 9 <i>Financial Instruments</i>
MFRS 9 <i>Financial Instruments (IFRS 9 issued by IASB in November 2009) [will be superseded by MFRS 9 (IFRS 9 as issued by IASB in July 2014)]</i>
MFRS 9 <i>Financial Instruments (IFRS 9 issued by IASB in October 2010) [will be superseded by MFRS 9 (IFRS 9 as issued by IASB in July 2014)]</i>
MFRS 9 <i>Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139) [will be superseded by MFRS 9 (IFRS 9 as issued by IASB in July 2014)]</i>
Mandatory Effective Date of MFRS 9 and Transition Disclosures (Amendments to MFRS 9 (IFRS 9 issued by IASB in Nov 2009), MFRS 9 (IFRS 9 issued by IASB in Oct 2010) and MFRS 7)
MFRS 10 <i>Consolidated Financial Statements</i>

Notes to the Financial Statements (cont'd)

30 June 2016

5. ADOPTION OF NEW FRSS AND AMENDMENT TO FRSS (cont'd)

5.2 New MFRSs that have been issued, but have yet to be adopted during the current financial year (cont'd)

The Group and the Company have yet to adopt the following Standards of the Malaysian Financial Reporting Standards ('MFRS') Framework that were issued by the MASB during the financial year. (cont'd)

Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*

Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*

MFRS 11 *Joint Arrangements*

Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*

Amendments to MFRS 10, MFRS 12 and MFRS 127 *Investments Entities*

MFRS 12 *Disclosure of Interests in Other Entities*

MFRS 13 *Fair Value Measurement*

MFRS 14 *Regulatory Deferral Accounts*

MFRS 15 *Revenue from Contracts with Customers*

Effective Date of MFRS 15

Clarification of MFRS 15

MFRS 16 *Leases*

MFRS 101 *Presentation of Financial Statements*

Amendments to MFRS 101 *Disclosure Initiative*

MFRS 102 *Inventories*

MFRS 107 *Statement of Cash Flows*

Amendments to MFRS 107 *Disclosure Initiative*

MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*

MFRS 110 *Events After the Reporting Period*

MFRS 111 *Construction Contracts*

MFRS 112 *Income Taxes*

Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*

MFRS 116 *Property, Plant and Equipment*

Amendments to MFRS 116 *Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*

MFRS 117 *Leases*

MFRS 119 *Employee Benefits*

MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*

MFRS 121 *The Effects of Changes in Foreign Exchange Rates*

MFRS 123 *Borrowing Costs*

MFRS 124 *Related Party Disclosures*

MFRS 126 *Accounting and Reporting by Retirement Benefit Plans*

MFRS 127 *Separate Financial Statements*

Amendments to MFRS 127 *Equity Method in Separate Financial Statements*

MFRS 128 *Investments in Associates and Joint Ventures*

MFRS 129 *Financial Reporting in Hyperinflationary Economies*

MFRS 132 *Financial Instruments: Presentation*

MFRS 133 *Earnings Per Share*

MFRS 134 *Interim Financial Reporting*

MFRS 136 *Impairment of Assets*

MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*

MFRS 138 *Intangible Assets*

MFRS 139 *Financial Instruments: Recognition and Measurement*

MFRS 140 *Investment Property*

MFRS 141 *Agriculture*

Annual Improvements to MFRSs 2012 – 2014 Cycle

Notes to the Financial Statements (cont'd)

30 June 2016

5. ADOPTION OF NEW FRSS AND AMENDMENT TO FRSS (cont'd)

5.2 New MFRSs that have been issued, but have yet to be adopted during the current financial year (cont'd)

The Group and the Company have yet to adopt the following Standards of the Malaysian Financial Reporting Standards ('MFRS') Framework that were issued by the MASB during the financial year. (cont'd)

IC Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*

IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*

IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease*

IC Interpretation 5 *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*

IC Interpretation 6 *Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*

IC Interpretation 7 *Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies*

IC Interpretation 9 *Reassessment of Embedded Derivatives*

IC Interpretation 10 *Interim Financial Reporting and Impairment*

IC Interpretation 12 *Service Concession Arrangements*

IC Interpretation 13 *Customer Loyalty Programmes*

IC Interpretation 14 *MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

IC Interpretation 15 *Agreements for the Construction of Real Estate*

IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*

IC Interpretation 17 *Distributions of Non-cash Assets to Owners*

IC Interpretation 18 *Transfer of Assets from Customers*

IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*

IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*

IC Interpretation 21 *Levies*

IC Interpretation 107 *Introduction of the Euro*

IC Interpretation 110 *Government Assistance - No Specific Relation to Operating Activities*

IC Interpretation 115 *Operating Leases - Incentives*

IC Interpretation 125 *Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*

IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*

IC Interpretation 129 *Service Concession Arrangements: Disclosures*

IC Interpretation 131 *Revenue - Barter Transactions Involving Advertising Services*

IC Interpretation 132 *Intangible Assets - Web Site Costs*

The Group is in the process of assessing the impact of implementing these Standards since the effects would only be observable for the financial year ending 30 June 2019.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

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

The Directors are of the opinion that there are no changes in estimates at the end of the reporting period.

Notes to the Financial Statements (cont'd)

30 June 2016

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

6.2 Critical judgements made in applying accounting policies

The following are the judgements made by Directors in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

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

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

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

The Group temporarily rented out certain properties in inventories but decided not to treat this property as an investment property because it is not the intention of the Group to hold this property in the long-term for capital appreciation or rental income. Accordingly, these properties were still classified as inventories.

(b) Classification of leasehold land

The Group has assessed and classified land use rights of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance leases in accordance with FRS 117 *Leases*.

(c) Classification of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

(d) Operating lease commitments - the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out as operating leases.

(e) Contingent liabilities

The determination of treatment of contingent liabilities and assets is based on Director's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

(f) Contingent liabilities on corporate guarantees

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

Notes to the Financial Statements (cont'd)

30 June 2016

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

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each 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:

(a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment in accordance with accounting policy stated in Note 4.4 to the financial statements on property, plant and equipment and depreciation. These are common life expectancies applied in this industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

(b) Investment in subsidiaries and impairment of amounts due from subsidiaries

Management reviews the investments in subsidiaries for impairment when there is an indication of impairment and assesses the impairment of amounts due from subsidiaries when the receivables are long outstanding. The recoverable amounts of the investments in subsidiaries and amounts due from subsidiaries are assessed by reference to the fair value of the underlying assets.

(c) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

(d) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered. Management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

(e) Fair value of borrowings

The fair value of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

Notes to the Financial Statements (cont'd)

30 June 2016

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

6.3 Key sources of estimation uncertainty (cont'd)

(f) Recognition of revenue from property development

The Group recognises property development revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is measured by reference to the value of work certified to date as a percentage of the total value of the projects.

Significant judgements are required in determining the stage of completion, the extent of the property development costs 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.

(g) Recognition of revenue from construction contract

The Group recognises construction contract revenue and expenses in the statements of profit or loss and other comprehensive income using the stage of completion method. The stage of completion is determined by the survey of work performed.

Significant judgement is required in determining the stage of completion, the extent of the costs incurred and the estimated total revenue and costs, as well as recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience, external economic factors and by relying on the work of specialists.

(h) Income taxes

Judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for income taxes. There were transactions and calculations for which the ultimate tax determination of whether additional tax will be due is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of additional taxes that will be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the period in which the outcome is known.

Notes to the Financial Statements (cont'd)

30 June 2016

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

6.3 Key sources of estimation uncertainty (cont'd)

(i) Fair value measurement

The financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value inputs are observable.

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

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group engages several professional valuers to perform valuations on various assets as disclosed separately in the respective notes to the financial statements. These valuation reports would be tabled annually to the Audit Committee for approval, where applicable.

The Group measures these elements in the financial statements at fair value:

- (i) Property, plant and equipment (hotel properties), Note 7 to the financial statements;
- (ii) Investment properties, Note 8 to the financial statements; and
- (iii) Financial instruments, Note 33 to the financial statements.

Notes to the Financial Statements (cont'd)

30 June 2016

7. PROPERTY, PLANT AND EQUIPMENT

Group 2016	Balance as at 1.7.2015 RM	Additions RM	Disposals RM	Written off RM	Transfer from inventories RM	Depreciation charge for the financial year RM	Balance as at 30.6.2016 RM
Carrying amount							
Freehold land	5,410,566	-	(479,609)	-	-	-	4,930,957
Leasehold land	2,837,142	-	-	-	-	(36,374)	2,800,768
Hotel properties, at valuation	37,576,700	-	-	-	-	(558,315)	37,018,385
Buildings	8,121,008	-	(980,058)	-	701,931	(322,803)	7,520,078
Plant and machinery	1,58,678	18,023	-	-	-	(41,286)	135,415
Motor vehicles	2,888,157	202,799	-	-	-	(870,437)	2,220,519
Renovation	3,633,308	201,718	-	(167,875)	-	(608,482)	3,058,669
Furniture, fittings and office equipment	5,652,808	501,835	(967)	(21,641)	-	(1,019,607)	5,112,428
	66,278,367	924,375	(1,460,634)	(189,516)	701,931	(3,457,304)	62,797,219
At 30.6.2016							
		Cost RM	Valuation RM	Accumulated depreciation RM	Carrying amount RM		
Freehold land	4,930,957	-	-	-	4,930,957		
Leasehold land	3,164,506	-	-	(363,738)	2,800,768		
Hotel properties, at valuation	-	40,997,058	-	(3,978,673)	37,018,385		
Buildings	11,033,112	-	-	(3,513,034)	7,520,078		
Plant and machinery	1,704,144	-	-	(1,568,729)	135,415		
Motor vehicles	6,937,891	-	-	(4,717,372)	2,220,519		
Renovation	9,838,733	-	-	(6,780,064)	3,058,669		
Furniture, fittings and office equipment	19,567,088	-	-	(14,454,660)	5,112,428		
	57,176,431	40,997,058	(35,376,270)		62,797,219		

Notes to the Financial Statements (cont'd)

30 June 2016

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

Group 2015	Balance as at 1.7.2014		Additions RM	Disposals RM	Written off RM	Depreciation charge for the financial year		Balance as at 30.6.2015 RM
	RM	RM				RM	RM	
Carrying amount								
Freehold land	5,410,566	-	-	-	-	-	-	5,410,566
Leasehold land	2,873,516	-	-	-	-	(36,374)	-	2,837,142
Hotel properties, at valuation	38,135,015	-	-	-	-	(558,315)	-	37,576,700
Buildings	8,862,108	556,000	(972,484)	-	-	(324,616)	-	8,121,008
Plant and machinery	15,431	184,469	-	-	-	(41,222)	-	158,678
Motor vehicles	1,755,506	1,890,467	(32,000)	-	-	(725,816)	-	2,888,157
Renovation	3,387,981	840,330	-	-	-	(595,003)	-	3,633,308
Furniture, fittings and office equipment	5,081,312	1,524,723	(1)	(2,223)	(2,223)	(951,003)	-	5,652,808
	65,521,435	4,995,989	(1,004,485)	(2,223)	(2,223)	(3,232,349)	-	66,278,367
<div style="display: flex; align-items: center; justify-content: center;"> <div style="margin-right: 10px;">←</div> <div>At 30.6.2015</div> <div style="margin-left: 10px;">→</div> </div>								
			Cost RM	Valuation RM		Accumulated depreciation RM		Carrying amount RM
Freehold land			5,410,566	-	-	-	-	5,410,566
Leasehold land			3,164,506	-	-	(327,364)	-	2,837,142
Hotel properties, at valuation			-	40,997,058	-	(3,420,358)	-	37,576,700
Buildings			11,746,337	-	-	(3,625,329)	-	8,121,008
Plant and machinery			1,689,321	-	-	(1,530,643)	-	158,678
Motor vehicles			7,622,042	-	-	(4,733,885)	-	2,888,157
Renovation			9,804,890	-	-	(6,171,582)	-	3,633,308
Furniture, fittings and office equipment			19,098,056	-	-	(13,445,248)	-	5,652,808
			58,535,718	40,997,058		(33,254,409)		66,278,367

Notes to the Financial Statements (cont'd)

30 June 2016

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

Company 2015	Balance as at 1.7.2014 RM	Additions RM	Disposal RM	Depreciation charge for the financial year RM	Balance as at 30.6.2015 RM
Carrying amount					
Freehold land	2,256,097	-	-	-	2,256,097
Leasehold land	2,873,516	-	-	(36,374)	2,837,142
Hotel properties, at valuation	38,135,015	-	-	(558,315)	37,576,700
Buildings	8,101,705	-	(972,484)	(228,848)	6,900,373
Motor vehicles	924,162	1,351,153	(32,000)	(433,837)	1,809,478
Renovation	3,086,438	170,216	-	(511,957)	2,744,697
Furniture, fittings and office equipment	3,396,540	628,416	-	(684,208)	3,340,748
	58,773,473	2,149,785	(1,004,484)	(2,453,539)	57,465,235

At 30.6.2015				
	Cost RM	Valuation RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	2,256,097	-	-	2,256,097
Leasehold land	3,164,506	-	(327,364)	2,837,142
Hotel properties, at valuation	-	40,997,058	(3,420,358)	37,576,700
Buildings	9,958,309	-	(3,057,936)	6,900,373
Plant and machinery	1,172,082	-	(1,172,082)	-
Motor vehicles	4,812,804	-	(3,003,326)	1,809,478
Renovation	8,400,684	-	(5,655,987)	2,744,697
Furniture, fittings and office equipment	14,775,873	-	(11,435,125)	3,340,748
	44,540,355	40,997,058	(28,072,178)	57,465,235

Notes to the Financial Statements (cont'd)

30 June 2016

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

- (a) Hotel properties of the Group and of the Company stated at valuation were last revalued on 11 April 2016 by an independent qualified valuer, using a combination of the comparison and income approaches to reflect the fair value.

Carrying amount of the revalued hotel properties, had these assets been carried at cost less accumulated depreciation is RM18,374,632 (2015: RM18,610,204).

- (b) The fair value of hotel properties (at valuation) of the Group and of the Company are categorised as follows:

Group and Company	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2016				
Hotel properties	-	37,018,385	-	37,018,385
2015				
Hotel properties	-	37,576,700	-	37,576,700

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 30 June 2016 and 30 June 2015.
- (ii) Level 2 fair value of hotel properties (at valuation) was determined by external and independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.
- (iii) The fair value measurements of the hotel properties (at valuation) are based on the highest and best use which does not differ from their actual use.
- (c) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Purchase of property, plant and equipment	924,375	4,995,989	301,556	2,149,785
Financed by hire purchase and lease arrangements	(172,599)	(1,596,576)	-	(1,156,676)
Cash payments on purchase of property, plant and equipment	751,776	3,399,413	301,556	993,109

Notes to the Financial Statements (cont'd)

30 June 2016

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

- (d) The carrying amount of the property, plant and equipment of the Group and of the Company under finance leases at the end of the reporting period are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Motor vehicles	2,091,856	2,795,271	1,113,010	1,805,206
Furniture, fittings and office equipment	90,604	133,821	90,604	133,821
	2,182,460	2,929,092	1,203,614	1,939,027

- (e) The carrying amount of the property, plant and equipment of the Group and of the Company that have been charged to the bank as security for bank borrowings as at the end of the reporting period are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Carrying amount of property, plant and equipment pledged as security for bank borrowings (Note 17):				
- freehold land	1,588,461	2,256,097	1,588,461	2,256,097
- buildings	5,307,085	6,900,373	5,307,085	6,900,373
- hotel properties including leasehold land	39,819,153	40,413,842	39,819,153	40,413,842
	46,714,699	49,570,312	46,714,699	49,570,312

8. INVESTMENT PROPERTIES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
At beginning of financial year	22,878,988	25,848,949	11,635,000	11,635,000
Fair value adjustments	(6,852,329)	-	(4,335,000)	-
Transfer from inventories	45,666,329	-	-	-
Disposals	-	(2,969,961)	-	-
At end of financial year	61,692,988	22,878,988	7,300,000	11,635,000
Investment properties pledged as security for borrowings (Note 17)	35,560,000	12,895,000	7,300,000	11,635,000

Notes to the Financial Statements (cont'd)

30 June 2016

8. INVESTMENT PROPERTIES (cont'd)

- (a) Direct operating expenses arising from investment properties generating rental income during the financial year are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Repair and maintenance	3,920,923	34,205	-	-
Quit rent and assessment	479,498	225,460	196,279	196,279

- (b) The fair value of investment properties of the Group and of the Company are categorised as follows:

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2016				
Buildings	-	61,692,988	-	61,692,988
2015				
Buildings	-	22,878,988	-	22,878,988
Company				
2016				
Buildings	-	7,300,000	-	7,300,000
2015				
Buildings	-	11,635,000	-	11,635,000

- (i) There was no transfer between Level 1, Level 2, and Level 3 fair value measurements during the financial years ended 30 June 2016 and 30 June 2015.
- (ii) Investment properties at Level 2 fair value was recommended by the valuer as at the end of reporting period based on comparison method that makes reference to recent market value of a similar property in the vicinity on a price per square feet basis and by reference to market evidence of transaction prices for similar properties.
- (iii) The fair value measurement of the investment properties are based on the highest and best use which does not differ from its actual use.

Notes to the Financial Statements (cont'd)

30 June 2016

9. LAND HELD FOR PROPERTY DEVELOPMENT

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Freehold land including improvements, at cost:				
At beginning of financial year	83,148,839	83,262,951	13,143,352	13,143,352
Additions	62,989,954	662,668	-	-
Transfer to property development costs (Note 11)	(3,518,762)	(776,780)	-	-
At end of financial year	142,620,031	83,148,839	13,143,352	13,143,352
Carrying amount of land held for property development pledged as security for borrowings (Note 17)	96,431,633	40,751,439	-	-

10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016 RM	2015 RM
Unquoted shares, at cost	62,550,012	61,800,010
Less: Impairment losses	(5,000,000)	(5,000,000)
	57,550,012	56,800,010

(a) The details of subsidiaries are as follows:

Name of company	Interest in equity held by				Principal activities
	Company		Subsidiaries		
	2016 %	2015 %	2016 %	2015 %	
Subsidiaries					
BCB Concrete Sdn. Bhd.	100%	100%	-	-	Manufacturing of concrete products
BCB Construction Sdn. Bhd.	100%	100%	-	-	Provision of project construction services
BCB Furniture Sdn. Bhd.	100%	100%	-	-	Furniture manufacturing
BCB Land Sdn. Bhd.	100%	100%	-	-	Property development
BCB Management Sdn. Bhd.	100%	100%	-	-	Provision of project management services
BCB Medini Residences Sdn. Bhd. (Formerly known as Knights Bridge Express Sdn. Bhd.)	100%	-	-	-	Property development

Notes to the Financial Statements (cont'd)

30 June 2016

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

(a) The details of subsidiaries are as follows: (cont'd)

Name of company	Interest in equity held by				Principal activities
	Company		Subsidiaries		
	2016	2015	2016	2015	
	%	%	%	%	
Subsidiaries					
BCB Resources Sdn. Bhd.	100%	100%	-	-	Property development
BCB Road Builder Sdn. Bhd.	100%	100%	-	-	Provision of road construction services
BCB Technologies Sdn. Bhd.	100%	100%	-	-	Property development and letting of properties
BCB Trading Sdn. Bhd.	100%	100%	-	-	Trading of building materials
Golden Power Construction Sdn. Bhd.	100%	100%	-	-	Provision of landscaping services
Johbase Development Sdn. Bhd.	100%	100%	-	-	Property development and letting of properties
Laser Lagun Sdn. Bhd.	100%	100%	-	-	Property development and letting of properties
Luna Starcity Sdn. Bhd.	100%	100%	-	-	Property development and letting of properties
Global Earnest Sdn. Bhd.	86.60%	86.60%	-	-	Property development and letting of properties
BCB Medini Development Sdn. Bhd. (Formerly known as Absolute 88 Sdn. Bhd.)	75%	-	-	-	Property development
BCB Development Sdn. Bhd.	70%	70%	-	-	Property development
BCB Heights Sdn. Bhd.	60%	60%	-	-	Property development
Subsidiary of BCB Development Sdn. Bhd.					
Total Builder Generation Sdn. Bhd.	-	-	100%	100%	Provision of project construction services

Notes to the Financial Statements (cont'd)

30 June 2016

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

(b) The subsidiaries of the Group that have material non-controlling interests ('NCI') are as follows:

	BCB Development Sdn. Bhd.	BCB Heights Sdn. Bhd.	BCB Medini Development Sdn. Bhd.	Global Earnest Sdn. Bhd.	Total Builder Generation Sdn. Bhd.	Total
2016						
NCI percentage of ownership and voting interest	30.00%	40.00%	25.00%	13.40%	30.00%	
Carrying amount of NCI (RM)	7,096,254	(2,860,441)	29,140	7,563,964	(40,141)	11,788,776
Profit/(Loss) allocated to NCI (RM)	2,436,202	(3,405,841)	(220,860)	(9,294)	(83,108)	(1,282,901)
		BCB Development Sdn. Bhd.	BCB Heights Sdn. Bhd.	Global Earnest Sdn. Bhd.	Total Builder Generation Sdn. Bhd.	Total
2015						
NCI percentage of ownership and voting interest		30.00%	40.00%	13.40%	30.00%	
Carrying amount of NCI (RM)		4,660,052	545,400	7,573,258	42,967	12,821,677
Profit/(Loss) allocated to NCI (RM)		3,200,431	(2,952,922)	181,673	(103,263)	325,919

Notes to the Financial Statements (cont'd)

30 June 2016

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

- (c) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

	BCB Development Sdn. Bhd. RM	BCB Heights Sdn. Bhd. RM	BCB Medini Development Sdn. Bhd. RM	Global Earnest Sdn. Bhd. RM	Total Builder Generation Sdn. Bhd. RM
2016					
Assets and liabilities					
Non-current assets	1,423,824	849,472	62,943,364	27,169,717	1,754,958
Current assets	194,165,683	185,436,484	3,617,479	58,881,068	23,503,657
Non-current liabilities	(74,761,076)	(104,268,467)	(35,459,859)	(59,311)	-
Current liabilities	(97,174,251)	(89,168,592)	(30,984,424)	(29,543,982)	(25,392,417)
Net assets/(liabilities)	23,654,180	(7,151,103)	116,560	56,447,492	(133,802)
Results					
Revenue	29,067,778	14,507,023	-	6,555,643	20,447,194
Profit/(Loss) for the financial year	8,120,675	(8,514,603)	(883,442)	(69,360)	(277,027)
Total comprehensive income/(loss)	8,120,675	(8,514,603)	(883,442)	(69,360)	(277,027)
Cash flows from/ (used in):					
- operating activities	5,166,205	(32,485,899)	22,001,072	1,835,051	(3,851,309)
- investing activities	1,338,029	6,692,392	(62,938,146)	4,746,315	(6,713)
- financing activities	(14,254,991)	23,228,237	40,999,998	(6,711,738)	-
Net (decrease)/ increase in cash and cash equivalents	(7,750,757)	(2,565,270)	62,924	(130,372)	(3,858,022)

Notes to the Financial Statements (cont'd)

30 June 2016

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

- (c) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows: (cont'd)

	BCB Development Sdn. Bhd. RM	BCB Heights Sdn. Bhd. RM	Global Earnest Sdn. Bhd. RM	Total Builder Generation Sdn. Bhd. RM
2015				
Assets and liabilities				
Non-current assets	1,598,442	1,087,823	226,622	2,003,614
Current assets	185,261,225	151,922,614	84,905,873	31,738,864
Non-current liabilities	(49,168,919)	(78,054,701)	(84,715)	-
Current liabilities	(122,157,243)	(73,592,236)	(28,530,928)	(33,599,253)
Net assets	15,533,505	1,363,500	56,516,852	143,225
Results				
Revenue	129,916,760	3,442,910	1,747,639	70,374,272
Profit/(Loss) for the financial year	10,668,103	(7,382,304)	1,355,773	(344,208)
Total comprehensive income/(loss)	10,668,103	(7,382,304)	1,355,773	(344,208)
Cash flows from/(used in):				
- operating activities	22,618,905	(104,668,397)	1,809,193	4,309,283
- investing activities	(9,313,132)	2,500,835	4,514,556	(767,795)
- financing activities	(8,435,404)	106,158,445	(5,934,100)	-
Net increase in cash and cash equivalents	4,870,369	3,990,883	389,649	3,541,488

- (d) On 29 September 2015, the Company acquired the entire issued and paid-up share capital of BCB Medini Development Sdn. Bhd. ('BMDSB') comprising 2 ordinary shares of RM1.00 each for a total cash consideration of RM2.00, making it a wholly owned subsidiary of the Company then.
- (e) On 29 February 2016, the Company subscribed additional 749,998 ordinary shares of RM1.00 in BMDSB. Consequently, BMDSB became a 75% owned subsidiary of the Company.
- (f) On 27 October 2015, the Company acquired the entire issued and paid-up share capital of BCB Medini Residences Sdn. Bhd. comprising 2 ordinary shares of RM1.00 each for a total cash consideration of RM2.00, making it a wholly owned subsidiary of the Company.
- (g) In the previous financial year, BCB Heights Sdn. Bhd. ('Heights') increased its issued and paid-up share capital by RM9,000,000. The Company increased its investment by subscribing an additional 5,400,000 shares of RM1.00 each at par, representing 60% of the issued and paid-up share capital of Heights. The remaining amounts were subscribed by the non-controlling interest.

Notes to the Financial Statements (cont'd)

30 June 2016

11. PROPERTY DEVELOPMENT COSTS

Group 2016	Freehold land RM	Development costs RM	Accumulated cost charged to profit or loss RM	Total RM
At cost				
At beginning of financial year	420,736,896	1,096,381,081	(788,568,219)	728,549,758
Cost incurred during the financial year	-	196,872,094	-	196,872,094
Transfer from land held for property development (Note 9)	-	3,518,762	-	3,518,762
Transfer to inventories	-	(9,772,651)	-	(9,772,651)
Reversal of completed projects	(4,138,687)	(61,347,658)	65,486,345	-
Cost recognised in profit or loss during the year (Note 23)	-	-	(177,853,539)	(177,853,539)
At end of financial year	416,598,209	1,225,651,628	(900,935,413)	741,314,424
2015				
At cost				
At beginning of financial year	257,741,057	764,044,463	(511,961,157)	509,824,363
Cost incurred during the financial year	163,617,476	336,545,538	-	500,163,014
Transfer from land held for property development (Note 9)	-	776,780	-	776,780
Transfer to inventories	(142,194)	(1,073,724)	-	(1,215,918)
Reversal of completed projects	(479,443)	(3,911,976)	4,391,419	-
Cost recognised in profit or loss during the year (Note 23)	-	-	(280,998,481)	(280,998,481)
At end of financial year	420,736,896	1,096,381,081	(788,568,219)	728,549,758

Notes to the Financial Statements (cont'd)

30 June 2016

11. PROPERTY DEVELOPMENT COSTS (cont'd)

Company 2016	Freehold land RM	Development Costs RM	Accumulated cost charged to profit or loss RM	Total RM
At cost				
At beginning of financial year	107,134,558	501,412,831	(318,589,998)	289,957,391
Cost incurred during the financial year	-	36,963,175	-	36,963,175
Transfer to inventories	-	(9,360,736)	-	(9,360,736)
Reversal of completed projects	(4,138,687)	(60,135,693)	64,274,380	-
Cost recognised in profit or loss during the year (Note 23)	-	-	(104,247,227)	(104,247,227)
At end of financial year	102,995,871	468,879,577	(358,562,845)	213,312,603
2015				
At cost				
At beginning of financial year	78,418,508	333,288,587	(217,709,023)	193,998,072
Cost incurred during the financial year	29,337,687	173,109,944	-	202,447,631
Transfer to inventories	(142,194)	(1,073,724)	-	(1,215,918)
Reversal of completed projects	(479,443)	(3,911,976)	4,391,419	-
Cost recognised in profit or loss during the year (Note 23)	-	-	(105,272,394)	(105,272,394)
At end of financial year	107,134,558	501,412,831	(318,589,998)	289,957,391

The freehold land held under development of the Group and of the Company amounting of RM358,299,634 and RM89,148,357 (2015: RM307,121,923 and RM37,970,647) respectively has been charged to banks for credit facilities granted as disclosed in Note 17 to the financial statements.

Borrowing costs of the Group and of the Company amounting of RM17,540,052 and RM3,450,888 (2015: RM9,568,375 and RM1,971,960) respectively, arose from bank borrowings for property development activities, were capitalised during the financial year with interest rates ranging from 5.1% to 8.5% (2015: 5.1% to 8.6%) per annum.

Notes to the Financial Statements (cont'd)

30 June 2016

12. INVENTORIES

At cost	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Completed development units	28,938,826	66,281,605	19,105,054	10,819,356
Food and beverages	171,532	154,828	171,532	154,828
Consumable stocks	960,928	3,571,644	182,356	167,716
	30,071,286	70,008,077	19,458,942	11,141,900
Inventories pledged as securities for borrowings (Note 17)	7,980,806	32,244,233	7,980,806	5,245,039

During the financial year, the Group has written off inventories amounted to RM3,045 (2015: RM6,171).

During the financial year, inventories of the Group and of the Company recognised as cost of sales amounted to RM747,171 and RM373,108 (2015: RM929,419 and RM628,742) respectively.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade receivables				
Third parties	39,198,836	43,386,205	17,967,737	14,910,848
Related parties	4,860,445	8,017,404	-	-
Amount due from a subsidiary	-	-	55,360,412	45,776,756
Amounts due from customers for contract works (Note 21)	12,308,593	12,391,216	-	-
	56,367,874	63,794,825	73,328,149	60,687,604
Other receivables				
Other receivables	16,834,950	10,783,286	5,639,510	2,000,350
Deposits	4,998,321	3,422,115	1,942,395	1,201,271
Amounts due from subsidiaries	-	-	110,950,052	109,216,655
	21,833,271	14,205,401	118,531,957	112,418,276
Loans and receivables	78,201,145	78,000,226	191,860,106	173,105,880
Prepayments	1,313,524	1,516,751	177,748	189,252
	79,514,669	79,516,977	192,037,854	173,295,132

Notes to the Financial Statements (cont'd)

30 June 2016

13. TRADE AND OTHER RECEIVABLES (cont'd)

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group and the Company ranges from cash terms to 90 days (2015: cash terms to 90 days). They are recognised at their original invoiced amounts, which represent their fair value on initial recognition.
- (b) Trade and other receivables are denominated in RM.
- (c) Amounts due from subsidiaries are interest-free, unsecured and repayable on demand in cash and cash equivalents.
- (d) The ageing analysis of trade receivables (exclude amounts due from customers for contract works) of the Group and of the Company are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Neither past due nor impaired	15,958,285	21,480,354	3,532,305	5,297,389
Past due but not impaired				
Under 30 days	6,777,777	11,212,418	2,850,412	2,900,740
31 to 60 days	4,722,644	6,710,676	2,040,478	2,057,637
61 days to 120 days	5,146,874	3,865,698	2,646,392	1,475,449
Over 120 days	11,453,701	8,134,463	62,258,562	48,956,389
	28,100,996	29,923,255	69,795,844	55,390,215
	44,059,281	51,403,609	73,328,149	60,687,604

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. Receivables of the Group that are overdue but not impaired are mainly related to the progress billings to be settled by end-buyers financiers.

None of the Group and of the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Trade receivables that are past due but not impaired

Trade receivables of the Group and of the Company that are past due but not impaired are mainly related to the progress billings to be settled by end-buyers financiers.

Trade receivables that are past due but not impaired are unsecured in nature.

- (e) Included in trade receivables of the Group are retention sums for contract works amounting of RM1,125,725 (2015: RM953,750). The retention sums are unsecured, interest-free and are expected to be collected within one (1) year.
- (f) During the financial year, the Group and the Company have written off bad debts of RM71,048 and RM11,308 (2015: RM51,574 and RM Nil) respectively against trade and other receivables.
- (g) Information on financial risks of trade and other receivables are disclosed in Note 34 to the financial statements.

Notes to the Financial Statements (cont'd)

30 June 2016

14. CASH AND BANK BALANCES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash and bank balances	16,232,454	25,194,491	4,075,319	5,725,496
Deposits with licensed banks	5,711,926	2,904,568	2,133,949	1,700,000
	21,944,380	28,099,059	6,209,268	7,425,496

- (a) Included in cash and bank balances of the Group and of the Company are amounts of RM6,997,988 (2015: RM10,780,517) and RM1,164,059 (2015: RM2,144,073) respectively held under Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2016.
- (b) Information on financial risks of cash and bank balances are disclosed in Note 34 to the financial statements.
- (c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash and bank balances	16,232,454	25,194,491	4,075,319	5,725,496
Deposits with licensed banks	5,711,926	2,904,568	2,133,949	1,700,000
Bank overdrafts included in borrowings (Note 17)	(52,982,913)	(53,546,626)	(49,738,415)	(51,546,980)
	(31,038,533)	(25,447,567)	(43,529,147)	(44,121,484)
Less: Deposits pledged to licensed banks	(5,711,926)	(2,904,568)	(2,133,949)	(1,700,000)
	(36,750,459)	(28,352,135)	(45,663,096)	(45,821,484)

The Group's and the Company's deposits with licensed banks are pledged as securities for credit facilities granted to the Group and the Company are disclosed in Note 17 to the financial statements.

- (d) Cash and bank balances are denominated in RM.

Notes to the Financial Statements (cont'd)

30 June 2016

15. SHARE CAPITAL

	Group and Company			
	2016		2015	
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM0.50/RM1.00 each:				
Authorised				
Balance as at 1 July	500,000,000	500,000,000	500,000,000	500,000,000
Share split	500,000,000	-	-	-
Balance as at 30 June	1,000,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid				
Balance as at 1 July	206,250,000	206,250,000	206,250,000	206,250,000
Share split	206,250,000	-	-	-
Balance as at 30 June	412,500,000	206,250,000	206,250,000	206,250,000

- (a) During the financial year, the Company undertook a share split exercise involving the subdivision of every one (1) existing ordinary share of RM1.00 each into two (2) ordinary shares of RM0.50 each.
- (b) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.
- (c) At the end of the reporting period, the number of outstanding ordinary shares of RM0.50 each (2015: RM1.00 each) in issue after setting off treasury shares against issued and fully paid shares is 400,461,800 (2015: 200,232,400).

Treasury shares

The shareholders of the Company have approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ('Share Buy Back'). The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the Share Buy Back can be applied in the best interests of the Company and its shareholders.

At the end of the reporting period, a total of 12,038,200 treasury shares of RM0.50 par value (2015: 6,017,600 treasury shares of RM1.00 par value) at cost of RM3,121,003 (2015: RM3,119,205) were held by the Company in accordance with Section 67A (3B) of the Companies Act, 1965 in Malaysia.

During the financial year, the Company repurchased 1,000 of its issued share capital of RM1.00 par value and 1,000 of its issued share capital of RM0.50 par value (2015: 2,000 of its issued share capital of RM1.00 par value) from the open market on Bursa Malaysia Securities Berhad for RM1,798 (2015: RM2,493). The average price paid for the shares repurchased was RM0.60 (2015: RM1.25) per share

Notes to the Financial Statements (cont'd)

30 June 2016

16. REVALUATION RESERVE

	Group and Company 2016 RM	2015 RM
Hotel properties		
At 1 July/30 June	6,788,088	6,788,088

17. BORROWINGS

	Group 2016 RM	2015 RM	Company 2016 RM	2015 RM
Current liabilities				
Bridging loans	2,395,316	1,815,613	-	1,815,613
Term loans	54,178,586	63,269,793	10,192,961	12,477,783
Hire purchase creditors (Note 20)	570,343	715,710	297,908	443,826
Revolving credits	38,420,000	43,920,000	3,920,000	3,920,000
Bankers' acceptances	12,195,000	11,805,000	7,203,000	5,624,000
Bank overdrafts (Note 14(c))	52,982,913	53,546,626	49,738,415	51,546,980
	160,742,158	175,072,742	71,352,284	75,828,202
Non-current liabilities				
Bridging loans	27,110,000	29,505,316	-	-
Term loans	283,286,431	173,154,692	31,650,513	56,397,507
Hire purchase creditors (Note 20)	1,038,023	1,485,097	664,774	965,411
	311,434,454	204,145,105	32,315,287	57,362,918
Total				
Bridging loans	29,505,316	31,320,929	-	1,815,613
Term loans	337,465,017	236,424,485	41,843,474	68,875,290
Hire purchase creditors (Note 20)	1,608,366	2,200,807	962,682	1,409,237
Revolving credits	38,420,000	43,920,000	3,920,000	3,920,000
Bankers' acceptances	12,195,000	11,805,000	7,203,000	5,624,000
Bank overdrafts (Note 14(c))	52,982,913	53,546,626	49,738,415	51,546,980
	472,176,612	379,217,847	103,667,571	133,191,120

Notes to the Financial Statements (cont'd)

30 June 2016

17. BORROWINGS (cont'd)

- (a) Bridging loans of the Group and of the Company are secured by way of legal charges over certain development properties (Note 9 and Note 11) and inventories (Note 12) of the Group and of the Company. The bridging loans are repayable by way of fixed monthly instalments or on redemption of titles of properties sold, whichever is earlier.

Term loans of the Group and of the Company are secured by way of legal charges over certain investment properties (Note 8), deposits with licensed banks (Note 14(c)), inventories (Note 12) and land and buildings (Note 7) of the Group and of the Company. In addition, the term loans of the Group and of the Company are jointly and severally guaranteed by certain Directors of the Company. Term loans of the Group and of the Company are repayable by way of fixed monthly instalments or on redemption of titles of properties sold, whichever is earlier.

- (b) Other short-term borrowings excluding hire purchase creditors of the Group and of the Company are secured by legal charges over investment properties (Note 8), hotel properties and certain freehold land and buildings (Note 7) of the Group and of the Company as well as certain development properties (Note 9 and Note 11) of the Group. In addition, the other short term borrowings are personally guaranteed by certain Directors.
- (c) Borrowings are denominated in RM.
- (d) The maturity profile and exposure to the interest rate risk of the borrowings of the Group and of the Company are disclosed in Note 34 to the financial statements.

18. DEFERRED TAX

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Balance as at 1 July	(846,715)	(908,951)	(1,137,088)	(1,137,088)
Recognised in profit or loss (Note 26)	2,293,415	62,236	2,292,336	-
Balance as at 30 June	1,446,700	(846,715)	1,155,248	(1,137,088)
Presented after appropriate offsetting:				
Deferred tax assets	4,124,180	4,126,484	4,124,180	4,124,999
Offset against deferred tax liabilities	(2,677,480)	(4,126,484)	(2,968,932)	(4,124,999)
Net deferred tax asset	1,446,700	-	1,155,248	-
Deferred tax liabilities	(2,677,480)	(4,973,199)	(2,968,932)	(5,262,087)
Offset against deferred tax assets	2,677,480	4,126,484	2,968,932	4,124,999
Net deferred tax liabilities	-	(846,715)	-	(1,137,088)

Notes to the Financial Statements (cont'd)

30 June 2016

18. DEFERRED TAX (cont'd)

- (b) The components of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax liabilities

	Group Property, plant and equipment RM	Company Property, plant and equipment RM
At 1 July 2015	(4,973,199)	(5,262,087)
Recognised in the profit or loss	2,295,719	2,293,155
At 30 June 2016	(2,677,480)	(2,968,932)
At 1 July 2014	(5,116,760)	(5,262,087)
Recognised in the profit or loss	143,561	-
At 30 June 2015	(4,973,199)	(5,262,087)

Deferred tax assets

	Group Unabsorbed capital allowances RM	Company Unabsorbed capital allowances RM
At 1 July 2015	4,126,484	4,124,999
Recognised in the profit or loss	(2,304)	(819)
At 30 June 2016	4,124,180	4,124,180
At 1 July 2014	4,207,809	4,124,999
Recognised in the profit or loss	(81,325)	-
At 30 June 2015	4,126,484	4,124,999

Notes to the Financial Statements (cont'd)

30 June 2016

18. DEFERRED TAX (cont'd)

- (c) The amount of temporary differences for which no deferred tax asset has been recognised in the statement of financial position is as follows:

	Group	
	2016 RM	2015 RM
Unutilised tax losses	19,345,750	9,762,605
Unabsorbed capital allowances	594,589	478,874
	19,940,339	10,241,479

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of certain subsidiaries would be available against which the deductible temporary differences could be utilised. The deductible temporary differences do not expire under the current tax legislation.

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade payables				
Third parties	86,512,611	107,894,111	20,017,547	51,183,770
Amounts due to customers for contract works (Note 21)	13,760,841	37,907,125	-	-
	100,273,452	145,801,236	20,017,547	51,183,770
Amounts due to subsidiaries	-	-	81,076,839	42,130,368
Amounts due to directors	1,655,500	1,608,035	-	-
Other payables and accruals	57,594,304	36,871,110	6,622,227	3,426,369
Related parties				
- Interest bearing	33,955,937	28,160,000	16,933,493	28,160,000
- Non-interest bearing	13,389,926	45,891,694	-	30,641,279
Deposits received	12,698,668	13,339,545	12,268,572	12,423,484
	119,294,335	125,870,384	116,901,131	116,781,500
	219,567,787	271,671,620	136,918,678	167,965,270

- (a) Credit terms of trade payables granted to the Group and the Company varies from cash term to 150 days (2015: cash term to 150 days).
- (b) Amounts due to subsidiaries and directors are unsecured, interest free and payable upon demand in cash and cash equivalents.
- (c) Amounts due to related parties are unsecured, interest free and payable upon demand in cash and cash equivalents except for advances of RM33,955,937 and RM16,933,493 (2015: RM28,160,000 and RM28,160,000) of the Group and of the Company respectively which bear interest at rate of 5.10% (2015: 5.10%) per annum.

Notes to the Financial Statements (cont'd)

30 June 2016

19. TRADE AND OTHER PAYABLES (cont'd)

- (d) Included in trade payables of the Group and of the Company are retention sums for contract works of RM19,990,086 (2015: RM22,422,179) and RM9,401,660 (2015: RM13,917,586) respectively. The retention sums are unsecured, interest-free and are expected to be payable within one (1) year.
- (e) Trade and other payables are denominated in RM.
- (f) Information on financial risks of trade and other payables are disclosed in Note 34 to the financial statements.

20. HIRE PURCHASE CREDITORS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Minimum hire purchase payments:				
- not later than one (1) year	644,243	806,771	342,136	340,590
- later than one (1) year but not later than five (5) years	1,107,869	1,618,508	708,949	1,295,434
Total minimum hire purchase payments	1,752,112	2,425,279	1,051,085	1,636,024
Less: Future finance charges	(143,746)	(224,472)	(88,403)	(226,787)
Present value of hire purchase payments	1,608,366	2,200,807	962,682	1,409,237
Repayable as follows:				
Current liabilities:				
- not later than one (1) year	570,343	715,710	297,908	443,826
Non-current liabilities:				
- later than one (1) year but not later than five (5) years	1,038,023	1,485,097	664,774	965,411
	1,038,023	1,485,097	664,774	965,411
	1,608,366	2,200,807	962,682	1,409,237

Information on financial risks of hire purchase creditors are disclosed in Note 34 to the financial statements.

Notes to the Financial Statements (cont'd)

30 June 2016

21. AMOUNTS DUE (TO)/FROM CUSTOMERS FOR CONTRACT WORKS

	Group	
	2016 RM	2015 RM
Aggregate costs incurred to date	563,215,057	455,628,728
Add: Attributable profits	38,604,531	36,182,369
	601,819,588	491,811,097
Less: Progress billings	(603,271,836)	(517,327,006)
	(1,452,248)	(25,515,909)
Represented by:		
Amounts due from customers for contract works (Note 13)	12,308,593	12,391,216
Amounts due to customers for contract works (Note 19)	(13,760,841)	(37,907,125)
	(1,452,248)	(25,515,909)

22. REVENUE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Property development	276,645,392	370,568,463	144,985,147	144,397,496
Completed properties	963,217	2,007,639	162,417	1,276,839
Hotel operations	8,049,192	8,028,234	8,049,192	8,028,234
Construction contracts	6,532,730	14,901,790	-	-
Rental income	8,102,417	3,208,744	2,554,860	2,992,011
Sales of goods	740,798	13,123	-	-
Project management services	-	12,500	-	-
	301,033,746	398,740,493	155,751,616	156,694,580

Notes to the Financial Statements (cont'd)

30 June 2016

23. COST OF SALES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Property development costs (Note 11)	177,853,539	280,998,481	104,247,227	105,272,394
Cost of completed properties sold	747,171	929,419	373,108	628,742
Hotel operations costs	1,888,684	2,015,047	1,888,684	2,015,047
Construction contract costs	3,722,666	9,923,664	-	-
Cost of goods sold	3,006	4,088	-	-
	184,215,066	293,870,699	106,509,019	107,916,183

24. FINANCE INCOME AND COSTS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Finance income				
Interest income on:				
- intercompany loan	-	-	442,842	-
- deposits with licensed banks	560,679	150,945	454,433	237,698
	560,679	150,945	897,275	237,698
Finance costs				
Interest expense on:				
- term loans	4,209,806	2,087,603	1,579,990	1,945,799
- hire purchase creditors	85,648	510,212	53,299	44,753
- revolving credits	2,130,451	2,196,166	282,273	709,589
- short term borrowings	6,680,741	6,401,271	3,200,481	4,796,614
- bank overdrafts	5,888,036	7,054,667	5,658,610	6,875,970
- intercompany loan	-	-	3,161,478	-
- others	386,244	1,091,674	190,663	327,349
	19,380,926	19,341,593	14,126,794	14,700,074

Notes to the Financial Statements (cont'd)

30 June 2016

25. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Auditors' remuneration:					
- Statutory					
- current year		206,500	175,500	86,000	75,000
- underprovision in prior year		8,000	2,000	9,000	2,000
- Non-statutory					
- current year		8,500	5,500	5,500	5,500
- overprovision in prior year		(500)	-	-	-
Bad debts written off	13(f)	71,048	51,574	11,308	-
Directors' remuneration paid and payable to the Directors:					
- by the Company:					
- fees		150,000	150,000	150,000	150,000
- emoluments other than fees		1,864,215	1,530,677	1,864,215	1,530,677
- by the subsidiaries:					
- fees		315,000	288,000	-	-
- emoluments other than fees		3,623,795	2,894,481	-	-
Fair value adjustments on investment properties	8	6,852,329	-	4,335,000	-
Inventories written off	12	3,045	6,171	-	-
Property, plant and equipment:					
- depreciation	7	3,457,304	3,232,349	2,578,478	2,453,539
- written off	7	189,516	2,223	-	-
Rental of:					
- equipment		5,247	-	-	-
- premises		977,500	836,904	308,690	364,331
And crediting:					
Gain on realised foreign exchange		(428)	(496)	(428)	(496)
Gain on disposals of:					
- property, plant and equipment		(2,284,466)	(2,293,815)	(2,140,301)	(2,293,516)
- investment properties		-	(148,234)	-	-
Rental income					
- investment properties		(50,734)	(85,435)	-	-
- others		(124,688)	(4,907,652)	-	-
Management fees		-	-	(1,440,000)	(1,440,000)

Notes to the Financial Statements (cont'd)

30 June 2016

26. TAX EXPENSE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Income tax				
- current financial year	15,344,859	13,340,775	4,509,230	5,000,000
- underprovision in prior year	471,118	592,987	130,156	61,227
	15,815,977	13,933,762	4,639,386	5,061,227
Deferred tax (Note 18)				
- relating to origination and reversal of temporary differences	(324,067)	(6,017)	(345,778)	-
- overprovision in prior year	(1,969,348)	(56,219)	(1,946,558)	-
	(2,293,415)	(62,236)	(2,292,336)	-
	13,522,562	13,871,526	2,347,050	5,061,227

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated taxable profits for the fiscal year.
- (b) The numerical reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Applicable tax rate	24	25	24	25
Tax effects in respect of:				
Real property gain tax	-	-	1	-
Non-allowable expenses	11	2	33	11
Non-taxable income	(2)	-	(9)	-
Deferred tax assets not recognised	6	1	-	-
	39	28	49	36
Under/(Over) provision in prior year				
- income tax	1	1	2	-
- deferred tax	(5)	-	(23)	-
Average effective tax rate	35	29	28	36

Notes to the Financial Statements (cont'd)

30 June 2016

27. DIVIDEND

Dividend declared and paid by the Company in respect of the financial year ended 30 June 2015:

	2015 RM
Single tier final dividend of 3.0 sen per ordinary share, paid on 16 February 2015	6,007,002

28. EMPLOYEE BENEFITS

The total employee benefits recognised in the statements of profit or loss and other comprehensive income are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Wages, salaries and bonus	16,262,562	14,293,261	8,025,154	7,163,964
Defined contribution plan	2,138,888	1,879,282	1,033,225	952,115
Other employee benefits	2,862,627	2,448,413	1,651,930	1,496,753
	21,264,077	18,620,956	10,710,309	9,612,832

Included in the employee benefits of the Group and of the Company are Directors' remuneration, which are disclosed in Note 31(c) to the financial statements.

29. EARNINGS PER SHARE

(a) Basic

The basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity owners of the parent by the weighted average number of ordinary shares in issue (after adjusting for treasury shares) during the financial year.

	Group	2015 RM (Restated)
	2016 RM	
Profit attributable to owners of the parent	25,681,228	33,920,608
Weighted average number of ordinary shares in issue	400,461,800	200,232,400
Effect of share split in January 2016 (Note 15)	-	200,232,400
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	400,461,800	400,464,800

Notes to the Financial Statements (cont'd)

30 June 2016

29. EARNINGS PER SHARE (cont'd)

(a) Basic (cont'd)

	2016 Sen	2015 Sen (Restated)
Basic earnings per ordinary share attributable to the equity owners of the parent	6.41	8.47

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share as there are no dilutive potential ordinary shares.

30. CONTINGENT LIABILITIES

	Company 2016 RM	2015 RM
Unsecured		
Corporate guarantees for trade credits granted to subsidiaries		
- Limit of guarantee	68,750,000	36,893,000
- Amount utilised	1,277,510	1,613,478
Secured		
Corporate guarantees for borrowing facilities granted by financial institutions to subsidiaries		
- Limit of guarantee	797,964,933	305,112,648
- Amount utilised	342,388,622	207,698,313

The Directors are of the view that the fair value of such corporate guarantees given by the Company is negligible as the chances of the financial institutions to call upon the corporate guarantees are remote.

Notes to the Financial Statements (cont'd)

30 June 2016

31. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

The Company has related party relationships with its direct, indirect subsidiaries, and its associates. In addition, the Company also has related party relationships with the following parties:

<u>Identities of related parties</u>	<u>Relationship with the Group</u>
Ju-Ichi Enterprise Sdn. Bhd. ('JIE')	A related party by virtue of the directorship of certain Directors of the Company, Tan Sri Dato' Tan Seng Leong and Tan Lindy.
Ibzi Development (Johor) Sdn. Bhd. ('IBZ')	A related party by virtue of the directorship of certain Directors of the Company, Tan Sri Dato' Tan Seng Leong and Tan Vin Sern.
Marvel Plus Development Sdn. Bhd. ('MPD')	A related party by virtue of the directorship of certain Directors of the Company, Tan Lindy, Tan Vin Sern and Tan Sri Dato' Tan Seng Leong's spouse, namely Datin Lim Sui Yong in MPD. Both Datin Lim Sui Yong and Tan Vin Sern are also major shareholders in MPD.

- (b) In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on mutually agreed terms:

(i) Transactions with subsidiaries

	Company	
	2016	2015
	RM	RM
Progress billings by a subsidiary:		
- BCB Construction Sdn. Bhd.	18,224,216	22,613,635
Intercompany interest payable to subsidiaries:		
- BCB Land Sdn. Bhd.	728,719	-
- BCB Development Sdn. Bhd.	2,883,498	-
- BCB Height Sdn. Bhd.	169,915	-
- Global Earnest Sdn. Bhd.	277,980	-
Intercompany interest receivable from subsidiaries:		
- BCB Construction Sdn. Bhd.	333,719	-
- Johbase Development Sdn. Bhd.	109,123	121,068

Notes to the Financial Statements (cont'd)

30 June 2016

31. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

- (b) In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on mutually agreed terms: (cont'd)

(i) Transactions with subsidiaries (cont'd)

	Company	
	2016 RM	2015 RM
Management fees receivable from subsidiaries:		
- BCB Construction Sdn. Bhd.	360,000	360,000
- Johbase Development Sdn. Bhd.	240,000	240,000
- BCB Resources Sdn. Bhd.	840,000	840,000
Purchase of materials from a subsidiary:		
- BCB Trading Sdn. Bhd.	2,710	-
Rental expenses from a subsidiary:		
- BCB Construction Sdn. Bhd.	12,000	12,000

(ii) Transactions with related parties

	Company	
	2016 RM	2015 RM
Office rental paid to JIE	300,000	300,000
	Group	
	2016 RM	2015 RM
Hiring of machineries from MPD	49,624	486,783
Maintenance fees paid to JIE	-	47,464
Construction contracts:		
- IBZ	1,391,290	6,822,273
- MPD	3,469,155	8,585,189
Progress billings to:		
- ultimate holding company	1,379,150	689,575
- related parties	1,725,832	862,916
- Directors	1,424,602	4,749,421

Information regarding outstanding balances from related parties as at 30 June 2016 are disclosed in Note 13 and Note 19 to the financial statements.

Notes to the Financial Statements (cont'd)

30 June 2016

31. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group.

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Non-executive Directors:				
- fees	465,000	438,000	150,000	150,000
Executive Directors:				
- salaries and bonus	4,458,900	3,756,711	1,537,650	1,289,741
- defined contribution plan	804,801	668,447	294,263	240,936
- others	227,359	-	32,302	-
	5,956,060	4,863,158	2,014,215	1,680,677

The estimated monetary value of benefits in kind paid to the Directors of the Group and of the Company during the financial year amounted to RM100,650 (2015: RM88,150) respectively.

32. OPERATING SEGMENTS

BCB Berhad and its subsidiaries are principally engaged in investment holding, property development and management activities, construction and related activities and hotel operations.

BCB Berhad has arrived at three (3) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(a) Property development and management services

Development and property management of residential and commercial properties.

(b) Construction and related activities

Securing and carrying out construction contracts.

(c) Hotel operations

Provision of hotel services as well as food and beverages services.

Notes to the Financial Statements (cont'd)

30 June 2016

32. OPERATING SEGMENTS (cont'd)

Other operating segments that do not constitute reportable segments comprise companies that are dormant.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

Segment performance is evaluated based on operating profit, excluding non-recurring losses, and in certain respect as explained in the table below, it is measured differently from operating profit in the consolidated financial statements.

Inter-segment revenue is priced along the same lines as sales to external customers and conditions and is eliminated on the consolidated financial statements. These policies have been applied constantly throughout the current and previous financial years.

The Group does not have significant reliance on a single major customer, with whom the Group transacted ten (10) percent or more of its revenue during the financial year.

No geographical segment information is presented as the Group's operations and the location of the customers are principally in Malaysia.

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

2016	Property development and management activities RM	Construction and related activities RM	Hotel operations RM	Others RM	Total RM
Revenue					
Total revenue	285,711,026	84,541,378	8,049,192	-	378,301,596
Inter-segment revenue	-	(77,267,850)	-	-	(77,267,850)
Revenue from external customers	285,711,026	7,273,528	8,049,192	-	301,033,746
Results					
Finance income	560,679	-	-	-	560,679
Finance costs	(18,875,723)	(456,848)	(48,355)	-	(19,380,926)
Net finance costs	(18,315,044)	(456,848)	(48,355)	-	(18,820,247)
Depreciation of property, plant and equipment	1,570,485	426,869	1,459,950	-	3,457,304
Segment profit/ (loss) before income tax	40,173,256	(1,806,932)	(425,044)	(20,391)	37,920,889

Notes to the Financial Statements (cont'd)

30 June 2016

32. OPERATING SEGMENTS (cont'd)

2016	Property development and management activities RM	Construction and related activities RM	Hotel operations RM	Others RM	Total RM
Tax expense	(13,273,603)	(248,959)	-	-	(13,522,562)
Other material non-cash items:					
Bad debts written off	71,048	-	-	-	71,048
Fair value adjustments on investment properties	6,852,329	-	-	-	6,852,329
Gain on disposal of property, plant and equipment	(2,140,301)	(144,165)	-	-	(2,284,466)
Inventories written off	-	3,045	-	-	3,045
Property, plant and equipment written off	187,850	1,666	-	-	189,516
Additions to non-current assets other than financial instruments and deferred tax assets	102,302,785	182,449	243,095	-	102,728,329
Segment assets	1,065,946,106	38,783,372	35,210,736	14,783	1,139,954,997
Segment liabilities	598,133,369	92,483,957	1,116,858	10,215	691,744,399
2015					
Revenue					
Total revenue	375,810,469	148,390,529	8,028,234	-	532,229,232
Inter-segment revenue	-	(133,488,739)	-	-	(133,488,739)
Revenue from external customers	375,810,469	14,901,790	8,028,234	-	398,740,493
Results					
Finance income	150,945	-	-	-	150,945
Finance costs	(18,660,201)	(631,213)	(50,179)	-	(19,341,593)
Net finance costs	(18,509,256)	(631,213)	(50,179)	-	(19,190,648)
Depreciation of property, plant and equipment	1,379,679	400,549	1,452,121	-	3,232,349
Segment profit/(loss) before income tax	48,644,324	(610,295)	104,870	(20,846)	48,118,053

Notes to the Financial Statements (cont'd)

30 June 2016

32. OPERATING SEGMENTS (cont'd)

2015	Property development and management activities RM	Construction and related activities RM	Hotel operations RM	Others RM	Total RM
Tax expense	(13,334,770)	(536,756)	-	-	(13,871,526)
Other material non-cash items:					
Bad debts written off	-	51,574	-	-	51,574
Gain on disposal of investment property	-	(148,234)	-	-	(148,234)
Gain on disposal of property, plant and equipment	(2,293,516)	(299)	-	-	(2,293,815)
Inventories written off	-	6,171	-	-	6,171
Property, plant and equipment written off	-	2,223	-	-	2,223
Additions to non-current assets other than financial instruments and deferred tax assets	3,524,062	1,417,160	717,435	-	5,658,657
Segment assets	992,654,127	48,675,748	37,130,459	19,731	1,078,480,065
Segment liabilities	553,215,164	95,021,650	2,639,220	13,433	650,889,467

(a) Reconciliations

Reconciliations of reportable segment assets and liabilities to the corresponding amounts of the Group are as follows:

	2016 RM	2015 RM
Assets		
Total assets for reportable segments	1,139,954,997	1,078,480,065
Tax assets	5,500,764	2,741,751
Assets of the Group per consolidated statement of financial position	1,145,455,761	1,081,221,816
Liabilities		
Total liabilities for reportable segments	691,744,399	650,889,467
Tax liabilities	4,074,505	5,342,021
Liabilities of the Group per consolidated statement of financial position	695,818,904	656,231,488

Notes to the Financial Statements (cont'd)

30 June 2016

33. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that the Group would be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from that in financial year ended 30 June 2015.

The Group and the Company are not subject to any externally imposed capital requirements of the financial instruments other than prescribed gearing ratio and tangible net worth of the Group imposed by a bank.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group regularly reviews the gearing ratio to ensure they are at acceptable levels and within industry norms. The Group includes within net debt, borrowings less cash and bank balances. Capital represents equity attributable to the owners of the parent. A detailed calculation of the net debt is shown below:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Borrowings	472,176,612	379,217,847	103,667,571	133,191,120
Less: Cash and bank balances	(21,944,380)	(28,099,059)	(6,209,268)	(7,425,496)
Net debt	450,232,232	351,118,788	97,458,303	125,765,624
Total equity	449,636,857	424,990,328	322,855,626	316,826,652
Net debt	450,232,232	351,118,788	97,458,303	125,765,624
	899,869,089	776,109,116	420,313,929	442,592,276
Gearing ratio	50%	45%	23%	28%

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40,000,000. The Group has complied with this requirement for the financial year ended 30 June 2016.

Notes to the Financial Statements (cont'd)

30 June 2016

33. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial instruments

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Financial assets				
Loan and receivables				
Trade and other receivables, net of prepayments	78,201,145	78,000,226	191,860,106	173,105,880
Cash and bank balances	21,944,380	28,099,059	6,209,268	7,425,496
	100,145,525	106,099,285	198,069,374	180,531,376
Financial liabilities				
Other financial liabilities				
Trade and other payables	219,567,787	271,671,620	136,918,678	167,965,270
Borrowings	472,176,612	379,217,847	103,667,571	133,191,120
	691,744,399	650,889,467	240,586,249	301,156,390

(c) Methods and assumptions used to estimate fair value

The fair value of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current position of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

(ii) Hire purchase creditors

The fair value of hire purchase creditors is estimated by discounting expected future cash flows at market incremental lending rate for similar types of instruments available to the Group at the end of the reporting period.

Notes to the Financial Statements (cont'd)

30 June 2016

33. FINANCIAL INSTRUMENTS (cont'd)

(c) Methods and assumptions used to estimate fair value (cont'd)

The fair value of financial assets and financial liabilities are determined as follows: (cont'd)

(iii) Financial guarantee

The Company provides corporate guarantees to financial institutions for banking facilities and third parties for credit facilities granted to subsidiaries. The fair value of such financial corporate guarantees is negligible as the probability of the Group defaulting on the financial facilities is remote.

(d) Fair value hierarchy

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

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments that are not carried at fair value and whose carrying amounts do not approximate its fair value are as follows:

	Group		Company	
	Carrying amount RM	Level 2 Fair value RM	Carrying amount RM	Level 2 Fair value RM
2016				
Financial liabilities				
Hire purchase creditors	1,608,366	1,575,336	962,682	909,989
2015				
Financial liabilities				
Hire purchase creditors	2,200,807	2,288,261	1,409,237	1,456,930

Notes to the Financial Statements (cont'd)

30 June 2016

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors. Financial risk management is carried out through risk review, internal control systems and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk as well as interest rate risk. Information on the management of the related exposures is detailed below.

(a) Credit risk

Cash deposits and trade receivables may give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables.

The trading terms of the Group with its customers are mainly on credit. The credit period generally ranges from cash terms to a period of three (3) months. The Group seeks to maintain strict control over its outstanding receivables to minimise its credit risk. Overdue balances are reviewed regularly by senior management.

Exposure to credit risk

At the end of each reporting period, the maximum exposure of the Group's and of the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit exposure for trade and other receivables is disclosed in Note 13 to the financial statements.

Credit risk concentration profile

The Group determines concentration of credit risk by identifying and monitoring any significant long outstanding balance owing by any major customer or counter party on an on-going basis.

The Group and the Company do not have any significant concentration of credit risk as at the end of the reporting period.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 13 to the financial statements. Deposits with licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

Financial assets that are either past due but not impaired

Information regarding trade receivables that are past due but not impaired is disclosed in Note 13 to the financial statements.

Notes to the Financial Statements (cont'd)

30 June 2016

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Liquidity and cash flow risk

Liquidity risk is the risk that the Group is unable to service its cash obligations in the future. To mitigate this risk, the management measures and forecasts its cash commitments, monitors and maintain a level of cash and cash equivalents and credit facilities deemed adequate to finance the Group's operations and developments activities.

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within 1 year RM	1 - 5 years RM	More than 5 years RM	Total RM
As at 30 June 2016				
Group				
Financial liabilities				
Trade and other payables	219,567,787	-	-	219,567,787
Borrowings	181,979,996	327,800,144	13,449,112	523,229,252
Total undiscounted financial liabilities	401,547,783	327,800,144	13,449,112	742,797,039
As at 30 June 2015				
Group				
Financial liabilities				
Trade and other payables	271,671,620	-	-	271,671,620
Borrowings	188,530,149	206,072,120	23,699,797	418,302,066
Total undiscounted financial liabilities	460,201,769	206,072,120	23,699,797	689,973,686
As at 30 June 2016				
Company				
Financial liabilities				
Trade and other payables	136,918,678	-	-	136,918,678
Borrowings	74,475,400	34,188,740	2,467,532	111,131,672
Total undiscounted financial liabilities	211,394,078	34,188,740	2,467,532	248,050,350

Notes to the Financial Statements (cont'd)

30 June 2016

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Liquidity and cash flow risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of each reporting period based on contractual undiscounted repayment obligations. (cont'd)

	On demand or within 1 year RM	1 - 5 years RM	More than 5 years RM	Total RM
As at 30 June 2015				
Company				
Financial liabilities				
Trade and other payables	167,965,270	-	-	167,965,270
Borrowings	80,331,396	59,392,248	5,655,334	145,378,978
Total undiscounted financial liabilities	248,296,666	59,392,248	5,655,334	313,344,248

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk relates primarily to their interest-bearing borrowings on fixed and floating rates. The Group does not use derivative financial instruments to hedge this risk.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by one hundred (100) basis points with all other variables held constant:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit after tax				
- Increase by 1% (2015: 1%)	(3,576,318)	(2,827,628)	(780,557)	(988,365)
- Decrease by 1% (2015: 1%)	3,576,318	2,827,628	780,557	988,365

The Group's sensitivity is higher in 2016 than in 2015 as a result of an increase in interest expense on those borrowings. The Company's exposure to the interest rate risk is lower in 2016 than in 2015 due to the decrease in outstanding borrowings during the financial year. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

Notes to the Financial Statements (cont'd)

30 June 2016

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Interest rate risk (cont'd)

The following table sets out the carrying amounts, the weighted average effective interest rate as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

Group	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM	Total RM
At 30 June 2016							
Fixed rates							
Deposits with licensed banks	14	2.8	5,711,926	-	-	-	5,711,926
Amounts due to related parties	19	5.1	(30,323,419)	-	-	-	(30,323,419)
Hire purchase creditors	20	5.2	(570,343)	(451,657)	(586,366)	-	(1,608,366)
Floating rates							
Bridging loans	17	5.7	(2,395,316)	(14,400,000)	(12,710,000)	-	(29,505,316)
Term loans	17	6.3	(54,178,586)	(91,368,500)	(178,949,788)	(12,968,143)	(337,465,017)
Revolving credits	17	6.2	(38,420,000)	-	-	-	(38,420,000)
Bankers' acceptances	17	5.2	(12,195,000)	-	-	-	(12,195,000)
Bank overdrafts	17	8.3	(52,982,913)	-	-	-	(52,982,913)

Notes to the Financial Statements (cont'd)

30 June 2016

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Interest rate risk (cont'd)

The following table sets out the carrying amounts, the weighted average effective interest rate as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk: (cont'd)

Group	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM	Total RM
At 30 June 2015							
Fixed rates							
Deposits with licensed banks	14	2.9	2,904,568	-	-	-	2,904,568
Amounts due to related parties	19	5.1	(28,160,000)	-	-	-	(28,160,000)
Hire purchase creditors	20	4.6	(715,710)	(536,828)	(948,269)	-	(2,200,807)
Floating rates							
Bridging loans	17	7.8	(1,815,613)	-	(29,505,316)	-	(31,320,929)
Term loans	17	6.0	(63,269,793)	(55,721,421)	(94,816,530)	(22,616,741)	(236,424,485)
Revolving credits	17	8.5	(43,920,000)	-	-	-	(43,920,000)
Bankers' acceptances	17	6.9	(11,805,000)	-	-	-	(11,805,000)
Bank overdrafts	17	8.7	(53,546,626)	-	-	-	(53,546,626)

Notes to the Financial Statements (cont'd)

30 June 2016

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Interest rate risk (cont'd)

The following table sets out the carrying amounts, the weighted average effective interest rate as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk: (cont'd)

Company	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM	Total RM
At 30 June 2016							
Fixed rates							
Deposits with licensed banks	14	2.7	2,133,949	-	-	-	2,133,949
Amounts due to related parties	19	5.1	(16,933,493)	-	-	-	(16,933,493)
Hire purchase creditors	20	3.3	(297,908)	(267,181)	(397,593)	-	(962,682)
Floating rates							
Term loans	17	7.0	(10,192,961)	(12,062,306)	(17,216,688)	(2,371,519)	(41,843,474)
Revolving credits	17	7.2	(3,920,000)	-	-	-	(3,920,000)
Bankers' acceptances	17	5.1	(7,203,000)	-	-	-	(7,203,000)
Bank overdrafts	17	8.3	(49,738,415)	-	-	-	(49,738,415)

Notes to the Financial Statements (cont'd)

30 June 2016

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Interest rate risk (cont'd)

The following table sets out the carrying amounts, the weighted average effective interest rate as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk: (cont'd)

Company	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM	Total RM
At 30 June 2015							
Fixed rates							
Deposits with licensed banks	14	2.7	1,700,000	-	-	-	1,700,000
Amounts due to related parties	19	5.1	(28,160,000)	-	-	-	(28,160,000)
Hire purchase creditors	20	4.5	(443,826)	(300,336)	(665,075)	-	(1,409,237)
Floating rates							
Bridging loans	17	7.5	(1,815,613)	-	-	-	(1,815,613)
Term loans	17	6.9	(12,477,783)	(19,432,326)	(31,698,756)	(5,266,425)	(68,875,290)
Revolving credits	17	7.1	(3,920,000)	-	-	-	(3,920,000)
Bankers' acceptances	17	5.3	(5,624,000)	-	-	-	(5,624,000)
Bank overdrafts	17	8.3	(51,546,980)	-	-	-	(51,546,980)

Notes to the Financial Statements (cont'd)

30 June 2016

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 29 September 2015, the Company acquired the entire issued and paid-up share capital of BCB Medini Development Sdn. Bhd. ('BMDSB') comprising 2 ordinary shares of RM1.00 each for a total cash consideration of RM2.00, making it a wholly owned subsidiary of the Company.
- (b) On 1 October 2015, BMDSB entered into a Lease Purchase Agreement with a third party to acquire the rights of the land in BMDSB measuring approximately 22 acres for a total cash consideration of RM58,526,920.
- (c) On 29 February 2016, the Company subscribed additional 749,998 ordinary shares of RM1.00 each in BMDSB. Consequently, BMDSB became a 75% owned subsidiary.
- (d) On 27 October 2015, the Company acquired the entire issued and paid-up share capital of BCB Medini Residences Sdn. Bhd. comprising 2 ordinary shares of RM1.00 each for a total cash consideration of RM2.00, making it a wholly owned subsidiary of the Company.

36. COMPARATIVE FIGURES

Certain comparative figures for the financial year ended 30 June 2015 have been reclassified to conform with current year's presentation. These reclassifications do not have an impact on the retained earnings of the Company.

30 June 2015	As previously reported RM	Group Reclassi- fications RM	As Restated RM
Statements of profit or loss and other comprehensive income			
Other operating income	9,523,735	(133,814)	9,389,921
Administrative expenses	(35,424,066)	(1,502,116)	(36,926,182)
Marketing and selling expenses	(6,796,643)	(1,373,415)	(8,170,058)
Other operating expenses	(4,601,141)	2,746,367	(1,854,774)
Finance income	17,131	133,814	150,945
Finance costs	(19,470,757)	129,164	(19,341,593)
Statements of cash flows			
Cash flows from operating activities			
Finance income	(17,131)	(133,814)	(150,945)
Finance costs	19,470,757	(129,164)	19,341,593
Cash flows from investing activities			
Interest received	17,131	133,814	150,945
Cash flows from financing activities			
Interest paid	(29,039,132)	9,697,539	(19,341,593)
Drawdowns of borrowings	47,204,427	(9,568,375)	37,636,052

Notes to the Financial Statements (cont'd)

30 June 2016

36. COMPARATIVE FIGURES (cont'd)

30 June 2015	As previously reported RM	Company Reclassi- fications RM	As Restated RM
Statements of financial position			
Current assets			
Trade and other receivables	209,673,004	(36,377,872)	173,295,132
Current liabilities			
Trade and other payables	204,343,142	(36,377,872)	167,965,270
Statements of profit or loss and other comprehensive income			
Other operating income	4,289,789	(237,698)	4,052,091
Finance income	-	237,698	237,698
Statements of cash flows			
Cash flows from operating activities			
Finance income	-	(237,698)	(237,698)
Changes in working capital: Trade and other receivables	7,406,726	(1,098,603)	6,308,123
Cash flows from investing activities			
Interest received	-	237,698	237,698
Cash flows from financing activities			
Interest paid	(16,672,034)	1,971,960	(14,700,074)
Repayments of borrowings	(27,064,508)	(1,971,960)	(29,036,468)

Notes to the Financial Statements (cont'd)

30 June 2016

37. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the reporting period may be analysed as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained earnings of the Company and its subsidiaries				
- Realised	232,268,045	210,405,627	111,783,293	108,044,857
- Unrealised	1,446,700	(846,715)	1,155,248	(1,137,088)
	233,714,745	209,558,912	112,938,541	106,907,769
Less: Consolidation adjustments	(5,783,749)	(7,309,144)	-	-
Total retained earnings	227,930,996	202,249,768	112,938,541	106,907,769

Additional Corporate Disclosure

AUDIT AND NON-AUDIT FEES

During the financial year ended 30 June 2016, the amount of audit fees paid or payable to the external auditors on the Company and Group basis were RM86,000 and RM206,500 respectively.

During the financial year ended 30 June 2016, the amount of non-audit fees paid or payable to the external auditors, or a firm or corporation affiliated to the auditors' firm on the Company and Group basis were RM5,500 and 8,500 respectively.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiaries, involving Directors' and major shareholders' interest, either still subsisting at the end of the financial year, or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTION ("RRPT") OF REVENUE NATURE FOR THE YEAR ENDED 30 JUNE 2016

The details of the RRPTs were disclosed in Note 31 of the Financial Statements for the financial period ended 30 June 2016 on pages 100.

DIRECTORS' RESPONSIBILITIES STATEMENTS IN RELATION TO THE FINANCIAL STATEMENTS

This statement is prepared as required by the Companies Act, 1965 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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

The Directors consider that in preparing the financial statements:

- The Group and the Company have used appropriate accounting policies and are consistently applied;
- Reasonable and prudent judgments and estimates were made; and
- All applicable approved accounting standards in Malaysia have been adhered to.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company, and that the financial statements comply with the requirements of the Companies Act, 1965.

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

Shareholdings Statistics

As At 30 September 2016

Authorised share capital	:	RM500,000,000
Issued and paid-up capital	:	RM412,500,000 (inclusive of 12,138,200 as Treasury Shares)
Types of shares	:	Ordinary shares of RM0.50 each
No. of shareholders	:	2,615
Voting rights	:	One vote per ordinary share

Analysis of Shareholdings By Range Groups

	No. of Shares	% Over Total Shares	No. of Holders	% Over Total Shareholders
less than 100 shares	110	0.003	5	0.191
100 to 1,000 shares	39,528	0.009	61	2.332
1,001 to 10,000 shares	8,510,362	2.125	1,808	69.140
10,001 to 100,000 shares	19,099,500	4.770	649	24.819
100,001 to less than 5% of issued shares	102,335,900	25.560	90	3.442
5% and above of issued shares	270,376,400	67.533	2	0.076
Total	400,361,800	100.000	2,615	100.000

List of Thirty Largest Shareholders as at 30 September 2016 (as per Record of Depositors)

No.	Name	Shares Held	%
1.	Evergreen Ratio Sdn Bhd	231,767,400	57.889
2.	Effective Strategy Sdn Bhd	38,609,000	9.643
3.	Tho Siu Chu	14,903,000	3.722
4.	Tan Chin Ee	14,843,000	3.707
5.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Lim Boon Seng (M14)	11,525,800	2.878
6.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Haven Venture Sdn Bhd (REM 646- Margin)	6,921,200	1.728
7.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lasercoin (M) Sdn Bhd (REM 646- Margin)	5,791,800	1.446
8.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chew Siow Geok	4,848,700	1.211
9.	Puncak Angkasa Sdn Bhd	4,000,000	0.999
10.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Chew Siow Geok (PB)	3,271,000	0.817
11.	Tan Kim Kee @ Tan Kee	2,985,200	0.745
12.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Boon Seng (1301002)	2,827,000	0.706

Shareholdings Statistics

As At 30 September 2016 (cont'd)

No.	Name	Shares Held	%
13.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Suriani Abdul Aziz (471789)	2,303,000	0.575
14.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chew Siow Geok (8041848)	2,279,000	0.569
15.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – Ambank (M) Berhad for Chew Siow Geok (SMART)	2,138,000	0.534
16.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Chin Ee (M14)	2,108,000	0.526
17.	Tng Kee Meng	1,900,000	0.474
18.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Woon Teik (REM 663)	1,400,000	0.349
19.	Lim Pei Tiam @ Liam Ahat Kiat	900,600	0.224
20.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chan Sow Keng (8105010)	700,000	0.174
21.	Johore Tenggara Oil Palm Berhad	668,000	0.166
22.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Soo Fook Poy	620,400	0.154
23.	Lim Pay Kaon	600,000	0.149
24.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Cheong Swee Yong (8077787)	514,000	0.128
25.	Tan Kee Hwee	503,000	0.125
26.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Liew Kok Tze	480,000	0.119
27.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Soh Tong Hwa (STF)	476,600	0.119
28.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chin Kiam Hsung	460,400	0.114
29.	Teh Bee Gaik	455,400	0.113
30.	Tay Teck Ho	380,000	0.094

Shareholdings Statistics

As At 30 September 2016 (cont'd)

Substantial Shareholders as at 30 September 2016 (as per Register of Substantial Shareholders)

Name of Substantial Shareholders	No. of Shares Held		% of Issued Share Capital	
	Direct	Indirect	Direct	Indirect
1. Evergreen Ratio Sdn Bhd	231,767,400	-	57.89	-
2. Tan Sri Dato' Tan Seng Leong	-	231,767,400 ⁽ⁱ⁾	-	57.89
3. Puan Sri Datin Lim Sui Yong	-	231,767,400 ⁽ⁱ⁾	-	57.89
4. Effective Strategy Sdn Bhd	38,609,000	-	9.64	-
5. Chan Toong Kit	-	38,609,000 ⁽ⁱⁱ⁾	-	9.64
6. Chong Shiung Foh	-	38,609,000 ⁽ⁱⁱ⁾	-	9.64

Notes:-

(i) Deemed interested by virtue of their shareholdings in Evergreen Ratio Sdn Bhd pursuant to Section 6A(4) of the Act.

(ii) Deemed interested by virtue of their shareholdings in Effective Strategy Sdn Bhd pursuant to Section 6A(4) of the Act.

Directors' Shareholdings as at 30 September 2016 (as per Register of Directors' Shareholdings)

Shareholdings in the name of the Director	Number of ordinary shares of RM1 each			
	Direct	%	Indirect	%
1. Tan Sri Dato' Tan Seng Leong	-	-	231,767,400 ⁽ⁱ⁾	57.89
2. Low Kok Yung	6,000	0.00	-	-

Notes:-

(i) Deemed interested by virtue of his shareholdings in Evergreen Ratio Sdn Bhd pursuant to Section 6A(4) of the Act.

List of landed properties

The details of the BCB Group's properties as at 30 June 2016 are as follows:

Location	Description	Tenure	Age of building	Size (acre)	Net book value as at 30 June 2016 RM'000	Date of acquisition/ revaluation*
KLUANG, JOHOR						
PTB 8370 No. 20, Jalan Bakawali, 86000 Kluang, Johor.	16 storey hotel	Leasehold (expiring 10.11.2093)	19 years	0.35	28,142	3/23/2009*
PTB 8370 No. 20, Jalan Bakawali, 86000 Kluang, Johor.	Boutique hotel / bistro	Leasehold (expiring 10.11.2093)	19 years	0.23	18,977	5/15/2013*
PTD 49840 No. 1, Jalan 6, Taman Sri Kluang, 86000 Kluang, Johor.	Single storey hypermarket	Freehold	16 years	1.44	4,070	8/21/2014*
PTD 49657 - 49667 No. 54-64, Jalan 2, PTD 49770 - 49780 No. 49-59, Jalan 2, Taman Sri Kluang, 86000 Kluang, Johor.	22 units shop	Freehold	16 years	0.84	1,192	6/27/1998
PTD 50048 - 50049 No. 31-33, Jalan 20, Taman Sri Kluang, 86000 Kluang, Johor.	2 units industry factory	Freehold	14.5 years	2.181	2,437	4/6/2012*
PTD 65326, 65328, 65373, 65375 PTD 65376 - 65378, 65425, 65426 PTD 65432, 65433, 75581 - 75584 PTD 75598, 75599, 75600, 75601 Mukim of Kluang District of Kluang, Johor	11 units of shop lot & 8 units of residential Taman Saujana	Freehold	5 years	1.4	8,356	3/23/2012
Lot 6806 & 6808 Mukim of Kluang District of Kluang, Johor	Being developed as Taman Sri Kluang	Freehold	N/A	26.78	28,543	1/12/1996
Lot 1574 Mukim of Kluang District of Kluang, Johor	Proposed residential & commercial development	Freehold	N/A	17.97	564	1/25/1991
Lot 321 & Lot 440 Mukim of Kluang District of Kluang, Johor	Being developed as Taman Kluang Baru 2	Freehold	N/A	1.03	950	12/29/1999
Lot 482, 484 Mukim of Kluang District of Kluang, Johor	Being developed as Johbase City Square Commercial Lot	Freehold	N/A	0.39	20,128	4/15/1993

List of landed properties (cont'd)

Location	Description	Tenure	Age of building	Size (acre)	Net book value as at 30 June 2016 RM'000	Date of acquisition/ revaluation*
BATU PAHAT, JOHOR						
Lot 4091 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Being developed as Taman Bukit Perdana II	Freehold	N/A	11.64	14,622	12/7/1994
Lot 559, 2954-2959, 2656 & 2660	Being developed as Taman Bukit Perdana III	Freehold	N/A	18.54	7,698	12/7/1994
Lot 2664-2666 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Being developed as Taman Bukit Perdana II	Freehold	N/A	21.04	5,213	6/27/1994
Lot 3131 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Proposed residential development	Freehold	N/A	4.05	259	9/6/1994
Lot 8096 Mukim of Sri Gading District of Batu Pahat, Johor	Proposed residential development	Freehold	N/A	2	569	12/13/2006
Lot 8097 Mukim of Sri Gading District of Batu Pahat, Johor	Proposed residential development	Freehold	N/A	2	575	12/13/2006
Lot 708 Mukim of Sri Gading District of Batu Pahat, Johor	Proposed residential development	Freehold	N/A	3	870	12/13/2006
Lot 4852 - 4861 (Master Title) PTD 41078 - PTD 41089 (New Title) Mukim of Simpang Kanan, District of Batu Pahat, Johor	Proposed residential development	Freehold	N/A	2.18	4,392	12/2/1993
H.S.(D) 23056-23076, 23081-23087 & 23181 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Proposed residential development	Freehold	N/A	72.11	9,487	5/27/2009*
Lot 5267 & 7918 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Proposed residential & commercial development	Freehold	N/A	7.07	2,085	3/20/2001
H.S.(D) 23287, 23308-23337, 23526-23540, 23551-23565, 23581-23596, 23371-23388, 23464-23474, 23485-23525, 23566-23580, 36168, 36169, 36165, 36166 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Being developed as Evergreen Heights	Freehold	N/A	113.5	72,275	2/6/2002*

List of landed properties (cont'd)

Location	Description	Tenure	Age of building	Size (acre)	Net book value as at 30 June 2016 RM'000	Date of acquisition/ revaluation*
Lot 4207 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Proposed residential & commercial development	Freehold	N/A	35	5,915	9/23/2003
H.S.(D) 43069-43075 P.T.D. No.18607-18613, Mukim of Linau, District of Batu Pahat, Johor	Being developed as Bandar Putera Indah	Freehold	N/A	370	110,948	9/28/2009*
Lot 375 Jalan Bakau Condong Mukim Bandar Penggaram District of Batu Pahat, Johor	Proposed commercial development	Freehold	N/A	9.9	32,710	4/28/2015
PONTIAN, JOHOR						
Lot 4681, Mukim of Pontian District of Pontian, Johor	Being developed as Taman Megah	Freehold	N/A	12.30	18,824	11/17/1994
JOHOR BAHRU, JOHOR						
Lot 2896 Taman Pulai Utama Mukim of Pulai District of Johor Bahru, Johor	Being developed as Taman Pulai Utama	Freehold	N/A	18.59	27,296	10/30/2008
PTD 102771, 102772, 102775, 141053 Mukim of Pulai District of Johor Bahru, Johor	4 units of Shop Offices	Freehold	8 year	0.16	2,298	02/01/2009 & 16/03/2009
Plot No. A45-1, A45-2, A45-3 A46-1, A46-2, A46-3, A46-4 Mukim Pulai, Daerah Johor Bahru, Medini Zone A	Proposed residential development	Leasehold (expiring 14.02.2137)	N/A	7.81	180,600	12/6/2013
Plot C1, HS(D) 537374 PTD 199638 Mukim Pulai, Daerah Johor Bahru, Medini Zone C	Proposed residential & commercial development	Leasehold (expiring 14.02.2107)	N/A	22.01	58,527	10/1/2015
SEREMBAN, NEGERI SEMBILAN						
Lot 5527 Mukim of Rantau, District of Seremban, Negeri Sembilan	Being developed as Taman Seremban Jaya	Freehold	N/A	1.0	1,191	7/15/1994
KUALA LUMPUR						
Lot 9933 (Geran 6497) Lorong Awan Jawa Taman Yarl Mukim Petaling District of Kuala Lumpur	Proposed residential development	Freehold	N/A	0.4	5,797	2/4/2010
Lot 1844 & Lot 1845 (HS (M) 12718 PT 25954) Mukim Batu Daerah Kuala Lumpur	Proposed residential development	Freehold	N/A	5.03	101,553	3/10/2010
Lot 73478 & Lot 73479 H.S.(D) 69603 & 69604 Mukim Klang, Selangor Darul Ehsan	Proposed residential development	Leasehold (expiring 18.04.2101)	N/A	151.27	187,732	3/11/2011

964,795

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Eighth Annual General Meeting of the Company will be held at Prime City Hotel, Venus Room, 6th Floor, 20, Jalan Bakawali, 86000 Kluang, Johor Darul Ta'zim on Wednesday, 7 December 2016 at 10.30 a.m. to transact the following businesses:

A G E N D A

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2016 and the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**
2. To re-elect the following Directors who retire by rotation as Directors pursuant to Article 105 of the Company's Articles of Association:
 - (a) Mr. Tan Vin Sern **Ordinary Resolution 1**
 - (b) Mr. Low Kok Yung **Ordinary Resolution 2**
3. To re-appoint Messrs BDO as the Auditors of the Company and authorise the Directors to determine their remuneration. **Ordinary Resolution 3**

As Special Business

To consider and if thought fit, to pass the following resolutions, with or without modifications:-

4. **PAYMENT OF DIRECTORS' FEES** **Ordinary Resolution 4**
 "THAT the payment of Directors' fees of RM150,000.00 for the financial year ended 30 June 2016 be and is hereby approved."
5. **RE-APPOINTMENT OF DIRECTORS RETIRING PURSUANT TO SECTION 129(6) OF THE COMPANIES ACT, 1965**
 - (a) "THAT Datuk Seri Ismail Bin Yusof, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director to hold office until the next Annual General Meeting." **Ordinary Resolution 5**
 - (b) "THAT Encik Ash'ari Bin Ayub, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director to hold office until the next Annual General Meeting." **Ordinary Resolution 6**
6. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**
 - (a) "THAT subject to the passing of Resolution 5, approval be and is hereby given to Datuk Seri Ismail Bin Yusof, who has served as an Independent Non-Executive Director for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director." **Ordinary Resolution 7**
 - (b) "THAT subject to the passing of Resolution 6, approval be and is hereby given to Encik Ash'ari Bin Ayub, who has served as an Independent Non-Executive Director for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director." **Ordinary Resolution 8**

Notice of Annual General Meeting (cont'd)

7. AUTHORITY TO ISSUE SHARES

Ordinary Resolution 9

"THAT subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 to issue not more than ten per centum (10%) of the issued capital of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof."

8. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Ordinary
Resolution 10

"THAT subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties ("Recurrent Related Party Transactions") as set out in Section 2.1.5 of the Circular to the Shareholders dated 28 October 2016 ("the Circular"), subject further to the following:

- (i) the Recurrent Related Party Transactions are entered into in the ordinary course of business on terms not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arms' length basis and are not to the detriment of the minority shareholders of the Company;
- (ii) the disclosure is made in the annual report of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the shareholders' mandate during the financial year, amongst others, based on the following information:
 - (a) the type of Recurrent Related Party Transactions made; and
 - (b) the names of the related parties involved in each type of Recurrent Related Party Transactions made and their relationship with the Company;
- (iii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:
 - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM, at which this shareholders' mandate will lapse, unless by a resolution passed at the said AGM, such authority is renewed;
 - (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders in general meeting;

Notice of Annual General Meeting (cont'd)

whichever is the earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the Recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution;

AND THAT, the estimates given of the Recurrent Related Party Transactions specified in Section 2.1.5 of the Circular being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Section 2.1.8 of the Circular."

9. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

Ordinary Resolution 11

"THAT subject always to compliance with the Companies Act, 1965 ("Act"), the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") or any other regulatory authorities and all other applicable rules, regulations, guidelines or approval for the time being in force or as may be amended from time to time, the Directors be and are hereby authorised to make purchases of ordinary shares of RM0.50 each in the Company's issued and paid-up ordinary share capital as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:

- (i) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the total issued and paid-up ordinary share capital of the Company for the time being;
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings and share premium, if any, of the Company at the time of the said purchase(s); and
- (iii) the authority conferred by this resolution shall commence immediately upon the passing of this ordinary resolution and shall continue to be in force until:
 - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
 - (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
 - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier;

AND THAT upon completion of the purchase by the Company of its own shares, the Directors be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:

Notice of Annual General Meeting (cont'd)

- (i) cancel all the shares so purchased; and/or
- (ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders or resell on the market of Bursa Securities; and/or
- (iii) retain part thereof as treasury shares and cancel the remainder;

and in any other manner as prescribed by the Act, rules and regulations made pursuant to the Act and the Main Market Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force;

AND THAT authority be and is hereby given to the Directors and/or anyone of them to complete and do all such acts and things as they may consider necessary or expedient in the best interest of the Company, including executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as the Directors in their discretion deem fit and expedient to give effect to the aforesaid purchase(s) contemplated and/or authorised by this Ordinary Resolution."

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

BY ORDER OF THE BOARD

NG HENG HOOI (MAICSA 7048492)
WONG MEE KIAT (MAICSA 7058813)
Secretaries

Kluang, Johor
 28 October 2016

Notes:

- (i) For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 72(b) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 30 November 2016. Only depositor whose name appears on the Record of Depositors as at 30 November 2016 shall be entitled to attend this meeting or appoint proxies to attend and/or votes on his/her behalf.
- (ii) A member shall be entitled to appoint not more than two (2) proxies to attend and vote in his stead and where a member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the member specified the proportions of his shareholdings to be represented by each proxy.
- (iii) A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- (iv) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (v) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

Notice of Annual General Meeting (cont'd)

- (vi) The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office of the Company at No. 4B, 2nd & 3rd Floor, Jalan Sentol, South Wing - Kluang Parade, 86000 Kluang, Johor Darul Ta'zim, not less than forty-eight (48) hours before the time appointed for holding the meeting i.e. before 10.30 a.m., Monday, 5 December 2016, or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

Explanatory Note on Ordinary and Special Business:

1. Item 1 of the Agenda

This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Item 4 of the Agenda

The proposed Ordinary Resolution 4 is in accordance with Article 113 of the Company's Articles of Association and if passed, will authorize the payment of Directors' fees to the Non-Executive Directors of the Company for their services as Directors for the financial year ended 30 June 2016.

3. Item 5 of the Agenda

The re-appointment of Datuk Seri Ismail Bin Yusof and Encik Ash'ari Bin Ayub, who are over the age of seventy years to hold office until the conclusion of the next Annual General Meeting of the Company shall take effect if the proposed Ordinary Resolutions 5 and 6 are passed by a majority of not less than three-fourth ($\frac{3}{4}$) of members entitled to vote in person or by proxy, at the forthcoming Annual General Meeting.

4. Item 6 of the Agenda

The Nomination Committee has assessed the independence of the following directors, who have served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended them to continue act as Independent Non-Executive Director of the Company based on the following justifications:

Ordinary Resolution 7 - Datuk Seri Ismail Bin Yusof

- a) He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to function as a check and balance, bring an element of objectivity to the Board;
- b) His vast experience in the industry and background would enable him to provide the Board with a diverse set of experience, expertise and independent judgment to better manage and run the Group;
- c) He has been with the Company for more than 9 years from 1998 to 2016 and is familiar with the Company's business operations; and
- d) He has exercised his due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

Ordinary Resolution 8 - Encik Ash'ari Bin Ayub

- a) He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to function as a check and balance, bring an element of objectivity to the Board;
- b) His vast experience in the industry and background would enable him to provide the Board with a diverse set of experience, expertise and independent judgment to better manage and run the Group;
- c) He has been with the Company for more than 9 years from 2001 to 2016 and is familiar with the Company's business operations; and
- d) He has exercised his due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

Notice of Annual General Meeting (cont'd)

5. Item 7 of the Agenda

The proposed Ordinary Resolution 9, if passed, will authorize the Directors to issue not more than ten per centum (10%) of the issued share capital of the Company subject to the approvals of all relevant governmental/regulatory bodies.

This is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). The previous mandate was not utilized and accordingly no proceeds were raised.

The purpose of the renewal of the mandate is for further possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

6. Item 8 of the Agenda

The proposed Ordinary Resolution 10, if passed, will enable the Company and/or its subsidiary companies to enter into recurrent transactions involving the interest of Related Parties, which are necessary for the Group's day-to-day operations and undertaken at arm's length, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. For more information, please refer to the Circular to Shareholders dated 28 October 2016.

7. Item 9 of the Agenda

The proposed Ordinary Resolution 11, if passed, will empower the Directors to purchase the Company's shares of up to ten per centum (10%) of the issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the total retained earnings of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. For more information, please refer to the Circular to Shareholders dated 28 October 2016.

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BCB BERHAD (172003-W)

(Incorporated in Malaysia)

PROXY FORM

No. of ordinary shares held

CDS Account No. of

I/We _____ Tel. No.: _____
(full name in block and NRIC No./Company No.)of _____
(Address)being a member/members of **BCB Berhad**, hereby appoint :-

Full Name (in Block)	NRIC/Passport/Company No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Full Name (in Block)	NRIC/Passport/Company No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairman of the meeting as my/our proxy to attend and vote for me/us on my/our behalf and, if necessary, to demand for a poll at the Twenty-Eighth Annual General Meeting of the Company to be held at Prime City Hotel, Venus Room, 6th Floor, 20, Jalan Bakawali, 86000 Kluang, Johor Darul Ta'zim on Wednesday, 7 December 2016 at 10.30 a.m. or any adjournment thereof, and to vote as indicated below:-

ITEM	AGENDA	RESOLUTION	FOR	AGAINST
1.	Re-election of Director - Mr. Tan Vin Sern	Ordinary Resolution 1		
2.	Re-election of Director - Mr. Low Kok Yung	Ordinary Resolution 2		
3.	Re-appointment of Auditors	Ordinary Resolution 3		
4.	Payment of Directors' Fees	Ordinary Resolution 4		
5.	Re-appointment of Director - Datuk Seri Ismail Bin Yusof	Ordinary Resolution 5		
6.	Re-appointment of Director - Encik Ash'ari Bin Ayub	Ordinary Resolution 6		
7.	Continuing in office as Independent Non-Executive Director - Datuk Seri Ismail Bin Yusof	Ordinary Resolution 7		
8.	Continuing in office as Independent Non-Executive Director - Encik Ash'ari Bin Ayub	Ordinary Resolution 8		
9.	Authority to issue shares	Ordinary Resolution 9		
10.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature	Ordinary Resolution 10		
11.	Proposed Renewal of Authority for Share Buy-back	Ordinary Resolution 11		

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

Signed this _____ day of _____, 2016.

Signature of Shareholding(s)/Common Seal**Notes:**

- For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 72(b) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 30 November 2016. Only depositor whose name appears on the Record of Depositors as at 30 November 2016 shall be entitled to attend this meeting or appoint proxies to attend and/or votes on his/her behalf.
- A member shall be entitled to appoint not more than two (2) proxies to attend and vote in his stead and where a member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the member specified the proportions of his shareholdings to be represented by each proxy.
- A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office of the Company at No. 4B, 2nd & 3rd Floor, Jalan Sentol, South Wing - Kluang Parade, 86000 Kluang, Johor Darul Ta'zim, not less than forty-eight (48) hours before the time appointed for holding the meeting i.e. before 10.30 a.m., Monday, 5 December 2016, or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

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AFFIX
STAMP
HERE

The Company Secretary

BCB BERHAD (172003-W)
(Incorporated in Malaysia)

No. 4B, 2nd & 3rd Floor, Jalan Sentol,
South Wing – Kluang Parade,
86000 Kluang,
Johor Darul Takzim

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