2016 ANNUAL REPORT

Delivering Excellence in Bespoke Craftmanship

Able
AbleGroup Bhd

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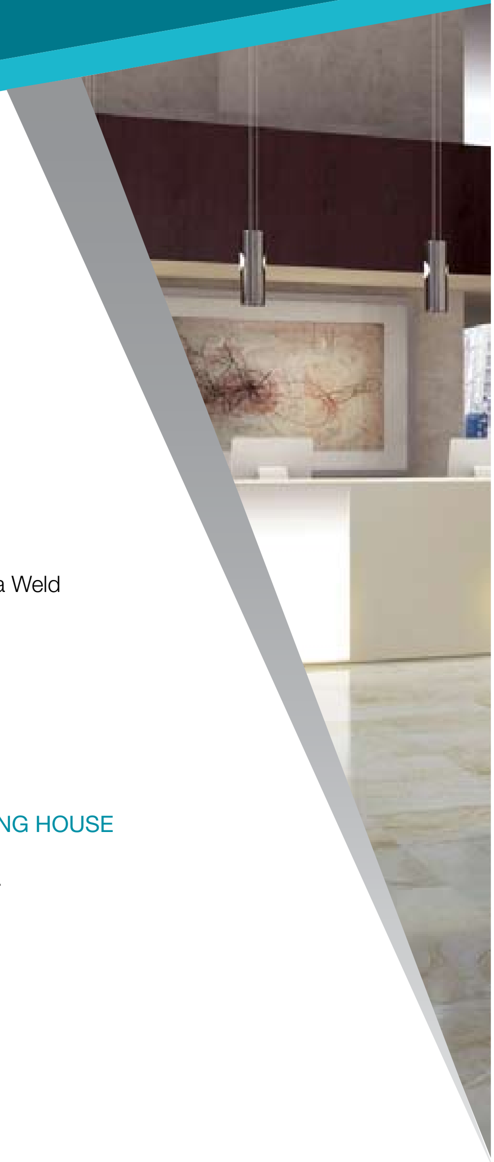
CORPORATE INFORMATION



BOARD OF DIRECTORS

YEOH CHONG KEAT
Chairman/
Independent Non-Executive Director

WONG HEANG FINE
Deputy Chairman/
Independent Non-Executive Director

DATO' LIM KIM HUAT
Managing Director

LOI HENG SEWN
Non-Independent Non-Executive Director

CHEONG MARN SENG
Independent Non-Executive Director

AUDIT COMMITTEE

WONG HEANG FINE
Chairman

CHEONG MARN SENG
Member

YEOH CHONG KEAT
Member

NOMINATION COMMITTEE

WONG HEANG FINE
Chairman

CHEONG MARN SENG
Member

LOI HENG SEWN
Member

REMUNERATION COMMITTEE

YEOH CHONG KEAT
Chairman

DATO' LIM KIM HUAT
Member

CHEONG MARN SENG
Member

COMPANY SECRETARIES

LIM FEI CHIA
(MAICSA 7036158)

TAN FONG SHIAN @ LIM FONG SHIAN
(MAICSA 7023187)

CORPORATE OFFICE

Block D4-U2-10
Level 2, Solaris Dutamas
No 1, Jalan Dutamas 1
50480 Kuala Lumpur
Tel: 03-6207 8186
Fax: 03-6207 8786

REGISTERED OFFICE

Suite 11.1A, Level 11, Menara Weld
76, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2031 1988
Fax: 03-2031 9788

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, JalanKerinchi
59200 Kuala Lumpur
Tel: 03 -2783 9299
Fax: 03 -2783 9222

AUDITORS

Baker Tilly Monteiro Heng
Baker Tilly MH Tower, Level 10
Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

PRINCIPAL BANKERS

Bangkok Bank Berhad
Malayan Banking Berhad

WEBSITE

www.ablegroup.com.my

STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad
Stock Name: ABLEGRP
Stock Number: 7086
Sector: Industrial Products

CORPORATE STRUCTURE

AbleGroup Bhd

100%

Syarikat Bukit Granite Sdn. Bhd.

100%

Montana Madencilik Mermer Sanayi Insaat Ve Ticaret Limited Sirketi (Turkey)

100%

Atlas Rhythm Sdn. Bhd.

DIRECTORS PROFILE

Yeoh Chong Keat

(59 years of age – Malaysian / Male)
Chairman, Independent Non-Executive Director

Yeoh Chong Keat, an Independent Non-Executive Director and Chairman of the Board, was appointed to the Board of the Company on 1 August 2011 as a Non-Independent Non-Executive Director. Mr. Yeoh was re-designated as an Independent Director of the Company on 19 August 2013. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee of the Board.

He is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Chartered Tax Institute of Malaysia, a Chartered Accountant of the Malaysian Institute of Accountants and a Member of the Malaysian Institute of Certified Public Accountants.

He trained and qualified as a Chartered Accountant with Deloitte Haskins & Sells, Birmingham, United Kingdom (now part of PwC network.) and was formerly the head of a leading corporate services firm for over 10 years before founding Archer Corporate Services Sdn. Bhd. which provides corporate secretarial and advisory services to private and public listed companies. He is the President/CEO of Archer Corporate Services Sdn. Bhd.

He has accumulated a wealth of experience in audit, tax, financial and management consulting and corporate secretarial work with "Big Four" firms in the United Kingdom and Malaysia. He is also the director of Tambun Indah Land Berhad and Lien Hoe Corporation Berhad, which are both listed on the Main Market of Bursa Securities. He joined the Board of Axis REIT Managers Berhad (which manages Axis REIT, listed on the Main Market of Bursa Securities) on 1 March 2017 and is also a director of Advancec on Holdings Berhad which is enroute to listing on the Main Market of Bursa Securities in the second quarter of 2017.

He has no conviction for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year. He does not have family relationship with any Director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company, nor any conflict of interest in any business arrangement involving the Company.

As at 31 March 2017, he has direct shareholdings of 900,000 ordinary shares in the Company. He attended all five 5) Board of Directors' meetings of the Company held during the financial year ended 31 December 2016.

Dato' Lim Kim Huat

(57 years of age – Malaysian / Male)
Managing Director

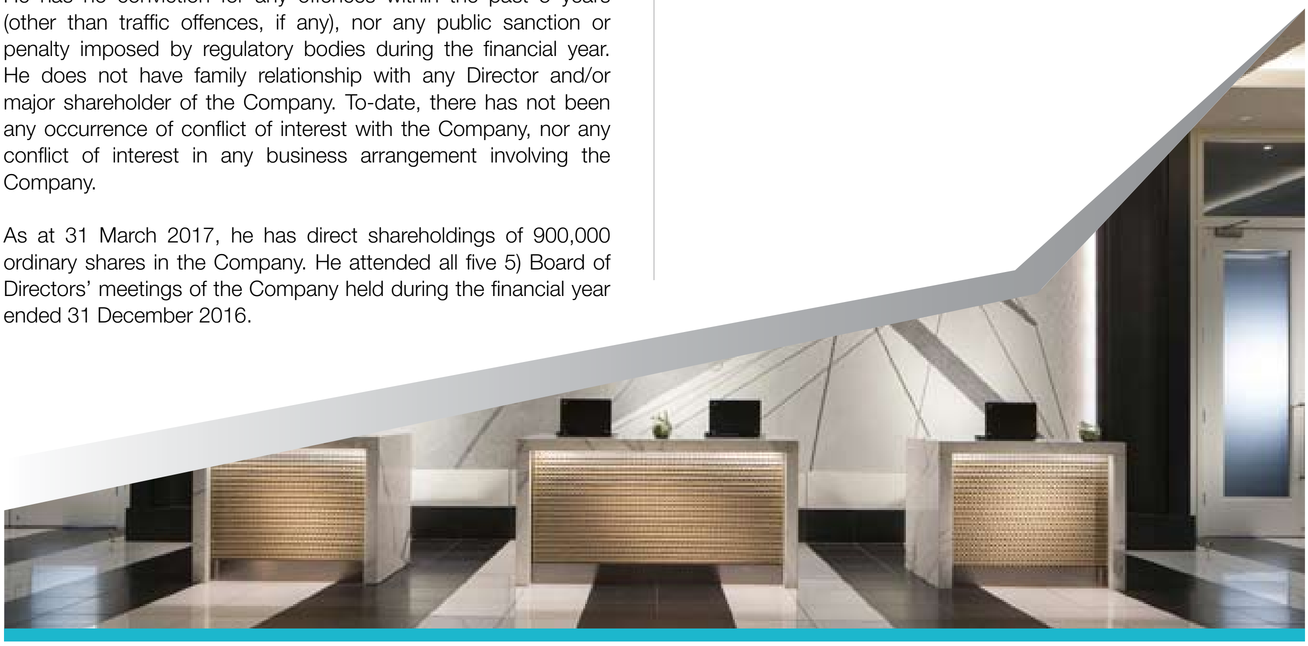
Dato' Lim Kim Huat was appointed as Managing Director of the Company on 15 September 2009. He is a member of the Remuneration Committee of the Board.

He is a Certified Public Accountant by profession and is a member of The Malaysian Institute of Certified Public Accountants. He began his career at Price waterhouse Coopers in Kuala Lumpur in 1980 before switching to the commercial sector. Dato' Lim is now a businessman and entrepreneur with extensive exposure and experience across diverse industries including manufacturing, trading, property development, agriculture, leisure and entertainment, and food services.

Dato' Lim sits on the Board of Widetech (Malaysia) Berhad and Golden Agro Plantation (Mukah) Berhad. He was formerly the Deputy Executive Chairman of Sunrise Berhad, where he led the development of multiple internationally acclaimed projects including "10 Mont' Kiara", "28 Mont' Kiara" and "Solaris Dutamas – Publika".

He is a major shareholder of the Company holdings 87,750,000 ordinary shares as at 31 March 2017. He has no family relationship with any Director of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past 5 years (other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He attended all five (5) Board of Directors' meetings of the Company held during the financial year ended 31 December 2016.



DIRECTORS PROFILE

Wong Heang Fine

(59 years of age - Singaporean / Male)
Deputy Chairman, Independent Non-Executive Director

Wong Heang Fine, an Independent Non-Executive Director and Deputy Chairman of the Board, was appointed to the Board of the Company on 15 November 2007 as a Non-Independent Non-Executive Director. Mr. Wong was re-designated as an Independent Director of the Company on 1 August 2011. He is also the Chairman of Audit Committee and Nomination Committee of the Board.

He holds a Master of Science in Engineering Production & Management from the University of Birmingham, UK and a Bachelor of Science in Mechanical Engineering (First Class Honours) from the University of Leeds, UK.

He joined Temasek as Corporate Advisor on 7 November 2014 with the task of overseeing the merger of Surbana International Consultants and Jurong International Holdings. On 16 February 2015, he was appointed as Group Chief Executive Officer for the merged entity that provides sustainable urban life-cycle solutions globally.

He has held several key leadership positions prior to this appointment. He was the Chief Executive Officer of CapitaLand Singapore Limited (Residential) and CapitaLand GCC Holdings, and also the Country Chief Executive Officer in charge of developing CapitaLand's business in the Gulf Cooperation Council (GCC) region. Mr Wong was also appointed as Chief Executive Officer of Capitala, a joint venture company between CapitaLandSingapore and Mubadala Development Company, UAE. He was appointed as President of Real Estate Developers' Association of Singapore (REDAS) for Term 2011 to 2012.

Prior to this, he was President & Chief Executive Officer of SembCorp Engineers and Constructors Pte Ltd (SEC) [now known as Sembawang Engineers and Constructors]. In 1998, he joined Cathay Organisation Pte Ltd as Deputy President, where he helped realize the company's 40-year ambition of going public by utilising a reverse takeover strategy through IMM Multi-Enterprise (IME) which was listed on SESDAQ. In July 1999, he was appointed as President & CEO of Cathay Organisation Holdings. From November 1996 to February 1998, he was the Director (Infrastructure) of L&M Group Investments Ltd, where he was involved in the restructuring of L&M Group Investments Ltd (LMGI) by spearheading diversifications into infrastructure and property projects. From August 1991 to November 1996, he joined Singapore Technologies Industrial Corporation (STIC). Under STIC, he pioneered the infrastructure development of the industrial estate and a 24,000 hectare international resort belt on Bintan Island (Indonesia), which was completed in just less than five years. He was also instrumental in developing and later managing the Bintan Lagoon Resort, the first 4-star international resort hotel on the island, two 18-hole signature golf courses and 57 units of bungalow housing costing S$240 million. From 1981 to 1984, Mr Wong was recruited by the Singapore Public Service Commission office in London to join the Economic Development Board as a Senior Industry Officer. His responsibilities included the promotion and development of investments in the area of manufacturing of Industrial Machinery and Tools and Dies.

He is not a director of any other public companies in Malaysia and has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company, has no conviction for offences within the past 5 years (other than traffic offences, if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He attended three (3) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2016.

DIRECTORS PROFILE

Loi Heng Sewn

(57 years of age - Malaysian / Male)
Non- Independent Non-Executive Director

Loi Heng Sewn, a Non-Independent Non-Executive Director, was appointed to the Board of the Company on 28 September 2006. He is a member of the Nomination Committee of the Board.

He holds a Bachelor of Business Administration (Management) from Lakehead University, Thunder Bay, Ontario, Canada. He started his career with MBF Group of Companies as a member of Senior Management Team. He was also a member of the Board of Directors on some of the MBF Group of companies.

He started his own business since 1999 before his appointment as Director of the Company.

He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past 5 years (other than traffic offences, if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year.

As at 31 March 2017, he has direct shareholdings of 28,300,000 ordinary shares in the Company. He attended all five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2016.

Cheong Marn Seng

(52 years of age - Malaysian / Male)
Independent Non-Executive Director

Cheong Marn Seng, an Independent Non-Executive Director, was appointed to the Board of the Company on 28 September 2006. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Board.

He holds a Bachelor of Commerce degree in economics and finance from the University of Melbourne, Australia and is a Chartered Accountant of the Malaysian Institute of Accountants. He has wide experience and knowledge in corporate finance, after working in the corporate finance department of an investment bank for more than 8 years in senior management position. Prior to his stint with the investment banking industry, he was attached to two international accounting firms for several years in the audit and financial service division.

He has since 2001 been an executive director of Lien Hoe Corporation Berhad, a company listed on the Main Market of Bursa Securities.

He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past 5 years (other than traffic offences, if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year.

As at 31 March 2017, he has direct shareholdings of 9,000 ordinary shares in the Company. He attended all five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2016.

KEY SENIOR MANAGEMENT

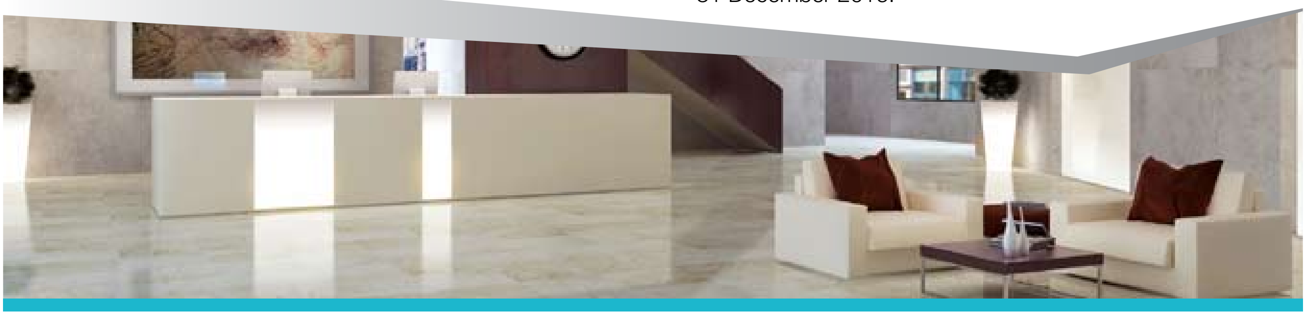
Anthony Toh

(55 years of age - Malaysian / Male)
Chief Operating Officer

Anthony Toh was appointed as the Chief Operating Officer on 16 Jun 2008 and he is primarily responsible for the overall operations as well as developing business opportunities in the domestic and overseas markets for the stoneworks business of the Group.

He is a qualified management accountant from the Chartered Institute of Management Accountants (UK) and has been with the Company for more than 15 years and together has about 20 years of working experience in the stone business.

He does not hold any directorship in other public listed companies and has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no conviction for offences within the past 5 years (other than traffic offences, if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year ended 31 December 2016.



LETTER TO SHAREHOLDERS

Dear Valued Shareholders,

We take great pleasure in presenting to you the Annual Report and Audited Financial Statements of AbleGroup Berhad and its subsidiaries ('the Group') for the year ended 31 December 2016.

Review of Operations

During the year 2016, the Group focused on managing the supply and installation stoneworks contracts for three (3) major high end residential projects in the Klang Valley namely Damansara City, Le Nouvel and Serai, totaling about RM50 million. These projects were mostly completed in 2016 and we have a sense of pride and satisfaction to have participated in these prestigious projects to their successful conclusion, adding to our list of project references.

From these three (3) major projects and other on-going projects, the Group achieved revenue of RM9.89 million for the financial year ended 31 December 2016 ("FYE16"), a decrease of 64% compared to revenue of RM27.73 million in the preceding financial year ended 31 December 2015 ("FYE15"). The decrease in revenue recognition for FYE16 is mainly associated with the lower progressive claims as projects were near completion or completed.

Despite the lower revenue recognised in FYE16, the Group recorded a lower Loss After Tax of RM0.87 million, compared to the corresponding preceding financial year of 2015 at RM1.43 million. The lower loss for FYE 16 was due to cost savings from lower head count as well as lower impairment losses on trade receivables that were recorded compared to FYE15.

In 2016, the Property Division successfully obtained approvals from the relevant authorities to increase the density of our project after working very hard and dedicated in liaising with the relevant authorities.

Prospects

In view of the current recovery of economic and market environment, the Group will continue to mitigate the risk and exposure in tendering for projects on marble and granite business. The Group is optimistic on the recovery momentum of subdued global trade and weak global crude oil prices that carried over to first quarter of 2017.

For the marble and granite contracts side, we have orders on hand and are looking to successfully win bids for new projects in 2017 and expect to achieve better results in an improving operating environment.

On the property side, the Board is looking to launch the Group's first property project in Kuala Lumpur in a cautious manner, mitigating market and finance risks with the aim of delivering profitable returns from the project.

Acknowledgements

On behalf of the board, we wish to express our sincere appreciation and gratitude to our stakeholders, shareholders, customers, vendors, financiers, and business associates for their support.

We also wish to thank our employees for their service and dedication and our fellow directors for their valued counsel and advice.

Yeoh Chong Keat Chairman	**Dato' Lim Kim Huat** Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF BUSINESS AND OPERATIONS

AbleGroup Berhad is the investment holding company for a group of companies that are engaged in the processing, trading, exporting and contract workmanship of high quality marble and granite slabs as well as property development.

OVERVIEW OF GROUP OBJECTIVES AND STRATEGIES

AbleGroup Berhad aspires to provide high quality products and services in all our business activities, delivering and sustaining shareholder value creation for a balanced top-line and bottom-line growth and good cash flows.

We have a strong dynamic Management Team, competent and experienced, in both granite and property sectors. The team is headed by Dato' Lim Kim Huat, our Managing Director who was formerly the Deputy Executive Chairman of Sunrise Berhad, where he led the development of multiple internationally acclaimed projects including "10 Mont' Kiara", "28 Mont' Kiara" and "Solaris Dutamas – Publika". Our marble and granite business is focused on value creation for our clients in high end projects.

Under the guidance and leadership of Dato' Lim, we are constantly improving our operational and financial efficiency and organisational culture through enhanced clarity of roles and responsibilities, accountability and incentive compensation programs. We also continuously enhance our quality of work and strengthen our market position through the widening and depth of our business network.

We believe these strategies will bear out for the long-term growth of the Group and meet our objective of delivering total shareholder returns. In periods of significant macroeconomic pressures, we will maintain a disciplined and measured approach, avoiding gains which are short term but unsustainable in the long run for the Group.

Financial Performance Review

Summary Of 2016 Results

In financial year ended 31 December 2016 ("FYE16"), AbleGroup Berhad recorded consolidated revenue of RM9.89 million, a decrease of 64% compared to revenue of RM27.73 million in the preceding financial year ended 31 December 2015 ("FYE15"). The lower revenue recorded in the current financial year is associated with the lower recognition of contract revenue as projects were near completion or completed. These projects include the three (3) major presitigious high end residential projects in the Klang Valley namely Damansara City, Le Nouvel and Serai, where the Group was awarded with supply and installation on stoneworks contracts.

Despite the lower revenue recognised in FYE16, the Group recorded a lower Loss After Tax of RM0.87 million, compared to the corresponding preceding financial year of 2015 at RM1.43 million. The lower loss of FYE 16 was mainly due to the cost savings from the downsizing of workforce as well as the lower impairment losses on trade receivables that were recorded in FYE16 compared to FYE15.

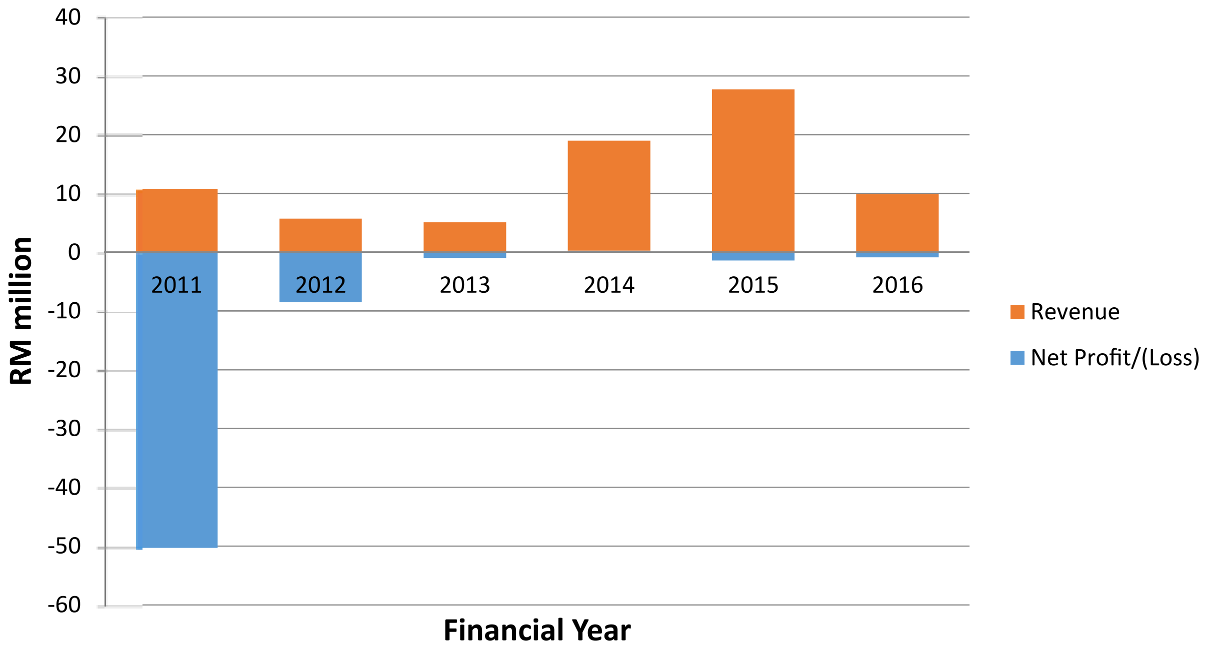
Notwithstanding the current signs of recovery in the economic and market environment, the Group will continue to take cognitive measures to mitigate the risk and exposure for projects on marble and granite business and look to launch our residential project at a suitable time. This is in line with the Group's prudent approach to turnaround and improves the financial results in the near future and set the Group on a sound financial footing for future projects.

(Cont'd)

Historical 5-year Financial Highlights

	FINANCIAL YEAR ENDED 31 DECEMBER					
	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000
FINANCIAL PERFORMANCE						
Revenue	9,894	27,726	18,749	5,141	5,699	10,803
Gross Profit	1,421	2,432	2,638	1,378	1,352	257
(Loss) / Profit after tax	(869)	(1,425)	245	(1,039)	(8,457)	(50,341)
(Loss) / Profit Attributable to Owners of the Company	**(870)**	**(1,427)**	**245**	**(1,065)**	**(11,310)**	**(38,346)**
FINANCIAL POSITION ASSETS						
Non-Current Assets	1,668	1,840	1,966	1,785	31,743	5,042
Current Assets	47,831	54,465	53,277	47,761	21,522	79,031
Total Assets	**49,499**	**56,305**	**55,243**	**49,546**	**53,265**	**84,073**
LIABILITIES AND SHAREHOLDERS' FUNDS						
Non-current Liabilities	28	51	73	5	1,252	1,616
Current Liabilities	3,643	9,556	7,045	1,661	3,065	38,564
Total Liabilities	**3,671**	**9,607**	**7,118**	**1,666**	**4,317**	**40,180**
Paid-Up Share Capital	39,585	39,585	39,585	39,585	39,585	23,220
Other Reserves	569	570	572	572	601	16,549
Retained Profits	5,674	6,543	7,968	7,723	8,762	4,124
Total Equity	**45,828**	**46,698**	**48,125**	**47,880**	**48,948**	**43,893**
Net Operating Cash Flow	**2,729**	**(1,255)**	**(7,701)**	**(3,809)**	**(6,559)**	**6,904**
SHARE INFORMATION						
Per 15 sen ordinary share						
Basic Earnings Per Share	(0.33)	(0.54)	0.09	(0.39)	(3.31)	(32.52)
Share price as at 31 December (RM)	0.09	0.12	0.12	0.13	0.12	0.15
FINANCIAL RATIOS						
Gross Margin (%)	14.36	8.77	14.07	26.80	23.72	2.38
Return on Net Assets (%)	(1.90)	(3.05)	0.51	(2.22)	(22.53)	(84.26)
Return on shareholders' funds (%)	(1.88)	(3.01)	0.51	(2.20)	(24.36)	(60.80)
Current ratio (times)	13.13	5.70	7.56	28.75	7.02	2.05
Gearing ratio (times)	0.02	0.13	0.10	0.02	0.04	0.23

The following chart illustrates the Group's revenue contributions as well as the profit/(loss) before tax:-



OPERATIONAL REVIEW

A) Manufacturing, Project And Retail Sales Of Marble Sector

Syarikat Bukit Granite Sdn. Bhd. is a company that is principally engaged in the business of processing, trading, exporting and contract workmanship of high quality marble and granite slabs.

During the financial year 2016, the Company focused on managing the supply and installation of stoneworks contracts of three (3) major high end residential projects in the Klang Valley namely Damansara City, Le Nouvel and Serai. These projects were mostly completed during the financial year and helped to strengthen our position in the market with these impressive portfolio of completed jobs.

In additional, the Company has also managed a supply and installation works of a mixed development project at Kota Kinabalu, Malaysia called Vinci with the awarded contract sum of RM1.0 million. The project was completed and handed over to the main contractor during the financial year 2016.

We are continuing to expand our range of products and services to offer greater choice to our existing customers and attract new customers. While quality and price are our priorities, we take prudent measures to ensure our products and services provided are within an acceptable range of risks and that they add value to our role in supply and installation of stone works.

THE PROSPECTS OF THE MARBLE AND GRANITE SEGMENT

The Company has secured two (2) new projects with the total contract sum of RM1.3 million on the supply and installation of stone works during the first quarter of the financial year 2017.

B) Property Sector

Atlas Rhythm Sdn. Bhd. is our wholly-owned property development company with land bank comprising 1.214 hectares freehold land for property development. The land was purchased through internal generated funds.

THE PROSPECTS OF THE PROPERTY SEGMENT

FYE2016 was not a good year for the property development sector with the Bank Negara's measures to curb household debts resulting in applications for housing loans being turned down causing the continued lull in the property market. Apart from that the market sentiment as a whole remained bearish, with many people being extra cautious about spending.

As such, the Company had decided to reschedule the launch of the residential property. Currently, the Company is having the resources to and is awaiting the opportunity for the right time and price to launch the project. In the meantime, the Company is enhancing and refining the development concepts and layouts of the project for better take up upon launching.

While the property market may still be relatively soft, the Group is confident that a quality development project will always attract potential buyers when launched.

C) Overseas Subsidiary Sector

Montana Madencilik Mermer Sanayi Insaat Ve Ticaret Limted Sirketi (Turkey) is a dormant company which has ceased business activities. The Group is currently seeking potential buyer(s) to dispose of the overseas subsidiary.

OUTLOOK OF FUTURE PROSPECTS

The Group will continuously monitor and realign its business plans taking into consideration market conditions to achieve best results. On the contracts side, we expect to win bids for new projects in 2017 with stable margins given our track record of specialising in delivering quality stone works to prestigious projects.

Upon launching of our property project, we are confident that there will be a market for our products which will cater the urban and young population with modern lifestyles and also to investors who invest for capital appreciation or rental yields.

The Group will continue to place emphasis on growing its brand name through enhanced workmanship quality, strategic new project launches, and development of core competencies in the domestic as well as international markets with our experienced Management Team.

CORPORATE SOCIAL RESPONSIBILITY

Our Corporate Social Responsibility ("CSR") programme inspired us to build **A B**etter **L**iving **E**nvironment, not only for the current but also for future.

The Board and Management acknowledged the significance of CSR in promoting good corporate governance practices. A good blend of CSR would mutually ensure the sustainability and success of a business in its inspiration on the corporate strategies which drawn on the elements of accountability, honesty, transparency and sustainability. We conduct our business in an ethical and responsible manner that aligns with the aspiration of the society, local community, staff, suppliers, customers as well as other stakeholders.

Our CSR initiatives are based on three core values: (A) Employees, (B) Community and (C) Environment. During the financial year of 2016, the Group have participated in the following activities:

(A) FOR EMPLOYEES ...

Gathering occasions such as lunches and dinners held for employees to foster positive relationship among one another:-

- We believe human capital is extremely important and a contented staff is productive at work in delivering the core values. We are committed to maintain staff morale at the high level.

- Gathering occasions such as lunches and dinners held for employees to foster positive relationship among employees and superiors.

(B) FOR COMMUNITY …

We are always inspired when we perform our CSR activities. We are blissful to bring comfort and cheer support to the needy. As part of the community, we contribute to the society with our caring and support for others.

We are always ready to reach out and make a difference in the lives of the underprivileged. We are certainly looking forward for more charitable activities in the near future.

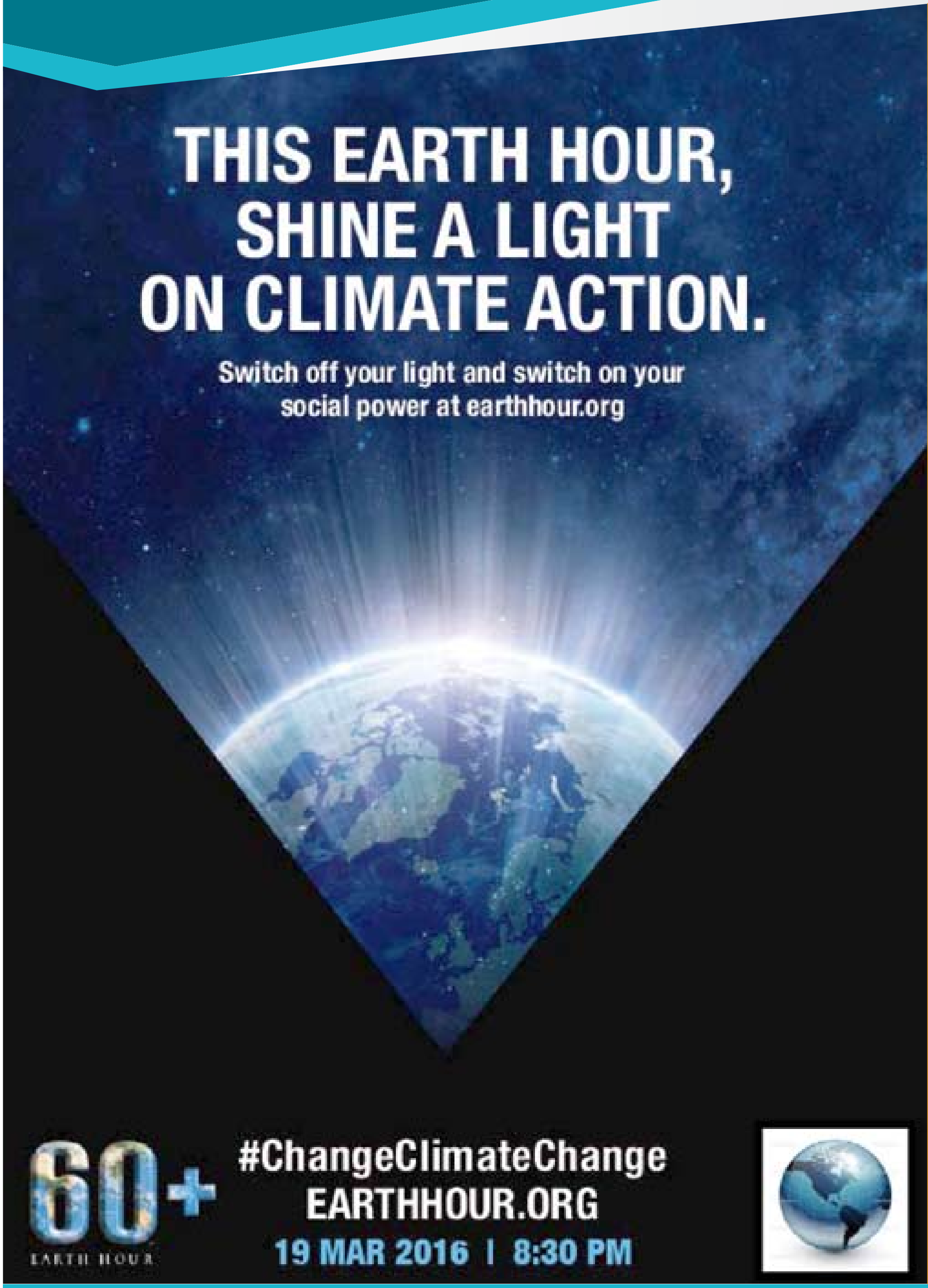
(C) FOR ENVIRONMENT …

The Group has begun in creating the awareness on the importance of environmental sustainability.

A. Earth hour 2016

Earth Hour is the world's largest public action for the environment. Since its inception in 2007, Earth Hour has grown into a global movement with hundreds millions of people for more than 7,000 cities and towns in over 150 countries across every continent switching off their lights for Earth Hour.

- The Group took part in the Earth Hour 2016 which was held on 19 March 2016, from 8.30pm to 9.30pm by encouraging its staff in registering to the relevant official website such as www.earthhour.org. The Group has been regularly participated in such event with the objective to promote and instill great awareness amongst employees, customers, business partners, suppliers and other stakeholders.
- The Group encourages and promotes its employees to participate in the Earth Hour Day by pledging to switch off non-essential light on the Earth Hour Day from 8.30pm to 9.30pm on 19 March 2016. The Company had switched off all non-essential light within its premises.
- The Group has also circulated memo to promote the awareness of the Earth Hour 2016 by printing posters and flyers in conjunction to this meaningful event. These flyers were distributed to employees, partners, suppliers, customers and other stakeholders with the objective to raise awareness in caring for Mother Nature.
- The Group encourages its partners, suppliers and customers to pledge together on Earth Hour 2016 as more corporate participation creates greater impact to the Environment.
- As part of our commitment to the environment, we joined together with millions of people around the world in observing the WWF Earth Hour on 19 March 2016.



Together we work for better future

Alliance we formed,
Befriend to Mother Earth,
Little savings of lights,
Everyone's a superhero.

We need your participation on energy savings!

Everyone has power to make real change and impact in the world. Including you. We are inviting you to join us in our global movement.

Simply turn off non-essential electrical items, just for an hour from 8.30pm on 19 March 2016.

19 MARCH 2016, 8.30PM

EARTH HOUR

We Need You, Every Action Count Earth Hour is a global environmental initiative. We urged your participation in the Earth Hour 2016. Everyone is invited to turn off.

B. Usage of papers

The Group is aware of the importance of papers and its volume of usage. As we have pledged ourselves to the environmental awareness, conservative approach on the usages is communicated among the staff and employees. The Group's initiatives in undertaking the following actions with the aim of preserving the environment include:

- Communication via emails to reduce usage of papers on letters or memos;
- Only necessary documents or email required is printed;
- Staff are encourage to print on double-side d to reduce usage of papers and reuse recycled paper whenever possible;
- Purchase of the Group'sprinting papers is selected from the manufacturer that practices in sustainable forestry sourcing. A sustainable forest management is the management of forests according to the principles of sustainable development, that is, the attainment of balance between society's increasing demands for forest products and benefits, and the preservation of forest health and diversity.
- Unused papers, recycled papers and boxes are sent for recycling instead of discarding them to rubbish bin. All proceeds from these recycled items were donated to charity organisation in Sg. Buloh.

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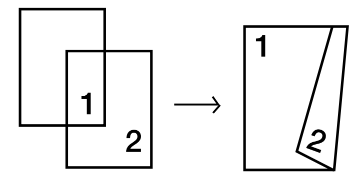
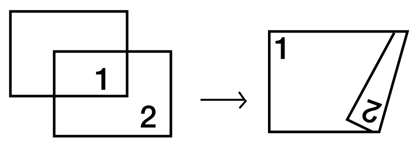
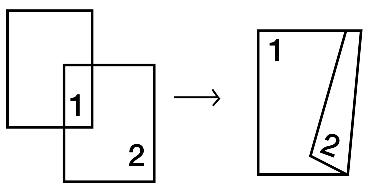
Potrait



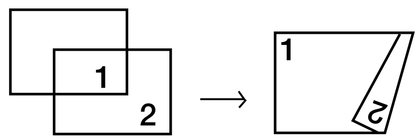
Landscape



(short edge flip)
Potrait



Landscape



STATEMENTS OF CORPORATE GOVERNANCE

1 INTRODUCTION

The Board of Directors of AbleGroup Berhad and its subsidiaries ("the Group") recognises the importance of practising good corporate governance and is fully committed to ensuring that the Group practices the highest standard of corporate governance and transparency in line with the Malaysian Code on Corporate Governance 2012 ("Code") to achieve the Group's governing objective of enhancing shareholders' value.

The application of the Code by the Group and the extent of compliance with the prescribed recommendations are reported with exceptions stated herein.

2 PRINCIPLE 1 : ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

2.1 Clear functions of the Board and Management

The Board's role is to lead and control the Group's business and affairs on behalf of the shareholders. The Board takes into consideration the interest of shareholders under their decision to ensuring that the Group's objectives and shareholders value are met. The Board oversees the Group's performance and operation progress towards the corporate objectives.

The Group is controlled and led by a dynamic and experienced Board, with high personal integrity, business acumen and management skills, which is primarily entrusted with the responsibility of charting the direction of the Group.

In line with the Code, the roles and responsibilities of the Chairman and Managing Director are separated. The responsibility of Chairman is primarily to ensure that the conduct and working of the Board is in an orderly and effective manner whilst the Managing Director manages the daily business and implementation of Board policies. The Managing Director led a team of Management Team who is responsible for the implementation of business plans and strategies, policies and decisions approved by the Board and communicating matters to the Board. The responsibilities and authorities of the Management Team are clearly defined.

2.2 Clear Roles and Responsibilities

There are 5 members on the Board of Directors, comprising the Managing Director and 4 Non-Executive Directors, 3 of whom including the Chairman of the Board are Independent Directors. This separation of the role of Managing Director and Chairman ensures that there is an appropriate balance of power and authority with clear divisions of responsibilities and accountability.

The majority of the Board comprises Independent Directors who are essential in providing unbiased and independent opinion, advice and judgement thus play a key role in corporate accountability. All Independent Directors act independently of Management and are not involved in any other relationship with the Group that may impair their independent judgement and decision-making. The main duties and responsibilities of the Board comprise the following:-

- Setting the objectives, goals and strategic plan for the Group with a view to maximising shareholder value;
- Adopting and monitoring progress of the Group's strategy, budgets, plans and policies;
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed to sustain the value for shareholders;
- To consider and approve reserved matters covering corporate policies, material investment and acquisition/disposal of assets;
- Identifying principal risks and ensuring implementation of appropriate systems to manage these risks;
- Promote better investor relations and shareholder communications;
- Reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- Succession planning, including appointing, training, fixing of compensation and where appropriate, replacing the Managing Director and key senior management;
- Ensuring that the Group's financial statements are true and fair and conform with the accounting standards.

The Board has delegate specific responsibilities to the Board Committees, each with defined terms of reference and responsibilities. The Board receives report of their proceedings and deliberations. Where committees have no authority to make decisions on matters reserved for the Board, recommendation would be presented to the Board for approval. The Chairman of various committees report the outcome of the committee meetings to the Board and relevant decisions are recorded in the minutes of the Board of Directors' meetings.

The Board is satisfied with its current composition which comprise of directors with balanced mix of skills, knowledge and experience in the business and management fields which are relevant to enable the Board to carry out its responsibilities in an effective and efficient manner.

2.3 Code of Conduct

The Group has in place a Code of Conduct which governs the conduct of all the Group employees including the Board members with the aim to cultivate good ethical conduct, amongst others.The Code of Conduct is based on the core principles of sincerity, transparency, accountability and corporate social responsibility. The Code of Conduct is formulated to enhance the standard of corporate governance and corporate behavior with the intention of achieving, amongst others, the following objectives:-

- To establish a standard of ethical behavior for Directors based on acceptable beliefs and values; and
- To uphold the spirit of professionalism, objectivity, transparency, and accountability in line with the legislation, regulations and environmental and social responsibility guideline governing a company.

In the performance of his duties, a Director should at all times observe the following:-

a) Corporate Governance:-

- Clear understanding of the aims and purpose, capabilities and capacity of the Group;
- Devote reasonable time and effort to attend to the Group's duties required of him;
- Ensure at all times that the Group is properly managed and effectively controlled;
- Stay abreast of the affairs of the Group and be kept informed of the Group's compliance with the relevant legislation and contractual requirements;
- Insist on being kept informed on all matters of importance to the Group in order to be effective in corporate management;
- Limit his directorship of companies to a number in which he can best devote his time and effectiveness; each Director is at his own judge of his abilities and how best to manage his time effectively in the company in which he holds directorship;
- Have access to the advice and services of the Company Secretary, who is responsible to the Board to ensure proper procedures, rules and regulations are complied with;
- Not divert to his own advantage any business opportunity that the Group is pursuing, or misuses confidential information obtained by reason of his office for his own advantage or that of others;
- At all times act with utmost good faith towards the Group in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his duties;
- Exercise independent judgment and, if necessary, openly oppose if the vital interest of the Group is at stake;
- At all times exercise his power for the purposes they were conferred, for the benefit and productivity of AbleGroup; and
- Avoid any conflict of interest especially to disclose immediately all contractual interests whether directly or indirectly involving AbleGroup and/or its subsidiaries.

b) Relationship with Shareholders, Employees, Creditors and Customers:-

- Be conscious in the process of value creation of the interest of shareholders, employees, creditors and customers of AbleGroup;
- At all times promote professionalism and improve the competency of Management and employees; and
- Ensure adequate safety measures and provide proper protection to workers and employees at work places.

c) Social responsibilities and the Environment:-

- Be aware of the Group's policy on corporate social responsibility;
- Adopt an objective and positive attitude and give the utmost cooperation for the common good when dealing with government authorities or regulatory bodies;
- Ensure the effective use of natural resources, and improve quality of life by promoting corporate social responsibilities;
- Be proactive to the needs of the community and to assist in society-related programmes; and
- Ensure that the activities and the operations of the Group do not harm the interest and well-being of society at large;
- The corporate social responsibility activities of the Group are disclosed on pages 12 to 15 of this Annual Report.

2.4 Sustainability of Business

The Board is aware of the importance of business sustainability and ensures that there is a plan for promoting sustainability embedded in the development of the Group's strategies, taking into account the impact on the environmental, social, cultural and governance aspects of business operations.

The Board is committed to understanding and implementing sustainable practices and to exploring the benefits to business of the Group whilst attempting to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economic success.

The Group is committed to diversify and apply equal employment opportunity approach in promoting diversify in the Group.

2.5 Access to Information and Professional Advice

The Board recognises the importance of providing timely, relevant and updated information in ensuring an effective decision making process by the Board. Hence, the Board is provided with quantitative and qualitative information which is pertinent to enable the board to discharge their duties effectively.

Each Board Member receives regular reports, including a comprehensive review and analysis of the Group's performance. Board agenda together with the relevant documents and information are compiled and distributed to all Directors prior to the Board meeting to enable them to have sufficient time to review and be prepared for discussion. The Managing Director and/or the key management personnel will provide comprehensive explanation of pertinent issues and /or recommendations by the Management. Any matters requiring Board's approval will be deliberated and discussed thoroughly by the Board prior to decision-making. Proceedings of Board meetings are recorded and signed by the Chairman of the meeting. Decision made and policies approved by the Board will be communicated to the Management Team for action after the meeting.

Where necessary, member of the Management Team will be invited to attend Board / Board Committee meetings to report and updates on areas of the business within their responsibility to provide Board members with insights into the business, and clarify any issues raised by the Directors in relation to the Group operations. Directors are encouraged to share their views and insights in the course of deliberation and to participate in discussions.

Apart from the above, the Board members are updated on the Company's activities and its operations on a regular basis. The Board and Principal Officer of the Group is reminded quarterly of the closed periods for dealings in the securities of the Group based on the targeted date of announcement of the Group's interim financial results. All Directors whether as a full board or in their individual capacity have access to all information of the Group on a timely basis in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities.

All Directors have access to the advice and services of the Company Secretary on matters relating to procedures regulating the Company and their compliance by the Company. The Directors, in their individual capacity or collectively, may take independent professional advice in furtherance of their duties, whenever necessary and in appropriate circumstances, at the Company's expense. If such advice is considered necessary, it shall first be discussed with the Chairman before proceeding further.

2.6 Qualified and competent Company Secretary

Every Director has ready and unrestricted access to the advice and the services of the Company Secretary in ensuring the effective functioning of the Board. The Company Secretary ensure that Board policies and procedures are both followed and reviewed regularly and have the responsibility in law to ensure that each Director is made aware of and provided with guidance as to their duties, responsibilities and powers. The Company Secretary advises the Board on any new statutory and regulatory requirements relating to corporate governance.

The Company Secretary is also responsible for advising the Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving the Group, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information as well as to update Board members regularly on amendments to the Listing Requirements and the Companies Act.

The Company Secretary, who is qualified, experienced and competent, organises and attends all Board and Board Committees meetings and ensures meetings are properly convened; accurate and proper record of the proceedings and resolutions passed are maintained accordingly. The removal of Company Secretary, if any, is a matter for the Board to decide collectively.

The key role of the Company Secretary shall include:-

- providing unhindered advice and services for the Directors as and when the need arises;
- enhancing the effective functioning of the Board;
- ensuring regulatory compliance;
- preparing agendas and coordinating the preparation of the Board papers in a timely and effective manner;
- ensuring that Board procedures and applicable rules are observed;
- ensuring effective management of organisation's secretarial records;
- preparing minutes to document Board proceedings and ensure board decision are accurately recorded;
- assisting the communications between the Board and Management; and
- providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time within the scope and responsibility of the Company Secretary.

2.7 Board Charter

The Board has also adopted a Board Charter which sets out the Board's strategic intent and outlines the Board's roles and functions, amongst others. The Board Charter is a source reference and primary induction literature, providing insights to prospective Board members and Senior Management.

The Board Charter is reviewed periodically and updated in accordance with the needs of the Group to ensure its efectiveness and consistency with the Board's objectives and corporate vision.

A copy of the Board Charter is accessible for reference on our corporate website, www.ablegroup.com.my.

3 PRINCIPLE 2 : STRENGTHEN COMPOSITION

3.1 Board Composition

The Board presently comprises 1 Managing Director, 3 Independent Non-Executive Directors and 1 Non Independent Non-Executive Directors. The profiles of the Directors are set out on pages 4 to 6 of this Annual Report.

The Board has complied with paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which requires that at least 2 Directors or one-third (1/3) of the Board Members of the Company, whichever is higher, are independent.

The 3 Independent Non-Executive Directors bring their independent and objective judgment to the Board to carry weight on the decision-making process of the Group, mitigating risks due to conflict of interest or undue influence from interested parties.

The composition of the Board not only reflects the broad range of experience, skills and knowledge required to successfully direct and supervise the Group business activities, but also the importance of independence in decision making at the Board level.

The roles of the Independent Non-Executive Directors will ensure that any strategies and business plans proposed by the Executive Directors and Executive Management are fully discussed and examined to ensure the long-term interest of the shareholders as well as other stakeholders.

The Board has delegated specific power and responsibilities to three (3) Board Committees namely Audit, Remuneration and Nomination Committees all of which have the authority to deal with particular issues and report to the Board with recommendations. The functions and activities undertaken by these Committees are elaborated in their respective report set out in this Annual Report.

The Board is responsible to determine the appropriate size of the Board and their appointment of new director is a matter for consideration and decision by the Board, upon the recommendation from the Nomination Committee ("NC"). The NC will consider the required mix of skills, experience, other qualities and diversity, including gender, where appropriate, which the Director should bring to the Board.

In accordance with the Company's Articles of Association, all directors who are appointed by the board are subject to re-election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one-third (1/3) of the remaining directors be subject to re-election by rotation at each Annual General Meeting.

The Code recommends that all independent directors who have served 9 years or more be put up for re-election annually, with justification from the Board on their continued independence, relevance and contributions to the Group.

The assessment criteria for independence shall not limit to the length of an independent director. Particular emphasis is placed on the role of independent directors to facilitate independent and objective decisions making of the Group, free from undue influence and bias. Annual assessment of the Independent directors will be undertaken in accordance with prescribed criteria by the NC and Board.

For the assessment and selection of Directors, the NC shall consider prospective Directors' character, experience, competence, integrity and time availability, as well as the following factors:

- industry skills, knowledge and expertise;
- professionalism;
- diversity;
- contribution and performance; and
- in the case of candidates for the position of Independent Non-Executive Directors, the Board shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.

In accordance with the Company's Articles of Association, one-third (1/3) or the number nearest to one-third (1/3) shall retire from office at each Annual General Meeting. A retiring Director is eligible for re-election. The Articles of Association also provides that any new or additional Director appointed by the Board during the year shall hold office until the next Annual General Meeting and shall then be eligible for re-election.

3.2 Boardroom and Workplace Diversity

The Board is committed to provide a fair and equal opportunities and nurturing diversity in the boardroom and work place. The Board believes that while it is important to promote gender diversity, it is of the view that Board membership should be determined based on a candidate's skills, experience, and knowledge in areas identified by the Board. The Board endeavours that suitably qualified women candidates will be sought and included in the pool of candidates for evaluation in respect of new appointments to the Board.

3.3 Directors' Remuneration

The Remuneration Committee's primary responsibilities are to recommend to the Board the remuneration package and the terms of employment of Executive Director.

The objective is to ensure that the Group attracts and retains Directors of the calibre needed to run the Group successfully. The Executive Directoris to be appropriately rewarded giving due regard to the corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors concerned.

The remuneration of the Executive Director is performance related and compatible to the market rate in order to attract, motivate and retain them to run the Group. The Group also reimburses reasonable expenses incurred by Directors where required, in the course of carrying out their duties as Directors. The determination of remuneration packages of Non-Executive Directors should be a matter for the Board as a whole. Directors will abstain from discussion and voting on decisions in respect of their own remuneration. The aggregate annual Directors' fees are to be approved by shareholders at the Annual General Meeting based on recommendation of the Board.

	Fees (RM'000)	Salaries and Other Emoluments (RM'000)	Benefits-In-Kind (RM'000)	Total (RM'000)
Executive Director				
Dato' Lim Kim Huat	-	135	-	135
Non-Executive Directors				
Yeoh Chong Keat	50	-	-	50
Wong Heang Fine	38	-	-	38
Loi Heng Sewn	38	-	-	38
Cheong Marn Seng	38	-	-	38
Total	164	135	-	299

The number of Directors whose total remuneration for the financial year ended 31 December 2016 fall within the respective bands is as follows:-

	Number of Directors		
Range of Remuneration	Executive	Non-Executive	Total
RM1 to RM50,000	-	4	4
RM50,001 to RM100,000	-	-	-
RM100,001 to RM250,000	1	-	1
RM250,001 to RM300,000	-	-	-
Total	1	4	5

4 PRINCIPLE 3 : REINFORCE INDEPENDENCE

4.1 Annual Assessment of Independence

The Board recognises the importance of independence and objectivity in the decision-making process. The Nominating Committee annually assesses the Independence of Independent Directors based on the established criteria.

The Board and its NC have upon their annual assessment, concluded that each of the 3 Independent Non-Executive Directors continues to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them continues to fulfil the prescribed definition and established criteria of independence.

4.2 Tenure of Independent Directors

The Board notes the Code's recommendation that the tenure of an Independent Director should not exceed a cumulative term of 9 years. The NC and the Board have deliberated on the said recommendation and is of the view that a Director's independence cannot be determined solely with reference to tenure of service. The Group benefits from having long serving directors who have accumulated valuable knowledge of the Group's operations and have shown competence in advising and overseeing the management of the Group.

The NC and the Board after having reviewed and assessed the independence of Mr. Cheong Marn Seng, who have served for a cumulative period of more than 9 years, considers him to be independent and remain unbiased, objective and independent in expressing his opinions and in participating in the decision making of the Board. He had also devoted sufficient time and attention to his responsibilities as Independent Director besides exercising due care during his tenure as Independent Director of the Company and carrying out his duty in the best interest of the Company and shareholders. The length of his services on the Board has not in any way interfered with his objective and independent judgement in carrying out his roles as members of the Board and relevant Committees. Furthermore, his pertinent expertise, skills and detailed knowledge of the Group's businesses and operations enable him to make significant contributions actively and effectively to the Company's decision making during deliberations or discussions.

In this respect, the Board proposes to retain Mr. Cheong Marn Seng as Independent Director of the Company and will table the relevant proposals to retain him as Independent Directors for shareholders' approval at the forthcoming AGM of the Company.

The Board, through the NC will continue to review, evaluate and assess whether the Independent Directors can continue to act in the best interests of the Group and bring independent and professional judgement to Board's deliberations.

5 PRINCIPLE 4 : FOSTER COMMITMENT

5.1 Time Commitment

Directors are expected to devote sufficient time and attention to carry out their responsibilities. In this regard, annual meetings timetable is prepared and circulated to the Board to provide the proposed scheduled date of meetings of the Board and Board Committees to enable the Directors to plan ahead.

The Board Charter sets out a policy where a director shall notify the Chairman before accepting any new directorship and indicate the time to be spent on the new appointment.

The current Directors are expected to devote sufficient time commitment to their roles and responsibilities as Directors of the Company as they holds less than 5 directorships in listed issuers, in compliance with paragraph 15.06 (1) of the Listing Requirements.

5.2 Board Meetings

The Board meets on a quarterly basis with additional meetings held whenever necessary. There were 5 board meetings held during the financial year ended 31 December 2016 and the attendance record is as follows:-

Directors	No. of Board Meetings	
	Held	Attended
Yeoh Chong Keat	5	5
Wong Heang Fine	5	3
Dato' Lim Kim Huat	5	5
Loi Heng Sewn	5	5
Cheong Marn Seng	5	5

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities which is evidenced by the satisfactory attendance record of the Directors at Board meetings.

5.3 Directors' Training

The Board acknowledges the fact that continuous education is vital for the Board members to gain insight and keep abreast with the state of economy, manufacturing, technological advances in the core business, latest regulatory developments and management strategies.

The Board encourages its Directors to attend talks, seminars, workshops and in-house conferences to updates and enhance their skills and knowledge and to keep abreast with development in regulatory and corporate governance issues.

The training programmes attended by Directors during the financial year ended 31 December 2016 are summarised as follows:-

Name of Director	Date of Training	Programme / Seminar / Course
Yeoh Chong Keat	9 & 10 August 2016	National Tax Conference 2016
	3 November 2016	2017 Budget Seminar
Dato' Lim Kim Huat	16 August 2016	Bursa Malaysia Advocacy Sessions on Management Discussion & Analysis for Chief Executive Officers and Chief Financial Officers
Loi Heng Sewn	16 August 2016	Bursa Malaysia Advocacy Sessions on Management Discussion & Analysis for Chief Executive Officers and Chief Financial Officers

During the financial year under review, the Board via the NC has undertaken an assessment of training needs of each Director and concluded that all the trainings attended by the Directors during the financial year ended 31 December 2016 are relevant and would serve to enhance their effectiveness in the Board.

The Board will evaluate the training needs of its directors on a continuous basis and determine the relevant programmes, seminar and briefings that will enhance their knowledge and enable them to discharge their duties effectively.

6 PRINCIPLE 5 : UPHOLD INTEGRITY IN FINANCIAL REPORTING

6.1 Compliance with Applicable Financial Reporting Standards

6.1.1 Financial Reporting

The Board aims to present a balanced, insightful and timely assessment of the Group's financial position, performance and prospects by ensuring quality financial reporting through the annual audited financial statements and quarterly financial results to its stakeholders, in particular, shareholders, investors and the regulatory authorities.

The Board is responsible for ensuring that appropriate accounting policies have been consistently applied and that the financial statements comply with the applicable financial reporting standards and the relevant provisions of laws and regulations.

In preparing these financial statements, the Directors have:-
- Adopted suitable accounting policies and applying them consistently;
- Made judgement and estimates that are prudent and reasonable;
- Ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepared the financial statements on going concern basis.

The Audit Committee assists the Board in reviewing the information for disclosure to ensure the quality of financial reporting and adequacy of such information, prior to submission to the Board for approval.

The Directors are responsible for keeping proper accounting records which disclose with a reasonable accuracy at anytime the financial position of the Company and the Group and to enable them to ensure that the financial statements as prepared to comply with the Companies Act. The Directors are also responsible for safeguarding the assets of the Company and the Group and to take reasonable steps for prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the financial statements of the Group are prepared in accordance with the requirements of the applicable approved accounting standards in Malaysia, provisions of the Companies Act and the Bursa Securities Main Market Listing Requirements, and giving a true and fair view of the financial position of the Group at the end of the financial year.

6.1.2 Related Party Transactions

The Group has in place guidelines and procedures to ensure that the Company meets its obligation under the Bursa Securities Main Market Listing Requirement relating to related party transactions. All related party transactions are reviewed by the Audit Committee and reported to the Audit Committee and Board on a periodic basis. Where any Director who has an interest (direct or indirect) in any related party transactions, such Director shall abstain from deliberating and coting the resolution of such transaction at the Audit Committee, all Board meetings and voting in relation to the Proposed Renewal of RRPT mandate.

The shareholder's mandate in respect of recurrent related party transactions is sought at the Annual General Meeting ("AGM") of the Company on a yearly basis. The recurrent related party transactions entered into by the Group with its related parties during the financial year ended 31 December 2016 were in respect of sale of stones and provision of contract workmanship and other related services.

Details of the recurrent related party transactions of the Group for the FYE 2016 are set out in page 33 of this Annual Report. The Audit Committee had reviewed the recurrent related party transactions that arose within the Group to ensure that the transactionsare fair, reasonable and on normal commercial terms and not detrimental to the minority shareholders and in the best interest of the Group.

6.1.3 Suitability and Independence of External Auditors

The Company has established a transparent and professional relationship with the auditors. The AC met the external auditors at least twice during the year under review without the presence of the Executive Directors and Management to allow the AC and the external auditors to exchange independent views on matters which require the Committee's attention, to review the scope and adequacy of the audit process, the annual financial

statements and their audit findings. The AC will meet with the external auditors whenever it deems necessary.

The external auditors are invited to attend the AGM of the Group and are available to answer shareholders' questions relating to the financial statements of the Group and the Company.

The services provided by the external auditors include statutory audit and non-audit services. The terms of engagement for the services rendered by the external auditors are reviewed by the Audit Committee and approved by the Board. The Audit Committee had assessed the external auditor's engagement teams' caliber, performance, experience, global network resources as well as ability to perform the scope of work within the Group's timeline. The Audit Committee took into account the openness in communication and interaction with the lead audit engagement partner and engagement team through discussion at private meetings, which demonstrated their independence, objectivity and professionalism.

The Audit Committee was satisfied with the external auditors' quality of services and sufficiency of resources they provided to the Group, in terms of the firm and the professional staff assigned to the audit.

The external auditors, Messrs. Baker Tilly Montiero Heng ("BTMH") have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the International Federation of Accountant's Code of Ethics for Professional Accountants and the Malaysian Institute of Accounts' By-Law (on Professional Ethics, Conduct and Practice) during the Audit Committee meeting. A written confirmation from BTMH compliance to the requirements for independence is obtained and presented to AC through Audit Planning Memorandum.

The Audit Committee also reviewed the proposed fees for non-audit services and subsequently recommends to the Board for approval. In their review, the Audit Committee ensures that the independence and objectivity of the external auditors are not compromised. The Audit Committee's annual assessment to review the suitability and independence of the external auditors is guided by its established policies and procedures approved by the Board.

The external auditors have confirmed that there were no circumstances and relationship that create threats to their independence and that the ethical requirements have been complied with. In compliance with the requirements of the Malaysian Institute of Accountants, the external auditors rotate their audit partners assigned to the Group every five years.

The details of the statutory audit, audit-related and non-audit fees paid/ payable in 2016 to the external auditors are set out below:-

		Group (RM'000)	Company (RM'000)
Fees paid/payable to Baker Tilly Monteiro Heng			
➢	Audit services - current year	49	33
	- prior year	12	5
➢	Non- Audit services*	7	7
Total		68	45

* The non-audit services paid/ payable to Baker Tilly Monteiro Heng were for review of Statement on Risk Management and Internal Control and other services. The provision of these services by the external auditors to AbleGroup were cost effective and efficient due to their knowledge and understanding of the operations of the Group, and did not compromise their independence and objectivity.

A summary of the activities of the AC during the year under review is set out in the AC Report on pages 26 and 27.

7 PRINCIPLE 6 : RECOGNISE AND MANAGE RISKS

7.1 Internal Control

The Board acknowledges its overall responsibility for ensuring that a sound system of internal control is maintained throughout the Group and the need to review its effectiveness regularly. The Board recognises that risk cannot be totally eliminated and the system of internal control instituted can only help minimise and manage risk and provides reasonable assurance that assets of the Company and of the Group are safeguard against material loss and unauthorized use and the financial statements are not materially misstated.

The Statement on Risk Management and Internal Control as set out in pages 30 to 32 of this Annual Report provides an overview of the management of risks and state of internal controls within the Group.

7.2 Internal Auditors

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls that provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines.

The Group has an established Internal Audit Department ("IAD") which assist the Audit Committee in discharge of its duties and responsibilities. Its role is to provide independent and objective reports on the organisation's management, records, accounting policies and control to the Board. The internal audits include evaluation of the processes where significant risks are identified, assessed and managed.

The internal audit function is conducted in a manner that is consistent with and meets the Standards for the Professional Practice of Internal Auditing and Code of Ethics of the Institute of Internal Auditors Malaysia.

The Head of Internal Audit reports directly to the Audit Committee and findings and recommendations are communicated to the Board.

The effectiveness of the systems of internal controls of the Group is reviewed periodically by the Audit Committee.

Further details of the Group's system of internal controls are set out on Page 30 of this Annual Report

8 PRINCIPLE 7 : ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Along with good corporate governance practices, the Group is committed to provide stakeholders with comprehensive, accurate and quality material information on a timely and even basis. In line with this commitment, the Board had established a Corporate Disclosure Policies ("CDP") to facilitate the handling and disclosure of material information in a timely and accurate manner.

The CDP is based on the following principles:-
- Transparency and accountability;
- Compliance with disclosure requirements; and
- Prompt and timely disclosure.

A copy of the Corporate Disclosure Policies is accessible for reference on our corporate website, www.ablegroup.com.my.

Importance is also placed on timely and equal dissemination of material information to the regulators, stakeholders and media. Material information will in all cases be disseminated broadly and publicly via Bursa Malaysia, and other means. Interested parties may also obtain full financial results and the Company's announcements from the Company's website at www.ablegroup.com.my.

9 PRINCIPLE 8 : STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

9.1 Relationship with Shareholders and Investors

The Board values dialogue with its shareholders and investors through the maintenance of an open communication policy with investors and shareholders alike. In ensuring effective communication, the various means and forums such as press releases, public announcements of the Group's interim financial report on quarterly basis, annual report and financial statements, disclosures to the Bursa Malaysia Securities Berhadand other Group activities are made.

The Board has not identified a senior independent director as the Board believes that all concerns of shareholders can be effectively conveyed to the Chairman or Managing Director.

At each Annual General Meeting and/or Extraordinary General Meeting, Executive Directors and, where appropriate, the Chairman are available to respond to shareholders' questions during the meetings.

In addition to its published annual report and quarterly reports announced to Bursa Malaysia Securities Berhad, the Group has established a website at www.ablegroup.com.my from which shareholders can assess for information.

9.2 Annual General Meeting

The Annual General Meeting of the Company provides the principal forum for dialogue and interaction between the Board and the shareholders. The participation of shareholders, both individuals and institutional at general meetings on clarifications of the Group's business and relevant information is encouraged. Pursuant to the Listing Requirements, all resolutions proposed for shareholders' approval at the general meeting of the Company will be voted by poll, and the Company will appoint a scrutineer to validate the votes cast at the general meeting. The Company will consider and introduce electronic voting when appropriate.

This Statement is made in accordance with the resolution passed at the Board of Directors' meeting held on 31 March 2017.

AUDIT COMMITTEE REPORT

The Audit Committee of AbleGroup Berhad is pleased to present the following report for the financial year ended 31 December 2016.

1. COMPOSITION OF AUDIT COMMITTEE

The Audit Committee currently consists of three (3) members, all of whom are Independent Non-Executive Directors. A total of five (5) Audit Committee meetings were held during the financial year ended 31 December 2016 and the details of attendance are as follows:-

Director	Designation	Attendance
Wong Heang Fine (Chairman of AC)	Independent Non-Executive Director	3/5
Yeoh Chong Keat	Independent Non-Executive Director	5/5
Cheong Marn Seng	Independent Non-Executive Director	5/5

2. SUMMARY OF ACTIVITIES

During the financial year, the Audit Committee ("AC") in the discharge of its duties and functions carried out the following activities:

(a) reviewed the unaudited quarterly financial results and audited financial statements for the Group to ensure compliance with approved accounting standards and adherence to other regulatory requirements prior to submission to the Board for consideration and approval;

(b) reviewed the report from External Auditors arising from the audit of the Group and seeks clarification and explanations from Management on key issues and matters for control improvements highlighted in the report;

(c) reviewed and discussed with External Auditors on their audit plan and timetable, covering:

(i) the nature and scope of work;
(ii) confirmation by the External Auditors of compliance with relevant ethical requirements regarding professional independence;
(iii) new developments on accounting standards and regulatory requirements;
(iv) areas of audit focus includes potential Key Audit Matters ("KAM") that in the Auditor's judgement the most significant in the audit for the financial year and selected from matters communicated with those charged with governance;
(v) new Independent Auditors' Report where the key changes include changes to Auditors' Report/restructure of the Report, inclusion of KAM, enhanced reporting on going concern and changes on Auditors' responsibilities regarding Other Information; and
(vi) new MFRS Framework – adoption by Transition Entities of MFRS Framework for annual periods beginning on or after 1 January 2018.

(d) reviewed the assistance provided by Management to the External Auditors during the course of their audit;

(e) reviewed the Internal Audit Report on Collections and Progressive Claims and Inventory Management with audit recommendations made to remedy identified weaknesses;

(f) reviewed the Internal Audit Plan submitted by the Internal Auditorsto ensure the adequacy of the scope and frequency of reports on internal control during the year;

(g) reviewed the independence and re-appointment of the External Auditors against the adopted evaluation criteria in accordance with the Listing Requirements;

(h) reviewed the proposed External Auditor's fees in conjunction with the audit assignment carried out on the Group;

(i) reviewed the Recurrent Related Party Transactions ("RRPT")to ensure that the RRPT are conducted at arm's length and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detriment to the minority shareholders, and made the relevant statement in the circular to shareholders in connection therewith;

(j) reviewed the draft Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the 2016 Annual Report.

3. INTERNAL AUDIT FUNCTION

The Audit Committee is supported by the Group's Internal Audit Department ("GIA") in discharging its duties and responsibilities. The internal audit function is established to add value and improve the Group's operations and also to ensure consistency in the control environment and the application of policies and procedures. The in-house internal audit function provides an independent and objective feedback to the AC and the Board on the adequacy, effectiveness and efficiency of the internal control system within the Group. The Internal Auditors report to the AC on their audit findings, their recommendations of the corrective actions to be taken by Management together with Management's responses in relation thereto. The Internal Auditors will follow up on the implementation of their recommendations by Management and report to the AC accordingly.

The Audit Committee ensure that the internal auditors are given full access to all documents relating to the Company's governance, financial statements and operational assessments, and direct access to the Audit Committee.

The GIA undertakes internal audit functions based on the audit plan that has been reviewed and approved by the Audit Committee. The audit plan covers review of the adequacy of operational control, risk management, compliance with established policies and procedures, laws and regulations.The proposed Internal Audit Plan 2017 drafted based on the level of business activities of the Groupand tabled during the year under review was received by the AC.

The Internal Auditors had during the financial year carried out internal audit review of the following functions of Syarikat Bukit Granite Sdn Bhd with the relevant audit report prepared and submitted for AC's review as follows:

i. Review of Recurrence Related Party Transactions ("RRPT") and reported that the required policies, procedures and controls are in place and there were no exception noted.
ii. Review of Inventory Management and reported that the inventory security and procedural controls are in place to safeguard and account Group's assets; and
iii. Review of Sales, Debtors and Credit Control and reported that the required policies, procedures and controls are relevant and effective in place.

The Internal Auditors reported that inoverall, the internal control for the key areas reviewed are in place and adequate and there are no major exceptions noted and reported by the Internal Auditors that requires AC's attention.

This Report is made in accordance with the resolution passed at the Board of Directors' Meeting held on 31 March 2017.

REMUNERATION COMMITTEE REPORT

The Remuneration Committee of AbleGroup Berhad is pleased to present the following report for the financial year ended 31 December 2016.

1. COMPOSITION OF REMUNERATION COMMITTEE

The members of the Remuneration Committee comprises:-

Director	Designation
Yeoh Chong Keat (Chairman of RC)	Independent Non-Executive Director
Dato' Lim Kim Huat	Managing Director
Cheong Marn Seng	Independent Non-Executive Director

2. TERMS OF REFERENCE OF REMUNERATION COMMITTEE

2.1 Constitution

The Board has established a Committee of the Board to be known as the Remuneration Committee.

2.2 Membership

- The Committee shall be appointed by the Board from amongst the directors of the Company and shall consist mainly of non-executive directors. A quorum shall be two (2) members.
- The members of the Committee shall elect a Chairman from among their members.
- If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

2.3 Objective

Remuneration of directors and senior management should be determined so as to ensure that the Company attracts and retains the directors and senior management staff needed to run the Group successfully. The component parts of remuneration should be structured so as to link rewards to corporate and individual performance, in the case of executive directors and senior management staff.

2.4 Functions

The functions of the Committee shall be:-

1. Recommend to the board the framework of executive remuneration and its cost, and the remuneration package for each executive director and senior management staff, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in a selected group of comparable companies.
2. To reimburse reasonable expenses incurred by the directors and senior management staff in the course of their duties.
3. To review and determine the bonus scheme for the executive directors and senior management staff depending on various performance measurements of the Group.
4. To review and determine the other benefits in kind for the executive directors and senior management staff.
5. To review the executive directors' and senior management staffservice contracts (if any).

2.5 Reporting Procedures

- The remuneration of directors and senior management staff shall be the ultimate responsibility of the full board after considering the recommendations of the Committee.
- Directors do not participate in decisions on their own remuneration packages.

3. ACTIVITIES OF THE REMUNERATION COMMITTEE

The Committee met on 31 March 2017 after the financial year ended 31 December 2016 to review the remuneration packages of the Executive Director of the Company as well as Directors' fees for the financial year ending 31 December 2017.

The Remuneration Committee ensures that the directors are fairly rewarded for their contributions to the Group. Any individual director concerned would abstain from discussion of his own remuneration.

NOMINATION COMMITTEE REPORT

The Nomination Committee of AbleGroup Berhad is pleased to present the following report for the financial year ended 31 December 2016.

1. COMPOSITION OF NOMINATION COMMITTEE

The members of the Nomination Committee comprises:-

Director	Designation
Wong Heang Fine (Chairman of NC)	Independent Non-Executive Director
Cheong Marn Seng	Independent Non-Executive Director
Loi Heng Sewn	Non-Independent Non-Executive Director

2. ACTIVITIES OF THE NOMINATION COMMITTEE

The Nomination Committee met on 31 March 2017 after the close of the financial year ended 31 December 2016 to review the size and composition of the Board, assess the effectiveness and performance of the Board of Directors and the Board Committees as well as their respective functions. The NC was satisfied that the performance of the current Board and Board Committees, coupled with the experience and competencies of each Director, as well as their mix of skills were adequate to enable the Board to discharge its duties and responsibilities effectively.

In accordance with the Articles of Association, the Nomination Committee reviewed and determined the directors' retirement by rotation and re-election at the Company's Annual General Meeting.

In accordance with the Code, the Committee assisted the Board to assess the independence of the Independent Directors of the Company and concluded that all the Independent Directors continue to demonstrate conduct and behaviour that are essential indicators of independence and relevance.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

1. INTRODUCTION

The Board of Directors ("the Board") of AbleGroup Berhad is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2016, which has been prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and in accordance with the Statement on Risk Management & Internal Control (Guidelines for Directors of Listed Issuers). The statement below outlines the nature and scope of internal controls of the Group during the financial year under review.

2. BOARD RESPONSIBILITY

The Board acknowledges its responsibility and re-affirms its commitment in maintaining a sound risk management and internal control system to safeguard interest of shareholders, customers, employees and the Group's assets. The responsibility of reviewing the adequacy and integrity of the Group's risk management and internal control system is delegated to the Audit Committee ("AC"), which is empowered by its terms of reference to seek assurance on the adequacy and integrity of financial, operational and compliance control and internal control system and risk management procedures through independent reviews carried out by the internal audit function and management.

The Board in consultation with the AC has appraised the adequacy and effectiveness of risk management and internal control processes which were in place during the financial year under review. Assurance has been received by the Board from the Managing Director that the Company's risk management and internal control system is operating adequately and effectively in all material aspects and there are no major weaknesses at the existing level of operations of the Group. Recognizing that the internal control system must be continuously reviewed and improved to meet the challenging business environment, the Board will continue to take appropriate action plans to strengthen the Group's risk management and internal control system.

However, as there are inherent limitations in any system of internal controls, such systems put into effect by Management can only reduce but cannot eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

Following the publication of the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Risk Management and Internal Control Guidelines"), the Board has established an ongoing process in identifying, evaluating and managing significant risks faced by the Group. This ongoing process which includes updating the risk management and internal control system when there are changes in the business environment or regulatory guidelines is reviewed by the Board and accords with the Risk Management and Internal Control Guidelines.

The Board is of the view that risk management and internal control system in place for the year under review and up to the date of the issuance of the financial statements is sound and sufficient to safeguard the shareholders' investment, the Group's assets and the interests of other stakeholders.

2. RISK MANAGEMENT FRAMEWORK

The Group's internal control mechanism is embedded in the various work processes and procedures at appropriate levels within the Group. The management team lead by the Managing Director comprising experienced personnel with vast specialised industry knowledge is assigned with the responsibility of managing the Group. They are accountable for the conduct and performance of respective operation units under their care.

The Heads of Department have been delegated the responsibility of identifying, evaluating and managing the risks of their department on an on-going basis. Significant risks identified and the corresponding internal controls implemented are discussed at periodic management meetings attended by the Managing Director.

In addition, significant risks identified, material issues and updated information affecting the Group which requires decisions or appropriate actions to be taken are brought to the attention of the Board.

The AC is also responsible for reviewing and monitoring the effectiveness of the Group's internal control system. In this respect, the Group's Internal Audit Department ("GIA") undertakes the responsibility to conduct regular reviews on the Group's operation processes and reports directly to the AC. Follow up reviews were carried out to ensure that the agreed action plans were implemented.

3. INTERNAL AUDIT FUNCTION

The GIA monitors compliance based on the established policies and procedures and the effectiveness of the internal control system and highlights significant findings for any non-compliance. The internal audit function adopts risk based approach and prepares its audit plan based on key risks identified.

The GIA carried out internal audit review based on the annual audit plan approved by the AC. More reviews on the business processes by the GIA may be called by the AC as the need arises.The scope of work of GIA encompasses the examination and evaluation of the adequacy, integrity and effectiveness of the system of internal control, risk management framework and corporate governance of the Group, which include:-

- Reviewing the reliability and integrity of financial and operating information and the means used to identify, classify and report such information;
- Evaluating the system established to ensure compliance with policies, plans, procedures, laws and regulations which could have significant impact on operations and performance of the Group;
- Examining the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- Assessing the economy and efficiency with which resources are employed; and
- Appraising operations to ascertain whether results are consistent with established objectives and goals and whether the operations are being carried out as planned.

During the financial year under review, the GIA had performed audit reviews in accordance with the approved audit plan. The results of their review were tabled to the AC at their schedule meetings. Senior Management is responsible for ensuring that corrective actions are implemented within the stipulated timeframe on the reported weaknesses. There were no significant control weaknesses identified during the FYE 2016. The GIA works closely with and engage with Management team on salient audit issues noted during audit meetings. Respective Head of Department will be called to explain to the Management team and develop actions plans with relevant timeline to rectify issues noted by the GIA. Subsequent follow-up audits will be conducted by GIA to ensure that corrective measures are taken to address the identified weaknesses.

The costs incurred in maintaining in-house internal audit function for the financial year ended 31 December 2016 amounted to RM80,000.

4. OTHER KEY FEATURES OF THE GROUP'S INTERNAL CONTROL SYSTEM

- A well-defined organisation chart with clear lines of accountability, which has a delegation of authority that sets out decisions that need to be taken and the appropriate authority levels of management, including matters that require the Board's approval.
- The AC reviews quarterly financial reports, annual financial statements and internal audit reportsat the scheduled meetings and discuss with Management oninternal control matters or appropriate corrective actions that are required to be taken to address internal control weaknesses identified.
- The AC members are all Independent Non-Executive Directors to provide independent objective judgement and opinion on internal control matters of the Group.
- The Managing Directorand senior management personnel with support teams are dedicated and closely involved in the running of business and operations of the Group. Any significant changes in business and/or external environment which may affect operations of the Group at large were reported by the Managing Director to the Board accordingly.
- Timely and effective internal reporting involving the advice and services of qualified professionals such as internal auditors and Company Secretary are in place.
- Regular operational meetings are conducted among senior management personnel to discuss and review the business plans, budgets, financial and/or operational performances of the Group. Monthly meetings of the Heads of Department are held to review and monitor performances. The quarterly financial statements containing key financial results and comparisons are tabled to the AC and Board for review. The Management updates the status of tenders and projects being

pursued and current projects status during weekly operational meetings and quarterly Board meetings.

- Internal control requirements are embedded in computerised system for effectiveness.

- The Credit Control Committee is chaired by the Chief Operation Officer and held monthly meeting to review reports from the Finance Manager and Marketing Manager with the objective of maximising the account receivables into cash flow and minimising impaired debts written off.

5. REVIEW OF EFFECTIVENESS OF INTERNAL CONTROL SYSTEM

The Board is dedicated to operating a sound system of internal control and recognizes that the system must continuously evolve to support the business and the size of the Group.

The Board is satisfied that the process for identifying, evaluating and managing risks as outlined in this Statement had been in place for the year under review and up to the date of approval of this Statement upon due and careful assessment and based on the information and assurance provided. The Board is satisfied that there were no material control deficiencies, losses or contingencies noted during the financial year under review as the reported internal control weakness are considered to be at an acceptable level within the context of the Group's business environment.

The Board and Management will continue to take proactive measures to enhance and strengthen the control environment and the internal control system of the Group.

6. REVIEW OF STATEMENT ON INTERNAL CONTROL

The External Auditors have conducted a limited assurance engagement on this Statement for inclusion in the annual report of the Group for the financial year ended 31 December 2016 pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 revised by Malaysian Institute of Accountants ("MIA") and have reported to the Board that nothing has come to their attention that causes them to believe that this Statement intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

RPG5 does not require the external auditors to:

i) consider whether the SORMIC covers all risks and controls;
ii) form an opinion on the adequacy and effectiveness of the Company's risk management and internal controls system including the assessment and opinion by the Board and Management thereon;or
iii) consider wheather the processes described to deal with material internal control aspects of any significant problems will in fact, remedy the problems.

This Statement is made in accordance with the resolution passed at the Board of Directors' meeting held on 31 March 2017.

1. Utilisation of Proceeds from corporate proposal

The Company did not undertake any fund raising exercise during the financial year ended 31 December 2016.

2. Audit and Non-Audit Fees

The amount of audit and non-audit fees paid/payable to the external auditors for the financial year ended 31 December 2016 are as follows:

	Group (RM'000)	Company (RM'000)
Audit services		
- current year	49	33
- prior year	12	5
Non-audit services	7	7

3. Material Contracts

There were no material contracts subsisting at the end of the financial year or entered into since the end of the previous financial year, by the Company or its subsidiaries, which involved the interests of the Directors and major shareholders other than contracts entered into in the normal course of business.

4. Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature

The aggregate value of the RRPT conducted pursuant to the shareholders' mandate obtained at the Annual General Meeting held on 27 May 2016 is as follows:

Type of RRPT	Related Party	Relationship	Actual Value Transacted from 27 May 2016 to 31 March 2017 (RM'000)
Sale of stones and provision of contract workmanship and other related services by Syarikat Bukit Granite Sdn. Bhd. to GPL	GPL Group Sdn. Bhd. ("GPL")	Dato' Lim Kim Huat, a director and major shareholder of the company as well as a director and shareholder of GPL.	2,028

DIRECTORS' RESPONSIBILITY STATEMENT IN PREPARING THE AUDITED FINANCIAL STATEMENT

As required by the Companies Act, 1965 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Directors are responsible for ensuring that the financial statements of the Group are prepared in accordance with the requirements of the applicable approved accounting standards in Malaysia and provisions of the Companies Act, 1965 and give a true and fair view of the state of affairs of the Group at the end of the financial year.

The Directors are satisfied that in preparing the financial statements for the financial year ended 31 December 2016, the Group has adopted and applied consistently appropriate accounting policies, supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards in Malaysia have been adopted and the financial statements have been prepared on a going concern basis.

The Directors are generally responsible for taking such steps to preserve the interests of stakeholders and to safeguard the assets of the Group and to detect and prevent fraud and other irregularities.

The financial statements of the Company and the Group for the financial year ended 31 December 2016 are set out on pages 40 to 109 of this Annual Report.

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year	869	1,092

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2016.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

FREE DETACHABLE WARRANTS 2012/2017

On 2 June 2011, 38,700,000 free detachable Warrants were issued pursuant to the renounceable Rights Issue on the basis of 1 free Warrants for every 5 Rights Shares subscribed.

The salient terms of the Warrants 2012/2017 are disclosed in Note 17(b) to the financial statements.

There were no Warrants 2012/2017 being exercised during the financial year.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares and debentures were made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

Dato' Lim Kim Huat
Loi Heng Sewn
Wong Heang Fine
Cheong Marn Seng
Yeoh Chong Keat

DIRECTORS' INTERESTS

According to the register of directors' shareholdings required to be kept by the Company under Section 134 of the Companies Act 1965 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM0.15 each			
	At 01.01.2016 RM'000	Bought RM'000	Sold RM'000	At 31.12.2016 RM'000
The Company				
Direct interests				
Dato' Lim Kim Huat	87,750	-	-	87,750
Loi Heng Sewn *	28,300	-	-	28,300
Cheong Marn Seng	9	-	-	9
Yeoh Chong Keat	300	600	-	900

	Number of Warrants 2012/2017			
	At 01.01.2016 RM'000	Bought RM'000	Exercised RM'000	At 31.12.2016 RM'000
The Company				
Direct interests				
Dato' Lim Kim Huat	9,750	-	-	9,750
Loi Heng Sewn *	450	-	-	450

* Held through a nominee company, RHB Nominees (Tempatan) Sdn. Bhd.

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 6A of the Companies Act 1965 in Malaysia, Dato' Lim Kim Huat is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 25 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 34 to the financial statements.

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with a resolutions of the directors:

………………………………………………………

DATO' LIM KIM HUAT
Director

………………………………………………………

LOI HENG SEWN
Director

Kuala Lumpur
Date: 18 April 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	1,009	1,165	8	26
Investment property	6	659	675	659	675
Intangible assets	7	-	-	-	-
Investment in subsidiaries	8	-	-	39,423	3,000
Total non-current assets		1,668	1,840	40,090	3,701
Current assets					
Inventories	9	3,342	3,598	-	-
Property development costs	10	35,839	33,943	-	-
Amount owing by contract customers	11	1,753	5,857	-	-
Trade and other receivables	12	3,658	5,634	415	475
Amount owing by subsidiaries	13	-	-	4,983	42,814
Current tax assets		15	7	-	-
Deposits placed with licensed banks	14	3,051	5,164	400	-
Cash and bank balances	15	173	262	6	1
Total current assets		47,831	54,465	5,804	43,290
TOTAL ASSETS		49,499	56,305	45,894	46,991

The accompanying notes form an integral part of these financial statements

AS AT 31 DECEMBER 2016 (Cont'd)

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	39,585	39,585	39,585	39,585
Other reserves	17	569	570	1,636	1,636
Retained profits		5,674	6,543	4,465	5,557
Total equity		45,828	46,698	45,686	46,778
Non-current liability					
Loan and borrowings	18	28	51	-	-
Total non-current liability		28	51	-	-
Current liabilities					
Amount owing to contract customers	11	6	30	-	-
Trade and other payables	20	2,739	3,578	208	213
Loan and borrowings	18	898	5,948	-	-
Total current liabilities		3,643	9,556	208	213
TOTAL LIABILITIES		3,671	9,607	208	213
TOTAL EQUITY AND LIABILITIES		49,499	56,305	45,894	46,991

The accompanying notes form an integral part of these financial statements

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	21	9,894	27,726	-	-
Cost of sales		(8,473)	(25,294)	-	-
Gross profit		1,421	2,432	-	-
Other income		291	355	42	185
Selling and marketing expenses		(20)	(18)	-	-
Administrative expenses		(2,397)	(2,814)	(1,134)	(1,421)
Other expenses		(26)	(802)	-	-
Finance coasts		(138)	(578)	-	-
Loss before tax	22	(869)	(1,425)	(1,092)	(1,236)
Income tax expense	23	-	-	-	-
Loss for the financial year		(869)	(1,425)	(1,092)	(1,236)
Other comprehensive loss, net of tax					
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(1)	(2)	-	-
Other comprehensive loss for the financial year		(1)	(2)	-	-
Total comprehensive loss for the financial year		(870)	(1,427)	(1,092)	(1,236)
Loss per shares attributables to owners of the Company					
- basic (per sen)	24	(0.33)	(0.54)		
- diluted (per sen)	24	(0.33)	(0.54)		

The accompanying notes form an integral part of these financial statements

For The Financial Year Ended 31 December 2016 (Cont'd)

	Share Capital RM'000	Non-Distributable Other Reserves RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
Group				
At 1 January 2015	39,585	572	7,968	48,125
Total comprehensive loss for the financial year				
Loss for the financial year	-	-	(1,425)	(1,425)
Other comprehensive loss for the financial year	-	(2)	-	(2)
Total comprehensive loss	-	(2)	(1,425)	(1,427)
At 31 December 2015	39,585	570	6,543	46,698
Total comprehensive loss for the financial year				
Loss for the financial year	-	-	(869)	(869)
Other comprehensive loss for the financial year	-	(1)	-	(1)
Total comprehensive loss	-	(1)	(869)	(870)
At 31 December 2016	39,585	569	5,674	45,828

	Share Capital RM'000	Non-Distributable Warrants Reserves RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
Company				
At 1 January 2015	39,585	1,636	6,793	48,014
Total comprehensive loss for the financial year	-	-	(1,236)	(1,236)
At 31 December 2015	39,585	1,636	5,557	46,778
Total comprehensive loss for the financial year	-	-	(1,092)	(1,092)
At 31 December 2016	39,585	1,636	4,465	45,686

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2016

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Loss before tax	(869)	(1,425)	(1,092)	(1,236)
Adjustments for:				
Bad debts written off	-	1	-	-
Bad debts recovered	-	(139)	-	(139)
Depreciation of:				
- property, plant and equipment	156	173	18	19
- investment property	16	16	16	16
Impairment loss on trade receivables	27	771	-	-
Unrealised loss on foreign exchange	2	2	-	-
Write-back of impairment loss on trade receivables	(103)	(7)	-	-
Write-down of inventories	428	221	-	-
Interest expenses	138	578	-	-
Interest income	(143)	(190)	(41)	(36)
	(348)	1	(1,099)	(1,376)
Changes in working capital:				
Property development costs	(1,896)	(1,868)	-	-
Amount due from/(to) contract customer	4,080	(3,490)	-	-
Inventories	(172)	495	-	-
Trade and other receivables	2,052	2,620	60	139
Trade and other payables	(841)	1,517	(5)	32
	2,875	(725)	(1,044)	(1,205)
Interest paid	(138)	(578)	-	-
Tax paid	(8)	(7)	-	-
Tax refunded	-	55	-	-
Net cash from/(used in) operating activities	2,729	(1,255)	(1,044)	(1,205)

For The Financial Year Ended 31 December 2016 (Cont'd)

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cash flow from investing activities				
Purchase of property, plant and equipment	-	(63)	-	-
Withdrawal of deposits pledged for banking facilities	427	447	-	-
Placement of cash pledged for banking facilities	(31)	-	-	-
Repayment from subsidiaries	-	-	1,408	138
Interest received	143	190	41	36
Net cash from investing activities	539	574	1,449	174
Cash flows from financing activities				
(Repayment)/Drawdown of bankers' acceptance	(1,874)	922	-	-
(Repayment)/Drawdown of trust receipts	(2,182)	380	-	-
Repayment of hire purchase payables	(22)	(26)	-	-
Net cash (used in)/from financing activities	(4,078)	1,276	-	-
Net (decrease)/increase in cash and cash equivalents	(810)	595	405	(1,031)
Effect of exchange rate changes on cash and cash equivalents	(1)	(2)	-	-
Cash and cash equivalents at the beginning of the financial year	1,311	718	1	1,032
Cash and cash equivalents at the end of the financial year	500	1,311	406	1

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Analysis of cash and cash equivalents:				
Deposits placed with licensed banks	3,051	5,164	400	-
Cash and bank balances	173	262	6	1
Bank overdraft	-	(995)	-	-
	3,224	4,431	406	1
Less:				
Cash pledged as security for banking facilities	(73)	(42)	-	-
Deposits pledged for bank guarantee	(2,651)	(3,078)	-	-
	500	1,311	406	1

1. **GENERAL INFORMATION**

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

The registered office of the Company is located at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal place of business of the Company is located at Block D4-U2-10, Level 2, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 April 2017.

2. **BASIS OF PREPARATION**

2.1 **Statement of Compliance**

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

2.2 **Adoption of amendments/improvements to FRSs**

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

Amendments/Improvements to FRSs

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

2. **BASIS OF PREPARATION (Continued)**

2.2 **Adoption of amendments/improvements to FRSs (Continued)**

The adoption of the above amendments/improvements to FRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below:

Amendments to FRS 7 Financial Instruments: Disclosures

Amendments to FRS 7 provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of FRS 7.

The amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to FRS 7) to condensed interim financial statements.

Amendments to FRS 10 Consolidated Financial Statements, FRS 12 Disclosures of Interests in Other Entities and FRS 128 Investments in Associates and Joint Ventures

These amendments address the following issues that have arisen in the application of the consolidation exception for investment entities:

- Exemption from presenting consolidated financial statements: the amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities: the amendments clarify that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures: the amendments allow a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

Amendments to FRS 101 Presentation of Financial Statements

Amendments to FRS 101 improve the effectiveness of disclosures. The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to FRS 116 Property, Plant and Equipment

Amendments to FRS 116 prohibit revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

2. **BASIS OF PREPARATION (Continued)**

2.2 **Adoption of amendments/improvements to FRSs (Continued)**

Amendments to FRS 119 Employee Benefits

Amendments to FRS 119 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to FRS 127 Separate Financial Statements

Amendments to FRS 127 allow a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

2.3 **New FRS, amendments/improvements to FRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective**

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

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

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

2. **BASIS OF PREPARATION (Continued)**

2.3 **New FRS, amendments/improvements to FRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (Continued)**

FRS 9 Financial Instruments

Key requirements of FRS 9:

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

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

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

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

Amendments to FRS 1 First-time Adoption of MFRSs

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

Amendments to FRS 2 Share-based Payment

Amendments to FRS 2 provide specific guidance on the accounting for:

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

2. **BASIS OF PREPARATION (Continued)**

2.3 **New FRS, amendments/improvements to FRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (Continued)**

Amendments to FRS 4 Insurance Contracts

Amendments to FRS 4 introduce two additional voluntary options, namely an overlay approach and a deferral approach to be applied subject to certain criteria being met, which help to address temporary volatility in reported results of entities dealing with insurance contracts. The overlay approach involves option to recognise the possible volatility in other comprehensive income, instead of profit or loss, whilst the deferral approach provides temporary exemption from applying the Standard on Financial Instruments for entities whose activities are predominantly connected with insurance.

Amendments to FRS 12 Disclosure of Interests in Other Entities

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

Amendments to FRS 107 Statement of Cash Flows

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

Amendments to FRS 112 Income Taxes

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

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

Amendments to FRS 128 Investments in Associates and Joint Ventures

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

Amendments to FRS 140 Investment Property

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

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

2. **BASIS OF PREPARATION (Continued)**

2.3 **New FRS, amendments/improvements to FRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (Continued)**

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

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

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

IC Int 22 Foreign Currency Transactions and Advance Consideration

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

2.4 **MASB Approved Accounting Standards, MFRSs**

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

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

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

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

2. **BASIS OF PREPARATION (Continued)**

2.4 **MASB Approved Accounting Standards, MFRSs (Continued)**

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

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

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

MFRS 15 Revenue from Contracts with Customers

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

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

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

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

MFRS 16 Leases

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

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

MFRS 141 Agriculture

MFRS 141 requires a biological asset shall be measured on initial recognition and at the end of each reporting period a its fair value less costs to sell, except where the fair value cannot be measured reliably. MFRS 141 also requires agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Gains or losses arising on initial recognition of a biological asset and the agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in the profit or loss for the period in which it arises.

The Group does not expect any impact on the financial statements arising from the adoption of this standard.

2. **BASIS OF PREPARATION (Continued)**

2.4 **MASB Approved Accounting Standards, MFRSs (Continued)**

Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture

With the amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

The Group does not expect any impact on the financial statements arising from the adoption of this standard.

2.5 **Functional and presentation currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.6 **Basis of measurement**

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as otherwise disclosed in the summary of significant accounting policies in Note 3 to the financial statements.

2.7 **Use of estimates and judgement**

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

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

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

3.1 **Basis of Consolidation**

(i) **Subsidiaries**

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over the investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

(ii) **Business Combinations**

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

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

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

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.1 **Basis of Consolidation (Continued)**

(iii) **Accounting for Acquisitions of Non-Controlling Interests**

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change and any consideration received or paid, is adjusted to or against Group reserves.

(iv) **Loss of Control**

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

(v) **Non-Controlling Interests**

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the owners of the Company, are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) **Transactions Eliminated on Consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.2 **Foreign Currency**

(i) **Functional and Presentation Currency**

The separate financial statements of each entity in the Group are measured using the functional currency which is the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

(ii) **Foreign Currency Transaction**

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

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

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

(iii) **Foreign Operations**

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

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

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.2 **Foreign Currency (Continued)**

The principle exchange rate used at the end of the reporting period for the translation of foreign currencies are as follows:

	Group 2016 RM	Group 2015 RM
United States Dollar	4.48	4.27
Chinese Renminbi	0.65	0.59
New Turkish Lira	1.27	1.47
Singapore Dollar	3.10	3.04

3.3 **Investment in Subsidiaries**

Investment in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investment in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

3.4 **Property, Plant and Equipment and Depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The policy for recognition and measurement of impairment loss is disclosed in Note 3.11(b) to the financial statements.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

Building	2% - 4.5%
Plant and machinery	9% - 10%
Motor vehicles	10% - 18%
Office and other equipment	10% - 18%

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.4 **Property, Plant and Equipment and Depreciation (Continued)**

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, 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 embodies in the items of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost if 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 profit or 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

3.5 **Property Development Activities**

Property development costs

The cost of land under development, related development costs common to whole projects and direct building costs less amounts recognised as expenses in the profit or loss are carried forward in the statement of financial position as property development costs. Revenue and expense recognised in the profit or loss is determined by reference to the stage of completion of the development activity in respect of the development units sold. Any expected loss on development projects, is recognised as expense immediately.

Where revenue recognised on the development units sold exceed the billings to purchasers, the balance is shown as accrued billings under other receivables. Where the billings to purchasers exceed revenue recognised on the development units sold, the balance is shown as progress billings under other payables.

3.6 **Investment Properties**

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any identified impairment losses. The policy for recognition and measurement of impairment loss is disclosed in Note 3.11(b) to the financial statements.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

3.7 **Intangible Assets - Goodwill**

Goodwill arising on acquisition represents the excess of cost of business combination over the Group's share of the net fair values of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is stated at cost less impairment losses, if any.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.7 **Intangible Assets - Goodwill (Continued)**

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

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

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

3.8 **Inventories**

Inventories are stated at the lower of cost and net realisable value, cost being determined on the weighted average basis. 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.

The cost of raw materials comprises the purchase price and incidentals incurred in bringing the raw materials to their present location and condition. Cost of finished goods and work-in-progress included the cost of materials, labour and an appropriate proportion of production overheads.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items. The Group writes down its obsolete or slow-moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

3.9 **Construction Contracts**

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

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

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

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

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

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.10 Financial Instruments

(a) Financial Assets

Initial Recognition

Financial assets within the scope of FRS 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group and the Company determine the classification of its financial assets at initial recognition. Financial assets are recognised on the statement of financial position when, and only when the Group and the Company become a party to the contracted provisions of the financial instruments.

Financial assets are recognised initially at fair value, and in the case of financial assets not at fair value through profit or loss, at fair value plus directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in the profit or loss.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Held-to-Maturity Financial Assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to maturity when the Group and the Company have the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity financial assets are subsequently measured at amortised cost using the EIR method less impairment. The losses arising from impairment are recognised in the profit or loss. If the Group and the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale and prevent the Group and the Company from classifying the afore mentioned financial assets as held-to-maturity for the current and the following two financial years. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.10 Financial Instruments (Continued)

Subsequent Measurement (Continued)

(iv) Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the profit or loss, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the profit or loss. Available-for-sale financial assets are measured at cost if the fair value of the unquoted equity instrument cannot be reliably measured.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is transferred to the profit or loss.

Offsetting of financial instruments

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

(b) **Financial Liabilities**

Initial Recognition

Financial liabilities within the scope of FRS 139 are classified as financial liabilities at fair value through profit or loss, or other financial liabilities. Financial liabilities are recognised initially at fair value and in the case of the other financial liabilities, at fair value plus directly attributable transaction costs.

Subsequent Measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(i) Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the profit or loss.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.10 **Financial Instruments (Continued)**

(b) **Financial Liabilities (Continued)**

Subsequent Measurement (Continued)

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Any difference between cost and redemption value is being recognised in the profit or loss over the period of the borrowings using the effective interest rate method.

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

Derecognition

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

(c) **Financial Guarantee Contracts**

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

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

3.11 **Impairment of Assets**

(a) **Financial Assets**

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.11 **Impairment of Assets (Continued)**

(a) **Financial Assets (Continued)**

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

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable becomes uncollectible, it is written off against the allowance account.

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

(ii) *Available-for-sale financial assets*

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired. If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

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

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.11 **Impairment of Assets (Continued)**

(b) **Non-Financial Assets other than Goodwill**

Non-financial assets other than goodwill ("Non-financial assets") of the Group and of the Company are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples and or other available fair value indicators. If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

3.12 **Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurements is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.12 **Fair Value Measurement (Continued)**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:-

(i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
(ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
(iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.13 **Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand and at bank and deposits pledged with licensed banks that are readily convertible to amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of statements of cash flow, cash and cash equivalents exclude bank overdraft and cash and deposits which are pledged for banking facilities.

3.14 **Share Capital**

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

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

3.15 **Leases**

(i) **Finance lease**

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

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets a quired, are recognised as an expense in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

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

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.15 **Leases (Continued)**

(ii) **Operating lease**

Leases, where the Group or the Company does not assume substantially all the risk and rewards of ownership are classified as operating lease.

Payments made under operating leases are recognised in profit or loss on straight-line basis over the term of the lease.

3.16 **Provisions for Liabilities**

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

3.17 **Borrowing Costs**

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

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

3.18 **Employee Benefits**

(i) **Short Term Employee Benefits**

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

(ii) **Defined Contribution Plans**

The Group and the Company contributions to defined contribution plans are recognised in profit or loss in the period to which they related. Once the contributions have been paid, the Group and the Company has no further liability in respect of the defined contributions plans.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.19 **Revenue and other income**

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

(i) **Construction Contracts**

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 3.9 to the financial statements.

(ii) **Sales of Goods**

Revenue is recognised upon delivery of goods and customers' acceptance, and where applicable, net of returns and trade discounts.

(iii) **Interest Income**

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

3.20 **Income Taxes**

(i) **Current Tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) **Deferred Tax**

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

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

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

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

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

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.20 **Income Taxes (Continued)**

(ii) **Deferred Tax (Continued)**

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

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

(iii) **Goods and service tax ("GST")**

Revenues, expenses and assets are recognised net of GST except:

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

- Receivables and payables that are stated inclusive of GST.

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

3.21 **Operating Segments**

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

3.22 **Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group. Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

3.23 **Earnings per Share**

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4. **SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

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

4.1 **Depreciation and Useful Lives of Property, Plant and Equipment**

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on ommercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

4.2 **Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

4.3 **Contracts Revenue**

Contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion. The amount of revenue recognised in a year is affected by a variety of uncertainties that depend on the outcome of future events. The recognition of revenue requires significant management judgement, in particular with regard to estimating the cost of the project and the amounts of variation orders to be recognised.

4.4 **Impairment of Receivables**

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Directors specifically reviews its receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credi risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables. The amount owing by subsidiaries are monitored individually by directors and therefore the impairment is assessed based on financial position of each individual subsidiaries.

4. **SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)**

4.5 **Allowance for Inventories**

Reviews are made periodically by directors on damaged, obsolete and slow-moving inventories. Valuation of the inventories is at the lower of cost and net realisable value. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

4.6 **Provision of Liquidated Ascertain Damages ("LAD")**

The Group use a "best estimate" as the basis for measuring a provision. Directors evaluates the estimates based on the Group's historical experience and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates made.

5. PROPERTY, PLANT AND EQUIPMENT

	Building RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office and other equipment RM'000	Total RM'000
Group					
2016					
Cost					
At 1 January 2016/31 December 2016	621	1,333	622	914	3,490
Accumulated depreciation					
At 1 January 2016	201	1,187	351	586	2,325
Depreciation for the financial year	12	43	62	39	156
At 31 December 2016	213	1,230	413	625	2,481
Carrying amount at 31 December 2016	408	103	209	289	1,009

	Building RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office and other equipment RM'000	Total RM'000
Group					
2015					
Cost					
At 1 January 2015	621	1,333	622	851	3,427
Additions	-	-	-	63	63
At 31 December 2015	621	1,333	622	914	3,490
Accumulated depreciation					
At 1 January 2015	188	1,136	289	539	2,152
Depreciation for the financial year	13	51	62	47	173
At 31 December 2015	201	1,187	351	586	2,325
Carrying amount at 31 December 2015	420	146	271	328	1,165

(Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Motor vehicles RM'000	Office and other equipment RM'000	Total RM'000
Company			
2016			
Cost			
At 1 January 2016/31 December 2016	163	21	184
Accumulated depreciation			
At 1 January 2016	147	11	158
Depreciation for the financial year	16	2	18
At 31 December 2016	163	13	176
Carrying amount at 31 December 2016	-	8	8
2015			
Cost			
At 1 January 2015/31 December 2015	163	21	184
Accumulated depreciation			
At 1 January 2015	130	9	139
Depreciation for the financial year	17	2	19
At 31 December 2015	147	11	158
Carrying amount at 31 December 2015	16	10	26

(a) The building of the Group is constructed on a piece of leasehold land in which the Group has operating lease arrangement.

(b) Included in motor vehicles of the Group with net book value of RM92,270 (2015: RM111,003) was acquired under hire purchase terms.

6. INVESTMENT PROPERTY

	Group and Company	
	2016	2015
	RM'000	RM'000
Freehold buildings, at cost:		
At 1 January/31 December	804	804
Accumulated depreciation:		
At 1 January	(129)	(113)
Depreciation for the financial year	(16)	(16)
At 31 December	(145)	(129)
Carrying amount at 31 December	659	675
At fair value	980	1,146

The direct operating expenses in respect of the investment property recognised in the profit or loss of the Group and of the Company were RM9,075 (2015: RM9,075) respectively.

The fair value hierarchy disclosure for investment property are disclosed in Note 32 to the financial statements.

7. INTANGIBLE ASSETS – GOODWILL

	Group	
	2016	2015
	RM'000	RM'000
At cost	1,477	1,477
Accumulated impairment losses	(1,477)	(1,477)
Carrying amount at 31 December	-	-

8. INVESTMENT IN SUBSIDIARIES

	Company 2016 RM'000	Company 2015 RM'000
Unquoted shares, at cost:		
At 1 January	15,825	15,825
Capital contribution to a subsidiary, at cost	36,423	-
At 31 December	52,248	15,825
Accumulated impairment losses:		
At 1 January/31 December	(12,825)	(12,825)
Carrying amount at 31 December	39,423	3,000

Capital contributions represent unsecured, interest free non-trade advances given to a subsidiary. The settlement of these advances is neither planned nor likely to occur in the foreseeable future as it is the Company's intention to treat them as a long-term source of capital to a subsidiary. As these advances are, in substance, a part of the Company's net investment in a subsidiary, they are stated at cost less impairment losses, if any.

The details of the subsidiaries are as follows:

Name of subsidiaries	Country of Incorporation	Gross Equity Interest 2016 %	Gross Equity Interest 2015 %	Principal Activities
Syarikat Bukit Granite Sdn. Bhd. ("SBG")	Malaysia	100	100	Processing, trading, exporting and contract workmanship of high quality marble and granite slabs and investment holding.
Atlas Rhythm Sdn. Bhd. ("AR")	Malaysia	100	100	Property development.
Held through SBG				
Montana Madencilik Mermer Sanayi Insaat Ve Ticaret Limited Sirketi ("Montana") ^	Republic of Turkey	100	100	Ceased operations.

^ *Subsidiary without audited financial statements and Auditors' Reports but the financial statements of this subsidiary were considered by the auditors for the purposes of the financial statements of the Group.*

9. INVENTORIES

	Group	
	2016	2015
	RM'000	RM'000
At cost:		
Finished goods	2,757	2,662
At net realisable value:		
Finished goods	585	936
	3,342	3,598
Recognised in profit or loss:		
Inventories recognised as cost of sales	3,000	12,489
Write-down to net realisable value	428	221

10. PROPERTY DEVELOPMENT COSTS

	Group	
	2016	2015
	RM'000	RM'000
At the beginning of the financial year		
- land	28,202	28,202
- development costs	5,741	3,872
	33,943	32,074
Add: Costs incurred during the financial year		
- development costs	1,896	1,869
	1,896	1,869
At the end of the financial year		
- land	28,202	28,202
- development costs	7,637	5,741
	35,839	33,943

Staff costs capitalised during the financial year amounted to RM1,326,709 (2015: RM1,270,059).

11. AMOUNT OWING BY/(TO) CONTRACT CUSTOMERS

	Group	
	2016	2015
	RM'000	RM'000
Amount owing by:		
Cost of contracts	44,836	15,602
Attributable profit recognised to date	7,684	3,896
	52,520	19,498
Less: Progress billings	(50,767)	(13,641)
	1,753	5,857
Amount owing to:		
Cost of contracts	816	22,535
Attributable profit recognised to date	254	2,230
	1,070	24,765
Less: Progress billings	(1,076)	(24,795)
	(6)	(30)

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Trade receivables	4,787	6,617	-	-
Less: Allowance for impairment (Note 12(a))	(1,720)	(2,486)	-	-
	3,067	4,131	-	-
Other receivables				
Other receivables	1,859	1,947	1,829	1,887
GST refundable	32	18	-	-
Deposits	801	1,642	8	8
Prepayments	20	17	5	7
	2,712	3,624	1,842	1,902
Less: Allowance for impairment (Note 12(b))	(2,121)	(2,121)	(1,427)	(1,427)
	591	1,503	415	475
Total trade and other receivables	3,658	5,634	415	475

12. TRADE AND OTHER RECEIVABLES (Continued)

(a) **Trade receivables**

The Group's normal trade credit terms range from 30 to 60 days (2015: 30 to 60 days). Other credit terms are assessed and approved based on a case-by-case basis.

The movement in allowance for impairment is as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
At 1 January	(2,486)	(1,722)
Additions during the financial year	(27)	(771)
Write-back during the financial year	103	7
Written-off of allowance for doubtful debts	690	-
At 31 December	(1,720)	(2,486)

Included in trade receivables as at 31 December 2016 are retention sums of RM2,644,713 (2015: RM2,451,590) relating to the ongoing construction work.

(b) **Other receivables**

Included in deposits is an amount of Nil (2015: RM683,859) representing advance payments made to material suppliers and installers.

There is no movement in allowance for impairment on the other receivables.

13. **AMOUNT OWING BY SUBSIDIARIES**

Amount owing by subsidiaries are non-trade in nature, unsecured, interest free, repayable on demand and is expected to be settled in cash.

14. **DEPOSITS PLACED WITH LICENSED BANKS**

Included in deposits placed with licensed banks of the Group, RM2,650,599 (2015: RM3,077,654) is pledged for banking facilities granted to the subsidiaries as disclosed in Note 18 and Note 29 to the financial statements.

The effective interest rates of the deposits placed with licensed banks of the Group range from 2.60% to 3.15% (2015: 2.85% to 3.15%) per annum at the end of the reporting period.

The effective interest rates of the deposits placed with licensed banks of the Company is 2.60% (2015: Nil) per annum at the end of the reporting period.

15. **CASH AND BANK BALANCES**

Included in bank balances of the Group, RM72,601 (2015: RM42,463) is pledged for bank guarantee as disclosed in Note 30 to the financial statements.

16. **SHARE CAPITAL**

	Group and Company			
	2016		2015	
	Number of Shares Unit'000	RM'000	Number of Shares Unit'000	RM'000
Ordinary shares of RM0.15 each				
Authorised:				
At the beginning/end of the financial year	3,600,000	540,000	3,600,000	540,000
Issued and fully paid:				
At the beginning/end of the financial year	263,900	39,585	263,900	39,585

17. **OTHER RESERVES**

	Foreign currency translation reserve RM'000	Warrant reserve RM'000	Total RM'000
Group			
At 1 January 2016/31 December 2015	(1,066)	1,636	570
Arising from the current financial year	(1)	-	(1)
At 31 December 2016	(1,067)	1,636	569

(a) **Foreign Currency Translation Reserve**

The foreign exchange translation reserve arose from the translation of the financial statements of a foreign subsidiary and is not distributable by way of dividends.

(b) **Warrant Reserve**

Warrant reserves represent the fair value adjustment for the free detachable warrants issued pursuant to the rights issue.

17. **OTHER RESERVES (Continued)**

(b) **Warrant Reserve (Continued)**

The salient terms of the Warrants are as follows:

(i) The Warrants will be constituted by a Deed Poll by the Company;

(ii) The Warrants are traded separately;

(iii) The Warrants are exercisable any time during the tenure of 5 years commencing the date of issue ("Exercise Period") at an exercise price of RM0.15 per Warrant. Warrants not exercised during the Exercise Period will lapse and cease to be valid;

(iv) Subject to the approvals and adjustments under certain circumstances in accordance with the Deed Poll during the Exercise Price is payable upon the exercise of each Warrant by tendering cash payment of approximately RM0.15 for every new share;

(v) Subject to the provisions in the Deed Poll, the exercise price and/or the number of Warrants held by each Warrant holder shall be adjusted by the Board in consultation with the adviser and certification of the external auditors, in the event of alteration to the share capital of the Company whether by way of right issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital howsoever being affected; and

(vi) The Warrant holders shall not be entitled to any dividend, right, allotment and/or distribution declared by the Company, which entitlement date thereof precedes the allotment date of the new share allotted pursuant to the exercise of the Warrants.

The fair value of the Warrants is measured using the Black Scholes model with the following inputs:

	Reserve RM'000
Group	
At 1 January 2016/31 December 2016	1,636

Fair value of warrants and assumptions

	RM
Fair value of warrants at issue date	0.075
Exercise price	0.15
Expected volatility (weighted average volatility)	94%
Option life (expected weighted average life)	5 years
Risk-free interest rate (based on rates of 5 years Malaysian) government bonds)	4.088%

18. **LOANS AND BORROWINGS**

	Group	
	2016	**2015**
	RM'000	**RM'000**
Short term borrowings		
Bankers' acceptance	75	1,949
Bank overdraft	-	995
Finance lease liabilities (Note 19)	23	22
Trust receipts	800	2,982
	898	5,948
Long term borrowing		
Finance lease liabilities (Note 19)	28	51
Total borrowings	926	5,999

The bankers' acceptance, bank overdraft and trust receipts of the Group are secured by way of:

(a) deposits placed with licensed banks as disclosed in Note 14 to the financial statements; and

(b) a corporate guarantee of the Company.

The range of interest rate at the end of the reporting period for borrowings are as follows:

	Group	
	2016	**2015**
	%	**%**
Bankers' acceptance	8.60%	8.60%
Bank overdraft	8.10%	8.10%
Trust receipts	8.10%	8.10%
Finance lease liabilities	4.55%	4.55%

19. **FINANCE LEASE LIABILITIES**

	2016 RM'000	2015 RM'000
Future minimum lease payments:		
- not later than one year	25	25
- later than one year but not later than five years	29	53
	54	78
Less: Future finance charges	(3)	(5)
Present value of finance lease liabilities	51	73
Represented by:		
Current		
- not later than one year (Note 18)	23	22
Non-current		
- later than one year but not later than five years (Note 18)	28	51
	51	73

Motor vehicles of the Group as disclosed in Note 5 to the financial statements are pledged for finance lease liabilities.

The interest rate implicit in the finance lease liabilities is 4.55% (2015: 4.55%) per annum.

20. **TRADE AND OTHER PAYABLES**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade payables	998	992	-	-
Other payables				
Other payables	232	233	86	82
Deposit	155	19	-	-
Accruals	1,354	2,334	122	131
	1,741	2,586	208	213
	2,739	3,578	208	213

20. TRADE AND OTHER PAYABLES (Continued)

(a) **Trade payables**

The normal trade credit terms granted to the Group range from 30 to 60 days (2015: 30 to 60 days).

Included in trade payables as at 31 December 2016 are retention sums of RM371,729 (2015: RM389,420) relating to the ongoing construction work.

(b) **Accruals**

Included in accruals are the following:

(i) accruals for directors' fee amounting to RM41,000 (2015: RM41,000).

(ii) accruals for construction costs amounting to RM780,267 (2015: RM2,061,512).

21. **REVENUE**

	Group 2016 RM'000	Group 2015 RM'000
Sale of marble slabs and blocks	554	412
Contract revenue	9,340	27,314
	9,894	27,726

22. **LOSS BEFORE TAX**

Loss before tax has been arrived at:

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
After charging/(crediting):				
Auditors' remuneration				
- statutory audit				
- current year	49	49	33	33
- prior year	12	7	5	4
- non-statutory audit	7	7	7	7
Bad debts written off	-	1	-	-
Bad debts recovered	-	(139)	-	(139)
Depreciation of:				
- property, plant and equipment	156	173	18	19
- investment property	16	16	16	16

22. **LOSS BEFORE TAX (Continued)**

Loss before tax has been arrived at: (Continued)

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
After charging/(crediting): (Continued)				
Directors' remuneration:				
- fees	164	164	164	164
- others	135	135	135	135
Loss/(Gain) on foreign exchange:				
- realised	20	10	(1)	(10)
- unrealised	2	2	-	-
Impairment loss on trade receivables	27	771	-	-
Interest expense:				
- bank overdraft	2	5	-	-
- bankers' acceptance and trust receipts	133	493	-	-
- finance lease liabilities	3	4	-	-
- term loans	-	76	-	-
Interest income	(143)	(190)	(41)	(36)
Write-down of inventories	428	221	-	-
Rental of premises	221	221	-	-
Rental of office equipment	6	-	3	-
Staff costs:				
- salaries, wages, bonuses and allowances	1,642	1,987	335	615
- defined contribution plan	187	213	43	77
- other benefits	12	31	4	2
Write-back of impairment loss on trade receivables	(103)	(7)	-	-

23. INCOME TAX EXPENSE

The income tax expenses is calculated at the Malaysian statutory income tax rate of 24% (2015: 25%) of the estimated asses able profit for the financial year.

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Loss before tax	(869)	(1,425)	(1,092)	(1,236)
Tax at applicable statutory tax rate of 24% (2015: 25%)	(209)	(356)	(262)	(309)
Tax effects arising from:				
- non-taxable income	(2)	(38)	-	-
- non-deductible expenses	270	322	262	309
- differential tax rate	-	2	-	-
- (origination)/reversal of deferred tax assets not recognised during the financial year	(59)	70	-	-
Income tax expense for the financial year	-	-	-	-

No deferred tax assets were recognised at the end of the reporting period on the following items:

	Group	
	2016 RM'000	2015 RM'000
Property, plant and equipment	499	543
Unabsorbed capital allowances	(762)	(677)
Unutilised tax losses	5,247	4,873
	4,984	4,739
Potential deferred tax assets	1,196	1,137

24. **LOSS PER SHARE**

Basic loss per ordinary share

Basic loss per ordinary share are based on the loss for the financial year attributable to owners of the Company and the weighted average number of shares outstanding during the financial year, calculated as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Loss, net of tax attributable to owners of the Company	(869)	(1,425)
Weighted average number of ordinary shares on issue	263,900	263,900
Basic loss per share for the financial year (sen)	(0.33)	(0.54)

Diluted loss per ordinary share

The diluted loss per ordinary share calculation is not disclosed as the potential ordinary shares arising from the exercise of free warrants at fair value have anti-dilutive effects.

25. **DIRECTORS' REMUNERATION**

a) The aggregate amounts of remuneration received and receivables by the directors of the Group and of the Company during the financial year are as follows:

	Group and Company	
	2016	**2015**
	RM'000	**RM'000**
Executive Director's remuneration		
- Salaries, bonus and other emoluments	120	120
- Defined contribution plans	15	15
Total Director's non-fee emoluments	135	135
Non-executive Directors' fee	164	164
Total Directors' remuneration	299	299

25. **DIRECTORS' REMUNERATION (Continued)**

(b) The number of directors of the Group and of the Company at the end of the financial year whose total remuneration during the financial year fell within the following bands are analysed below:

	Group	
	2016	**2015**
Executive Directors		
RM100,000 - RM200,000	1	1
Non-executive Directors		
RM0 - RM50,000	4	4
	5	5

26. **OPERATING LEASES**

Leases as lessee

Non-cancellable operating lease rental are payable as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Less than one year	233	221
Between one and five years	233	11
	466	232

27. **RELATED PARTIES TRANSACTIONS**

(a) Identification of Related Parties

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

Related parties of the Group include:

(i) Subsidiaries;

(ii) An entity controlled by the directors, and

(iii) Key management personnel which comprise persons (including the directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

27. RELATED PARTIES TRANSACTIONS (Continued)

(b) **Significant Related Party Transactions and Balances**

Significant related party transactions other than disclosed in the financial statements are as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Sales of stones and provision of contract workmansip and other related services to a company in which a director has interest in	2,427	311

Significant outstanding balances with related parties at the end of the financial year is as disclosed in Note 13 to the financial statements.

(c) **Compensation of Key Management Personnel**

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Key management personnel compensation including directors' remuneration:				
- Short term employee benefits	636	920	400	700

28. **OPERATING SEGMENTS**

For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 3 main business segments as follows:

(i) Building material segment – involved in supply, delivery and installation of stone and tiling works.

(ii) Investment holding – involved in investment holding.

(iii) Property development segment – involved in property development activity.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measures differently from operating profit or loss in the consolidated financial statements.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.,

28. **OPERATING SEGMENTS (Continued)**

(i) **Business Segments**

	Building Material RM'000	Investment Holding RM'000	Property Development RM'000	Group RM'000
2016				
Revenue				
External customer	9,894	-	-	9,894
Inter-segment	-	-	-	-
	9,894	-	-	9,894
Adjustments and eliminations				-
Consolidated revenue				9,894
Results				
Segment results	(1,155)	392	(15)	(778)
Interest income	93	41	9	143
Other material items of income	103	-	-	103
Depreciation of property, plant and equipment and investment property	(106)	(34)	(32)	(172)
Other non-cash expenses	(27)	-	-	(27)
	(1,092)	399	(38)	(731)
Finance costs				(138)
Income tax expense				-
Consolidated loss for the financial year				(869)
Assets				
Segment assets	11,733	1,488	36,263	49,484
Unallocated assets				15
Consolidated total assets				49,499
Liabilities				
Segment liabilities	3,412	207	52	3,671
Consolidated total liabilities				3,671

28. **OPERATING SEGMENTS (Continued)**

(i) **Business Segments (Continued)**

	Building Material RM'000	Investment Holding RM'000	Property Development RM'000	Group RM'000
2015				
Revenue				
External customer	27,726	-	-	27,726
Inter-segment	-	-	-	-
	27,726	-	-	27,726
Adjustments and eliminations				-
Consolidated revenue				27,726
Results				
Segment results	1,210	(1,377)	(55)	(222)
Interest income	134	36	20	190
Other material items of income	7	139	-	146
Depreciation of property, plant and equipment and investment property	(123)	(35)	(31)	(189)
Other non-cash expenses	(772)	-	-	(772)
	456	(1,237)	(66)	(847)
Finance costs				(578)
Income tax expense				-
Consolidated loss for the financial year				(1,425)
Assets				
Segment assets	19,935	1,178	35,185	56,298
Unallocated assets				7
Consolidated total assets				56,305
Liabilities				
Segment liabilities	9,319	213	75	9,607
Consolidated total liabilities				9,607
Other segment items				
Additions to non-current assets other than financial instruments:				
- property, plant and equipment	63	-	-	63

28. **OPERATING SEGMENTS (Continued)**

(i) Business Segments (Continued)

Reconciliation of reported revenue and profit or loss

	Group	
	2016	**2015**
	RM'000	**RM'000**
Revenue		
Total revenue for reportable segment	9,894	27,726
Loss		
Total loss for reportable segment	(869)	(1,425)
Loss for the financial year	(869)	(1,425)

(a) Other material items of income consist of the following:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Bad debts recovered	-	139
Write-back of impairment loss on trade receivables	103	7
	103	146

(b) Other non-cash expenses consist of the following:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Impairment loss on trade receivables	27	771
Bad debts written off	-	1
	27	772

28. **OPERATING SEGMENTS (Continued)**

(ii) **Geographical Information**

	Revenue		Non-current assets	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Malaysia	9,894	27,726	1,668	1,840

(iii) **Major customers**

Revenue from two (2015: two) major customers contributed an aggregate revenue of RM5,014,000 (2015: RM26,741,000) of the Group's total revenue in the manufacturing segment.

29. **FINANCIAL GUARANTEES**

	Company	
	2016	2015
	RM'000	RM'000
Financial guarantees given to licensed banks for banking facilities granted to a subsidiary	875	4,931

30. **CONTINGENT LIABILITIES**

	Group	
	2016	2015
	RM'000	RM'000
Performance bonds extended to third parties		
- project related	1,218	2,042
Bank guarantees issued in favour of third parties		
- project related	72	42
	1,290	2,084

(a) The facilities are secured over the deposits with licensed banks and bank balances of the Group as disclosed in Note 14 and Note 15 to the financial statements.

30. **CONTINGENT LIABILITIES (Continued)**

(b) On 6 August 2013, the Group has been awarded a tiling and stone work with a contract sum of RM27 million. The completion date was subsequently revised from 8 March 2014 to 9 March 2015 by the main contractor. The Group has completed the tiling and stone work on 18 November 2015 due to inevitable site obstructions. There is a possibility that the main contractor may charge Liquidated Ascertained Damages ("LAD") to the Group as the work was completed after the revised completion date.

The directors had reviewed the case and are confident that the Group is not liable to any LAD as the site obstructions and prolonged work period was not caused by the Group.

31. **FINANCIAL INSTRUMENTS**

(a) **Financial Risk Management and Objectives**

The Group's activities are exposed to a variety of risks, including foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall financial risk management policy is to minimise potential adverse effects on the Group's financial performance.

Financial risk management is carried out through risk review, internal control systems and adherence to the Group's financial risk management policies. The Board regularly review these risk and approves the policies covering the management of these risk. The Group does not trade in derivative instruments.

(i) **Foreign Currency Risk**

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currency giving rise to these risks are primarily United States Dollar ("USD"), Chinese Renminbi ("RMB"), New Turkish Lira ("NTL") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group does not hedge against foreign currency risk based on its current level of operations.

31. **FINANCIAL INSTRUMENTS (Continued)**

(a) **Financial Risk Management and Objectives**

(i) **Foreign Currency Risk (Continued)**

The currency exposure profile of the Group is as follows:

	USD RM'000	RMB RM'000	NTL RM'000	RM RM'000	Total RM'000
Group					
2016					
Financial assets					
Amount owing by contract customers	-	-	-	1,753	1,753
Trade and other receivables *	-	65	-	3,541	3,606
Deposits placed with licensed banks	-	-	-	3,051	3,051
Cash and bank balances	-	-	14	159	173
	-	65	14	8,504	8,583
Financial liabilities					
Trade and other payables	14	-	11	2,714	2,739
Bankers' acceptance	-	-	-	75	75
Finance lease liabilities	-	-	-	51	51
Trust receipts	-	-	-	800	800
	14	-	11	3,640	3,665
	(14)	65	3	4,864	4,918
Net financial (liabilities)/assets denominated in the respective entities' functional currencies	-	-	-	(4,864)	(4,864)
Currency exposure	(14)	65	3	-	54

** Exclude prepayments and GST refundable*

31. **FINANCIAL INSTRUMENTS (Continued)**

(a) **Financial Risk Management and Objectives (Continued)**

(i) **Foreign Currency Risk (Continued)**

	USD RM'000	RMB RM'000	SGD RM'000	NTL RM'000	RM RM'000	Total RM'000
Group						
2015						
Financial assets						
Amount owing by contract customers	-	-	-	-	5,857	5,857
Trade and other receivables *	2	123	-	-	5,474	5,599
Deposits placed with licensed banks	-	-	-	-	5,164	5,164
Cash and bank balances	-	-	1	16	245	262
	2	123	1	16	16,740	16,882
Financial liabilities						
Trade and other payables	15	-	-	13	3,550	3,578
Bankers' acceptance	-	-	-	-	1,949	1,949
Bank overdraft	-	-	-	-	995	995
Finance lease liabilities	-	-	-	-	73	73
Trust receipts	-	-	-	-	2,982	2,982
	15	-	-	13	9,549	9,577
Net financial (liabilities)/assets	(13)	123	1	3	7,191	7,305
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	-	-	(7,191)	(7,191)
Currency exposure	(13)	123	1	3	-	114

** Exclude prepayments and GST refundable*

31. **FINANCIAL INSTRUMENTS (Continued)**

(a) **Financial Risk Management and Objectives (Continued)**

(i) **Foreign Currency Risk (Continued)**

	RMB RM'000	RM RM'000	Total RM'000
Company			
2016			
Financial assets			
Other receivables *	65	345	410
Amount owing by subsdiaries	-	4,983	4,983
Deposits placed with a licensed bank	-	400	400
Cash and bank balances	-	6	6
	65	5,734	5,799
Financial liability			
Other payables	-	208	208
Net financial assets	65	5,526	5,591
Less: Net financial assets denominated in the entity's functional currencies	-	(5,526)	(5,526)
	65	-	65

* *Exclude prepayments*

31. **FINANCIAL INSTRUMENTS (Continued)**

(a) **Financial Risk Management and Objectives (Continued)**

(i) **Foreign Currency Risk (Continued)**

	RMB RM'000	RM RM'000	Total RM'000
Company			
2015			
Financial assets			
Other receivables *	123	345	468
Amount owing by subsdiaries	-	42,814	42,814
Cash and bank balances	-	1	1
	123	43,160	43,283
Financial liability			
Other payables	-	213	213
Net financial assets	123	42,947	43,070
Less: Net financial assets denominated in the entity functional currencies	-	(42,947)	(42,947)
Currency exposure	123	-	123

** Exclude prepayments*

31. **FINANCIAL INSTRUMENTS (Continued)**

(a) **Financial Risk Management and Objectives (Continued)**

(i) **Foreign Currency Risk (Continued)**

Sensitivity analysis for foreign currency

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:

		Group		Company	
	Change in rate	Effect on loss for for the financial year RM'000	Effect on equity RM'000	Effect on loss for for the financial year RM'000	Effect on equity RM'000
31 December 2016					
- USD	+ 5%	15	15	-	-
	- 5%	(15)	(15)	-	-
- RMB	+ 5%	68	68	68	68
	- 5%	(68)	(68)	(68)	(68)
- NTL	+ 5%	-	27	-	-
	- 5%	-	(27)	-	-
31 December 2015					
- USD	+ 5%	16	16	-	-
	- 5%	(16)	(16)	-	-
- RMB	+ 5%	129	129	129	129
	- 5%	(129)	(129)	(129)	(129)
- NTL	+ 5%	-	30	-	-
	- 5%	-	(30)	-	-

(ii) **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

31. **FINANCIAL INSTRUMENTS (Continued)**

(a) **Financial Risk Management and Objectives (Continued)**

(ii) **Interest Rate Risk (Continued)**

The interest rate profile of the Group's interest-bearing financial instruments based on the carrying amounts as at the end of the reporting period was:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed rate instruments				
Deposits placed with licensed banks	3,051	5,164	400	-
Hire purchase payables	(51)	(73)	-	-
	3,000	5,091	400	-
Floating rate instruments				
Bankers' acceptance	(75)	(1,949)	-	-
Bank overdraft	-	(995)	-	-
Trust receipts	(800)	(2,982)	-	-
	(875)	(5,926)	-	-

Interest rate risk sensitivity analysis

The following table details on the sensitivity analysis to a reasonably possible change in the interest rates on floating rate instruments as at the end of the reporting period, with all other variables held constant:

	Change in basis point	**Effect on loss for the financial year RM'000**	**Effect on equity RM'000**
Group and Company			
31 December 2016	+ 100	(9)	(9)
	- 100	9	9
31 December 2015	+ 100	(59)	(59)
	- 100	59	59

31. **FINANCIAL INSTRUMENTS (Continued)**

(a) **Financial Risk Management and Objectives (Continued)**

(iii) **Credit Risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should be a counter-party default on its obligations.

The Group's exposure to credit risks, or the risk of counter parties defaulting, arises from each class of financial assets recognised in statements of financial positions mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

The Company monitors on an ongoing basis the financial performances of repayments made by the subsidiaries. As at the end of the financial year, there was no indication that the subsidiaries will default on repayments.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amount owing by three (2015: two) customers which constituted approximately 91% (2015: 89%) of its trade receivables as at the end of the reporting period.

Exposure to credit risk

As the Group does not held any collateral, the maximum exposure to credit risk is represented by the carrying amount of each class of the financial assets as at the end of the reporting period.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantee given to banks in respect of loan granted to its subsidiary. The Company monitors the results of the subsidiary and their repayment on an ongoing basis.

The maximum exposure to credit risk amounts to RM875,000 (2015: RM4,931,000) represents the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 29 to the financial statements.

31. **FINANCIAL INSTRUMENTS (Continued)**

(a) **Financial Risk Management and Objectives (Continued)**

(iii) **Credit Risk (Continued)**

Financial guarantee contracts (Continued)

As at the end of the reporting period, there was no indicate that the subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

The exposure of credit risk for trade receivables by geographical region is as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Malaysia	3,067	4,129
USD	-	2
	3,067	4,131

Ageing analysis

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

	Gross Amount RM'000	**Individual Impairment RM'000**	**Carrying Value RM'000**
Group			
2016			
Not past due	131	-	131
Past due:			
- less than 3 months	968	-	968
- 3 to 6 months	1,490	-	1,490
- over 6 months	2,198	(1,720)	478
	4,787	(1,720)	3,067

31. **FINANCIAL INSTRUMENTS (Continued)**

(a) **Financial Risk Management and Objectives (Continued)**

(iv) **Credit Risk (Continued)**

Ageing analysis (Continued)

	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
Group			
2015			
Not past due	1,055	-	1,055
Past due:			
- less than 3 months	2,562	-	2,562
- 3 to 6 months	486	-	486
- over 6 months	2,514	(2,486)	28
	6,617	(2,486)	4,131

At the end of reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Financial assets that are past due but not impaired

The Group believes that no impairment allowance is necessary of these trade receivables. They are substantially companies with good collection track record and no recent history of default. Deposits with liecensed banks are neither past due nor impaired as they are placed with reputable licensed banks with high credit ratings and no history of default.

Financial assets that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 1 year, which are deemed to have higher credit risk, are monitored individually.

31. **FINANCIAL INSTRUMENTS (Continued)**

(a) **Financial Risk Management and Objectives (Continued)**

(iv) **Liquidity Risk (Continued)**

Liquidity risk is the risk that the Group and the Company will encounter difficulties in meeting financial obligations due to shortage of fund. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to practise prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity analysis

The table below summarises the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

	Weighted average effective rate %	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	Within one year RM'000	One to five years RM'000	Over five years RM'000
Group						
2016						
Financial liabilities						
Trade and other payables		2,739	2,739	2,739	-	-
Bankers' acceptance	1.75% above bank cost	75	77	77	-	
Finance lease liabilities	4.53%	51	54	25	29	-
Trust receipts	1.25% above bank cost	800	835	835	-	-
		3,665	3,705	3 676	29	-

31. **FINANCIAL INSTRUMENTS (Continued)**

(a) **Financial Risk Management and Objectives (Continued)**

(iv) **Liquidity Risk (Continued)**

Maturity analysis (Continued)

	Weighted average effective rate %	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	Within one year RM'000	One to five years RM'000	Over five years RM'000
Group						
2015						
Financial liabilities						
Trade and other payables		3,578	3,578	3,578	-	-
Bankers' acceptance	1.75% above bank cost	1,949	2,005	2,005	-	-
Bank overdraft	1.25% above bank cost	995	995	995	-	-
Finance lease liabilities	4.53%	73	78	25	53	-
Trust receipts	1.25% above bank cost	2,982	3,061	3,061	-	-
		9,577	9,717	9,664	53	-

	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	Within one year RM'000	One to five years RM'000	Over five years RM'000
Company					
2016					
Financial liabilities					
Trade and other payables	208	208	208	-	-
Financial guarantee contract	-	875	875	-	-
	208	1,083	1,083	-	-
2015					
Financial liabilities					
Trade and other payables	213	213	213	-	-
Financial guarantee contract	-	4,931	4,931	-	-
	213	5,144	5,144	-	-

31. **FINANCIAL INSTRUMENTS (Continued)**

(b) **Classification of Financial Instruments**

	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Group			
2016			
Financial assets			
Amount owing by contract customers	1,753	-	1,753
Trade and other receivables *	3,606	-	3,606
Deposits placed with licensed banks	3,051	-	3,051
Cash and bank balances	173	-	173
	8,583	-	8,583
Financial liabilities			
Trade and other payables	-	2,739	2,739
Bankers' acceptance	-	75	75
Bank overdraft	-	-	-
Finance lease liabilities	-	51	51
Trust receipts	-	800	800
	-	3,665	3,665
2015			
Financial assets			
Amount owing by contract customers	5,857	-	5,857
Trade and other receivables *	5,599	-	5,599
Deposits placed with licensed banks	5,164	-	5,164
Cash and bank balances	262	-	262
	16,882	-	16,882
Financial liabilities			
Trade and other payables	-	3,578	3,578
Bankers' acceptance	-	1,949	1,949
Bank overdraft	-	995	995
Finance lease liabilities	-	73	73
Trust receipts	-	2,982	2,982
	-	9,577	9,577

* Exclude prepayments and GST refundable

31. **FINANCIAL INSTRUMENTS (Continued)**

(b) **Classification of Financial Instruments (Continued)**

	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Company			
2016			
Financial assets			
Other receivables *	410	-	410
Amount owing by subsidiaries	4,983	-	4,983
Deposits placed with a licensed bank	400	-	400
Cash and bank balances	6	-	6
	5,799	-	5,799
Financial liability			
Other payables	-	208	208
	-	208	208
2015			
Financial assets			
Other receivables *	468	-	468
Amount owing by subsidiaries	42,814	-	42,814
Cash and bank balances	1	-	1
	43,283	-	43,283
Financial liability			
Other payables	-	213	213
	-	213	213

** Exclude prepayments*

31. **FINANCIAL INSTRUMENTS (Continued)**

(c) **Fair Values of Financial Instruments**

The carrying amounts of financial assets and financial liabilities of the Group as at the reporting date approximate their fair value except for the following:

	Carrying Amount RM'000	Fair value RM'000
Group		
2016		
Finance lease liabilities	51	54
2015		
Finance lease liabilities	73	78

The methods and assumption used to determine the fair value of the following classes of financial assets and financial liabilities are as follows:

(i) **Current receivables, cash and cash equivalents and current payables**

The carrying amount of these financial assets and financial liabilities are reasonable approximation of fair value due to the relatively short term nature of these financial instruments, or they are variable rate investments that are re-priced to market interest rates on or near the reporting date. The fair values of these financial instrument are within Level 2 of the fair value hierarchy.

The fair value of these financial instruments is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing engaged at the reporting date.

(ii) **Finance lease liabilities**

The fair value of finance lease liabilities is estimated using discounted cash flows analysis, based on the current lending rate for similar types of borrowings. The fair values are within Level 2 of the fair value hierarchy.

The fair value of these financial instruments is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing engaged at the reporting date.

There have been no transfer between Level 1 and Level 2 during the financial year (2015: no transfer in either directions).

32. **FAIR VALUE INFORMATION ON NON-FINANCIAL ASSET**

The fair value measurement hierarchies used to measure fair value of non-financial assets at the end of the reporting period.

(a) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

(c) Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).
The following table provide the fair value measurement hierarchy of the Group's and the Company's liabilities that are not carried at fair value:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group and Company				
2016				
Asset				
Investment property				
- Freehold buildings	-	-	980	980
2015				
Asset				
Investment property				
- Freehold buildings	-	-	1,146	1,146

There were no material transfer between Level 1, Level 2 and Level 3 during the financial year ended 31 December 2016 and 31 December 2015.

The following table shows the valuation techniques used in the determination of fair values within level 3, as well as the significant unobservable inputs used in the valuation models for financial year ended 31 December 2016.

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to
Commercial office	Sales comparison approach	Price per square foot RM350	The higher the price per square foot, the higher the fair value

Highest and best use

In estimating the fair value of the property, the highest and best use of the property is their current use.

33. **CAPITAL MANAGEMENT**

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Trade and other payables	2,739	3,578
Bankers' acceptances	75	1,949
Bank overdraft	-	995
Hire purchase payables	51	73
Trust receipts	800	2,982
Less: Deposits placed with licensed banks	(3,051)	(5,164)
Less: Cash and bank balances	(173)	(262)
Net debt	441	4,151
Equity attributable to the owners of the Company	45,828	46,698
Total capital	45,828	46,698
Debt-to-equity ratio	0.01	0.09

34. **SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

The Minister of Domestic Trade, Co-operatives and Consumerism appointed 31 January 2017 as the date on which Companies Act 2016 comes into operation except for Section 241 and Division 8 of Part III.

Accordingly, the Group and the Company shall prepare the financial statements for the financial year ending 31 December 2017 in accordance with the requirements of Companies Act 2016 which will be applied prospectively.

Amongst the key changes introduced in the Companies Act 2016 which will affect the financial statements of the Group and of the Company are, where applicable:
- the removal of the authorised share capital;
- shares issued will have no par or nominal value; and
- share premium and capital redemption reserve will become part of share capital.

In addition, the financial statements disclosure requirements under the Companies Act 2016 are different from those requirements set out in the Companies Act 1965. Consequently, items to be disclosed in the Group's and the Company's financial statements for the financial year ending 31 December 2017 may be different from those disclosed in the financial statements for the current financial year.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

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

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profits of the Group and the Company as at 31 December 2016 and 31 December 2015 are as follows:

	Group		**Company**	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained profits				
- realised	1,591	2,460	4,465	5,557
- unrealised	(2)	(2)	-	-
	1,589	2,458	4,465	5,557
Add: Consolidation adjustments	4,085	4,085	-	-
At 31 December	5,674	6,543	4,465	5,557

The determination of realised and unrealised profits is complied based on Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

STATEMENT BY DIRECTORS

We, **DATO' LIM KIM HUAT** and **LOI HENG SEWN**, being two of the directors of ABLEGROUP BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 40 to 109 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 110 has been prepared in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

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

…..
DATO' LIM KIM HUAT
Director

…..
LOI HENG SEWN
Director

Kuala Lumpur

Date: 18 April 2017

STATUTORY DECLARATION

I, **DATO' LIM KIM HUAT**, being the director primarily responsible for the financial management of ABLEGROUP BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 40 to 109 and the supplementary information set out on page 110 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, I960.

....
DATO' LIM KIM HUAT

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 18 April 2017.

Before me,

....
Commissioner for Oaths

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AbleGroup Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 40 to 109.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the ***Auditors' Responsibilities for the Audit of the Financial Statements*** section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' ***Code of Ethics for Professional Accountants*** ("IESBA Code"), and we have fulfilled our othe ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company of the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters below to be the key audit matters to be communicated in our report:

Provision for liquidated and ascertained damages ("LAD")
(Note 4.6 and Note 30 (b) of the financial statements)

Risk:
The appropriation of provision made by the Group in respect of LAD, which is subject to inherent uncertainty of the project. We focused on this area because there is significant judgement involved in the assumptions used to estimate the provisions.

Our response:
Our audit procedures included, among others:

- discussing with directors to understand the status of the project and reviewing to change the correspondence documents of the project; and
- reviewing letter of award and correspondences to corroborate the key judgements applied by directors.

Inventories (Note 4.5 and Note 9 of the financial statements)

Risk:
As at 31 December 2016, the Group has significant balance of inventories. The Group's inventories are stated at the lower of cost and Net Realisable Value ("NRV"). Judgement is required in estimating their NRV and identifying slow moving inventories.

Our audit response:
Our audit procedures included, among others:
- considering the management judgement on the basis of assessment on inventories written off;
- attending the annual physical inventories count to observe the physical existence and condition of the inventories and the procedures taken by management in identify slow-moving and obsolete inventories;
- reviewing subsequent sales and evaluating the Group's assessment and estimatied NRV on selected inventory items.

Construction Revenue and expenses recognised for construction business (Note 4.3 and Note 21 to the financial statements)

Risk:
We focused on this area because the amounts of revenue and related expenses recognised in the construction business require the directors to apply significant judgement. The revenue and related expenses are recognised based on stage of completion method. The stage of completion method is determined by reference to costs incurred for work performed to date to the estimated total costs for each project. The estimated total revenue and costs are affected by variety of uncertainties that depend on the outcome of future events.

Our response:
Our audit procedures on a sample of major projects included, among others:
- evaluating the design and assessing the implementation of controls over the Group's process to record the revenue costs and the calculation of the stage of completion;
- discussing the progress of the projects and expected outcome with the director to obtain an understanding of the basis on which the estimates are made; and
- testing the mathematical computation of the recognised revenue and expenses during the financial year.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the Financial Reporting Standards and the requirements of the Companies Act 1965 in

Malaysia. The directors arealso responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

(Cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirement

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

(a) In our opinion, the accounting and other records and the registers required by the Companies Act 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act 1965 in Malaysia.
(b) We have not considered the auditors' report of the subsidiary of which we have not acted as auditors, as they are not available. However, we have considered the financial statements of the subsidiary of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.
(c) We are satisfied that the financial statements of the subsidiary that have been consolidated with the Company's financial statements are in a form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
(d) Other than the subsidiary without auditors' report as disclosed in Note 8 to the financial statements, the auditors' reports on the financial statements of the remaining subsidiaries did not contain any qualification, or any adverse comment made under section 174(3) of the Companies Act 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 110 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Ong Teng Yan
No. 3076/07/17(J)
Chartered Accountant

Kuala Lumpur

Date: 18 April 2017

LIST OF PROPERTIES

Location/Address	Description/ Existing Use	Tenure	Approximate Area	Approximate Age of Building (Years)	Year of Acquisition	Carrying amount as at 31.12.2016 RM'000
Lot 18-15, Centro Business Centre, No. 8, Jalan Batu Tiga Lama, 41300 Klang, Selangor Darul Ehsan held under Lot No.18 15, HS(M) 8806-HS(M) 8829, PT20412-PT20435, HS(M) 20856 PT27083 Mukim Kapar and GM 5802 Lot 1034 all of Mukim Kapar, Daerah Klang	Office unit/ Investment property	Freehold	260m² (built-up)	8	2007	659
289, Lot No. 1589, Mukim Of Batu, District Of Kuala Lumpur, State Of Wilayah Persekutuan Kuala Lumpur	Development land/ Property development costs	Freehold	1.214 hectare	N/A	2012	28,202

As at 31 March 2017

SHARE CAPITAL

Issued Share Capital	:	RM39,584,977.80
Total number of issued shares	:	263,899,852 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote for each share held

DISTRIBUTION OF SHAREHOLDINGS
(As per Record of Depositors)

Size of Holdings	No. of Holders	%	No. of Shares Held	% of Issued Share Capital
Less than 100	59	1.544	2,183	0.000
100 - 1,000	2,427	63.517	770,783	0.292
1,001 - 10,000	575	15.048	2,812,371	1.066
10,001 - 100,000	572	14.970	23,352,290	8.849
100,001 to less than 5% of issued shares	185	4.842	107,412,225	40.702
5% and above of issued shares	3	0.079	129,550,000	49.091
Total	**3,821**	**100.00**	**263,899,852**	**100.00**

DIRECTORS' SHAREHOLDINGS
(As per Register of Directors' Shareholdings)

	--------- Direct --------		-------- Indirect --------	
Name of Directors	**No. of Shares held**	**%**	**No. of Shares held**	**%**
Dato' Lim Kim Huat	87,750,000	33.25	-	-
Loi Heng Sewn	28,300,000[(a)]	10.72	-	-
Yeoh Chong Keat	900,000	0.34	-	-
Cheong Marn Seng	9,000	Neg.	-	-
Wong Heang Fine	-	-	-	-

Notes:
(a) Held through RHB Nominees (Tempatan) Sdn Bhd

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
(As per Register of Substantial Shareholders' Shareholdings)

Name of Substantial Shareholders	No. of Shares held	%	No. of Shares held	%
Dato' Lim Kim Huat	87,750,000	33.25	-	-
Loi Heng Sewn	28,300,000[(a)]	10.72	-	-
Golden Knights International Ltd	13,500,000 [(b)]	5.11	-	-
UBS Trustees (Bahamas) Ltd	-	-	13,500,000[(c)]	5.11

Notes:
(a) Held through RHB Nominees (Tempatan) Sdn Bhd
(b) Held through HSBC Nominees (Asing) Sdn Bhd
(c) Deemed interested through its ownership and controlling interest in Golden Knights International Ltd pursuant to Section 8(4)(b) of the Companies Act, 2016

ANALYSIS OF SHAREHOLDINGS

As at 31 March 2017

LIST OF TOP THIRTY(30) LARGEST SHAREHOLDERS
(As per Record of Depositors)

No.	Name of Shareholders	No. of Shares	%
1	DATO' LIM KIM HUAT	87,750,000	33.251
2	RHB NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR RHB SECURITIES SINGAPORE PTE. LTD. (A/C CLIENTS)	28,300,000	10.723
3	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	13,500,000	5.115
4	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG HONG KONG FOR VIVIA WEALTH ASSET LTD	11,250,000	4.262
5	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH PEE SENG	7,419,800	2.811
6	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH PEE SENG	4,152,000	1.573
7	RHB NOMINEES (TEMPATAN) SDN BHD RHB ISLAMIC INTERNATIONAL ASSET MANAGEMENT BERHAD FOR PERBADANAN NASIONAL BERHAD	4,010,700	1.519
8	GAN CHING HAN @ PAUL NGAN CHING HAN	3,700,000	1.402
9	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAY HOCK SOON (MY1055)	2,581,900	0.978
10	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TOH PIK CHAI (M05)	2,269,400	0.859
11	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR AZIZAN BIN ABD RAHMAN (MY0531)	2,250,000	0.852
12	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LO GA LUNG (M05)	2,200,000	0.833
13	WANG SZE YAO @ WANG MING WAY	2,087,975	0.791
14	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG GO SONG	2,061,000	0.780
15	PATRICK SOH KONG HUI	1,927,600	0.730
16	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHO CHONG YAU (E-TSA)	1,549,500	0.587
17	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOO SOO CHAI (E-IMO)	1,500,000	0.568
18	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG GEOK WAH (BBRKLANG-CL)	1,480,100	0.560
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD TEE CHOR GEE	1,400,000	0.530
20	LEE YU YONG @ LEE YUEN YING	1,105,000	0.418
21	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUNG LIONG YIEN	1,098,000	0.416
22	SOO SIEW SENG	1,060,000	0.401
23	CHAN SAW KAN	1,000,000	0.378
24	LOW KHIAN SENG	1,000,000	0.378
25	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOO SIEW SENG (CEB)	930,000	0.352
26	SHERWOOD HATHAWAY SDN BHD	906,000	0.343
27	YEOH CHONG KEAT	900,000	0.341
28	CHUNG MAN LI	826,400	0.313
29	LIM GAIK BWAY @ LIM CHIEW AH	815,000	0.308
30	CHAN THENG SUNG	800,000	0.303
	TOTAL	191,830,375	72.69

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting of AbleGroup Berhad will be held at Atlanta East, Level 3, Hotel Armada Petaling Jaya, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 26 May 2017 at 3.30 p.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 and the Reports of the Directors and Auditors thereon.

2. To approve the payment of Directors' fees in respect of the financial year ended 31 December 2016. **(Resolution 1)**

3. To re-elect the following Directors retiring pursuant to Article 89 of the Company's Articles of Association:-

i Yeoh Chong Keat **(Resolution 2)**
ii Loi Heng Sewn **(Resolution 3)**

4. To re-appoint Messrs Baker Tilly Monteiro Heng as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 4)**

SPECIAL BUSINESS

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

5. RETENTION OF CHEONG MARN SENG AS INDEPENDENT DIRECTOR **(Resolution 5)**

"THAT in accordance with the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"), Cheong Marn Seng be and is hereby retained as Independent Non-Executive Director of the Company and be designated as such until the conclusion of the next Annual General Meeting, subject to the provisions of the relevant regulatory authorities."

6. AUTHORITY FOR DIRECTORS TO ISSUE SHARES **(Resolution 6)**

"THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, and subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental and/or regulatory authorities (if any), the Directors be an are hereby empowered to issue new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per cent (10%) of the nominal value of the total issued and paid-up share capital of the Company at the time of issue AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF RRPT MANDATE") **(Resolution 7)**

"THAT subject always to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, 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 as stated in Section 2.4 of the Circular to Shareholders dated 28 April 2017 with the specified classes of related party(ies) mentioned therein which are necessary for the Group's day-to-day operations and are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related party(ies) than those generally available to the public and are not detrimental to the minority shareholders of the Company.

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

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the AGM whereby the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

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

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016.

BY ORDER OF THE BOARD

LIM FEI CHIA (MAICSA 7036158)
TAN FONG SHIAN (MAICSA 7023187)
Company Secretaries

Kuala Lumpur
28 April 2017

Notes:-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 22 May 2017 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar.
3. A member shall be entitled to appoint not more than three (3) proxies to attend and vote at this meeting and where a member appoints more than one (1) proxy, he shall specify the proportion of his shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 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.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
6. The original instrument appointing a proxy and the power of attorney (if any) under which it is signed or a certified copy thereof shall be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding this meeting or at any adjournment thereof.
7. The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to the Company personal data which may include the name, contact details and mailing address, member of the Company hereby consent, agree and authorise the processing and/ or disclosure of any personal data of or relating to the member for the purposes of issuing the notice of this meeting and convening the meeting (including any adjournment thereof), including but not limited to preparation and compilation of documents and other matters, whether or not supplied by the member. The member further confirms to have obtained the consent, agreement and authorisation of all persons whose personal data the member have disclosed and/ or processed in connection with the foregoing.

Audited Financial Statements for the financial year ended 31 December 2016

The Audited Financial Statements for the financial year ended 31 December 2016 are laid in accordance with Section 340(1)(a) of the Companies Act 2016 ("Act") for discussion only and do not require shareholders' approval. As such, this item will not be put for voting.

Retention of Cheong Marn Seng as Independent Director

The proposed resolution is to seek shareholders' approval to retain Cheong Marn Seng as an Independent Non-Executive Director. Mr Cheong had served the Company as Independent Director for a cumulative period of more than nine (9) years. In accordance with the MCCG 2012, the Board of Directors of the Company and the Nomination Committee had assessed the independence of Mr Cheong and recommended that he be retained as an Independent Non-Executive Director of the Company based on amongst others, the following justifications:-

(i) He has confirmed and declared that he is an Independent Director as defined under Paragraph 1.01 of the Listing Requirements of Bursa Securities;
(ii) He does not have any conflict of interest with the Company and has not been entering/is not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies;
(iii) He is currently not sitting on the board of any other public and/or private companies having the same nature of business as that of the Company and its subsidiary companies; and
(iv) He has devoted sufficient time and attention to his responsibilities as an Independent Non-Executive Director and has provided unbiased, objective and independent view and judgment to Board deliberations and in view of his understanding of the Company's business, the challenges faced by the Company and the environment in which the Company operates, the Board is of the view that he will continues to provide invaluable contributions to the Board as an Independent Non-Executive Director of the Company.

Authority for Directors to Issue Shares

This proposed resolution, if passed, will renew the authority given to the Directors of the Company to issue and allot new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the nominal value of any such shares issued during the preceding twelve (12) months, does not exceed 10% of the total issued share capital of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The General Mandate procured and approved in the preceding year 2016 which was not exercised by the Company during the year, will expire at the forthcoming Thirteenth Annual General Meeting of the Company.

With this renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition(s) without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

Proposed Renewal of RRPT Mandate

This proposed resolution, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, particulars of which are as set out in the Circular to Shareholders of the Company dated 28 April 2017 despatched together with the Annual Report 2016. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The Directors who are standing for re-election at the Thirteenth Annual General Meeting of the Company are:

1. Yeoh Chong Keat; and
2. Loi Heng Sewn.

The profiles of the above Directors who are seeking re-election are set out on pages 4 to 6 whilst the details of their shareholdings in the Company are set out on page 38 of this Annual Report.

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ABLEGROUP BERHAD (654188-H)
(Incorporated in Malaysia)

Number of Shares held:
CDS Account No.:
Contact No.

FORM OF PROXY

I/We ______________________________________ NRIC/Company No.______________________
(Full name in block letters)
of ____
(Full address)
being a member of ABLEGROUP BERHAD, do hereby appoint ____________________________
(Full name in block letters and NRIC No.)
____________________________of______________________________________
(Full address)
____

or failing him/her ____
(Full name in block letters and NRIC No.)
of ____
(Full address)
____

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Thirteenth Annual General Meeting of the Company to be held at Atlanta East, Level 3, Hotel Armada Petaling Jaya, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 26 May 2017 at 3.30 p.m. or at any adjournment thereof.

My/Our Proxy(ies) is/are to vote as indicated below:-

No.	Resolutions	For	Against
1	To approve the payment of Directors' fees in respect of the financial year ended 31 December 2016.		
2	To re-elect Yeoh Chong Keat as Director.		
3	To re-elect Loi Heng Sewn as Director.		
4	To re-appoint Messrs Baker Tilly Monteiro Heng as the Company's Auditors and to authorise the Directors to fix their remuneration.		
5	To retain Cheong Marn Seng as Independent Director.		
6	To authorise Directors to issue shares.		
7	Proposed renewal of RRPT Mandate.		

(Please indicate with a "x" in the space provided on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.)

Dated this ____________ day of ____________, 2017

____
Signature/Common Seal of Member

Notes:
1 In respect of deposited securities, only members whose names appear in the Record of Depositors on 22 May 2017 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar (the provisions of Section 149(1) of the Companies Act, 1965 shall not apply).
3. A member shall be entitled to appoint not more than three (3) proxies to attend and vote at this meeting and where a member appoints more than one (1) proxy, he shall specify the proportion of his shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act,1991 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.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
6. The original instrument appointing a proxy and the power of attorney (if any) under which it is signed or a certified copy thereof shall be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding this meeting or at any adjournment thereof.
7. The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to the Company personal data which may include the name, contact details and mailing address, a member of the Company hereby consent, agree and authorise the processing and/ or disclosure of any personal data of or relating to the member for the purposes of issuing the notice of this meeting and convening the meeting (including any adjournment thereof), including but not limited to preparation and compilation of documents and other matters, whether or not supplied by the member. The member further confirms to have obtained the consent, agreement and authorisation of all persons whose personal data the member have disclosed and/or processed in connection with the foregoing.

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Company Secretary

ABLEGROUP BERHAD
(654188-H)

c/o Archer Corporate Services Sdn Bhd
Suite 11.1A, Level 11
Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur

Fold here

AbleGroup Berhad

Block D4-U2-10, Level 2,
Solaris Dutamas,
No. 1, Jalan Dutamas 1,
50480 Kuala Lumpur.

Tel : 03-6207 8186/286/386
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