STATEMENTS OF FINANCIAL POSITION

As At 31st December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**148,219**	114,774	**18,376**	19,550
Investment properties	5	**180,112**	103,638	**–**	–
Goodwill	6	**14,585**	13,585	**–**	–
Investment in subsidiaries	7	**–**	–	**89,915**	85,915
Investment in associates	8	**15,486**	36,123	**35,856**	34,531
Investment in a joint venture	9	**–**	–	**–**	–
Other investments	10	**7,274**	7,309	**6,377**	6,412
Land held for property development	11(a)	**62,497**	–	**–**	–
Trade receivables	12	**67,040**	–	**6,824**	–
Amount owing by subsidiaries	13	**–**	–	**3,147**	–
Deferred tax assets	14	**654**	654	**–**	–
Total non-current assets		**495,867**	276,083	**160,495**	146,408
Current assets					
Property development costs	11(b)	**96,413**	100,290	**–**	–
Inventories	15	**16,543**	5,417	**–**	–
Trade and other receivables	12	**490,199**	680,111	**32,142**	23,346
Gross amount due from contract customers	16	**258,687**	197,780	**28,713**	15,762
Amount owing by subsidiaries	13	**–**	–	**110,783**	129,158
Amount owing by associates	17	**31,410**	36,957	**30,903**	36,927
Fixed deposits with licensed banks	18	**11,223**	14,904	**54**	54
Cash and bank balances	19	**66,908**	55,692	**9,787**	463
Tax recoverable		**4,104**	2,188	**94**	591
Total current assets		**975,487**	1,093,339	**212,476**	206,301
TOTAL ASSETS		**1,471,354**	1,369,422	**372,971**	352,709

STATEMENTS OF FINANCIAL POSITION (Cont'd)

As at 31st December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	20	**88,956**	157,116	**88,956**	157,116
Reserves	21	**104,795**	13,417	**110,206**	35,013
Shareholders' funds		**193,751**	170,533	**199,162**	192,129
Non-controlling interests		**55,306**	14,215	**–**	–
Total equity		**249,057**	184,748	**199,162**	192,129
Non-current liabilities					
Term loans	22	**213,103**	70,701	**–**	–
Hire purchase payables	23	**10,292**	9,508	**553**	247
Trade payables	24	**59,458**	–	**3,268**	–
Deferred tax liabilities	14	**10,714**	7,811	**900**	809
Total non-current liabilities		**293,567**	88,020	**4,721**	1,056
Current liabilities					
Bank borrowings	25	**406,793**	533,277	**48,739**	49,574
Hire purchase payables	23	**6,854**	7,684	**185**	89
Trade and other payables	24	**491,191**	520,846	**62,323**	42,442
Gross amount due to contract customers	16	**6,542**	16,185	**–**	47,955
Amount owing to subsidiaries	13	**–**	–	**57,801**	19,424
Amount owing to associates	17	**7,660**	7,023	**6**	6
Amount owing to joint venture	26	**34**	34	**34**	34
Tax payable		**9,656**	11,605	**–**	–
Total current liabilities		**928,730**	1,096,654	**169,088**	159,524
TOTAL LIABILITIES		**1,222,297**	1,184,674	**173,809**	160,580
TOTAL EQUITY AND LIABILITIES		**1,471,354**	1,369,422	**372,971**	352,709

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

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31st December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Revenue	27	**1,053,478**	1,053,707	**133,882**	114,736
Cost of sales	28	**(988,728)**	(990,739)	**(122,037)**	(102,824)
Gross profit		**64,750**	62,968	**11,845**	11,912
Other operating income		**14,040**	9,160	**4,749**	991
Investment income		**75,200**	3,887	**3,982**	5,482
Administrative expenses		**(59,680)**	(55,800)	**(25,610)**	(11,312)
Operating profit/(loss)		**94,310**	20,215	**(5,034)**	7,073
Finance costs		**(14,364)**	(7,887)	**(5,018)**	(3,146)
		79,946	12,328	**(10,052)**	3,927
Share of results in associates		**(21,670)**	1,300	**–**	–
Share of results in joint venture		**–**	21	**–**	–
Profit/(loss) before taxation	29	**58,276**	13,649	**(10,052)**	3,927
Taxation	30	**(10,798)**	(7,830)	**(1,173)**	(922)
Profit/(loss) after taxation		**47,478**	5,819	**(11,225)**	3,005
Items that may be reclassified subsequently to profit or loss:					
- Foreign currency translation		**(1,457)**	(1,497)	**–**	(79)
Other comprehensive expense for the year, net of tax		**(1,457)**	(1,497)	**–**	(79)
Total comprehensive income (expense) for the financial year		**46,021**	4,322	**(11,225)**	2,926

STATEMENTS OF COMPREHENSIVE INCOME (Cont'd)

For The Financial Year Ended 31st December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Profit/(loss) after taxation attributable to:					
Owners of the Company		**6,473**	5,232	**(11,225)**	3,005
Non-controlling interests		**41,005**	587	**–**	–
		47,478	5,819	**(11,225)**	3,005
Total comprehensive income/ (expense) attributable to:					
Owners of the Company		**4,960**	4,207	**(11,225)**	2,926
Non-controlling interests		**41,061**	115	**–**	–
		46,021	4,322	**(11,225)**	2,926
Earnings per share (sen)	31				
- basic		**3.75**	3.85		
- diluted		**3.75**	3.85		

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31st December 2014

Group	Note	Share capital RM'000 (Non-distributable)	Share premium RM'000 (Non-distributable)	Other capital reserves RM'000 (Non-distributable)	Translation reserve RM'000 (Non-distributable)	Employee share option reserve RM'000 (Non-distributable)	Retained profits (Accumulated losses) RM'000 (Distributable)	Attributable to owners of the Company RM'000	Non-Controlling interests RM'000	Total Equity RM'000
At 1st January 2013		124,416	5,145	15,682	(2,065)	1,301	(9,099)	135,380	14,022	149,402
Other comprehensive expense, net of tax										
Foreign currency transaction		–	–	–	(1,025)	–	–	(1,025)	(472)	(1,497)
Total other comprehensive expense, net of tax		–	–	(1,025)	–	–	–	(1,025)	(472)	(1,497)
Profit after taxation for the financial year		–	–	–	–	–	5,232	5,232	587	5,819
Transactions with owners										
Acquisition of non-controlling interest		–	–	–	–	–	–	–	78	78
Grant of equity-settled share options to employees		–	–	–	–	498	–	498	–	498
Dividends on ordinary shares	32	–	–	–	–	–	(1,997)	(1,997)	–	(1,997)
Issuance of ordinary shares	20	32,700	–	–	–	–	–	32,700	–	32,700
Share issuance expenses		–	(255)	–	–	–	–	(255)	–	(255)
Total transactions with owners		32,700	(255)	–	–	498	(1,997)	30,946	78	31,024
At 31st December 2013		157,116	4,890	15,682	(3,090)	1,799	(5,864)	170,533	14,215	184,748

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

For The Financial Year Ended 31st December 2014

Group	Note	Share capital RM'000	Share premium RM'000	Other capital reserves RM'000	Translation reserve RM'000	Employee share option reserve RM'000	Retained profits (Accumulated losses) RM'000	Attributable to owners of the Company RM'000	Non-Controlling interests RM'000	Total Equity RM'000
		Non-distributable					Distributable			
At 1st January 2014		157,116	4,890	15,682	(3,090)	1,799	(5,864)	170,533	14,215	184,748
Other comprehensive income, net of tax										
Foreign currency transaction		–	–	–	(1,513)	–	–	(1,513)	56	(1,457)
Total other comprehensive income/(expense), net of tax		–	–	–	(1,513)	–	–	(1,513)	56	(1,457)
Profit after taxation for the financial year		–	–	–	–	–	6,473	6,473	41,005	47,478
Balance brought forward		157,116	4,890	15,682	(4,603)	1,799	609	175,493	55,276	230,769
Balance carried forward		157,116	4,890	15,682	(4,603)	1,799	609	175,493	55,276	230,769
Transactions with owners										
Acquisition of non-controlling interest		–	–	–	–	–	–	–	30	30
Grant of equity-settled share options to employees	32	–	–	–	–	306	–	306	–	306
Dividends on ordinary shares	20	–	–	–	–	–	(2,669)	(2,669)	–	(2,669)
Issuance of ordinary shares	20	20,797	–	–	–	–	–	20,797	–	20,797
Capital reduction		(88,957)	–	–	–	–	88,957	–	–	–
Share issuance expenses		–	(176)	–	–	–	–	(176)	–	(176)
Total transactions with owners		(68,160)	(176)	–	–	306	86,288	18,258	30	18,288
At 31st December 2014		88,956	4,714	15,682	(4,603)	2,105	86,897	193,751	55,306	249,057

Company	Note	← Non-distributable Share capital RM'000	Share premium RM'000	Translation reserve RM'000	→ Employee share option reserve RM'000	Distributable Retained profits RM'000	Total Equity RM'000
At 1st January 2013		124,416	5,145	133	1,301	27,262	158,257
Other comprehensive expense, net of tax							
Foreign currency transaction		–	–	(79)	–	–	(79)
Total other comprehensive expense, net of tax		–	–	(79)	–	–	(79)
Profit after taxation for the financial year		–	–	–	–	3,005	3,005
Transactions with owners							
Dividends on ordinary shares	32	–	–	–	–	(1,997)	(1,997)
Issuance of ordinary shares	20	32,700	–	–	–	–	32,700
Share issuance expenses		–	(255)	–	–	–	(255)
Grant of equity-settled share options to employees		–	–	–	498	–	498
Total transactions with owners		32,700	(255)	–	498	(1,997)	30,946
At 31st December 2013		157,116	4,890	54	1,799	28,270	192,129
At 1st January 2014		157,116	4,890	54	1,799	28,270	192,129
Loss after taxation for the financial year		–	–	–	–	(11,225)	(11,225)
Transactions with owners							
Dividends on ordinary shares	32	–	–	–	–	(2,669)	(2,669)
Issuance of ordinary shares	20	20,797	–	–	–	–	20,797
Capital reduction	20	(88,957)	–	–	–	88,957	–
Share issuance expenses		–	(176)	–	–	–	(176)
Grant of equity-settled share options to employees		–	–	–	306	–	306
Total transactions with owners		(68,160)	(176)	–	306	86,288	18,258
At 31st December 2014		88,956	4,714	54	2,105	103,333	199,162

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31st December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:					
Profit/(loss) before taxation		**58,276**	13,649	**(10,052)**	3,927
Adjustments for:-					
Allowance for impairment on amount owing by a subsidiary		**–**	–	**11,992**	–
Change in fair value of investment properties		**(67,140)**	–	**–**	–
Depreciation		**14,420**	12,377	**586**	611
Dividend income		**(481)**	(481)	**(481)**	(5,482)
Gain on disposal of:-					
- property, plant and equipment		**(1,248)**	(123)	**(1,038)**	(5)
- investment properties		**(2,737)**	(815)	**–**	–
Interest expense		**31,814**	28,197	**1,847**	3,397
Interest income		**(9,118)**	(3,779)	**(2,983)**	–
Net effect of unwinding of interest from discounting		**4,997**	329	**339**	(203)
Property, plant and equipment written off		**484**	23	**–**	–
Reversal of allowance for impairment on trade and other receivables no longer required		**(48)**	(2)	**(78)**	–
Other investments written off		**35**	–	**35**	–
Share of results in:-					
- associates		**21,670**	(1,300)	**–**	–
- joint venture		**–**	(21)	**–**	–
Share options granted under ESOS		**306**	498	**39**	47
Unrealised loss/(gain) on foreign exchange		**(386)**	1,711	**–**	(80)
		50,844	50,263	**206**	2,212

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Changes in working capital:-					
Inventories		**(11,126)**	45	–	–
Property development costs		**(11,100)**	(16,050)	–	–
Receivables		**59,599**	(181,457)	**(29,059)**	(4,232)
Payables		**17,963**	60,146	**(24,873)**	23,963
Subsidiaries		–	–	**50,911**	(26,440)
Associates		**6,184**	(1,639)	–	–
		112,364	(88,692)	**(2,815)**	(4,497)
Interest paid		**(31,012)**	(27,072)	**(1,832)**	(3,378)
Tax paid		**(11,936)**	(7,002)	**(585)**	(246)
Net Operating Cash Flows		**69,416**	(122,766)	**(5,232)**	(8,121)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of:-					
- subsidiaries	33	**(1,000)**	(25,000)	**(4,000)**	(175)
- an associate	8(f)	**(1,325)**	–	**(1,325)**	–
Acquisition of lands for property development activities		**(47,520)**	–	–	–
Advances to associates		–	(8,898)	**6,024**	(8,906)
Advances to subsidiaries		–	–	**(45,877)**	(30,151)
Dividend received		**761**	881	**481**	4,232
Interest received		**9,118**	3,779	**2,983**	–
Subscription of shares by non-controlling interest		**30**	75	–	–
Proceeds from disposal of:-					
- investments properties		**7,539**	1,860	–	–
- property, plant and equipment		**3,509**	600	**2,291**	23
Purchase of:-					
- property, plant and equipment	34	**(23,218)**	(17,806)	**(165)**	(101)
- investment properties		**(14,136)**	(65,079)	–	–
Withdrawal/(placement) of fixed deposits		**3,810**	1,754	–	(4)
Net Investing Cash Flows		**(62,432)**	(107,894)	**(39,588)**	(35,082)

STATEMENTS OF OF CASH FLOWS (Cont'd)

For The Financial Year Ended 31st December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES:					
Advances from/ (repayment to) subsidiaries		**–**	–	**37,140**	(4,210)
Dividends paid to shareholders of the Company		**(2,669)**	(1,997)	**(2,669)**	(1,997)
(Repayment)/net drawdown of bank borrowings		**(30,490)**	174,807	**–**	–
Hire purchase interests paid		**(802)**	(1,125)	**(15)**	(19)
Net repayment of hire purchase obligations		**(7,191)**	(7,195)	**(98)**	(85)
Proceeds from issuance of shares		**20,621**	32,445	**20,621**	32,445
Advances from joint venture		**–**	3	**–**	3
Net Financing Cash Flows		**(20,531)**	196,938	**54,979**	26,137
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(13,547)**	(33,722)	**10,159**	(17,066)
EFFECT OF CHANGES IN EXCHANGE RATE		**(2,583)**	1,153	**–**	(79)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**5,591**	38,160	**(28,111)**	(10,966)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		**(10,539)**	5,591	**(17,952)**	(28,111)
ANALYSIS OF CASH AND CASH EQUIVALENTS:					
Fixed deposits with licensed banks		**11,223**	14,904	**54**	54
Less: fixed deposits pledged to licensed banks	18	**(10,707)**	(14,398)	**(54)**	(54)
		516	506	**–**	–
Cash and bank balances		**66,908**	55,692	**9,787**	463
Bank overdrafts		**(77,963)**	(50,607)	**(27,739)**	(28,574)
		(10,539)	5,591	**(17,952)**	(28,111)

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

1. GENERAL INFORMATION

The Company is principally engaged in business as a contractor for earthworks and building, project management services and investment holding. The principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant changes in the nature of these principal activities during the financial year.

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

The registered office and principal place of business of the Company are located at Wisma Bina Puri, 88 Jalan Bukit Idaman 8/1, Bukit Idaman, 68100 Selayang, Selangor Darul Ehsan.

The financial statements are expressed in Ringgit Malaysia (“RM”). All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29th April 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 2.3 to the financial statements.

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

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

2.2 New FRS, Amendments/Improvements to FRSs and New IC Interpretations (“IC Int”)

(a) Adoption of Amendments/Improvements to FRSs and New IC Int

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

Amendments/Improvements to FRSs

FRS 10	Consolidated Financial Statements
FRS 12	Disclosure of Interests in Other Entities
FRS 127	Separate Financial Statements
FRS 132	Financial Instruments: Presentation
FRS 136	Impairment of Assets
FRS 139	Financial Instruments: Recognition and Measurement

New IC Int

IC Int 21	Levies

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 New FRS, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Cont'd)

(a) Adoption of Amendments/Improvements to FRSs and New IC Int (Cont'd)

The adoption of the above amendments/improvements to FRSs and new IC Int do not have any effect on the financial statements of the Group and of the Company except for those as discussed below:-

Amendments to FRS 10 Consolidated Financial Statements, FRS 12 Disclosure of Interests in Other Entities and FRS 127 Separate Financial Statements

Amendments to FRS 10 introduces an exception to the principle that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent that is an investment entity to measure its investment in particular subsidiaries at fair value thorough profit or loss in accordance with FRS 139 Financial Instruments: Recognition and Measurement instead of consolidating those subsidiaries in its consolidated financial statements. Consequently, new disclosure requirements related to investment entities are introduced in amendments to FRS 12 and FRS 127.

In addition, amendments to FRS 127 also clarifies that if a parent is required, in accordance with paragraph 31 of FRS 10, to measure its investment in a subsidiary at fair value through profit or loss in accordance with FRS139, it shall also account for its investment in that subsidiary in the same way in its separate financial statements.

Amendments to FRS 132 Financial Instruments: Presentation

Amendments to FRS 132 does not change the current offsetting model in FRS 132. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off', that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. The amendments clarify that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the FRS 132 offsetting criteria. This Amendments only impacts the presentation in the financial statements but has no impact on the financial results and positions of the Group and of the Company.

Amendments to FRS 136 Impairment of Assets

Amendments to FRS 136 clarifies that disclosure of the recoverable amount (based on fair value less costs of disposal) of an asset or cash generating unit is required to be disclosed only when an impairment loss is recognised or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised.

Amendments to FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 139 provides relief from discontinuing hedge accounting in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. As a result of the amendments, continuation of hedge accounting is permitted if as a consequence of laws or regulations, the parties to hedging instrument agree to have one or more clearing counterparties replace their original counterparty and the changes to the terms arising from the novation are consistent with the terms that would have existed if the novated derivative were originally cleared with the central counterparty.

IC Int 21 Levies

IC Int 21 addresses the accounting for a liability to pay a government levy (other than income taxes and fine or other penalties that imposed for breaches of the legislation) if that liability is within the scope of FRS 137 Provisions, Contingent Liabilities and Contingent Assets. This interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers the payment of the levy, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is recognised progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specific minimum threshold is reached. The adoption of IC Int 21 has no significant impact to the financial statements of the Group and of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 New FRS, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Cont'd)

(b) New FRS and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new FRS and amendments/improvements to FRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
New FRSs		
FRS 9	Financial Instruments	1 January 2018
Amendments/Improvements to FRSs		
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2014
FRS 2	Share-based Payment	1 July 2014
FRS 3	Business Combinations	1 July 2014
FRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
FRS 7	Financial Instruments: Disclosures	1 January 2016
FRS 8	Operating Segments	1 July 2014
FRS 10	Consolidated Financial Statements	1 January 2016
FRS 11	Joint Arrangements	1 January 2016
FRS 12	Disclosures of interests in other Entities	1 January 2016
FRS 13	Fair Value Measurement	1 July 2014
FRS 101	Presentation of Financial Statements	1 January 2016
FRS 116	Property, Plant and Equipment	1 July 2014/ 1 January 2016
FRS 119	Employee Benefits	1 July 2014/ 1 January 2016
FRS 124	Related Party Disclosures	1 July 2014
FRS 127	Separate financial statements	1 January 2016
FRS 128	Investments in Associates and Joint Ventures	1 January 2016
FRS 138	Intangible Assets	1 July 2014/ 1 January 2016
FRS 140	Investment Property	1 July 2014

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 New FRS, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Cont'd)

(b) New FRS and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Cont'd)

FRS 9 Financial Instruments

FRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

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

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

Impairment
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.

Hedge accounting
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 2 Share-based Payment

Amendments to FRS 2 clarifies the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

Amendments to FRS 3 Business Combinations

Amendments to FRS 3 clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to FRS 132 Financial Instruments: Presentation. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, amendments to FRS 3 clarifies that FRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in FRS 11 *Joint Arrangements*) in the financial statements of the joint arrangement itself.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 New FRS, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Cont'd)

(b) New FRS and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Cont'd)

Amendments to FRS 7 Financial Instruments: Disclosures

Amendments to FRS 7 provides 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 8 Operating Segments

Amendments to FRS 8 requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The Amendments also clarifies that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

Amendments to FRS 11 Joint Arrangements

Amendments to FRS 11 clarifies that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in FRS 3 Business Combinations, it shall apply the relevant principles on business combinations accounting in FRS 3, and other FRSs, that do not conflict with FRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets / liabilities and recognition of acquisition-related costs as expenses. The Amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

Amendments to FRS 13 Fair Value Measurement

Amendments to FRS 13 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The Amendments also clarifies that the scope of the portfolio exception of FRS 13 includes all contracts accounted for within the scope of FRS 139 *Financial Instruments: Recognition and Measurement* or FRS 9 *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in FRS 132 *Financial Instruments: Presentation*.

Amendments to FRS 101 Presentation of Financial Statements

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 New FRS, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Cont'd)

(b) New FRS and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Cont'd)

Amendments to FRS 116 Property, Plant and Equipment

Amendments to FRS 116 clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and

- the accumulated depreciation/amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

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

Amendments to FRS 119 Employee Benefits

Amendments to FRS 119 provides a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by FRS 119 for the gross benefit (i.e. either based on the plan's contribution formula or on a straight-line basis).

In addition, the Amendments clarifies 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 124 Related Party Disclosures

Amendments to FRS 124 clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

Amendments to FRS 127 Separate Financial Statements

Amendments to FRS 127 allows 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 New FRS, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Cont'd)

(b) New FRS and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Cont'd)

Amendments to FRS 138 Intangible Assets

Amendments to FRS 138 introduces a rebuttable presumption that the revenue-based amortisation method is inappropriate (for the same reasons as per the Amendments to FRS 116). This presumption can be overcome only in the limited circumstances:-

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or

- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to FRS 140 Investment Property

Amendments to FRS 140 clarifies that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in FRS 3 and investment property as defined in FRS 140 requires the separate application of both Standards independently of each other.

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 (whether it is housed in a subsidiary or not), as defined in FRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

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 addresses the following issues that have arisen in the application of the consolidation exception for investment entities:-
- Exemption from presenting consolidated financial statements:- the Amendments clarifies 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 clarifies 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 allows 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 New FRS, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Cont'd)

(c) MASB Approved Accounting Standards, MFRSs

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

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1st 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 1st January 2017. 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 1st 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 31st December 2017. The main effects arising from the transition to the MFRSs Framework are discussed below.

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

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

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

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

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:

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 New FRS, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Cont'd)

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

Amendments to MFRS 141 Agriculture

MFRS 141 requires a biological asset shall be measured on initial recognition and at the end of each reporting period at 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.

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.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

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

2.3 Significant Accounting Policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:-

2.3.1 Basis of Consolidation

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

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

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in the other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, and equity instruments issued, plus any cost directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.3.6 to the financial statements. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquire are reassessed on acquisition date unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

2.3.1 Basis of Consolidation (Cont'd)

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

Transaction costs for acquisition between 1st January 2006 and 1st January 2011, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

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

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 adopted FRS 10, Consolidated Financial Statements in the current financial year. This resulted in changes to the following policies:

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

2.3.2 Transactions with Non-controlling Interests

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

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

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

2.3.3 Foreign Currency

(i) Functional and Presentation Currency

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

(ii) Foreign Currency Transactions

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

2.3.3 Foreign Currency (Cont'd)

(iii) Foreign Operations

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

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

2.3.4 Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. 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 of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in 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.

Subsequent to recognition, property, plant and equipment, except for freehold land, are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is stated at cost less impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in- progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Power plant under construction is stated at cost and is transferred to the relevant category of assets and depreciated accordingly when it is completed and ready for commercial use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

2.3.4 Property, Plant and Equipment and Depreciation (Cont'd)

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. The depreciable amount is determined after deducting the residual value. 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:-

Freehold buildings	2%
Leasehold land and buildings	Between 15 and 95 years
Plant, machinery and equipment	10% - 50%
Truck and motor vehicles	5% - 20%
Renovations, electrical installation, furniture and fittings	10% - 20%
Office equipment	10%

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

The depreciation method, useful life 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 embodied in the items of property, plant and equipment.

Previously, leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring leasehold land that was accounted for as an operating lease represents prepaid lease payments. In the previous financial year, the Group adopted the amendments made to FRS 117 Leases in relation to the classification of lease of land. The Group's leasehold land which in substance is a finance lease has been reclassified as property, plant and equipment and measured as such retrospectively.

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.

2.3.5 Investment Properties

Investment properties are properties 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 fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties under construction ("IPUC") are measured at fair value when fair value can be reliably determined. However, the fair value is not reliably determinable, IPUC are measured at cost less impairment, if any.

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. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the financial year in which they arise.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

2.3.6 Intangible Assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

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

For acquisition between 1st January 2006 and 1st January 2011, goodwill represents the excess of the cost of the acquisition over the Group's net interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

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

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

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.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1st January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.3.3 (iii) to the financial statements.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1st January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

2.3.7 Impairment of Non-Financial Assets

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

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

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

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

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in subsequent period.

2.3.8 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Investments 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 the carrying values may not be recoverable.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

2.3.9 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

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

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.3.10 Joint Arrangements

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

The Group adopted FRS 11 *Joint Arrangements* in the current financial year. As a result, joint arrangements are classified and accounted for as follows:-

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

2.3.10 Joint Arrangements (Cont'd)

In the previous financial years, joint arrangements were classified and accounted for as follows:-

- For jointly controlled entity, the Group accounted for its interest using equity method.
- For jointly controlled asset or jointly controlled operation, the Group and the Company accounted for each its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors.

The change in accounting policy has been made retrospectively and in accordance with the transitional provisional of FRS 11.

The Company has interests in a joint venture which is a jointly controlled entity. Investment in joint venture is accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.3.9 to the financial statements.

In the statement of financial position of the Company, investment in joint venture stated at cost less accumulated impairment losses.

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

2.3.11 Financial Assets

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

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

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

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

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

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

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

As at the end of financial period, there were no financial assets classified under this category.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

2.3.11 Financial Assets (Cont'd)

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investment

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

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

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

As at the end of financial period, there were no financial assets classified under this category.

(iv) Available-for-sale financial assets

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

2.3.12 Impairment of Financial Assets

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

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

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

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

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

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

(ii) *Unquoted equity securities carried at cost*

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

2.3.13 Construction Contracts

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

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

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

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

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

2.3.14 Property Development Activities

(i) Land Held for Property Development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. Where land held for property development had previously been recorded at a revalued amount, the revalued amount is retained as its surrogate cost.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Pre-acquisition costs are charged to the profit or loss as incurred unless such costs are directly identifiable to the consequent property development activity.

Land held for property development is transferred to current asset at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property Development Costs

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

2.3.14 Property Development Activities (Cont'd)

(ii) Property Development Costs (Cont'd)

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

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

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

2.3.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes the cost of materials, labours and an appropriate proportion of production overheads.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

2.3.16 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits (other than deposits pledged with financial institutions), bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude deposits pledged to secure banking facilities.

2.3.17 Financial Liabilities

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

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

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

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

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

As at the end of financial period, there were no financial liabilities classified under this category.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

2.3.17 Financial Liabilities (Cont'd)

(ii) Other financial liabilities

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

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

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

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

2.3.18 Financial Guarantee Contracts

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

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

2.3.19 Leases

(i) Finance leases

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 acquired, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

2.3.19 Leases (Cont'd)

(ii) Operating leases

Leases where the Group retains substantially all the risks and rewards of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

Operating lease payments are recognised as expense in profit or loss on a straight line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

2.3.20 Provisions for Liabilities

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer that an outflow of resources embodying economic benefits 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.

2.3.21 Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. 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.

2.3.22 Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

2.3.22 Employee Benefits (Cont'd)

(iii) Share-based Compensation

At grant date, the fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest.

2.3.23 Revenue Recognition

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 recognised:-

(i) Construction Contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.3.13 to the financial statements.

(ii) Property Development

There is completed project transfer to inventories.

Revenue from sale of development properties is accounted for by the stage of completion method as described in Note 2.3.14(ii) to the financial statements.

Revenue relating to sale of completed properties is recognised, net of discounts, upon the transfer of significant risks and rewards of ownership to the buyers.

(iii) Sales of Goods

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

(iv) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(v) Interest Income

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

The notional interest income resulting from the accretion or unwinding its financial asset using effective interest method is recognised in the profit or loss.

(vi) Dividend Income

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

(vii) Rental Income

Rental income is recognised on an accrual basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

2.3.24 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 end of the reporting period.

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 end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

2.3.24 Income Taxes (Cont'd)

(ii) Deferred Tax (Cont'd)

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

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

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

2.3.25 Operating Segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate 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, which is the Group Executive Committee, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2.3.26 Share Capital and Share Issuance Expenses

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

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

2.3.27 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

2.3.28 Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

2.3.29 Earnings Per Share ("EPS")

The Group presents basic and diluted earnings per share data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares, which comprise convertible notes, bonus issue and share options granted to employees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

2.3.30 Fair Value Measurements

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

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

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

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

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

Level 3: unobservable inputs for the asset or liability.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

(i) Classification of Leasehold Land (Note 4)

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, Management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, Management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(ii) Classification between Investment Properties and Owner-Occupied Properties (Note 5)

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Certain properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

3. **SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)**

(iii) Assessment of Significant Influence on Equity Instruments (Note 8)

Judgement is involved in determining whether the Group has any significant influence on equity investments. The directors considered the Group's power to participate in the financial and operating policy decisions. Where there is significant influence, the equity investment will be accounted for as an associate using the equity method.

(iv) Depreciation of Property, Plant and Equipment (Note 4)

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial 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.

(v) Income Taxes (Note 30)

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.

(vi) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the Management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(vii) Allowance for Inventories (Note 15)

Reviews are made periodically by Management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(viii) Impairment of Loans and Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. The Management specifically reviews its loans and receivables 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 credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(ix) Impairment of Available-for-Sale Financial Assets (Note 10)

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

(x) Impairment of Goodwill (Note 6)

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires Management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(xi) Share-based Payments (Note 21)

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimation of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them.

(xii) Property Development (Note 11)

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

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

(xiii) Construction (Note 16)

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

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

(xiv) Impairment of Investment in Subsidiaries, Associates and Unquoted Shares (Note 7, 8 and 10)

The Group and the Company carried out the impairment test based on a variety of estimation including the value-in-use of the cash-generating unit. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

4. **PROPERTY, PLANT AND EQUIPMENT**

Group 2014	Freehold land and buildings RM'000	Long leasehold land and buildings RM'000	Short leasehold land and buildings RM'000	Plant, machinery and equipment RM'000	Renovation, electrical installation, furniture and fittings RM'000	Office equipment RM'000	Truck and motor vehicles RM'000	Capital work-in-progress RM'000	Power plant under construction RM'000	Total RM'000
Cost										
At 1st January 2014	5,846	25,581	3,626	78,280	30,909	17,065	61,544	4,399	7,764	235,014
Additions	3 ,200	727	–	17,989	842	1,614	6,783	1 ,198	16,987	49,340
Disposals	(1,375)	–	–	(275)	(49)	(181)	(4,265)	–	–	(6,145)
Written off	–	–	(768)	(5,653)	(2,399)	(813)	(289)	–	–	(9,922)
Reclassification	2,454	–	–	–	–	–	–	(2,454)	–	–
Exchange differences	–	–	–	1 ,002	563	82	66	–	–	1,713
At 31st December 2014	10,125	26,308	2,858	91,343	29,866	17,767	63,839	3,143	24,751	270,000
Accumulated depreciation										
At 1st January 2014	264	3,793	2,601	50,169	11,279	12,521	39,613	–	–	120,240
Depreciation for the financial year	47	303	72	5,540	1 ,405	976	6,066	11	–	14,420
Disposals	(121)	–	–	(139)	(16)	(108)	(3,500)	–	–	(3,884)
Written off	–	–	(768)	(5,608)	(1,987)	(786)	(289)	–	–	(9,438)
Reclassification	(6)	6	–	1	–	(1)	–	–	–	–
Exchange differences	–	–	–	248	122	25	48	–	–	443
At 31st December 2014	184	4,102	1,905	50,211	10,803	12,627	41,938	11	–	121,781
Net book value as at 31st December 2014	**9,941**	**22,206**	**953**	**41,132**	**19,063**	**5,140**	**21,901**	**3,132**	**24,751**	**148,219**

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2013	Freehold land and buildings RM'000	Long leasehold land and buildings RM'000	Short leasehold land and buildings RM'000	Plant, machinery and equipment RM'000	Renovation, electrical installation, furniture and fittings RM'000	Office equipment RM'000	Truck and motor vehicles RM'000	Capital work-in-progress RM'000	Power plant under construction RM'000	Total RM'000
Cost										
At 1st January 2013	5,846	23,350	3,626	76,361	29,381	16,443	55,851	1,054	–	211,912
Additions	–	1,466	–	4,828	523	708	7,764	4,110	7,764	27,163
Disposals	–	–	–	(58)	(150)	(135)	(2,107)	–	–	(2,450)
Written off	–	–	–	(15)	–	(89)	–	–	–	(104)
Reclassification	–	765	–	(1)	(16)	17	–	(765)	–	–
Exchange differences	–	–	–	(2,835)	1,171	121	36	–	–	(1,507)
At 31st December 2013	5,846	25,581	3,626	78,280	30,909	17,065	61,544	4,399	7,764	235,014
Accumulated depreciation										
At 1st January 2013	232	3,535	2,547	46,470	9,850	11,621	36,068	–	–	110,323
Depreciation for the financial year	32	258	54	4,424	1,396	1,008	5,205	–	–	12,377
Disposals	–	–	–	(33)	(131)	(77)	(1,732)	–	–	(1,973)
Written off	–	–	–	(15)	–	(66)	–	–	–	(81)
Reclassification	–	–	–	–	(5)	5	–	–	–	–
Exchange differences	–	–	–	(677)	169	30	72	–	–	(406)
At 31st December 2013	264	3,793	2,601	50,169	11,279	12,521	39,613	–	–	120,240
Net book value as at 31st December 2013	5,582	21,788	1,025	28,111	19,630	4,544	21,931	4,399	7,764	114,774

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company 2014	Freehold land and buildings RM'000	Long leasehold land and buildings RM'000	Plant, machinery and equipment RM'000	Renovation, electrical installation furniture and fittings RM'000	Office equipment RM'000	Truck and motor vehicles RM'000	Total RM'000
Cost							
At 1st January 2014	**1,375**	**20,560**	**875**	**3,519**	**1,459**	**793**	**28,581**
Additions	**–**	**–**	**–**	**23**	**59**	**583**	**665**
Disposals	**(1,375)**	**–**	**–**	**–**	**–**	**(199)**	**(1,574)**
At 31st December 2014	**–**	**20,560**	**875**	**3,542**	**1,518**	**1,177**	**27,672**
Accumulated depreciation							
At 1st January 2014	**110**	**3,527**	**504**	**3,221**	**1,289**	**380**	**9,031**
Depreciation for the financial year	**12**	**223**	**131**	**61**	**39**	**120**	**586**
Disposals	**(122)**	**–**	**–**	**–**	**–**	**(199)**	**(321)**
At 31st December 2014	–	**3,750**	**635**	**3,282**	**1,328**	**301**	**9,296**
Net book value at 31st December 2014	**–**	**16,810**	**240**	**260**	**190**	**876**	**18,376**
Company 2013							
Cost							
At 1st January 2013	1,375	20,560	875	3,470	1,424	851	28,555
Additions	–	–	–	49	52	–	101
Disposals	–	–	–	–	(17)	(58)	(75)
At 31st December 2013	1,375	20,560	875	3,519	1,459	793	28,581
Accumulated depreciation							
At 1st January 2013	94	3,303	373	3,175	1,234	298	8,477
Depreciation for the financial year	16	224	131	46	71	123	611
Disposals	–	–	–	–	(16)	(41)	(57)
At 31st December 2013	110	3,527	504	3,221	1,289	380	9,031
Net book value at 31st December 2013	1,265	17,033	371	298	170	413	19,550

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Included in property, plant and equipment of the Group is a freehold land with a net book value of RM935,000/- (2013: RM935,000 /-) which is held in trust by a former director of the Company.

(b) The net book value of property, plant and equipment of the Group charged to licensed financial institutions for banking facilities granted to the Group are as follows:-

	Group	
	2014 RM'000	2013 RM'000
Freehold land and buildings	**9,008**	3,388
Long leasehold land and buildings	**3,528**	2,774
Plant, machinery and equipment	**3,847**	4,661
Trucks and motor vehicles	**108**	594
Renovations, electrical installation and furniture and fittings	**443**	78
Office equipment	**571**	327
Capital work-in-progress	**–**	2,304
	17,505	14,126

(c) The net book value of property, plant and equipment acquired under hire purchase arrangements are as follows:-

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Plant, machinery and equipment	**3,961**	3,961	**–**	–
Truck and motor vehicles	**19,295**	19,230	**876**	412
	23,256	23,191	**876**	412

(d) The power plant under construction represents construction costs incurred to date in respect of the mini hydro power plant which will be depreciated upon the completion of construction works and the commencement of operations.

5. INVESTMENT PROPERTIES

	Group	
	2014 RM'000	2013 RM'000
At 1st January	**103,638**	39,604
Addition from subsequent expenditure	**14,136**	65,079
Change in fair value recognised in profit or loss	**67,140**	–
Disposal	**(4,802)**	(1,045)
At 31st December	**180,112**	103,638

Included in the above are:

At fair value		
Leasehold land	**112**	112
Freehold land and building	**180,000**	–
At cost		
Freehold land and building under construction	**–**	103,526
	180,112	103,638

5. INVESTMENT PROPERTIES (CONT'D)

Fair value of investment properties are categorised as follow:-

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2014				
Leasehold land	**–**	**–**	**112**	**112**
Freehold land and building	**–**	**180,000**	**–**	**180,000**
2013				
Leasehold land	–	–	112	112

Level 2 fair value

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

Level 3 fair value

The leasehold land of the Group are categorised under the Level 3 fair value. Level 3 fair value is estimated using unobservable input for the investment properties.

Valuation method and key input	Significant unobservable input	Relationship of unobservable input and fair value
Information available through internal research and directors' best estimation.	Estimated selling price of comparable properties in close proximity.	The higher the estimated selling price, the higher the fair value.

(i) Level 1: Quoted prices (unadjusted) in active markets for identical investment property that the entity can access at the measurement date.

(ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The investment property has been determined based on valuation conducted. Valuation was determined by independent valuers by reference to estimated open market valuation. The directors are of the opinion that there are no material changes to the fair value of the investment properties since the last valuation.

(iii) Level 3: Inputs for the investment property that is not based on observable market data (unobservable inputs).

In the last financial year, the investment property under construction which comprise of land and building is stated at cost as the directors are of the opinion that the fair value of the investment property cannot be reliably and separately determined due to the nature of the property which is under construction and project risk involved in completing the investment property.

5. INVESTMENT PROPERTIES (CONT'D)

Details of the freehold land and building under construction are as follows:-

Freehold Land & Building under construction

	Group	
	2014 RM'000	**2013 RM'000**
Freehold land, at cost		
At 1st January/31st December	**19,951**	19,951
Development cost		
At 1st January	**84,620**	19,541
Costs incurred during the financial year	**14,136**	65,079
At 31st December	**98,756**	84,620
Disposal	**(5,847)**	(1,045)
Transfer upon completion	**(112,860)**	–
Total freehold land and building under construction	**–**	103,526

6. GOODWILL

	Group	
	2014 RM'000	**2013 RM'000**
Cost		
At 1st January	**13,585**	350
Addition arising from business combination	**1,000**	13,235
At 31st December	**14,585**	13,585

As disclosed in Note 33(a), Bina Puri Properties Sdn. Bhd., a wholly-owned subsidiary of the Group acquired Ascotville Development Sdn. Bhd. for a total consideration of RM1 million during the financial year. The acquisition resulted in goodwill of RM 1 million.

In previous financial year, Bina Puri Properties Sdn. Bhd., a wholly-owned subsidiary of the Group acquired Semarak Semerah Sdn. Bhd. ("SSSB") and indirectly held Star Effort Sdn. Bhd. ("SESB") through SSSB for a total consideration of RM25,000,000/-. The acquisition resulted in a goodwill of RM13,235,000/-.

6. GOODWILL (CONT'D)

Impairment testing for cash generating units ("CGU") containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amount of goodwill is allocated to each unit as follows:-

	Group	
	2014	**2013**
	RM'000	**RM'000**
Power supply division	**350**	350
Property division	**14,235**	13,235
	14,585	13,585

Management has assessed the recoverable amounts of goodwill based on value-in-use calculations determined by discounting future cash flows generated from the continuing use of the CGU's covering a period of 5 years and considering the terminal value of the CGUs.

Management estimates that the CGUs will generate revenue based on its estimated capacity throughout the projected period.

The value assigned to the key assumptions (eg. sales growth & gross margin) represent management assessment of future trends of the two divisions and is based on both external and internal sources of information.

The Management prepares cash flows forecasts derived from the most recent financial budgets for next five years and extrapolates cash flows for the next five years based on estimated growth rates ranging from 1% to more than 100%. A pre-tax discount rate is at 4.13% has been applied in arriving at the present value of future cash flows.

Sensitivity to changes in assumptions

Management believes that while cash flows projections are subject to inherent uncertainty, any reasonably possible changes to the key assumptions utilised in assessing the recoverable amount have been considered. The Management is of the opinion that any such changes in any of the key assumptions would not cause the recoverable amount of the units to be materially below their carrying amount.

7. INVESTMENT IN SUBSIDIARIES

	Company 2014 RM'000	Company 2013 RM'000
Unquoted shares - at cost		
At 1st January		
In Malaysia	**88,580**	88,405
Outside Malaysia	**1,845**	1,845
	90,425	90,250
Addition during the financial year:		
In Malaysia	**4,000**	175
	94,425	90,425
Less: Accumulated impairment losses	**(4,510)**	(4,510)
At 31st December	**89,915**	85,915

(a) Details of the subsidiaries are as follows:-

Name of Company	Principal Place of Business/ Country of Incorporation	Effective Proportion Ownership/ Voting Rights 2014 %	Effective Proportion Ownership/ Voting Rights 2013 %	Principal activities
Held by the Company				
Bina Puri Sdn. Bhd.	Malaysia	**100**	100	Contractor of earthworks, buildings and road construction
Bina Puri Construction Sdn. Bhd.	Malaysia	**100**	100	Contractor of earthworks, buildings, road construction and property development
Aksi Bina Puri Sdn. Bhd. ^	Malaysia	**60**	60	Investment holding
Bina Puri Ventures Sdn. Bhd.	Malaysia	**100**	100	Investment holding and contractor of earthworks, buildings and road construction
Bina Puri Infrastructure Pte. Ltd. ^	India	**100**	100	Inactive
Bina Puri KL Sdn. Bhd. *(fka. Bina Puri (Libya) Sdn. Bhd.)*	Malaysia	**100**	100	Inactive
Gugusan Murni Sdn. Bhd. ^	Malaysia	**100**	100	Property developer
Maskimi Venture Sdn. Bhd.	Malaysia	**100**	100	Commission agent
Bina Puri Power Sdn. Bhd.	Malaysia	**80**	80	Investment holding
DPBS-BPHB Sdn. Bhd. ^	Malaysia	**60**	60	Investment holding
Bina Puri Juara Sdn. Bhd.	Malaysia	**100**	100	Investment holding
Bina Puri Gah Sdn. Bhd. ^	Malaysia	**60**	60	Inactive

7. **INVESTMENT IN SUBSIDIARIES (CONT'D)**

(a) Details of the subsidiaries are as follows:- (Cont'd)

Name of Company	Principal Place of Business/ Country of Incorporation	Effective Proportion Ownership/ Voting Rights 2014 %	2013 %	Principal activities
Held by the Company				
Bina Puri Pakistan (Private) Ltd. ^	Pakistan	**99.97**	99.97	Builder of motorway
Bina Puri (B) Sdn. Bhd. ^	Brunei Darussalam	**90**	90	Contractor of earthworks, buildings and road construction
Bina Puri Properties (B) Sdn. Bhd. ^	Brunei Darussalam	**100**	100	Renting of service apartment and property management
Karak Spring Sdn. Bhd. *(fka. Bina Puri Power Nepal Sdn. Bhd.)*	Malaysia	**100**	100	Inactive
Bina Puri Properties Sdn. Bhd. ^	Malaysia	**100**	100	Property developer and management
Crystal Crown Aerocity Sdn. Bhd. ^	Malaysia	**70**	70	Inactive
Bina Puri Hong Kong Limited ^	Hong Kong	**100**	100	Property developer and management
Held through Bina Puri Properties Sdn. Bhd.				
Semarak Semerah Sdn. Bhd. ^	Malaysia	**100**	100	Investment holding
Ascotville Development Sdn. Bhd. ^	Malaysia	**100**	-	Property developer and management
Held through Bina Puri Sdn. Bhd.				
Bina Puri Mining Sdn. Bhd. ^	Malaysia	–	100	Quarry operator
Konsortium Syarikat Bina Puri-TA3 JV Sdn. Bhd.	Malaysia	**70**	70	Contractor of earthworks, buildings and road construction
Bina Puri Builder Sdn. Bhd. *(fka.Hamay Glass Sdn. Bhd.)* ^	Malaysia	**100**	–	Inactive
Held through Bina Puri Construction Sdn. Bhd.				
Latar Project Management *Sdn. Bhd.* ^	Malaysia	**60**	60	Inactive

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Details of the subsidiaries are as follows:- (Cont'd)

Name of Company	Principal Place of Business/ Country of Incorporation	Effective Proportion Ownership/ Voting Rights 2014 %	2013 %	Principal activities
Held through Bina Puri Construction Sdn. Bhd.				
Bina Puri Cambodia Ltd. *	Cambodia	**100**	100	Inactive
Bina Puri Development Sdn. Bhd. ^	Malaysia	**100**	100	Inactive
Bina Puri Vietnam Co. Ltd. *	Vietnam	**–**	100	Strike off
Held through Bina Puri Ventures Sdn. Bhd.				
Maskimi Polyol Sdn. Bhd.	Malaysia	**90**	90	Manufacturer of polyol
Bina Puri Builder Sdn. Bhd. *(fka.Hamay Glass Sdn. Bhd.)* ^	Malaysia	**–**	65	Inactive
Held through DPBSBPHB Sdn. Bhd.				
Konsortium DPBSH-BPHB-AGSB Sdn. Bhd. *	Malaysia	**55**	55	Contractor of earthworks, buildings and road construction
Held through Bina Puri Power Sdn. Bhd.				
PT Megapower Makmur ^	Republic of Indonesia	**80**	80	Power supply
Held through Bina Puri Juara Sdn. Bhd.				
Bina Puri Mining Sdn. Bhd. ^	Malaysia	**100**	-	Quarry operator
Sungai Long Bricks Sdn. Bhd.	Malaysia	**100**	-	Manufacturer of bricks
Sungai Long Industries Sdn. Bhd.	Malaysia	**51**	51	Quarry operator and contractor of road paving projects
Easy Mix Sdn. Bhd. ^	Malaysia	**100**	100	Producer of ready mix concrete
KM Quarry Sdn. Bhd.	Malaysia	**70**	70	Quarry operator and contractor of road paving projects
Held through Sungai Long Industries Sdn. Bhd.				
Sungai Long Bricks Sdn. Bhd.	Malaysia	**–**	100	Manufacturer of bricks

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Details of the subsidiaries are as follows:- (Cont'd)

Name of Company	Principal Place of Business/ Country of Incorporation	Effective Proportion Ownership/ Voting Rights 2014 %	2013 %	Principal activities
Held through Aksi Bina Puri Sdn. Bhd.				
Sumbangan Lagenda Sdn. Bhd. ^	Malaysia	**55**	55	Property developer and management
Karak Land Sdn. Bhd. *(fka M Kod Innovations Sdn. Bhd.)* ^	Malaysia	**70**	–	Investment holding
Held through Semarak Semerah Sdn. Bhd.				
Star Effort Sdn. Bhd. ^	Malaysia	**95**	95	Property developer

^ *Audited by audit firms other than Baker Tilly Monteiro Heng.*

* *Subsidiaries without audited financial statements and auditors' reports but the unaudited financial statements of the subsidiaries were adopted by the Group for the purpose of the financial statements of the Group.*

(b) Acquisition, disposal and additional investment of subsidiary companies

(i) On 27th March 2014, Bina Puri Ventures Sdn. Bhd. acquired an additional 30% equity interest in Bina Puri Builder Sdn. Bhd. (fka. Hamay Glass Sdn. Bhd.) from its non-controlling interests for cash consideration of RM2/-. The acquisition has completed in current financial year and had no significant impact to the Group's financial position as at 31st December 2014.

(ii) On 24th April 2014, Bina Puri Sdn. Bhd., a wholly-owned subsidiary of the Company disposed of its 100% equity interests in Bina Puri Mining Sdn. Bhd. to Bina Puri Juara Sdn. Bhd. for a total cash consideration of RM4.8 milion. No disclosure is made on the effects of the disposal as there is no significant financial impact to the financial position of the Group as at 31st December 2014.

(iii) On 28th April 2014, Bina Puri Ventures Sdn. Bhd. and Maskimi Venture Sdn. Bhd., wholly-owned subsidiaries of the Company disposed of its 95% and 5% equity interests respectively in Bina Puri Builder Sdn. Bhd. (fka. Hamay Glass Sdn. Bhd.) to Bina Puri Sdn. Bhd. for a total cash consideration of RM1,425,000/- and RM75,000/- respectively. No disclosure is made on the effects of the disposal as there is no significant financial impact to the financial position of the Group as at 31st December 2014.

(iv) On 19th May 2014, Sungai Long Industries Sdn. Bhd., a 51% owned subsidiary of the Company disposed of its 100% equity interests in Sungai Long Bricks Sdn. Bhd. to Bina Puri Juara Sdn. Bhd. for a total cash consideration of RM600,000/-. No disclosure is made on the effects of the disposal as there is no significant financial impact to the financial position of the Group as at 31st December 2014.

(v) On 17th December 2014, the Company increased its investment in Bina Puri Properties Sdn. Bhd. ("BPPSB") by subscribing additional 4,000,000 new ordinary shares for a total cash consideration of RM4,000,000/- while retained its equity interest of 100% in BPPSB. The acquisition has completed in current financial year and had no significant impact to the Group's financial position as at 31st December 2014.

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling Interests in Subsidiary Companies

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

	Aksi Bina Puri Sdn. Bhd. RM'000	Sumbangan Lagenda Sdn. Bhd. RM'000	Other individually immaterial subsidiary companies RM'000	Total RM'000
2014				
NCI percentage of ownership interest and voting interest	**40%**	**67%**		
Carrying amount of NCI	**15,093**	**30,731**	**9,482**	**55,306**
Profit/(loss) allocated to NCI	**14,566**	**29,811**	**(3,372)**	**41,005**

Summarised financial information before intra-group elimination:-

	Aksi Bina Puri Sdn. Bhd. RM'000	Sumbangan Lagenda Sdn. Bhd. RM'000
As at 31st December 2014		
Non-current assets	**125**	**180,857**
Current assets	**183**	**20,099**
Non-current liabilities	**–**	**58,955**
Current liabilities	**59**	**73,710**
Net assets	**367**	**333,621**
Financial year ended 31st December 2014		
Revenue	**–**	**52,520**
(Loss)/profit for the financial year	**(20)**	**66,246**
Total comprehensive income	**(20)**	**66,246**
Cash flows from operating activities	**(20)**	**55,326**
Cash flows from investing activities	**(70)**	**4,874**
Cash flows from financing activities	**123**	**(65,617)**
Net increase in cash and cash equivalents	**33**	**(5,417)**
Dividend paid to NCI	**–**	**–**

7. **INVESTMENT IN SUBSIDIARIES (CONT'D)**

Non-controlling Interests in Subsidiary Companies (Cont'd)

	Aksi Bina Puri Sdn. Bhd. RM'000	Bina Puri (B) Sdn. Bhd. RM'000	Bina Puri Power Sdn. Bhd. RM'000	Sungai Long Industries Sdn. Bhd. RM'000	Other individually immaterial subsidiary companies RM'000	Total RM'000
2013						
NCI percentage of ownership interest and voting interest	40%	10%	20%	49%		
Carrying amount of NCI	1,447	(1,442)	1,454	11,347	1,409	14,215
Profit/(loss) allocated to NCI	837	(1,073)	38	859	(74)	587

Summarised financial information before intra-group elimination:-

As at 31st December 2013

	Aksi Bina Puri Sdn. Bhd. RM'000	Bina Puri (B) Sdn. Bhd. RM'000	Bina Puri Power Sdn. Bhd. RM'000	Sungai Long Industries Sdn. Bhd. RM'000
Non-current assets	115,947	1,578	19,139	9,369
Current assets	130,981	31,582	4,501	30,413
Non-current liabilities	(739)	–	(8,726)	(946)
Current liabilities	(244,825)	(47,580)	(13,568)	(15,679)
Net assets	1,364	(14,420)	1,346	23,157

	Aksi Bina Puri Sdn. Bhd. RM'000	Bina Puri (B) Sdn. Bhd. RM'000	Bina Puri Power Sdn. Bhd. RM'000	Sungai Long Industries Sdn. Bhd. RM'000
Financial year ended 31st December 2013				
Revenue	44,514	10,302	8,632	45,782
Profit/(loss) for the financial year	662	(10,734)	(277)	1,753
Total comprehensive income/(loss)	662	(10,734)	(277)	1,753
Cash flows from operating activities	(58,988)	24,094	2,560	1 ,151
Cash flows from investing activities	(69,531)	113	(10,504)	(171)
Cash flows from financing activities	133,183	(13,376)	7,831	(1,083)
Net (decrease)/increase in cash and cash equivalents	4,664	10,831	(113)	(103)
Dividend paid to NCI	–	–	–	–

8. INVESTMENT IN ASSOCIATES

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Unquoted shares - at cost				
In Malaysia	**31,225**	1,165	**30,615**	615
Outside Malaysia	**3,916**	3,916	**3,916**	3,916
	35,141	5,081	**34,531**	4,531
Transfer from other investment:				
In Malaysia	**–**	30,000	**–**	30,000
Addition during the financial year:				
In Malaysia	**1,325**	60	**1,325**	–
	36,466	35,141	**35,856**	34,531
Add: Share of post acquisition results	**(20,980)**	982	**–**	–
	15,486	36,123	**35,856**	34,531

(a) Share of results in associates are based on the audited financial statements of theassociates made up to the end of the financial year.

(b) Details of the associates are as follows:-

Name of Company	Principal Place of Business/ Country of Incorporation	Proportion Ownership/ Voting Rights 2014 %	2013 %	Principal activities
Held through the Company				
Bina Puri Holdings (Thailand) Ltd. ^	Thailand	**49**	49	Investment holding
Bina Puri (Thailand) Ltd. ^	Thailand	**49**	49	Contractor of earthworks, buildings and road construction
Bina Puri Norwest Sdn. Bhd. ^	Malaysia	**50**	50	Property development
Bina Puri Saudi Co. Ltd. ^	Arab Saudi	**50**	50	Contractor of earthworks, buildings and road construction
BP Energy Sdn. Bhd.	Malaysia	**49**	49	Oil & gas and related business
KL-Kuala Selangor Expressway Berhad ^	Malaysia	**50**	50	Builder and operator of an expressway
Held through Sungai Long Industries Sdn. Bhd.				
Rock Processors (Melaka) Sdn. Bhd. ^	Malaysia	**–**	40	Quarry operator and contractor of road paving project

8. INVESTMENT IN ASSOCIATES (CONT'D)

(b) Details of the associates are as follows:- (Cont'd)

Name of Company	Principal Place of Business/ Country of Incorporation	Effective Proportion Ownership/ Voting Rights 2014 %	2013 %	Principal activities
Held through Bina Puri Juara Sdn. Bhd.				
Dimara Building System Sdn. Bhd. ^	Malaysia	**30**	30	Contractor in steel engineering works
Rock Processors (Melaka) Sdn. Bhd. ^	Malaysia	**40**	–	Quarry operator and contractor of road paving project

^ *Audited by audit firms other than Baker Tilly Monteiro Heng.*

(c) The summarised financial information of the associates is as follows:-

	Group 2014 RM'000	2013 RM'000
Assets and liabilities		
Total assets	**1,284,871**	1,248,299
Total liabilities	**1,344,876**	1,266,658
Results		
Revenue	**102,385**	90,318
Loss after taxation	**45,038**	(32,495)

(d) On 19th May 2014, Sungai Long Industries Sdn. Bhd. disposed of its 40% equity interests in Rock Processors (Melaka) Sdn. Bhd. to Bina Puri Juara Sdn. Bhd. for a total cash consideration of RM400,000/-. No disclosure is made on the effects of this disposal as there is no significant financial impact to the financial position of the Group.

(e) On 31st December 2014, the Group increased its investment in Bina Puri Norwest Sdn. Bhd. ("BPNSB") by subscribing additional 1,325,000 new ordinary shares for a total cash consideration of RM1,325,000/- while retains its equity interest of 50% in BPNSB.

9. INVESTMENT IN A JOINT VENTURE

	Group 2014 RM'000	2013 RM'000
Unincorporated, outside Malaysia		
- share of post-acquisition results and reserves	**–**	–

9. INVESTMENT IN A JOINT VENTURE (CONT'D)

(a) Details of the joint venture are as follows:-

Name of Company	Principal Place of Business/ Country of Incorporation	Effective Proportion Ownership/ Voting Rights 2014 %	2013 %	Principal activities
SPK-Bina Puri Joint Venture	United Arab Emirates*	**30**	30	Builder and contractor for general engineering and construction works

* *The joint venture without audited financial statements and auditors' reports but the unaudited financial statements of the joint venture were adopted by the Group for the purposes of the financial statements of the Group.*

There is no initial cost of investment in this entity.

(b) The Group's share of the assets and liabilities as at the end of the reporting period and revenue and results for the financial year in the joint venture are as follows:-

	Group 2014 RM'000	2013 RM'000
Assets and liabilities		
Non-current assets	**–**	–
Current assets	**4,135**	4,135
Total assets	**4,135**	4,135
Non-current liabilities	**–**	–
Current liabilities	**8,128**	8,128
Total liabilities	**8,128**	8,128
Results		
Revenue	**–**	–
Profit/(loss) for the financial year	**–**	21

(c) The unincorporated joint venture has no capital commitment as at the end of the reporting period.

10. OTHER INVESTMENTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At cost				
Unquoted shares in Malaysia	**6,815**	36,815	**6,377**	36,377
Transferable corporate membership in golf and country resort	**422**	422	**35**	35
	7,237	37,237	**6,412**	36,412
Less:				
Written off during the year:-				
Unquoted shares in Malaysia	**(35)**	–	**(35)**	–
Designation of unquoted shares to investment in associate	**–**	(30,000)	**–**	(30,000)
	7,202	7,237	**6,377**	6,412
At fair value				
Quoted shares outside Malaysia	**72**	72	**–**	–
	7,274	7,309	**6,377**	6,412

(a) Investments in unquoted shares of the Group and of the Company which were designated as available-for-sale financial assets are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the unquoted shares.

(b) The investment in KLKSE had been designated as investment in associate pursuant to the Supplemental Agreement in the previous financial year.

(c) Included in the Group's and the Company's other investment is an amount of RM6,017,000/- in respect to an investment in Redeemable Preference Shares ("RPS") in a concession company ("concessionaire"), the RPS is entitled to an 8% dividend per annum. The dividend receivable is as disclosed in Note 12(b)(i) to the financial statements.

The concessionaire has engaged in legal proceedings against the grantor of the concession (the "grantor") to fulfil the terms and conditions of the concession and at the same time negotiating with the grantor to purchase the concession which, in the opinion of the concessionaire's solicitors will result in a claimed amount and/or sale proceeds which is in excess of the concessionaire's liabilities including its obligations to the Group and the Company. The recoverability of the Group's and the Company's other investment and dividend receivable is dependent on the successful outcome of the concessionaire's claims against and negotiations with the grantor which in the opinion of the directors is highly likely. Therefore, the directors are of the opinion that the other investment and the dividends receivable are recoverable. Hence, no allowance for impairment is required.

11. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

	Group 2014 RM'000
At the beginning of the financial year	–
Add: Costs incurred during the financial year	
- freehold land	**35,415**
- leasehold land	**12,105**
- development costs	**14,977**
	62,497
At the end of the financial year	
- freehold land	**35,415**
- leasehold land	**12,105**
- development costs	**14,977**
	62,497

(b) Property development costs

	Group 2014 RM'000	Group 2013 RM'000
Development costs		
At 1st January		
- freehold land	**37,085**	5,884
- leasehold land	**17,393**	17,393
- development costs	**45,812**	22,864
	100,290	46,141
Add: Costs incurred during the financial year		
- freehold land	**20**	33,583
- leasehold land	–	–
- development costs	**77,667**	85,636
	77,687	119,219
Less: Costs recognised in profit or loss during the financial year		
- freehold land	**(290)**	(2,382)
- development costs	**(69,680)**	(62,688)
	(69,970)	(65,070)
Transfer to inventories:		
- freehold land	**(3,232)**	–
- development costs	**(8,362)**	–
	(11,594)	–
At 31st December		
- freehold land	**33,583**	37,085
- leasehold land	**17,393**	17,393
- development costs	**45,437**	45,812
Property development costs as at 31st December	**96,413**	**100,290**

11. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

(b) Property development costs

Included in the property development costs incurred during the financial year are:-

	Group	
	2014 RM'000	2013 RM'000
Depreciation	**33**	67
Finance costs	**3,178**	4,322

The land and development costs of the Group amounting to RM19,766,000/- (2013: RM46,846,000/-) were charged to a licensed bank to secure a banking facility granted to the Group as stated in Note 22 to the financial statements.

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non current				
Trade receivables				
Retentions sums	**77,513**	–	**7,578**	–
Less: Allowance for impairment	**(10,473)**	–	**(754)**	–
	67,040	–	**6,824**	–
Current				
Trade receivables				
Third parties	**290,468**	472,167	**15,760**	14,264
A related party	**663**	663	**–**	–
	291,131	472,830	**15,760**	14,264
Less: Allowance for impairment	**–**	(7,721)	**–**	(266)
Total trade receivables, net	**291,131**	465,109	**15,760**	13,998
Other receivables				
Other receivables				
- third parties	**167,914**	136,476	**16,632**	9,742
- a related party	**740**	740	**–**	–
	168,654	137,216	**16,632**	9,742
Less: Allowance for impairment	**(653)**	(653)	**(618)**	(618)
Other receivables, net	**168,001**	136,563	**16,014**	9,124
Deposits	**10,685**	10,661	**336**	202
Prepayments	**9,989**	9,577	**32**	22
Total other receivables, net	**188,675**	156,801	**16,382**	9,348
Accrued billings in respect of property development costs	**10,393**	58,201	**–**	–
	490,199	680,111	**32,142**	23,346
Total trade and other receivables	**557,239**	680,111	**38,966**	23,346

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables

Trade receivables are non-interest bearing and the Group's and the Company's normal trade credit terms range from 30 to 60 days (2013: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

As at the end of the reporting period, the Company has significant concentration of credit risk in the form of outstanding balances owing by 2 (2013: 2) customers represents 92% (2013:83%) of the total trade receivables respectively.

Ageing analysis of trade receivables

The ageing analysis of the Group's and of the Company's trade receivables are as follows:-

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Neither past due nor impaired	**167,033**	209,247	**14,488**	7,873
Past due but not impaired				
1 to 30 days past due but not impaired	**34,391**	108,042	**–**	2,852
31 to 60 days past due but not impaired	**40,299**	39,097	**–**	70
61 to 90 days past due but not impaired	**43,414**	17,511	**–**	77
91 to 120 days past due but not impaired	**6,173**	29,366	**3,011**	3,126
More than 120 days past due not impaired	**66,861**	61,846	**5,085**	–
	191,138	255,862	**8,096**	6,125
Impaired				
Not past due	**10,470**	7,670	**754**	266
Past due	**3**	51	**–**	–
	10,473	7,721	**754**	266
	368,644	472,830	**23,338**	14,264

Trade receivables 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 and the Company. The Group and the Company monitor the credit quality of the trade receivables through ageing analysis. Any receivables having significant balances past due or more than 120 days, which are deemed to have higher credit risk, are monitored individually.

Trade receivables that are past due but not impaired

The Group and the Company believe that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

Trade receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the end of the reporting period are as follows:-

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Individually impaired				
Trade receivables, nominal value	**77,513**	99,769	**7,578**	5,620
Less: Allowance for impairment	**(10,473)**	(7,721)	**(754)**	(266)
	67,040	92,048	**6,824**	5,354

The movement in the Group's and the Company's allowance accounts are as follows:-

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1st January	**7,721**	7,634	**266**	437
Reversal	**(48)**	(2)	**–**	–
Written off	**–**	(33)	**–**	–
Discounting effect of FRS 139	**2,800**	122	**488**	(171)
At 31st December	**10,473**	7,721	**754**	266

Trade-receivables that are individually impaired at the end of the reporting period relate to the discounting effect of FRS 139.

(i) Included in trade receivables of the Group and the Company is a long outstanding amount of RM6,654,000/- owing by a debtor. As disclosed in Note16(a) to the financial statements, included in Group's and the Company's gross amount due from contract customers is an amount of RM13,276,000/- which relates to the construction costs incurred on the same project with the same debtor. The Group and the Company are currently engaged in an arbitration process to recover the said amounts from the said debtor. The recoverability of the said amounts is dependent on the successful outcome of the arbitration process which, based on the advice of the Group's and the Company's solicitors, the directors are of the opinion that there is a reasonable prospect of success in the arbitration process. Hence, no allowance for impairment is required.

(b) Other receivables

The Group's and the Company's amounts owing by other receivables are unsecured, interest free and are repayable on demand.

The Group's amount owing by related parties represents interest receivable from companies on which certain directors have interests. The amount is unsecured, interest free and is repayable on demand.

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Other receivables (Cont'd)

Other receivables that are impaired

The Group's and the Company's other receivables that are impaired at the end of the reporting period are as follows:-

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Individually impaired				
Other receivables, nominal value	**653**	653	**618**	618
Less: Allowance for impairment	**(653)**	(653)	**(618)**	(618)
	–	–	**–**	–

The movement in the Group's and the Company's allowance accounts are as follows:-

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
At 1st January/31st December	**653**	653	**618**	618

Other receivables that are individually impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral.

(i) Included in the Group's and the Company's other receivables is a dividend receivable of RM3,370,000/- from an investment in RPS as disclosed in Note 10(c) to the financial statements.

(ii) Included in the Group's other receivables is an amount of RM3,334,000/- receivable from a joint venture in respect of construction costs incurred in which the Group is in the process of finalising the final settlement accounts in relation to the joint venture project. The details of the said joint venture project are as disclosed in Note 39(b)(iii) to the financial statements.

13. AMOUNT OWING BY/(TO) SUBSIDIARIES

	Company	
	2014 RM'000	**2013 RM'000**
Non-current		
Amount owing by a subsidiary		
- Trade	**3,375**	–
Less: Allowance for impairment	**(228)**	–
	3,147	–

13. AMOUNT OWING BY/(TO) SUBSIDIARIES (CONT'D)

	Company 2014 RM'000	Company 2013 RM'000
Current		
Amount owing by subsidiaries		
- Trade	**15,191**	68,240
- Non-trade	**138,148**	92,004
	153,339	160,244
Less: Allowance for impairment losses		
- Trade	**(11,520)**	(444)
- Non-trade	**(31,036)**	(30,642)
	(42,556)	(31,086)
	110,783	129,158
Amount owing to subsidiaries		
- Trade	**(2,336)**	(1,099)
- Non-trade	**(55,465)**	(18,325)
	(57,801)	(19,424)

(a) Trade amounts owing

The trade amounts owing are subject to the normal trade credit terms ranging from 30 to 60 days (2013: 30 to 60 days). The amounts owing are to be settled in cash.

Ageing analysis of the Company's trade-related amount owing by subsidiaries

The ageing analysis of the Company's trade-related amount owing by subsidiaries is as follows:-

	Company 2014 RM'000	Company 2013 RM'000
Neither past due nor impaired	**6,818**	6,306
Past due but not impaired		
1 to 30 days past due but not impaired	–	–
31 to 60 days past due but not impaired	–	1,770
61 to 90 days past due but not impaired	–	8,597
91 to 120 days past due but not impaired	–	11,334
More than 120 days past due not impaired	–	39,789
	–	61,490
Impaired	**11,748**	444
	18,566	68,240

13. AMOUNT OWING BY/(TO) SUBSIDIARIES (CONT'D)

(a) Trade amounts owing (Cont'd)

Trade-related amount owing by subsidiaries that are neither past due nor impaired

The Company monitors the credit quality of the trade-related amount owing by subsidiaries through ageing analysis. Any subsidiaries having significant balances past due or more than 120 days, which are deemed to have higher credit risk, are monitored individually.

Trade-related amount owing by subsidiaries that are past due but not impaired

The Company believes that no impairment allowance is necessary in respect of these subsidiaries. The directors are of the opinion that no impairment is required based on past experience and the likelihood of recoverability of these subsidiaries.

Trade amount owing by subsidiaries that are impaired

The Company's trade amount owing by subsidiaries that are impaired at the end of the reporting period are as follows:-

	Company	
	2014	**2013**
	RM'000	**RM'000**
Individually impaired		
Trade amount owing by subsidiaries, nominal value	**14,895**	6,750
Less: Allowance for impairment	**(11,748)**	(444)
	3,147	6,306

The movement in the Company's allowance accounts are as follows:-

	Company	
	2014	**2013**
	RM'000	**RM'000**
At 1st January	**444**	537
Allowance for impairment	**11,520**	–
Discounting effect of unwinding interests	**(216)**	(93)
At 31st December	**11,748**	444

Trade amount owing by subsidiaries that are individually impaired at the end of the reporting period relate to a subsidiary that is in significant financial difficulties, have defaulted on payments and relate to the discounting effect of FRS 139. The receivables are not secured by any collateral or credit enhancements.

13. AMOUNT OWING BY/(TO) SUBSIDIARIES (CONT'D)

(b) Non-trade amounts owing

The non-trade amounts owing represent unsecured interest-free advances and payments made on behalf. The amounts owing are receivable/(repayable) on demand and are to be settled in cash.

Non-trade amount owing by subsidiaries that are impaired

The Company's non-trade amount owing by subsidiaries that are impaired at the end of the reporting period are as follows:-

	Company	
	2014 RM'000	**2013 RM'000**
Individually impaired		
Non-trade amount owing by subsidiaries, nominal value	**36,134**	35,027
Less: Allowance for impairment	**(31,036)**	(30,642)
	5,098	4,385

The movement in the Company's allowance accounts are as follows:-

	Company	
	2014 RM'000	**2013 RM'000**
At 1st January	**30,642**	30,642
Addition	**472**	–
Reversal	**(78)**	–
At 31st December	**31,036**	30,642

Non-trade amount owing by subsidiaries that are individually impaired at the end of the reporting period relate to subsidiaries that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(i) Included in the Company's amount owing by subsidiaries is an advance of RM14,603,000/- to a foreign subsidiary to undertake a project awarded by the Government of Pakistan. The project had been subsequently terminated by the Government of Pakistan. As disclosed in Note 16(b) to the financial statements, included in the Group's and the Company's gross amount due from contract customers is an amount of RM15,545,000/- which relates to the construction costs incurred on the same project. The Group and the Company are currently engaged in an arbitration process to recover the said amounts from the Government of Pakistan. The details of the arbitration proceedings are as disclosed in Note 39(b)(iv) to the financial statements. The recoverability of the said amounts is dependent on the successful outcome of the arbitration process which, based on the advice of the Group's and the Company's solicitors, the directors are of the opinion that there is a reasonable likelihood of success in the arbitration process. Hence, no allowance for impairment is required.

14. DEFERRED TAXATION

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1st January	**(7,157)**	(2,027)	**(809)**	(688)
Recognised in profit or loss (Note 30)	**(2,862)**	(965)	**(91)**	(121)
Foreign exchange	**(41)**	1	**15**	–
Acquisition of subsidiary	**–**	(4,280)	**–**	–
At 31st December	**(10,060)**	(7,157)	**(900)**	(809)
Presented after appropriate offsetting:-				
Deferred tax assets	**654**	654	**–**	–
Deferred tax liabilities	**(10,714)**	(7,811)	**(900)**	(809)
	(10,060)	(7,157)	**(900)**	(809)

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

(a) Deferred tax assets

	Group	
	2014	**2013**
	RM'000	**RM'000**
At 1st January/31st December	**654**	654

Deferred tax assets are attributable to the following items:-

	Group	
	2014	**2013**
	RM'000	**RM'000**
Unutilised tax losses	**221**	221
Unabsorbed capital allowances	**326**	326
Others	**107**	107
	654	654

Deferred tax assets are recognised by certain subsidiaries based on the expected probable future taxable profit generated by the said subsidiaries.

14. DEFERRED TAXATION (CONT'D)

(a) Deferred tax assets (Cont'd)

Deferred tax assets have not been recognised in respect of the following items:-

	Group	
	2014	**2013**
	RM'000	**RM'000**
Unutilised tax losses	**15,809**	14,055
Unabsorbed capital allowances	**9,998**	9,863
	25,807	23,918

The availability of the unutilised tax losses and unabsorbed capital allowances for offsetting against the future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholdings of those subsidiaries under Section 44(5A) and (5B) of Income Tax Act, 1967 and guidelines issued by the tax authorities. Deferred tax assets have not been recognised in respect of these items asthey may not be used to offset against taxable profits of other subsidiaries in the Group.

(b) Deferred tax liabilities

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1st January	**7,811**	2,681	**809**	688
Recognised in profit or loss	**2,862**	965	**91**	121
Foreign exchange	**41**	(115)	**–**	–
Acquisition of subsidiary	**–**	4,280	**–**	–
At 31st December	**10,714**	7,811	**900**	809
Representing tax effect of:				
- property, plant and equipment	**10,077**	3,531	**900**	809
- arising from business combination	**637**	4,280	**–**	–
	10,714	7,811	**900**	809

15. INVENTORIES

	Group	
	2014	**2013**
	RM'000	**RM'000**
At cost:-		
Completed development units	**11,701**	278
Raw materials and consumables	**3,240**	3,080
Finished goods	**1,602**	2,059
	16,543	5,417

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group is RM77,363,000/- (2013: RM79,579,000/-).

16. GROSS AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Aggregate construction contract costs incurred to-date	**3,171,499**	3,573,604	**500,372**	378,335
Add: Attributable profits	**190,885**	191,545	**11,968**	7,816
	3,362,384	3,765,149	**512,340**	386,151
Less: Progress billings	**(3,110,239)**	(3,583,554)	**(483,627)**	(418,344)
	252,145	181,595	**28,713**	(32,193)
Represented by gross amount:				
- due from contract customers	**258,687**	197,780	**28,713**	15,762
- due to contract customers	**(6,542)**	(16,185)	**–**	(47,955)
	252,145	181,595	**28,713**	(32,193)
Recognised to profit or loss during the financial year:				
- contract revenue (Note 27)	**832,451**	857,728	**128,562**	109,620
- contract costs (Note 28)	**788,913**	812,340	**122,037**	102,824
Retention sums receivable from customers included in trade receivables	**127,830**	102,282	**12,663**	5,620
Advances received for contract work not yet performed included in other payables	**12,374**	16,888	**–**	–

(a) Included in Group's and the Company's gross amount due from contract customers is an amount of RM13,276,000/- which relates to the construction costs incurred on a project related to the debtor as disclosed in Note 12(a)(i) to the financial statements. The Group and the Company are currently engaged in an arbitration process to recover the said amounts from the said debtor. The recoverability of the said amounts is dependent on the successful outcome of the arbitration process which, based on the advice of the Group's and the Company's solicitors, the directors are of the opinion that there is a reasonable likelihood of success in the arbitration process. Hence, no allowance for impairment is required.

(b) Included in Group's and the Company's gross amount due from contract customers is an amount of RM15,545,000/- which relates to the construction costs incurred on a project related to the project as disclosed in Note 13 (b)(i) to the financial statements. The Group and the Company are currently engaged in an arbitration process to recover the said amounts from the Government of Pakistan. The recoverability of the said amounts is dependent on the successful outcome of the arbitration process which, based on the advice of the Group's and the Company's solicitors, the directors are of the opinion that there is a reasonable likelihood of success in the arbitration process. Hence, no allowance for impairment is required.

(c) Included in the Group's gross amount due from contract customers is an amount of RM56,196,000/- in which the Group is in the process of finalising the final settlement accounts in relation to the joint venture project. The details of the said joint venture project are as disclosed in Note 39(b)(iii) to the financial statements.

17. AMOUNT OWING BY/(TO) ASSOCIATES

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Amount owing by associates:-				
- Trade	**9,283**	9,307	**9,283**	9,283
- Non-trade	**23,282**	28,805	**22,775**	28,799
	32,565	38,112	**32,058**	38,082
Less: Allowance for impairment				
- Trade	**(698)**	(698)	**(698)**	(698)
- Non-trade	**(457)**	(457)	**(457)**	(457)
	(1,155)	(1,155)	**(1,155)**	(1,155)
	31,410	36,957	**30,903**	36,927
Amount owing to associates:-				
- Trade	**(7,593)**	(7,023)	**(6)**	(6)
- Non-trade	**(67)**	–	**–**	–
	(7,660)	(7,023)	**(6)**	(6)

(a) Trade amounts owing

The trade amounts owing are subject to the normal trade credit terms ranging from 30 to 60 days (2013: 30 to 60 days). The amounts owing are to be settled in cash.

Ageing analysis of the Group's and the Company's trade-related amount owing by associates

The ageing analysis of the Group's and the Company's trade-related amount owing by associates are as follows:-

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Neither past due nor impaired	**–**	–	**–**	–
Past due but not impaired				
1 to 30 days past due but not impaired	**–**	–	**–**	–
31 to 60 days past due but not impaired	**–**	4	**–**	–
61 to 90 days past due but not impaired	**–**	19	**–**	–
91 to 120 days past due but not impaired	**–**	–	**–**	–
More than 120 days past due not impaired	**8,585**	8,586	**8,585**	8,585
	8,585	8,609	**8,585**	8,585
Impaired	**698**	698	**698**	698
	9,283	9,307	**9,283**	9,283

Trade-related amount owing by associates that are past due but not impaired

The Group and the Company believe that no impairment allowance is necessary in respect of these associates. The directors are of the opinion that no impairment is required based on past experience and the likelihood of recoverability of these associates.

17. AMOUNT OWING BY/(TO) ASSOCIATES (CONT'D)

(a) Trade amounts owing (Cont'd)

Trade-related amount owing by associates that are impaired

The Group's and the Company's trade-related amount owing by associates that are impaired at the end of the reporting period are as follows:-

	Group and Company	
	2014	**2013**
	RM'000	**RM'000**
Individually impaired		
Nominal value	**9,283**	9,283
Less: Allowance for impairment	**(698)**	(698)
	8,585	8,585

The movement in the Group's and the Company's allowance accounts are as follows:-

	Group and Company	
	2014	**2013**
	RM'000	**RM'000**
At 1st January/31st December	**698**	698

Trade-related amount owing by associates that are individually impaired at the end of the reporting period relate to the discounting effect of FRS 139.

(b) Non-trade amounts owing

The non-trade amounts owing represent unsecured interest-free advances and payments made on behalf. The amounts owing are receivable/(repayable) on demand and are to be settled in cash.

Non-trade related amount owing by associates that are impaired

The Group's and the Company's non-trade related amount owing by associates that are impaired at the end of the reporting period are as follows:-

	Group and Company	
	2014	**2013**
	RM'000	**RM'000**
Individually impaired		
Nominal value	**11,787**	11,787
Less: Allowance for impairment	**(457)**	(457)
	11,330	11,330

17. AMOUNT OWING BY/(TO) ASSOCIATES (CONT'D)

(b) Non-trade amounts owing (Cont'd)

The movement in the Group's and the Company's allowance accounts are as follows:-

	Group and Company	
	2014	**2013**
	RM'000	**RM'000**
At 1st January/31st December	**457**	457

Non-trade related amount owing by associates that are individually impaired at the end of the reporting period relate to the discounting effect of FRS 139.

(c) Included in the Group's and the Company's amount owing by associates are amounts of RM21,961,000/- (2013: RM25,011,000/-) owing by certain associates which have been long outstanding. The directors are of the opinion that the amounts due from these associates are recoverable as these associates have committed to the Group and the Company to repay the amounts owing when they have successfully recovered the compensation in their legal claims from their completed project or from their additional cash flows to be generated from their on-going and future projects. Hence, no allowance for impairment is required.

18. FIXED DEPOSITS WITH LICENSED BANKS

(i) The deposits with licensed banks of the Group and of the Company at the end of the reporting period bear effective interest rates ranging from 0.50% to 3.26% (2013: 0.50% to 4.20%) per annum. The deposits have maturity periods of not more than one year.

(ii) Included in deposits with licensed banks of the Group and of the Company at the end of the reporting period were amounts of RM10,707,000/- (2013: RM14,398,000/-) and RM54,000/- (2013: RM54,000/-) respectively, which have been pledged to licensed banks as security for banking facilities granted to the Group and the Company.

19. CASH AND BANK BALANCES

Included in cash and bank balances of the Group are:-

(a) an amount of RM21,375,000/- (2013: RM816,000/-) held in a special projects bank account from which withdrawals are restricted to contract expenditure incurred in respect of specific projects, and

(b) an amount of RM520,000/- (2013: RM8,136,000/-) which maintained in housing development account in accordance with the Housing Development (Housing Development Account) Regulations 1991. Withdrawals from the Housing Development Account are restricted to property development expenditure incurred in respect of the specific development project.

20. SHARE CAPITAL

	2014		2013	
	Number of Shares Unit '000	**RM'000**	**Number of Shares Unit '000**	**RM'000**
Ordinary shares of RM0.50 (2013: RM1/-) each				
Authorised:				
At 1st January	**500,000**	**500,000**	500,000	500,000
Created during the financial year	**500,000**	**–**	–	–
At 31st December	**1,000,000**	**500,000**	500,000	500,000
Issued and fully paid:				
At 1st January	**157,116**	**157,116**	124,416	124,416
Issuance of ordinary shares	**20,797**	**20,797**	32,700	32,700
Capital reduction	**–**	**(88,957)**	–	–
At 31st December	**177,913**	**88,956**	157,116	157,116

During the financial year, the Group and the Company had completed the following corporate proposals:-

(i) the Company increased its issued and paid-up share capital from RM157.116 million to RM177.913 million by the issuance of 20,797,000 new ordinary shares of RM1/- each pursuant to the private placement exercise at a price of RM1/- per share; and

(ii) share capital reduction by the cancellation of RM0.50 of the par value of every existing ordinary share of RM1/- each to be off-set against the retained profits of the Company.

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

In previous financial year, the Group and the Company increased their issued and paid-up share capital from RM124.416 million to RM157.116 million through the issuance of 32,700,000 new ordinary shares of RM1/- each pursuant to the private placement exercise at a price of RM1/- per share.

21. RESERVES

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Share premium	**4,714**	4,890	**4,714**	4,890
Other capital reserves	**15,682**	15,682	**–**	–
Translation reserve	**(4,603)**	(3,090)	**54**	54
Employee share option reserve	**2,105**	1,799	**2,105**	1,799
Retained profits/(accumulated losses)	**86,897**	(5,864)	**103,333**	28,270
Total reserves	**104,795**	13,417	**110,206**	35,013

21. RESERVES (CONT'D)

(a) Share premium

	Group and Company	
	2014	2013
	RM'000	RM'000
At 1st January	**4,890**	5,145
Share issuance expenses	**(176)**	(255)
At 31st December	**4,714**	4,890

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965 in Malaysia.

(b) Other capital reserves

The capital reserve represents the capitalisation of subsidiaries' retained earnings upon their bonus issue of shares in the previous financial years.

(c) Translation reserve

The translation reserve arose from the translation of the financial statements of foreign subsidiaries or foreign operation and is not distributable by way of dividends.

(d) Employee share option reserve

On 1st June 2012, the Company granted options to eligible employees including executive directors of the Group to subscribe up to 15% of the issued and paid-up share capital of the Company under the Executives' Share Option Scheme (ESOS) approved by the shareholders of the Company at the Annual General Meeting. The effective date of the ESOS is on 7th June 2011 for a period of five years and the options may be exercised between 7th June 2011 and 6th June 2016 on the terms and conditions as set out in the ESOS By-Laws of the Company.

The salient features of the New ESOS are as follows:-

(a) The maximum number of shares to be offered and allotted under the New ESOS shall not exceed 15% of the issued and paid-up share capital of the Company at any point in time during the duration of the ESOS.

(b) Any employee of the Group who meets the following criteria as at the Date of Offer shall be eligible to participate in the New ESOS:-

i. If he has attained the age of eighteen (18) years of age and is not an undischarged bankrupt;

ii. (i) If he has been employed for a continuous period of at least twelve (12) months in the Group and his employment must have been confirmed on the Date of Offer; or

(ii) If he is employed on a contractual basis for a continuous period of twelve (12) months in the Group and his employment must have been confirmed on the Date of Offer;

iii. If he fulfils any other criteria and/or falls within such category as may be set by the ESOS Committee from time to time;

iv. An employee who during the tenure of the New ESOS becomes an Eligible Person may be eligible to a grant of an Option under the New ESOS which shall be decided by the ESOS Committee;

21. RESERVES (CONT'D)

(d) Employee share option reserve (Cont'd)

The salient features of the New ESOS are as follows:- (Cont'd)

(c) Any director of the Group who holds a directorship and/or management position, and/or is involved in the day-to-day operations of any subsidiary within the Group and who meets the following criteria as at the Date of Offer shall be eligible to participate in the New ESOS:-

i. If he has attained the age of eighteen (18) years of age and is not an undischarged bankrupt;

ii. If he has been appointed as a director of a subsidiary within the Group for a continuous period of at least three (3) months; and

iii. Approved by the shareholders of the Company in a general meeting.

(d) No more than 50% of the total number of shares to be issued under the New ESOS shall be granted to the director and senior management of the Group and no more than 10% of the number of shares to be issued to any individual Eligible Person who, either singly or collectively through person connected with him (as defined in the Listing Requirements), hold 20% or more of the issued and paidup share capital of the Company;

(e) The Option price will be determined by the ESOS Committee, and which shall be the higher of the following:-

i. At a discount not more than 10% of the five (5) days weighted average market price of the Company's share price as quoted on the Bursa Securities immediately preceding the Date of Offer; or

ii. The par value of the Company's share price.

(f) An offer shall be valid for a period of sixty (60) days from the date of offer or such longer period as may be determined by the ESOS Committee on a case-bycase basis at its discretion. An offer shall be accepted by an Eligible Employee within the offer period by written notice to the ESOS Committee accompanied by a non-refundable sum of RM1/- as consideration. If the offer is not accepted in the manner aforesaid, such offer shall automatically lapse upon the expiry of the offer period and become null and void and be of no further force and effect.

(g) The new ordinary shares to be allotted upon any exercise of Options under the ESOS shall, upon allotment and issue, rank pari passu in all respects with the then existing ordinary shares. However, the new ordinary shares so issued shall not be entitled to any dividend or other distributions declared, made or paid prior to the date of exercise of the Options.

(h) The ESOS shall be in force for a period of up to five (5) years commencing from the Effective Date. Upon the expiry of the ESOS, all unexercised Options shall become null and void unless the ESOS is extended for a further five (5) years upon recommendation of the ESOS Committee.

(i) These Options may be exercised at any date during the Option Period not later than 6th June 2016 subject to a maximum limit of 20% per year over the exercise period of five (5) years. Any such exercise of these Options of more than 20% in a year shall subject to the review and approval by the ESOS Committee.

Options which are exercisable in a particular year but are not exercised may be carried forward to subsequent years but not later than 6th June 2016. All unexercised Options shall be exercisable in the last year of the Option Period. Any Options which remain unexercised at the expiry of the Option Period shall be automatically terminated.

An Eligible Employee serving under an employment contract may exercise any remaining Options exercisable in the year (the particular year of which his contract is expiring) within sixty (60) days before the expiry of the employment contract if the remaining duration of the contract as at the date on which the Options are granted is less than the Option Period.

21. RESERVES (CONT'D)

(d) Employee share option reserve (Cont'd)

The salient features of the New ESOS are as follows:- (Cont'd)

The movements in the Options during the financial year to take up the unissued new ordinary shares of RM0.50 (2013: RM1/-) each in the Company were as follows:-

	2014		2013	
	Number of Options Over Ordinary Shares Unit '000	RM'000	Number of Options Over Ordinary Shares Unit '000	RM'000
At 1st January	**9,181**	**9,181**	10,947	10,947
Capital reduction	**–**	**4,591**	–	–
Lapsed	**(2,056)**	**(1,028)**	(1,766)	(1,766)
At 31st December	**7,125**	**12,744**	9,181	9,181

The fair value of the shares options granted under the new ESOS was estimated using Black-Scholes Options Pricing Model, taking into account the terms and conditions upon which the options were granted. The fair value of the shares options are as follows:-

Fair value of share options granted (RM)	0.18
Weighted average share price (RM)	0.60
Estimated exercise price (RM)	0.54
Expected volatility (%)	20
Expected exercise period (years)	1
Risk free rate (%)	3.60

22. TERM LOANS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current				
- not later than one year (Note 25)	**32,772**	9,396	**–**	–
Non-current				
- later than one year but not later than two years	**53,492**	9,074	**–**	–
- later than two years but not later than five years	**81,368**	41,398	**–**	–
- more than five years	**78,243**	20,229	**–**	–
	213,103	70,701	**–**	–
	245,875	80,097	**–**	–

22. TERM LOANS (CONT'D)

The term loans are secured by:-

(i) a fixed charge over the property, plant and equipment of the subsidiaries;

(ii) floating charges over the entire assets of certain subsidiaries;

(iii) deeds of assignment over the proceeds of the contracts awarded to the Group;

(iv) deeds of assignment over the power supply rental agreement with PT PLN (PERSERO);

(v) corporate guarantee provided by the Company; and

(vi) negative pledge over the assets of the Company.

The repayment terms of the term loans are as follows:-

(i) Term loan at an effective interest rate of 7.10% per annum is repayable in 72 monthly instalments of RM4,000/- effective from April 2010.

(ii) Term loan at an effective interest rate of 6.00% per annum repayable in 84 monthly instalments of Brunei Dollar 73,041/- effective from October 2012.

(iii) Term loan at an effective interest rate of 7.10% per annum repayable in 144 monthly instalments of RM124,047/- effective from September 2013.

(iv) Term loan at an effective interest rate of 7.30% per annum repayable in 60 monthly instalments of RM71,795/- effective from June 2011.

(v) Term loan at an effective interest rate of 7.35% per annum repayable in 120 monthly instalments of RM20,224/- effective from August 2011.

(vi) Term loan at an effective interest rate of 5.05% per annum repayable via proceeds to be received from the project.

(vii) Term loan at an effective interest rate of 7.10% per annum is repayable in 96 monthly instalments of RM12,500/- effective from May 2013.

(viii) Term loan at an effective interest rate of 4.1% per annum repayable in 83 monthly instalments of US Dollar 91,000/- and final repayment of US Dollar 115,000/- effective from May 2015.

(ix) Term loan at an effective interest rate of 7.35% per annum repayable by way of redemption settlement of sold units effective from December 2016.

(x) Term loan at an effective interest rate of 4.5% per annum repayable in 180 monthly instalments of RM3,000/- effective from June 2013.

(xi) Term loan at an effective rate of 5.85% per annum repayable in 60 monthly instalments of RM580,000/- effective from June 2014.

(xii) Term loan at an effective rate of 6.25% per annum repayable in 12 monthly instalments of RM142,000/- effective from 36 months after 1st drawdown.

(xiii) Term loan at an effective rate of 4.95% per annum repayable in 240 monthly instalments of RM13,000/- effective from January 2015.

(xiv) Term loan at an effective rate of 5.25% per annum repayable in 120 monthly instalments of RM408,000/- effective from December 2014.

22. TERM LOANS (CONT'D)

The repayment terms of the term loans are as follows:- (Cont'd)

(xv) Term loan at an effective rate of 3.9% per annum repayable in 24 monthly instalments of US Dollar 25,000/- effective for month 1-6, US Dollar 50,000/- for month 7-12, US Dollar 55,000/- for month 13-23 and final repayment of US Dollar 51,000/- effective from January 2015.

(xvi) Term loan at an effective rate of 3.9% per annum repayable in 24 monthly instalments of US Dollar 25,000/- effective for month 1-6, US Dollar 50,000/- for month 7-12 and US Dollar 145,000/- for month 13-24 effective from July 2014.

(xvii) Term loan at an effective rate of 7.85% per annum repayable in 84 monthly instalments of RM120,000/- effective from October 2014.

(xviii) Term loan at an effective rate of 5.5% per annum repayable in 140 monthly instalments of RM465,000/- effective from January 2015.

(xix) Term loan at an effective rate of 4.1% per annum repayable in 36 monthly instalments of US Dollar 73,000/- and a final repayment of US Dollar 75,000/- effective from January 2015.

23. HIRE PURCHASE PAYABLES

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Minimum hire purchase payables:				
- not later than one year	**7,625**	8,526	**216**	104
- later than one year but not later than five years	**10,949**	10,179	**599**	263
	18,574	18,705	**815**	367
Less: Future finance charges	**(1,428)**	(1,513)	**(77)**	(31)
Present value of hire purchase payables	**17,146**	17,192	**738**	336
Represented by:-				
Current				
- not later than one year	**6,854**	7,684	**185**	89
Non-current				
- later than one year but not later than five years	**10,292**	9,508	**553**	247
	17,146	17,192	**738**	336

The Group's and the Company's hire purchase payables bear effective interest rates ranging from 3.10% to 12.32% (2013: 3.80% to 12.32%) and 2.36% to 3.20% (2013: 4.70% to 7.30%) per annum respectively.

24. TRADE AND OTHER PAYABLES

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Non-current				
Trade payables				
Cost:				
Amortised cost	**59,458**	–	**3,268**	–
	59,458	–	**3,268**	–
Current				
Cost:				
- third parties	**293,687**	300,951	**44,829**	30,375
Amortised cost	**88,435**	80,855	**15,278**	9,723
Total trade payables	**382,122**	381,806	**60,107**	40,098
Other payables				
Other payables	**84,591**	109,854	**1,910**	2,138
Provision for foreseeable losses	**3,624**	3,624	**–**	–
Sundry deposits	**4,844**	14,323	**106**	–
Accruals	**16,010**	11,239	**200**	206
Total other payables	**109,069**	139,040	**2,216**	2,344
	491,191	520,846	**62,323**	42,442
Total trade and other payables	**550,649**	520,846	**65,591**	42,442

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group and the Company ranging from 30 to 90 days (2013: 30 to 90 days). Whereas, retention sums are payable upon the expiry of the defect liability periods of the respective construction contracts. The defect liability periods of the construction contracts are between 12 and 24 months.

(b) Other payables

The Group's and the Company's amounts owing to other payables are unsecured, interest free and are repayable on demand.

25. BANK BORROWINGS

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Secured				
Bank overdrafts	**58,037**	28,998	**–**	–
Revolving credit	**171,022**	257,354	**–**	–
Term loans (Note 22)	**32,772**	9,396	**–**	–
Bridging loan	**–**	130,152	**–**	–
Trust receipt	**54,175**	34,273	**–**	–
	316,006	460,173	**–**	–
Unsecured				
Bank overdrafts	**19,926**	21,609	**27,739**	28,574
Bankers acceptance	**12,016**	14,045	**–**	–
Revolving credit	**58,845**	37,450	**21,000**	21,000
	90,787	73,104	**48,739**	49,574
	406,793	533,277	**48,739**	49,574

The Group's and the Company's bank borrowings bear effective interest rates ranging from 3.20% to 10.35% (2013: 2.97% to 9.10%) and 4.83% to 7.60% (2013: 4.83% to 7.60%) per annum respectively.

The bank borrowings are secured by:-

(i) Fixed charges over the property, plant and equipment and floating charges over the entire assets of certain subsidiaries;

(ii) A negative pledge over the assets of the Company; and

(iii) Deeds of assignment over the proceeds of contracts awarded to the Group.

The unsecured bank borrowings of the Group are guaranteed by the Company.

26. AMOUNT OWING TO JOINT VENTURE

The amount owing to joint venture represents unsecured interest-free advances which is repayable on demand. The amounts owing are to be settled in cash.

27. REVENUE

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Contract revenue (Note 16)	**832,451**	857,728	**128,562**	109,620
Sales of goods	**111,408**	112,273	**–**	–
Sales of electricity	**10,377**	8,632	**–**	–
Management fees	**775**	720	**5,320**	5,116
Rental income	**17,644**	7,222	**–**	–
Sales of development properties	**80,823**	67,132	**–**	–
	1,053,478	1,053,707	**133,882**	114,736

28. COST OF SALES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Contract costs (Note 16)	**788,913**	812,340	**122,037**	102,824
Costs of goods sold	**106,903**	103,686	**–**	–
Costs of electricity sold	**4,909**	3,565	**–**	–
Property development costs	**72,783**	65,070	**–**	–
Operation costs for rental income	**15,220**	6,078	**–**	–
	988,728	990,739	**122,037**	102,824

29. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation has been arrived at:-

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
After charging:-				
Allowance for impairment on amount owing by a subsidiary	**–**	–	**11,992**	–
Audit fees:				
- current year	**394**	317	**122**	70
- prior year	**23**	18	**–**	–
Depreciation	**14,420**	12,377	**586**	611
Directors' fee:				
- directors of the Company (Note 35)	**476**	491	**476**	491
- directors of the subsidiaries (Note 37)	**704**	715	**–**	–
Directors' non-fee emoluments:				
- directors of the Company (Note 35)	**4,270**	3,791	**2,244**	1,854
- directors of the subsidiaries (Note 37)	**1,718**	1,218	**–**	–
Interest expense:				
- bank borrowings	**30,993**	27,019	**1,695**	3,378
- hire purchase	**802**	1,125	**15**	19
- others	**19**	53	**137**	–
Loss on foreign exchange, net:				
- unrealised	**–**	1,711	**–**	–
Net effect of unwinding of interest from discounting	**4,997**	329	**339**	–
Property, plant and equipment written off	**484**	23	**–**	–
Other investment written off	**35**	–	**35**	–
Rental expense of:				
- land and premises	**2,226**	298	**–**	23
- machinery and equipment	**3,924**	10,811	**–**	100
- motor vehicles	**268**	194	**–**	–
Research and development expenditure	**6**	5	**–**	–
Share of result in associate	**21,670**	–	**–**	–

29. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
After charging (Continued):-				
Staff costs:				
- salaries, wages, bonuses allowances	**51,965**	49,489	3,066	3,845
- Employee Provident Fund	**5,624**	5,269	383	478
- share options granted under ESOS	**306**	498	39	47
- other benefits	**4,729**	5,279	412	220
And crediting:-				
Change in fair value of investment property	**67,140**	–	**–**	–
Dividend income	**481**	481	**481**	5,482
Gain on disposal of:				
- property, plant and equipment	**1,248**	123	**1,038**	5
- investment properties	**2,737**	815	**–**	–
Gain on foreign exchange, net:				
- realised	**329**	48	**–**	–
- unrealised	**386**	–	**–**	80
Interest income:				
- fixed deposits	**185**	395	**–**	–
- others	**8,933**	3,384	**2,983**	–
Net effect of unwinding interest from discounting	**–**	–	**–**	203
Rental income of:				
- machinery and motor vehicles	**810**	633	**86**	306
- others	**757**	1,435	**583**	622
Reversal of allowance for impairment on trade and other receivables no longer required	**48**	2	**78**	–
Share of results in:				
- associates	**–**	1,300	**–**	–
- joint venture	**–**	21	**–**	–

30. TAXATION

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Income tax				
- current year				
- Malaysian income tax	**(6,213)**	(6,774)	**(10)**	(801)
- Foreign income tax	**(251)**	(234)	**–**	–
- prior year				
- Malaysian income tax	**(1,472)**	143	**(1,072)**	–
	(7,936)	(6,865)	**(1,082)**	(801)
Deferred taxation (Note 14)				
- current year	**(3,491)**	(965)	**(91)**	(121)
- prior years	**629**	–	**–**	–
	(2,862)	(965)	**(91)**	(121)
	(10,798)	(7,830)	**(1,173)**	(922)

30. TAXATION (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated taxable profit for the fiscal year. The statutory tax rate will be reduced to 24% from current year is rate of 25% with effect from year of assessment 2016.

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

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Profit/(loss) before taxation	**58,276**	13,649	**(10,052)**	3,927
Tax at applicable statutory tax rate of 25%	**(14,569)**	(3,412)	**2,513**	(982)
Tax effects arising from:				
- non-taxable income	**12,379**	1,934	**1,681**	1,370
- non-deductible expenses	**(6,776)**	(4,110)	**(4,295)**	(1,310)
- deferred tax asset not recognised	**(1,151)**	(2,835)	**–**	–
- utilisation of deferred tax assets not previously recognised	**145**	641	**–**	–
- differential in tax rates	**17**	(191)	**–**	–
- under provision of tax in prior year	**(843)**	143	**(1,072)**	–
Tax expense for the year	**(10,798)**	(7,830)	**(1,173)**	(922)
Income tax savings arising from tax losses				
Utilisation of current year tax losses			**–**	–
Utilisation of prior year tax losses	**1,151**	2,835		
previously unrecognised	**145**	641	**–**	–
	1,296	3,476	**–**	–

31. EARNINGS PER SHARE

(a) Basic earnings per share

	Group	
	2014 '000	**2013 '000**
Profit after taxation (RM)	**47,478**	5,819
Profit after taxation attributable to owners of the Company (RM)	**6,473**	5,232
Weighted average number of ordinary shares (unit):		
Issued ordinary shares at 1st January	**157,116**	124,416
Effect of issuance of ordinary shares	**15,692**	11,597
Weighted average number of ordinary shares at 31st December	**172,808**	136,013
Basic earnings per share (sen)	**3.75**	3.85

31. EARNINGS PER SHARE (CONT'D)

(b) Diluted earnings per share

The diluted earnings per share is equivalent to the basic earnings per share as the potential ordinary shares arising from the exercise of options under the ESOS have anti-dilutive effect.

32. DIVIDENDS ON ORDINARY SHARES

	Group and Company	
	2014	**2013**
	RM'000	**RM'000**
Final dividend of 1.5% (2013: 2%) per ordinary shares less 25% tax in respect of the financial year ended		
- 31st December 2012	**–**	1,997
- 31st December 2013	**2,669**	–
	2,669	1,997

At the forthcoming Annual General Meeting, a final dividend of 2 sen per ordinary share amounting to approximately RM4.09 million in respect of the current financial year will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31st December 2015.

33. ACQUISITION OF SUBSIDIARIES

2014

(a) On 3rd September 2014, Bina Puri Properties Sdn. Bhd. ("BPPSB") acquired 100% equity interest in Ascotville Development Sdn. Bhd. ("ADSB") for a total cash consideration of RM1 million. As a result of this acquisition, ADSB became a whollyowned subsidiary of the Group.

The fair values of the identifiable assets and liabilities of the above subsidiary at the date of acquisition were as follows:-

	At date of acquisition	
	Carrying amount	**Fair value recognised**
	RM'000	**RM'000**
Current assets	**	**
Current liabilities	**	**
Net identifiable assets and liabilities	–	–
Add: Goodwill on acquisition		**1,000**
Total purchase consideration		**1,000**
Less: Cash and cash equivalents of subsidiary acquired		*
Net cash outflow for acquisition of subsidiary		**1,000**

* *Represent purchase consideration of RM2/- for the acquisition.*

** *Current assets and current liabilities represent carrying amount and fair value of RM2/- and RM35/- respectively as at date of acquisition.*

33. ACQUISITION OF SUBSIDIARIES (CONT'D)

(b) On 7th October 2014, Aksi Bina Puri Sdn. Bhd. ("ABPSB") acquired 70% equity interest in Karak Land Sdn. Bhd. ("KLSB") (formerly known as M Kod Innovations Sdn. Bhd.) for a total cash consideration of RM70,000/-. As a result of this acquisition, KLSB became subsidiary of the Group.

The fair values of the identifiable assets and liabilities of the above subsidiary at the date of acquisition were as follows:-

	At date of acquisition Carrying amount RM'000	Fair value recognised RM'000
Current assets	**6,019**	**6,019**
Current liabilities	**(6,019)**	**(6,019)**
Net identifiable assets and liabilities	**–**	**–**
Add: Goodwill on acquisition		*****
Total purchase consideration		**–**
Less: Cash and cash equivalents of subsidiary acquired		**–**
Net cash outflow for acquisition of subsidiary		**–**

* *Represent purchase consideration of RM1/- for the acquisition.*

2013

(a) On 11th April 2013, Bina Puri Properties Sdn. Bhd. ("BPPSB") acquired 100% equity interest in Semarak Semerah Sdn. Bhd. ("SSSB") and indirectly held 95% equity interest in Star Effort Sdn. Bhd. ("SESB") through SSSB for total cash consideration of RM25 million. As a result of this acquisition, SSSB and SESB became subsidiaries of the Group.

The fair values of the identifiable assets and liabilities of the above subsidiaries at thedate of acquisition were as follows:-

	At date of acquisition Carrying amount RM'000	Fair value recognised RM'000
Current assets	20,981	38,099
Current liabilities	(22,054)	(26,325)
Net identifiable assets and liabilities	(1,073)	11,774
Less: Non-controlling interests		(9)
Add: Goodwill on acquisition		13,235
Total purchase consideration		25,000
Less: Cash and cash equivalents of subsidiary acquired		–
Net cash outflow for acquisition of subsidiary		25,000

33. ACQUISITION OF SUBSIDIARIES (CONT'D)

2013

(b) On 24th September 2013, the Company incorporated Bina Puri Hong Kong Ltd. ("BPHKL") in Hong Kong. The Company had invested 1 ordinary shares of RM1/- each, representing 100% equity interest in BPHKL for a total consideration of HKD1/-.

(c) On 13th November 2013, the Company acquired an additional 60% equity interest in Crystal Crown Aerocity Sdn. Bhd. ("CCASB") from its non-controlling interests for cash consideration of RM6/-.

On 23rd December 2013, the Company subscribed additional 174,990 new ordinary shares of RM1/- each of CCASB for total cash consideration of RM174,990/-, representing 70% equity interest in CCASB.

34. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Purchase of property, plant and equipment	**49,340**	27,163	**665**	101
Financed by:				
- hire purchase	**(7,135)**	(7,595)	**(500)**	–
- term loan	**(18,987)**	(1,762)	**–**	–
Cash payments on purchase of property, plant and equipment	**23,218**	17,806	**165**	101

35. DIRECTORS' REMUNERATION

(a) The aggregate amounts of emoluments received and receivable by directors of the Group and of the Company during the financial year are as follow:-

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Executive directors				
Fees	**48**	48	**48**	48
Non-fee emoluments	**3,992**	3,508	**2,244**	1,854
Non-executive directors				
Fees	**428**	443	**428**	443
Non-fee emoluments	**223**	223	**–**	–
	4,691	4,222	**2,720**	2,345
Benefit-in-kind	**55**	60	**–**	–

35. DIRECTORS' REMUNERATION (CONT'D)

(b) The number of directors of the Group and of the Company whose total remuneration during the financial year fall within the following bands is analysed below:-

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Executive directors				
Below RM50,000	**–**	–	**2**	2
RM250,001 - RM300,000	**–**	1	**–**	1
RM300,001 - RM350,000	**1**	–	**1**	–
RM350,001 - RM400,000	**–**	–	**–**	–
RM400,001 - RM450,000	**–**	1	**–**	1
RM600,001 - RM650,000	**–**	–	**–**	–
RM650,001 - RM700,000	**2**	1	**1**	–
RM950,001 - RM1,000,000	**–**	–	**–**	–
RM1,000,001 - RM1,050,000	**–**	1	**–**	–
RM1,050,001 - RM1,100,000	**–**	–	**–**	–
RM1,100,001 - RM1,200,000	**1**	1	**–**	1
RM1,250,001 - RM1,300,000	**–**	–	**–**	–
RM1,300,001 - RM1,350,000	**1**	–	**1**	–
Non-executive directors				
Below RM50,000	**1**	6	**2**	6
RM50,001 - RM100,000	**2**	–	**2**	1
RM200,001 - RM250,000	**1**	1	**–**	–
RM250,001 - RM300,000	**1**	1	**1**	1

36. SEGMENT REPORTING

The information reported to the Group Executive Committee, as the Group's chief operating decision maker, in making decisions to allocate resources to segments and to assess their performance is based on the nature of the industry (business segments) and operational location (geographical segments) of the Group.

Measurement of reportable segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Transactions between reportable segments are measured on the basis that is similar to those external customers.

Segment statements of comprehensive income are profit earned or loss incurred by each segment without allocation of central administrative costs, non-operating investment revenue, finance costs and income tax expense. There are no significant changes from previous financial year in the measurement methods used to determine reported segment statements of comprehensive income.

All the Group's assets are allocated to reportable segments other than assets used centrally for the Group, current and deferred tax assets. Jointly used assets are allocated on the basis of the revenues earned by individual segments.

All the Group's liabilities are allocated to reportable segments other than liabilities incurred centrally for the Group, current and deferred tax liabilities. Jointly incurred liabilities are allocated in proportion to the segment assets.

36. SEGMENT REPORTING (CONT'D)

Business Segments

For management purposes, the Group is organised into business units based on their products and services provided. The Group is organised into five (5) main business segments as follows:-

(i) Construction segment – involved in construction of earthworks, building and road;

(ii) Property development segment – involved in property development;

(iii) Quarry and readymix concrete segment – involved in quarry operation and production of readymix concrete;

(iv) Polyol manufacturing segment – involved in the manufacturing of polyol; and

(v) Power supply segment – involved in the generation and supply of electricity.

Geographical information

The Group's five (5) major business segments are operating in two (2) principal geographical areas, namely Malaysia and other Asian countries. The other Asian countries include Brunei, Hong Kong, Indonesia, Thailand, Vietnam, Abu Dhabi, Pakistan, Cambodia and India.

36. SEGMENT REPORTING (CONT'D)

(a) Business Segments

2014	Construction RM'000	Property Development RM'000	Quarry and Readymix Concrete RM'000	Polyol RM'000	Power Supply RM'000	Others* RM'000	Group RM'000
Revenue							
External customer	833,226	98,467	88,030	23,378	10,377	–	1,053,478
Inter-segment revenue	56,227	–	4,283	–	–	–	60,510
	889,453	98,467	92,313	23,378	10,377	–	1,113,988
Adjustments and eliminations							(60,510)
Consolidated revenue							1,053,478
Results							
Segment results	16,918	3,653	(2,659)	251	2,068	131	20,362
Adjustments and eliminations							(1,252)
							19,110
Investment income	4,159	74,541	–	–	–	75	78,775
Adjustments and eliminations							(3,575)
							75,200
Share of results in associates	(11)	527	397	–	–	(22,583)	(21,670)
Finance costs	(6,866)	(7,420)	(543)	(236)	(294)	–	(15,359)
Adjustments and eliminations							995
							(14,364)
Consolidated profit before taxation	14,200	71,301	(2,805)	15	1,774	(22,377)	58,276
Taxation							(10,798)
Consolidated profit after taxation							47,478
Capital expenditures	7,814	1,157	8,217	768	31,381	3	49,340
Depreciation of property, plant and equipment	8,303	1,429	2,230	186	2,272	–	14,420

36. SEGMENT REPORTING (CONT'D)

(a) Business Segments (Cont'd)

2014	Construction RM'000	Property Development RM'000	Quarry and Readymix Concrete RM'000	Polyol RM'000	Power Supply RM'000	Others* RM'000	Group RM'000
Other non-cash expenses/(income)							
(Gain)/loss on disposal of:-							
- property, plant and equipment	(1,570)	–	336	(14)	–	–	(1,248)
- investment properties	–	(2,737)	–	–	–	–	(2,737)
Property, plant and equipment written off	394	46	23	21	–	–	484
Share option granted under ESOS	236	–	36	16	–	18	306
Reversal of allowance for impairment on trade and other receivables no longer required	–	–	(48)	–	–	–	(48)
Net effect of unwinding of interest from discounting	4,986	–	11	–	–	–	4,997
Unrealised (gain)/loss on foreign exchange	(1,371)	–	–	35	950	–	(386)
Share of results in associates	11	(527)	(397)	–	–	22,583	21,670
Change in fair value of investment properties	–	(67,140)	–	–	–	–	(67,140)

* *Others – involved as commission agent.*

36. SEGMENT REPORTING (CONT'D)

(a) Business Segments (Cont'd)

2014	Construction RM'000	Property Development RM'000	Quarry and Readymix Concrete RM'000	Polyol RM'000	Power Supply RM'000	Others* RM'000	Elimination RM'000	Group RM'000
Assets								
Segment assets	1,033,056	437,371	115,970	10,665	105,947	854	(274,612)	1,429,251
Investment in associates	34,526	771	3,029	–	–	–	(22,840)	15,486
Other investments	7,274	–	–	–	–	–	–	7,274
Goodwill	–	14,235	–	–	350	–	–	14,585
Deferred tax assets	–	–	–	654	–	–	–	654
Tax recoverable	104	–	547	–	3,453	–	–	4,104
Total assets	1,074,960	452,377	119,546	11,319	109,750	854	(297,452)	1,471,354
Liabilities								
Segment liabilities	519,015	178,917	36,682	2,588	62,997	1,665	(236,979)	564,885
Borrowings	348,793	178,516	62,384	5,424	41,925	–	–	637,042
Deferred tax liabilities	1,115	7,779	722	–	1,098	–	–	10,714
Tax payable	8,678	950	–	–	–	28	–	9,656
Total liabilities	877,601	366,162	99,788	8,012	106,020	1,693	(236,979)	1,222,297

* *Others – involved as commission agent.*

36. SEGMENT REPORTING (CONT'D)

(a) Business Segments (Cont'd)

2013	Construction RM'000	Property Development RM'000	Quarry and Readymix Concrete RM'000	Polyol RM'000	Power Supply RM'000	Others* RM'000	Group RM'000
Revenue							
External customer	858,448	74,354	91,842	20,431	8,632	–	1,053,707
Inter-segment revenue	110,729	–	3,053	–	–	–	113,782
	969,177	74,354	94,895	20,431	8,632	–	1,167,489
Adjustments and eliminations							(113,782)
Consolidated revenue							1,053,707
Results							
Segment results	10,081	428	3,310	340	964	23	15,146
Adjustments and eliminations							(8)
							15,138
Investment income	864	3,010	–	–	13	–	3,887
Share of results in associates	141	119	1,040	–	–	–	1,300
Share of results in joint venture	21	–	–	–	–	–	21
Interest income	1,189	1	–	–	–	–	1,190
Finance costs	(4,935)	(2,032)	(534)	(162)	(224)	–	(7,887)
Consolidated profit before taxation	7,361	1,526	3,816	178	753	23	13,649
Taxation							(7,830)
Consolidated profit after taxation							5,819
Capital expenditures	13,586	495	3,155	1,853	8,074	–	27,163
Depreciation of property, plant and equipment	7,329	1,327	1,895	135	1,691	–	12,377

36. SEGMENT REPORTING (CONT'D)

(a) Business Segments (Cont'd)

2013	Construction RM'000	Property Development RM'000	Quarry and Readymix Concrete RM'000	Polyol RM'000	Power Supply RM'000	Others* RM'000	Group RM'000
Other non-cash expenses/(income)							
(Gain)/loss on disposal property, plant and equipment	(188)	1	(4)	1	67	–	(123)
Property, plant and equipment written off	23	–	–	–	–	–	23
Share option granted under ESOS	377	–	56	29	–	36	498
Reversal of allowance for impairment on trade and other receivables no longer required	–	–	(2)	–	–	–	(2)
Net effect of unwinding of interest from discounting	329	–	–	–	–	–	329
Unrealised foreign exchange	–	–	–	1,489	222	–	1,711
Share of results in associates	(289)	–	(1,011)	–	–	–	(1,300)
Share of results in joint venture	(21)	–	–	–	–	–	(21)

36. SEGMENT REPORTING (CONT'D)

(a) Business Segments (Cont'd)

2013	Construction RM'000	Property Development RM'000	Quarry and Readymix Concrete RM'000	Polyol RM'000	Power Supply RM'000	Others* RM'000	Elimination RM'000	Group RM'000
Assets								
Segment assets	1,018,649	423,766	64,327	9,747	37,997	1,007	(245,930)	1,309,563
Investment in associates	32,960	245	2,918	–	–	–	–	36,123
Other investments	7,309	–	–	–	–	–	–	7,309
Goodwill		13,235	–	–	350	–	–	13,585
Deferred tax assets	–	–	–	654	–	–	–	654
Tax recoverable	600	–	542	–	1,038	8	–	2,188
Total assets	1,059,518	437,246	67,787	10,401	39,385	1,015	(245,930)	1,369,422
Liabilities								
Segment liabilities	487,235	220,460	32,490	2,318	24,721	2,002	(225,138)	544,088
Borrowings	405,990	191,155	7,869	4,792	11,364	–	–	621,170
Deferred tax liabilities	1,765	4,279	1,032	–	735	–	–	7,811
Tax payable	11,244	171	190	–	–	–	–	11,605
Total liabilities	906,234	416,065	41,581	7,110	36,820	2,002	(225,138)	1,184,674

* *Others – involved as commission agent.*

36. SEGMENT REPORTING (CONT'D)

(b) Reconciliation of reportable segment results, profit and loss, assets and other material items are as follow:-

	Segment result	
	2014	**2013**
	RM'000	**RM'000**
Total segment results	**20,362**	15,146
Elimination of inter-segment profit	**(1,252)**	(8)
Consolidated total	**19,110**	15,138

	Segment assets	
	2014	**2013**
	RM'000	**RM'000**
Total reportable segments	**1,768,806**	1,615,352
Elimination of inter-segment transactions or balances	**(297,452)**	(245,930)
Consolidated total	**1,471,354**	1,369,422

	Segment liabilities	
	2014	**2013**
	RM'000	**RM'000**
Total reportable segments	**1,459,276**	1,409,812
Elimination of inter-segment transactions or balances	**(236,979)**	(225,138)
Consolidated total	**1,222,297**	1,184,674

(c) Geographical Information

The Group's business segments operate substantially from Malaysia. In determining the geographical segments of the Group, revenues are based on the country in which the customer is located.

	Malaysia RM'000	Other Asian countries RM'000	Consolidated RM'000
2014			
Revenue from external customers	**1,016,338**	**37,140**	**1,053,478**
Non-current assets (exclude deferred tax assets)	**426,715**	**69,806**	**496,521**
Segment assets	**1,320,428**	**150,926**	**1,471,354**
Segment liabilities	**1,047,086**	**175,211**	**1,222,297**
2013			
Revenue from external customers	1,026,074	27,633	1,053,707
Non-current assets (exclude deferred tax assets)	234,395	41,034	275,429
Segment assets	1,262,854	106,568	1,369,422
Segment liabilities	1,060,221	124,453	1,184,674

(d) Information about a major customer

Revenue from a major customer amounting to RM177,200,000/- (2013: RM134,306,000/-) arising from the construction segment.

37. SIGNIFICANT RELATED PARTY DISCLOSURES

(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) Associates;

(iii) A company in which directors of the Company have substantial financial interest;

(iv) A corporate shareholder of a subsidiary; and

(v) Key management personnel, comprise persons (including the directors of the Company) who have the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

(b) Significant related party transactions and balances

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

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Transactions with:-				
Subsidiaries				
Dividend income	**–**	–	**3,500**	4,075
Management fees	**–**	–	**4,544**	3,370
Project commission	**–**	–	**2,373**	4,829
Rental income	**–**	–	**502**	401
Secretarial fee	**–**	–	**36**	36
Security and safety fee	**–**	–	**(216)**	(216)

37. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant related party transactions and balances (Cont'd)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Associates				
Construction services	**454**	4,270	**(2,903)**	–
Purchases of quarry product	**(24,115)**	(20,095)	**24**	–
Management fees	**776**	208	**776**	96
Secretarial fee	**4**	4	**4**	4
A company in which a director of the Company has interests in				
Project management fee	**(120)**	(120)	**(120)**	(120)
Purchase of:-				
- air tickets	**(1,088)**	(773)	**(378)**	(156)
- diesel	**(156)**	(348)	**–**	–
A corporate shareholder of a subsidiary				
Sales of quarry product	**–**	103	**–**	–
A company in which a director of a subsidiary of the Company has interests in				
Sales of quarry product and ready mix concrete	**480**	1,488	**–**	–

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Note 12, Note 13, Note 17 and Note 26 to the financial statements.

(c) Key management personnel remuneration

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Short-term employee benefits	**11,967**	8,737	**3,617**	2,918
Employee Provident Fund	**1,045**	826	**351**	291
Share based payments	**193**	340	**16**	28
	13,205	9,903	**3,984**	3,237

37. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(c) Key management personnel remuneration (Cont'd)

Included in the key management personnel remuneration is:-

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Directors' remuneration:				
- directors of the Company (Note 35)	**4,746**	4,282	**2,720**	2,345
- directors of the subsidiaries	**2,422**	1,933	**–**	–
	7,168	6,215	**2,720**	2,345

38. CAPITAL COMMITMENTS

	Group	
	2014 RM'000	**2013 RM'000**
Approved and contracted for but not provided in the financial statements		
- property, plant and equipment	5,096	2,061
Approved and not contracted for		
- construction of power plant	14,938	23,236

39. FINANCIAL GUARANTEES AND CONTINGENCIES

(a) Financial guarantees

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Corporate guarantees given to licensed banks for credit facilities granted to:				
- subsidiaries	**–**	–	**568,398**	788,988
- associates	**278,975**	1,158,595	**278,975**	1,158,595
- other investment	**–**	–	**–**	–
Guarantee given in favour of suppliers of goods for credit terms granted to subsidiaries	**–**	–	**4,002**	9,576
Guarantee given to secure hire purchase payables of subsidiaries	**–**	–	**11,539**	10,312

The fair value of financial guarantees is Nil in respect to the abovementioned contracts.

39. FINANCIAL GUARANTEES AND CONTINGENCIES (CONT'D)

(b) Contingencies

(i) EP Engineering Sdn. Bhd. ("EP") v. Bina Puri Sdn. Bhd. ("BPSB") & Kris Heavy Engineering & Construction Sdn. Bhd. ("KH")

The nature of the proceeding is an Arbitration which has been instituted by EP against BPSB together with KH for an amount of RM16,834,000/- together with interest thereon for loss and damages suffered by reason of KH's repudiation of a subcontract which was awarded by KH to EP for the execution and completion of a Chilled Water Loop System in respect of the KLIA MAS Cargo Complex. BPSB denies the claim on the ground that there is no contract in existence between EP and BPSB and the alleged amount of loss and damage suffered was by reason of KH's repudiation of the aforementioned subcontract.

EP has closed its case in the Arbitration proceeding. Directions have been given by the arbitrator to file written submissions. EP's submission has been forwarded and served. On 9th April 2013, BPSB has been informed that KH has been directed by the arbitrator to submit their counter claim by 15th August 2013.

BPSB has also entered into a settlement agreement with EP wherein EP has agreed with BPSB not to enforce any award, if any, which may be made by the arbitrator against BPSB.

There is a more than average probability that the claim by EP against BPSB will be dismissed with cost. In the worst case scenario, BPSB will be liable to EP for the full amount awarded (if any) by the arbitrator against KH. The Parties are presently filing their respective written submissions and on 31st October 2014, the Arbitrator may fix a date for decision or clarification.

(ii) MDC Precast Industries Sdn. Bhd. ("MDC") v Bina Puri Sdn. Bhd. ("BPSB")

MDC is claiming for an amount of RM480,000/- for goods which have been supplied and late payment interest of RM88,000/-. BPSB's counter claimed, inter alia, that the goods delivered by MDC are defective and unfit for its purpose. BPSB avers that due to the defective goods supplied by MDC and the rejection of those defective goods by BPSB's employer, BPSB had incurred additional cost of RM1,642,000/- for rectification works and accelerating of the work in order to complete the project.

On 25th May 2012, the High Court had granted the MDC's Summary Judgment but has further allowed a stay of execution of the judgment on the basis that BPSB has a plausible counterclaim against MDC. BPSB's appeal against the Summary Judgment was allowed on 25th September 2012 and the High Court's decision was set aside. MDC had appealed against the decision. The matter has been fixed for full trial on 3rd June 2013, 5th June 2013 and 14th June 2013.

On 31st March 2014, the Shah Alam High Court has granted the MDC's claim for RM480,000/- with interest of 5% from date of filing summons, and BPSB's counterclaim was dismissed with costs of RM20,000/- to be paid by BPSB to MDC.

BPSB does not agree with the Court's decision and maintain that BPSB has a good counterclaim. As such, BPSB has lodged an Appeal to the Court of Appeal on 15th April 2014. BPSB has also filed an application for stay of execution of the Judgment on 21st April 2014.

Court had judged that BPSB was liable to settle the outstanding balances of RM479,870/-, interest at rate of 5% per annum on the sum of RM479,70/- and RM20,000/- of dismissal costs.

Judgement sum and interest have been fully paid to MDC in January 2015. The case is now closed.

(iii) One of the Group's projects was carried out by its wholly owned subsidiarytogether with a Joint Venture partner (JV). Due to, amongst others, the timing of variation orders and site instructions issued to the JV, the JV has submitted applications for extension of the completion date of the project. These applications are currently still pending decision from the contracting party. Based on the circumstances of this matter, the directors are of the opinion that the JV would be entitled to an extension of the completion date applied for. In view that the decision for the applications for the extension of the completion date are still pending, the directors have not made any provision in the Financial Statements of the Group. The directors are also unable to disclose further information on the subject matter, so as not to prejudice the position of the Group.

39. FINANCIAL GUARANTEES AND CONTINGENCIES (CONT'D)

(b) Contingencies (Cont'd)

(iv) Bina Puri Pakistan (Private) Limited ("BPPPL") v National Highway Authority of Pakistan ("NHA")

BPPPL had filed an application under Section 20 of the Arbitration Act, 1940 of Pakistan to refer the disputes out of the unlawful termination of the concession agreement by NHA to arbitration.

The Court in Pakistan had directed the parties to proceed with arbitration. First arbitration hearing of this matter has already taken place before the Hon'ble Arbitrators in Pakistan where BPPPL has claimed Pak Rupees 26,760,301,000/, which is equivalent to RM892,010,000/- from NHA as damages (including loss of profit), interest, cost and expenses.

Arbitration proceedings continue from 12th May 2014 until 16th May 2014 in Pakistan.

The hearing which was scheduled on 17th November 2014 was adjourned to another date to be fixed as one of the witnesses was unwell.

On 26th February 2015, 3 witnesses from the Group had given evidence but were not cross-examined by NHA's lawyers. The Arbitrators have now fixed 16th and 17th April 2015 for continue hearing. After that, the case shall be closing and the NHA will then call their witness to start their defendant. No decision date had been fixed.

On 16th April 2015, NHA applied for adjournment and the proceedings on 16th and 17th April, 2015 was adjourned to 18th August 2015 for continue hearing.

The estimated maximum exposure to liabilities is minimal as there is no counter-claim being filed by NHA against BPPPL. The exposure to liability would be in terms of cost and expenses incurred in bringing the matter to arbitration. There is also the commitment to the contractors and consultants engaged, both local and in Pakistan, for the project, to be settled.

Based on facts of the case, BPPPL's Pakistan lawyer is of the opinion that BPPPL has a strong case with a reasonable likelihood of success upon conclusion of arbitration proceedings leading to an award in BPPPL's favour.

40. FINANCIAL INSTRUMENTS

(a) Financial Risk Management and Objectives

The Group and the Company seek to manage effectively the various risks namely credit, liquidity, interest rate, and foreign currency risks, to which the Group and the Company are exposed to in their daily operations.

(i) Credit Risk

The Group's and the Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables, amount owing by subsidiaries and amount owing by associates. The Group and the Company manage their exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an on-going basis. For other financial assets (including other investments, fixed deposits placed with licensed banks and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company established an allowance account for impairment that represents its estimate of incurred losses in respect of the financial assets 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.

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management and Objectives (Cont'd)

(i) Credit Risk (Cont'd)

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:-

(i) The carrying amounts of each class of financial assets recognised in the statements of financial position as disclosed in Note 10, Note 12, Note 13, Note 16, Note 17, Note 18 and Note 19 to the financial statements, and

(ii) The nominal amount of guarantees provided by the Group and the Company to banks on subsidiaries' and associates' credit facilities as disclosed in Note 39(a) to the financial statements.

Credit risk concentration profile

The Group and the Company determine concentration of credit risk by monitoring the country profile of its trade receivables (including trade-related amounts owing by subsidiaries and associates) on an on-going basis.

The credit risk concentration profile of the Group's and of the Company's trade receivables at the end of the reporting period are as follows:-

	Group		Company	
Countries	**2014 RM'000**	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Brunei Darussalam	**323,657**	23,183	**–**	–
Pakistan	**27,021**	2,722	**–**	–
US	**3,877**	519	**–**	–
Singapore	**1,014**	58	**–**	–
Indonesia	**100**	649	**–**	–
Malaysia	**11,087**	446,587	**49,507**	90,379
	366,756	473,718	**49,507**	90,379

Financial assets that are neither past due nor impaired

Information regarding financial assets that are neither past due nor impaired are disclosed in Note 12, Note 13 and Note 17 to the financial statements. Fixed deposits and cash and bank balances are placed with reputable licensed financial institutions with high credit ratings.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 12, Note 13 and Note 17 to the financial statements.

(ii) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from general funding and business activities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the continuity of funding and flexibility through the use of stand-by credit facilities.

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management and Objectives (Cont'd)

(ii) Liquidity Risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities

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

Group	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	On demand Within 1 Year RM'000	One to five Years RM'000	Over five Years RM'000
2014					
Financial liabilities					
Trade and other payables**	**534,651**	**544,816**	**475,190**	**69,626**	**–**
Amount owing to associates	**7,660**	**7,660**	**7,660**	**–**	**–**
Amount owing to joint venture	**34**	**34**	**34**	**–**	**–**
Hire purchase payables	**17,146**	**18,574**	**7,625**	**10,949**	–
Term loans	**245,875**	**285,948**	**37,049**	**160,122**	**88,777**
Bank borrowings	**374,021**	**374,021**	**374,021**	**–**	**–**
	1,179,387	**1,231,053**	**901,579**	**240,697**	**88,777**

Group	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	On demand Within 1 Year RM'000	One to five Years RM'000	Over five Years RM'000
2013					
Financial liabilities					
Trade and other payables**	500,334	509,299	458,466	50,833	–
Amount owing to associates	7,023	7,023	7,023	–	–
Amount owing to joint venture	34	34	34	–	–
Hire purchase payables	17,192	18,705	8,526	10,179	–
Term loans	80,097	105,659	14,409	91,250	–
Bank borrowings	523,881	523,881	523,881	–	–
	1,128,561	1,164,601	1,012,339	152,262	–

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management and Objectives (Cont'd)

(ii) Liquidity Risk (Cont'd)

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

Group	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	On demand Within 1 Year RM'000	One to five Years RM'000	Over five Years RM'000
2014					
Financial liabilities					
Trade and other payables**	**65,591**	**66,144**	**62,323**	**3,821**	**–**
Amount owing to subsidiaries	**57,801**	**57,801**	**57,801**	**–**	**–**
Amount owing to associates	**6**	**6**	**6**	**–**	**–**
Amount owing to joint venture	**34**	**34**	**34**	**–**	**–**
Hire purchase payables	**738**	**815**	**216**	**599**	**–**
Bank borrowings	**48,739**	**48,739**	**48,739**	**–**	**–**
	172,909	**173,539**	**169,119**	**4,420**	**–**

Group	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	On demand Within 1 Year RM'000	One to five Years RM'000	Over five Years RM'000
2013					
Financial liabilities					
Trade and other payables**	42,442	43,017	39,096	3,921	–
Amount owing to subsidiaries	19,424	19,424	19,424	–	–
Amount owing to associates	6	6	6	–	–
Amount owing to joint venture	34	34	34	–	–
Hire purchase payables	336	367	104	263	–
Bank borrowings	49,574	49,574	49,574	–	–
	111,816	112,422	108,238	4,184	–

** *exclude provision for foreseeable losses and advances received for contracts work not yet performed.*

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management and Objectives (Cont'd)

(iii) Interest Rate Risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from interest-bearing financial assets and liabilities. The Group's and the Company's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group and of the Company will be placed with licensed financial institutions to generate interest income.

Interest rate profile

At the end of the reporting period, the interest rate profile of the interestbearing financial instruments is as follows:-

Group	Effective Interest Rate %	Within 1 Year RM'000	1-5 Years RM'000	> 5 Years RM'000	Total RM'000
2014					
Financial asset					
Fixed deposits with licensed banks	**0.50 - 4.25**	**11,223**	**–**	**–**	**11,223**
Financial liabilities					
Hire purchase payables	**3.1 - 12.32**	**6,854**	**10,292**	**–**	**17,146**
Term loans	**3.0 - 8.10**	**32,772**	**134,860**	**78,243**	**245,875**
Bank borrowings	**3.2 - 10.35**	**374,021**	**–**	**–**	**374,021**
2013					
Financial asset					
Fixed deposits with licensed banks	0.50 - 4.25	14,904	–	–	14,904
Financial liabilities					
Hire purchase payables	3.80 - 12.32	7,684	9,508	–	17,192
Term loans	3.77 - 7.85	9,396	50,472	20,229	80,097
Bank borrowings	2.97 - 9.10	523,881	–	–	523,881

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management and Objectives (Cont'd)

(iii) Interest Rate Risk (Cont'd)

Interest rate profile (Cont'd)

Company	Effective Interest Rate %	Within 1 Year RM'000	1-5 Years RM'000	> 5 Years RM'000	Total RM'000
2014					
Financial asset					
Fixed deposits with licensed banks	**2.00 - 3.00**	**54**	**–**	**–**	**54**
Financial liabilities					
Hire purchase payables	**3.83 - 5.25**	**185**	**553**	**–**	**738**
Bank borrowings	**4.83 - 7.60**	**48,739**	**–**	**–**	**48,739**
2013					
Financial asset					
Fixed deposits with licensed banks	2.00 - 3.00	54	–	–	54
Financial liabilities					
Hire purchase payables	3.83 - 5.25	89	247	–	336
Bank borrowings	4.83 - 7.60	49,574	–	–	49,574

Interest rate risk sensitivity analysis

An increase in market interest rates by 5% on financial assets and financial liabilities of the Group and of the Company which have variable interest rates at the end of the reporting period would decrease the profit before tax by RM1,876,000/- (2013: RM1,534,000/-) and RM158,000/- (2013: RM159,000 /-). This analysis assumes that all other variables remain unchanged.

A decrease in market interest rates by 5% on financial assets and financial liabilities of the Group and of the Company which have variable interest rates at the end of the reporting period would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

(iv) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates.

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the functional currencies of the Group entities. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entity are kept to an acceptable level.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Brunei, Hong Kong, Indonesia, Thailand, Vietnam, Abu Dhabi, Pakistan, Cambodia and India. The Group's investments in foreign operations are not hedged.

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management and Objectives (Cont'd)

(iv) Foreign Currency Risk (Cont'd)

Foreign currency exposure profile

The foreign currency exposure profile of the financial instruments of the Group and of the Company is as follows:-

Group	Brunei Dollar RM'000	Pakistan Rupee RM'000	Indo. Rupiah RM'000	US Dollar RM'000	Other Currency RM'000	Total RM'000
2014						
Financial assets						
Gross amount due from contract customer	**301**	**15,545**	**–**	**–**	**–**	**15,846**
Trade and other receivables *	**27,671**	**5,789**	**3,855**	**–**	**–**	**37,315**
Fixed deposits with licensed banks	**4,641**	**–**	**–**	**–**	**48**	**4,689**
Cash and bank balances	**7,736**	**13**	**612**	**–**	**13**	**8,374**
	40,349	**21,347**	**4,467**	**–**	**61**	**66,224**
Financial liabilities						
Trade and other payables**	**33,199**	**1,678**	**5,431**	**–**	**24**	**40,332**
Hire purchase payables	**–**	**–**	**149**	**–**	**–**	**149**
Term loans	**13,951**	**–**	**–**	**–**	**–**	**13,951**
Bank borrowings	**24,273**	**–**	**–**	**–**	**–**	**24,273**
	71,423	**1,678**	**5,580**	**–**	**24**	**78,705**
2013						
Financial assets						
Gross amount due from contract customer	–	10,784	–	–	–	10,784
Trade and other receivables *	23,798	4,230	1,637	–	–	29,665
Fixed deposits with licensed banks	7,105	–	61	–	48	7,214
Cash and bank balances	2,330	12	1,415	–	14	3,771
	33,233	15,026	3,113	–	62	51,434
2013						
Financial liabilities						
Trade and other payables**	28,798	1,508	554	–	28	30,888
Hire purchase payables	40	–	305	–	–	345
Term loans	15,006	–	–	10,447	–	25,453
Bank borrowings	8,728	–	–	612	–	9,340
	52,572	1,508	859	11,059	28	66,026

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management and Objectives (Cont'd)

(iv) Foreign Currency Risk (Cont'd)

Foreign currency exposure profile (Cont'd)

	United Arab Emirates Dirham 2014 RM'000	United Arab Emirates Dirham 2013 RM'000
Company		
Financial assets		
Fixed deposits with licensed banks	**48**	48
Cash and bank balances	**1**	1
	49	49

* *exclude prepayments and accrued billings.*
** *exclude provision for foreseeable losses and advances received for contract work not yet performed.*

The directors believe that the impact of foreign exchange fluctuation will not significantly affect the profitability of the Group and of the Company. As such, sensitivity analysis is not presented.

(b) Classification of Financial Instruments

Financial assets and financial liabilities are measured on an on-going basis either at fair value or at amortised cost. The principal accounting policies in Note 2.3 to the financial statements describe how classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis.

Group	Loans and receivables RM'000	Available for sales RM'000	Financial liabiilities at amortised cost RM'000	Total RM'000
2014				
Financial assets				
Quoted and unquoted shares	**–**	**6,887**	**–**	**6,887**
Gross amount due from contract customers	**258,687**	**–**	**–**	**258,687**
Trade and other receivables*	**536,857**	**–**	**–**	**536,857**
Amount owing by associates	**31,410**	**–**	**–**	**31,410**
Fixed deposits with licensed banks	**11,223**	**–**	**–**	**11,223**
Cash and bank balances	**66,908**	**–**	**–**	**66,908**
Total carrying amount	**905,085**	**6,887**	**–**	**911,972**

40. FINANCIAL INSTRUMENTS (CONT'D)

(b) Classification of Financial Instruments (Cont'd)

Group	Loans and receivables RM'000	Available for sales RM'000	Financial liabiilities at amortised cost RM'000	Total RM'000
2014				
Financial liabilities				
Trade and other payables**	**–**	**–**	**534,651**	**534,651**
Amount owing to associates	**–**	**–**	**7,660**	**7,660**
Amount owing to joint venture	**–**	**–**	**34**	**34**
Hire purchase payables	**–**	**–**	**17,146**	**17,146**
Term loans	**–**	**–**	**245,875**	**245,875**
Bank borrowings	**–**	**–**	**374,021**	**374,021**
Total carrying amount	**–**	**–**	**1,179,387**	**1,179,387**
2013				
Financial assets				
Quoted and unquoted shares	–	6,887	–	6,887
Gross amount due from contract customers	197,780	–	–	197,780
Trade and other receivables*	612,333	–	–	612,333
Amount owing by associates	36,957	–	–	36,957
Fixed deposits with licensed banks	14,904	–	–	14,904
Cash and bank balances	55,692	–	–	55,692
Total carrying amount	917,666	6,887	–	924,553
Financial liabilities				
Trade and other payables**	–	–	500,334	500,334
Amount owing to associates	–	–	7,023	7,023
Amount owing to joint venture	–	–	34	34
Hire purchase payables	–	–	17,192	17,192
Term loans	–	–	80,097	80,097
Bank borrowings	–	–	523,881	523,881
Total carrying amount	–	–	1,128,561	1,128,561

Company	Loans and receivables RM'000	Available for sales RM'000	Financial liabiilities at amortised cost RM'000	Total RM'000
2014				
Financial assets				
Quoted and unquoted shares	**–**	**6,377**	**–**	**6,377**
Gross amount due from contract customers	**28,713**	**–**	**–**	**28,713**
Trade and other receivables*	**32,110**	**–**	**–**	**32,110**
Amount owing by subsidiaries	**113,930**	**–**	**–**	**113,930**
Amount owing by associates	**30,903**	**–**	**–**	**30,903**
Fixed deposits with licensed banks	**54**	**–**	**–**	**54**
Cash and bank balances	**9,787**	**–**	**–**	**9,787**
Total carrying amount	**215,497**	**6,377**	**–**	**221,874**

40. FINANCIAL INSTRUMENTS (CONT'D)

(b) Classification of Financial Instruments (Cont'd)

Company	Loans and receivables RM'000	Available for sales RM'000	Financial liabiilities at amortised cost RM'000	Total RM'000
2014				
Financial liabilities				
Trade and other payables**	**–**	**–**	**65,591**	**65,591**
Amount owing to subsidiaries	**–**	**–**	**57,801**	**57,801**
Amount owing to associates	**–**	**–**	**6**	**6**
Amount owing to joint venture	**–**	**–**	**34**	**34**
Hire purchase payables	**–**	**–**	**738**	**738**
Bank borrowings	**–**	**–**	**48,739**	**48,739**
Total carrying amount	**–**	**–**	**172,909**	**172,909**

Company				
2013				
Financial assets				
Quoted and unquoted shares	–	6,377	–	6,377
Gross amount due from contract customers	15,762	–	–	15,762
Trade and other receivables*	23,324	–	–	23,324
Amount owing by subsidiaries	129,158	–	–	129,158
Amount owing by associates	36,927	–	–	36,927
Fixed deposits with licensed banks	54	–	–	54
Cash and bank balances	463	–	–	463
Total carrying amount	205,688	6,377	–	212,065
Financial liabilities				
Trade and other payables**	–	–	42,442	42,442
Amount owing to subsidiaries	–	–	19,424	19,424
Amount owing to associates	–	–	6	6
Amount owing to joint venture	–	–	34	34
Hire purchase payables	–	–	336	336
Bank borrowings	–	–	49,574	49,574
Total carrying amount	–	–	111,816	111,816

* *exclude prepayments and accrued billing.*

** *exclude provision for foreseeable losses and advances received for contract work not yet performed.*

40. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of Financial Instruments

Determination of Fair Value

<u>Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value</u>

The carrying amounts of current financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date. Other long term financial liabilities are reasonable approximation of fair value because they are floating rate instruments which are re-priced to market interest rates.

It is not practical to determine the fair value of non-current borrowings at fixed rate because of lack of market information of comparable instruments with similar characteristic and risk profile.

Fair Values Hierarchy

<u>Policy on transfer between levels</u>

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

During the financial year ended 31 December 2014 and 2013, there was no transfer between the fair value measurement hierarchy.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable:-

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

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

Transfer between Level 1 and Level 2

There has been no transfer between Level 1 and 2 fair values during the financial year. (2013: no transfer in either directions).

(iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

40. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of Financial Instruments

The carrying amount of financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments.

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

	Fair value of financial instruments carried fair value				Fair value of financial instruments not carried fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
2014										
Group										
Financial assets										
Other investments										
- Unquoted shares	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**#**	**6,815**
- Quoted shares	**72**	**–**	**–**	**72**	**–**	**–**	**–**	**–**	**72**	**72**
- Transferable corporate membership	**–**	**–**	**–**	**–**	**387**	**–**	**–**	**387**	**387**	**387**
	72	**–**	**–**	**72**	**387**	**–**	**–**	**387**	**459**	**7,274**
2013										
Group										
Financial assets										
Other investments										
- Unquoted shares	–	–	–	–	–	–	–	–	#	6,815
- Quoted shares	72	–	–	72	–	–	–	–	72	72
- Transferable corporate membership	–	–	–	–	422	–	–	422	422	422
	72	–	–	72	422	–	–	422	494	7,309

The fair value cannot be reliably measured using valuation techniques due to the lack of marketability of the unquoted shares.

41. 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 long and short-term borrowings less fixed deposits with licensed banks and cash and bank balances.

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Borrowings				
Hire purchase payables	**17,146**	17,192	**738**	336
Term loans	**245,875**	80,097	**–**	–
Bank borrowings	**374,021**	523,881	**48,739**	49,574
	637,042	621,170	**49,477**	49,910
Less:				
Fixed deposits with licensed banks	**(11,223)**	(14,904)	**(54)**	(54)
Cash and bank balances	**(66,908)**	(55,692)	**(9,787)**	(463)
Net debt	**558,911**	550,574	**39,636**	49,393
Total equity	**249,057**	184,748	**199,162**	192,129
Debt-to-equity ratio	**2.24**	2.98	**0.20**	0.26

The Group is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

SUPPLEMENTARY INFORMATION

ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

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

On 20th 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 or losses of the Group and of the Company as at 31st December are as follows:-

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Total retained profits/(accumulated losses):-				
- realised	**47,990**	5,600	**104,233**	28,999
- unrealised	**60,790**	(9,044)	**(900)**	(729)
	108,780	(3,444)	**103,333**	28,270
Total share of retained profits of associates:-				
- realised	**(18,481)**	982	**–**	–
- unrealised	**–**	–	**–**	–
	(18,481)	982	**–**	–
Total share of accumulated losses of joint venture:-				
- realised	**(3,402)**	(3,402)	**–**	–
- unrealised	**–**	–	**–**	–
	(3,402)	(3,402)	**–**	–
At 31st December	**86,897**	(5,864)	**103,333**	28,270

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

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

STATEMENT BY DIRECTORS

We, **TAN SRI DATUK TEE HOCK SENG, JP** and **MATTHEW TEE KAI WOON**, being two of the directors of **BINA PURI HOLDINGS BHD.**, state that, in the opinion of the directors, the financial statements set out on pages 59 to 169 are drawn up in accordance with the Financial Reporting Standards and 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 31st December 2014 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 170 have 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, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

TAN SRI DATUK TEE HOCK SENG, JP Director	**MATTHEW TEE KAI WOON** Director

Kuala Lumpur
Date: 29th April 2015

STATUTORY DECLARATION

I, **MATTHEW TEE KAI WOON**, being the director primarily responsible for the financial management of **BINA PURI HOLDINGS BHD**., do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 59 to 169 and the supplementary information set out on page 170 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.

Subscribed and solemnly declared by the	)	
abovenamed at Kuala Lumpur	)	**MATTHEW TEE KAI WOON**
in the Federal Territory on 29th April 2015	)	**Director**
	)	

Before me

Commissioner for Oaths
ZULKIFLA MOHD DAHLIM
NO. W 541

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Report on the Financial Statements

We have audited the financial statements of Bina Puri Holdings Bhd., which comprise the statements of financial position as at 31st December 2014 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 a summary of significant accounting policies and other explanatory information, as set out on pages 59 to 169.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31st December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with the Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Emphasis of Matters

Without qualifying our opinion, we draw your attention to the following matters:-

(a) As disclosed in Note 39(b)(iii) to the financial statements, one of the Group's projects was carried out by its wholly owned subsidiary together with a Joint Venture partner (JV). Due to, amongst others, the timing of variation orders and site instructions issued to the JV, the JV has submitted applications for extension of the completion date of the project. These applications are currently still pending decision from the contracting party. Based on the circumstances of this matter, the directors are of the opinion that the JV would be entitled to an extension of the completion date applied for. In view that the decision for the applications for the extension of the completion date are still pending, the directors have not made any provision in the financial statements of the Group. The directors are also unable to disclose further information on the subject matter, so as not to prejudice the position of the Group. As disclosed in Note 12(b)(ii) and Note 16(c) to the financial statements, included in the Group's other receivables and gross amount due from contract customers are RM3,334,000/- and RM56,196,000/- respectively in which the Group is in the process of finalising the final settlement accounts in relation to the said joint venture project.

(b) As disclosed in Note 17(c) to the financial statements, included in the Group's and the Company's amount owing by associates are amounts of RM21,961,000/- owing by certain associates which have been long outstanding. The directors are of the opinion that the amounts due from these associates are recoverable as these associates have committed to the Group and the Company to repay the amounts owing when they have successfully recovered the compensation in their legal claims from their completed project or from their additional cash flows to be generated from their on-going and future projects. Hence, no allowance for impairment is required.

Emphasis of Matters (Cont'd)

(c) As disclosed in Note 13(b)(i) to the financial statements, included in the Company's amount owing by subsidiaries is an advance of RM14,603,000/- to a foreign subsidiary to undertake a project awarded by the Government of Pakistan. The project had been subsequently terminated by the Government of Pakistan. As disclosed in Note 16(b) to the financial statements, included in the Group's and the Company's gross amount due from contract customers is an amount of RM15,545,000/- which relates to the construction costs incurred on the same said project. The Group and the Company are currently engaged in an arbitration process to recover the said amounts from the Government of Pakistan. The details of the arbitration proceedings are as disclosed in Note 39(b)(iv) to the financial statements. The recoverability of the said amounts is dependent on the successful outcome of the arbitration process which, based on the advice of the Group's and the Company's solicitors, the directors are of the opinion that there is a reasonable likelihood of success in the arbitration process. Hence, no allowance for impairment is required.

(d) As disclosed in Note 12(a)(i) to the financial statements, included in trade receivables of the Group and the Company is a long outstanding amount of RM6,654,000/- owing by a debtor. As disclosed in Note 16(a) to the financial statements, included in the Group's and the Company's gross amount due from contract customers is amount of RM13,276,000/- which relates to the construction costs incurred on the same project with the same debtor. The Group and the Company are currently engaged in an arbitration process to recover the said amounts from the said debtor. The recoverability of the said amounts is dependent on the successful outcome of the arbitration process which, based on the advice of the Group's and the Company's solicitors, the directors are of the opinion that there is a reasonable prospect of success in the arbitration process. Hence, no allowance for impairment is required.

(e) As disclosed in Note 10(c) to the financial statements, included in the Group's and the Company's other investment is an amount of RM6,017,000/- in respect to an investment in Redeemable Preference Shares in a concession company ("concessionaire") and dividends receivable of RM3,370,000/- as disclosed in Note 12(b)(ii) to the financial statements. The concessionaire has engaged in legal proceedings against the grantor of the concession (the "grantor") to fulfil the terms and conditions of the concession and at the same time negotiating with the grantor to purchase the concession which, in the opinion of the concessionaire's solicitors will result in a claimed amount and/or sale proceeds which is in excess of the concessionaire's liabilities including its obligations to the Group and the Company. The recoverability of the Group's and the Company's other investment and dividend receivable is dependent on the successful outcome of the concessionaire's claims against and negotiations with the grantor which in the opinion of the directors is highly likely. Therefore, the directors are of the opinion that the other investment and the dividends receivable are recoverable. Hence, no allowance for impairment is required.

We have considered the importance of these factors that are fundamental to the understanding of the financial statements and draw your attention to them, but our opinion is not qualified.

Report on Other Legal and Regulatory Requirements

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

(a) 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) Other than those subsidiaries without the auditors' reports as disclosed in Note 7 to the financial statements, we have considered the financial statements and the auditors' reports of the remaining subsidiaries of which we have not acted as auditors, which are indicated in Note 7 to the financial statements.

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

(d) Other than those subsidiaries without the auditors' reports as disclosed in Note 7 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (Cont'd)

Other Reporting Responsibilities

The supplementary information set out on page 170 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 the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("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

Andrew Heng
No. 2935/08/16(J/PH)
Chartered Accountant

Kuala Lumpur

Date: 29th April 2015

ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2015

Authorised Capital	:	RM500,000,000.00
Issued and Paid-up Capital	:	RM102,381,175.00
Class of Shares	:	Ordinary shares of RM0.50 each

Substantial Shareholders (As per Register of Substantial Shareholders)	**No. Of Shares**	**% Of Shares**
Jentera Jati Sdn. Bhd.	20,388,000*	9.97
Tan Sri Datuk Tee Hock Seng, JP	15,769,778#	7.72
Ng Keong Wee	14,093,600	6.90

* *includes beneficial interest held through nominee company.*
\# *includes 340,000 shares held through nominee company for Tee Hock Seng Holdings Sdn. Bhd. and 60,000 shares held through Tee Hock Seng Holdings Sdn. Bhd.*

Note:-
Based on adjusted issued share capital of 204,402,350 ordinary shares of RM0.50 each after deducting 360,000 treasury shares retained by the Company as per Record of Depositors.

Directors' Interest
(As per Register of Directors' Shareholdings)

Name of Directors	**Direct Interest**	**%**	**Indirect Interest**	**%**
Tan Sri Datuk Tee Hock Seng, JP	15,369,778*	7.52	400,000 #	0.20
Dr. Tony Tan Cheng Kiat	9,368,902*	4.58	–	–
Datuk Henry Tee Hock Hin	5,594,668	2.74	–	–
Tay Hock Lee	1,807,707	0.88	–	–
Matthew Tee Kai Woon	2,060,925	1.01	–	–
Datuk Tan Kwe Hee	121,000	0.06	–	–
We Her Ching (Alternate Director to Datuk Henry Tee Hock Hin)	104,900	0.05	–	–

* *includes beneficial interest held through nominee company.*
\# *indirect interest – 340,000 shares held through nominee company for Tee Hock Seng Holdings Sdn. Bhd. and 60,000 shares held through Tee Hock Seng Holdings Sdn. Bhd.*

Distribution of Shareholdings
(As per Record of Depositors)

Range of Shareholdings	**No. of Shareholders**	**% of Shareholders**	**No. of Shares**	**% of Shares**
Less than 100	10	0.24	376	0
100 - 1,000	571	13.83	499,324	0.24
1,001 - 10,000	2,181	52.82	12,340,125	6.04
10,001 - 100,000	1,217	29.47	37,664,477	18.43
100,001 to less than 5% of issued shares	147	3.56	114,073,670	55.81
5% and above of issued shares	3	0.07	39,824,378	19.48
Total	4,129	100.00	204,402,350	100.00

THIRTY LARGEST SHAREHOLDERS
AS AT 30 APRIL 2015

		No. of Shares	% of Shares
1.	RHB Nominees (Tempatan) Sdn. Bhd. Qualifier: Bank Of China (Malaysia) Berhad Pledged Securities Account for Tan Sri Datuk Tee Hock Seng, JP	15,342,778	7.51
2.	Ng Keong Wee	14,093,600	6.90
3.	Jentera Jati Sdn. Bhd.	10,388,000	5.08
4.	Kittipat Songcharoen	10,000,000	4.89
5.	Public Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Jentera Jati Sdn. Bhd. (KLC)	10,000,000	4.89
6.	Lee Kuan Chen	8,000,000	3.91
7.	Datuk Henry Tee Hock Hin	5,594,668	2.74
8.	Maybank Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Dato' Mohamed Feisal Bin Ibrahim (514123808681)	5,238,000	2.56
9.	Amsec Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Dr. Tan Cheng Kiat	5,000,000	2.45
10.	Chan Fong Yun	5,000,000	2.45
11.	Bumimaju Mawar Sdn. Bhd.	4,362,800	2.13
12.	Cartaban Nominees (Tempatan) Sdn. Bhd. Qualifier: Corston-Smith Asset Management Sdn. Bhd. for Corston-Smith ASEAN Corporate Governance Fund	4,000,000	1.96
13.	Dr. Tan Cheng Kiat	3,768,902	1.84
14.	Maybank Nominees (Asing) Sdn. Bhd. Qualifier: Pledged Securities Account For San Tuan Sam	3,588,800	1.76
15.	Goh Kui Lian	3,290,000	1.61
16.	Cheo Chet Lan @ Chow Sak Nam, KMN	3,046,884	1.49
17.	DB (Malaysia) Nominee (Tempatan) Sdn. Bhd. Qualifier: Deutsche Trustees Malaysia Berhad for Hong Leong Strategic Fund	3,040,000	1.49
18.	Maju Offshore Sdn. Bhd.	2,597,000	1.27
19.	Matthew Tee Kai Woon	2,060,925	1.01
20.	DB (Malaysia) Nominee (Tempatan) Sdn. Bhd. Qualifier: Deutsche Trustees Malaysia Berhad for Hong Leong Asia-Pacific Infrastructure Fund	1,960,000	0.96
21.	Tay Hock Lee	1,807,707	0.88
22.	Lim Seng Chee	1,672,500	0.82

		No. of Shares	% of Shares
23.	Tee Hock Loo	1,215,207	0.60
24.	Dato' Razali Bin Daud, JP	1,123,000	0.55
25.	Cartaban Nominees (Tempatan) Sdn. Bhd. Qualifier: Corston-Smith Asset Management Sdn. Bhd. for ASIF	980,000	0.48
26.	Datuk Kong Sing Chu	784,900	0.38
27.	Malacca Equity Nominees (Tempatan) Sdn. Bhd. Qualifier: Exempt AN For Phillip Capital Management Sdn. Bhd. (EPF)	780,200	0.38
28.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Dr. Tan Cheng Kiat (861025)	600,000	0.29
29.	Ang Beng Eng	551,077	0.27
30.	Mercsec Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa	520,000	0.25
	Total	**130,406,948**	**63.80**

LIST OF PROPERTIES

31 DECEMBER 2014

Location	Description	Date of acquisition	Tenure	Year Expiry	Land / Built-up Area	Age building (years)	Existing use	Net book value 31 Dec 14 RM'000
HS(M) 13570 PT No. 22184 Mukim of Batu District of Gombak Selangor Darul Ehsan	5 1/2 storey office building	1 July 1998	Leasehold	2089	17,920 sq ft/ 62,451 sq ft	17	Office	14,350
HS (M) 12980 PT No. 21686 Mukim of Batu District of Gombak Selangor Darul Ehsan	2 units condominium	9 Feb 1995	Leasehold	2089	3,900 sq ft	22	Guest House	1,048
HS (M) 13457 PT No. 22071 HS (M) 13458 PT No 22072 Mukim of Batu District of Gombak Selangor Darul Ehsan	2 units 2 1/2 storey shoplot	30 June 1997	Leasehold	2089	3,576 sq ft	22	Office	470
Master Title PM 279 Lot 52161 Mukim Batu District of Gombak Selangor Darul Ehsan	1 unit 2 1/2 storey shoplot	13 Nov 1997 1 Nov 2007	Leasehold	2089	2,278 sq ft	22	Office	547 169
Unit 104, 105, 106 & 107 Block L Alamesra Plaza Permai Alamesra, Sabah	2 storey shop cum office	18 Jan 2005	Leasehold	2098	18,331 sq ft	10	Office	2,707
Unit 65, Block H Alamesra Plaza Permai Alamesra, Sabah	2 storey shop cum office	8 March 2013	Leasehold	2098	228.8 sg mt	2	Office	1,431
H.S.(D) 102462 PT No. 17604 32 Jalan Kajang Perdana 2/3 Taman Kajang Perdana Kajang, Selangor Darul Ehsan	3 storey shoplot	10 July 2014	Freehold	–	7,389 sq ft	10	Office	3,194
GM806/MI/4/34 & GM806/MI/4/35 PTK No. 34 & 35, TLET 4 BGN MI - Lot 5820 Mukim of Sri Rusa, Port Dickson	2 units condominium	1 Jan 1997	Freehold	–	1,992 sq ft	18	Guest House	279
Parcel A-1009 Storey No. 10 Block A, MPAJ Square Mukim Ampang Selangor Darul Ehsan	Office building	1 Apr 2000	Leasehold	2093	1,085 sq ft	16	Vacant	112
Lot 3261, Mukim Beranang Daerah Ulu Langat Negeri Selangor Darul Ehsan	Freehold land Building	26 Oct 2009 July 2014	Freehold	–	1,996.43 sq mt	1	Factory	547 2,434
Plot A,B & C Daerah Alor Gajah Mukim Melaka Pindah Melaka	Granite deposit area	2 Mar 1998	Leasehold	2027	95 acres	–	Extracting of granite aggregates	609
Lot 925,1867 Lot 843 Daerah Alor Gajah Mukim Melaka Pindah Melaka	Leasehold land	12 Aug 1997	Leasehold	2033 2024	3.7 acres 2.4 acres	–	Premix plant	248
Lot 709, 952, 954, 955, 956,958, 1060 Daerah Alor Gajah Mukim Melaka Pindah Melaka	Freehold land	12 Aug 1997	Freehold	–	15.4 acres	–	Weigh bridge & Crusher plant	935
Lot 2615, 2616 Mukim Krubang District of Melaka Tengah Melaka	Freehold land	1 Feb 2012	Freehold	–	86,412 sq ft	–	Office cum factory	2,554

RECURRENT RELATED PARTY TRANSACTIONS

At the Annual General Meeting held on 27 June 2014, the Company obtained Shareholders' Mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Section 3.1.5 of Practice Note No. 12 of the Bursa Malaysia Securities Berhad listing requirements, the details of recurrent related party transactions conducted during the financial year ended 31 December 2014 pursuant to the Shareholders' Mandate are disclosed as follows:

Nature of transactions undertaken by the Company and its subsidiaries	Related Parties	Transacting Parties	Value of Transactions RM'000
Purchase of air tickets (to facilitate air travel in the course of business, eg. travel to project sites)	Sea Travel and Tours Sdn Bhd, a company in which Director Tan Sri Datuk Tee Hock Seng,JP and a member of his family collectively hold approximately 100% equity interest	(i) Bina Puri Holdings Bhd	378
		(ii) Bina Puri Sdn Bhd	371
		(iii) Bina Puri Properties Sdn Bhd	151
		(iv) Sungai Long Industries Sdn Bhd	162
		(v) Maskimi Polyol Sdn Bhd	26
Purchase of diesel	New Hoong Wah Holdings Sdn Bhd, a company in which Director Tan Sri Datuk Tee Hock Seng, JP has 50% financial interest	(i) Sungai Long Industries Sdn Bhd	63
		(ii) Easy Mix Sdn Bhd	93
Project management services	Ideal Heights Properties Sdn Bhd, a company in which Tan Sri Datuk Tee Hock Seng,JP, Dr Tony Tan Cheng Kiat, Mr Tay Hock Lee, Datuk Henry Tee Hock Hin, collectively hold 51% equity interest	(i) Bina Puri Holdings Bhd	120
Sale of quarry products	Kumpulan Melaka Bhd, a company which holds 30% equity interest in the Company's subsidiary, KM Quarry Sdn. Bhd.	(i) KM Quarry Sdn Bhd	20
Sale of quarry material, brick and ready-mix concrete	Dimara Construction Sdn Bhd, a company in which Director of the Company's subsidiary Ang Kiam Chai has 61.66% financial interest	(i) Easy Mix Sdn Bhd	480
Contract works	Dimara Holdings Sdn Bhd, a company in which Director of the Company's subsidiary Mr Ang Kiam Chai has 61.66% equity interest	(i) Bina Puri Holdings Bhd	18,906

GROUP CORPORATE DIRECTORY

Bina Puri Holdings Bhd (207184-X)
Wisma Bina Puri,
88, Jalan Bukit Idaman 8/1, Bukit Idaman,
68100 Selayang, Selangor Darul Ehsan, Malaysia.
Tel: (603) 6136 3333 Fax: (603) 6136 9999

E-mail: corpcomm@binapuri.com.my
Website: www.binapuri.com.my

MAJOR SUBSIDIARIES

CIVIL & BUILDING CONSTRUCTION

BINA PURI SDN. BHD. (23296-X)
Kuala Lumpur Office
Wisma Bina Puri
88, Jalan Bukit Idaman 8/1
Bukit Idaman, 68100 Selayang
Selangor Darul Ehsan, Malaysia
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Kuala Lumpur Office
14 & 15, Jalan Bukit Idaman 8/1
Bukit Idaman, 68100 Selayang
Selangor Darul Ehsan, Malaysia
Tel : (603) 6137 8500
Fax : (603) 6137 8511
E-mail : corpcomm@binapuri.com.my

Kota Kinabalu Office
Lot 104-107, Block L
Lorong Plaza Permai 5, Alamesra
Sulaman - Coastal Highway
88400 Kota Kinabalu
Sabah, Malaysia
Tel : (6088) 485 737/727
Fax : (6088) 485 737/722
E-mail : binapuri.kk@binapuri.com

Kuching Office
No. 19 & 20
Travillian Commercial Centre
Jalan Petanak, 93100
Kuching, Sarawak, Malaysia
Tel : (6082) 241 991 / 240 992
Fax : (6082) 241 994
E-mail : bp.kuc@binapuri.com

HIGHWAY CONCESSION

Associate
KL - Kuala Selangor Expressway Berhad
Kompleks Operasi Lebuhraya KL - Kuala Selangor
Km12 Lebuhraya KL-Kuala Selangor
45600 Bestari Jaya, Selangor Darul Ehsan
Malaysia
Tel : (603) 6145 1500
Call Centre : (603) 6145 1515
Fax : (603) 6145 1400
E-mail : corpcomm@binapuri.com.my
Website : www.latar.com.my

PROPERTY DEVELOPMENT

BINA PURI PROPERTIES SDN. BHD. (246157-M)
Wisma Bina Puri
88, Jalan Bukit Idaman 8/1
Bukit Idaman, 68100 Selayang
Selangor Darul Ehsan, Malaysia
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Fax : (603) 6136 9999
E-mail : corpcomm@binapuri.com.my

IDEAL HEIGHTS PROPERTIES SDN. BHD. (127701-D)
No. 1 & 2, Jalan Bukit Idaman 8/1
P.O. Box 20, Bukit Idaman
68100 Selayang
Selangor Darul Ehsan, Malaysia
Tel : (603) 6138 6102
Fax : (603) 6138 7890
E-mail : ihp@idealheights.com.my

QUARRY OPERATIONS & CONSTRUCTION MATERIALS

EASY MIX SDN. BHD. (242217-D)
Batu 11, Jalan Hulu Langat
43100 Hulu Langat
Selangor Darul Ehsan, Malaysia
Tel : (603) 9021 5851
Fax : (603) 9021 5798
E-mail : enquiry@sglong-ind.com

KM QUARRY SDN. BHD. (409397-V)
No. 16-1, Jalan PE 35
Taman Paya Emas Fasa 2A
76450 Paya Rumput, Melaka
Malaysia
Tel : (606) 312 4286
Fax : (606) 312 4278
E-mail : kmquarry@binapuri.com.my

SUNGAI LONG INDUSTRIES SDN. BHD. (198655-D)
SUNGAI LONG BRICKS SDN. BHD.
(332315-X)
Batu 11, Jalan Hulu Langat
43100 Hulu Langat
Selangor Darul Ehsan, Malaysia
Tel : (603) 9021 2400
Fax : (603) 9021 2425
E-mail : enquiry@sglong-ind.com

POLYOL DIVISION

MASKIMI POLYOL SDN. BHD. (405559-D)
No. 3261, Jalan Perindustrian Mahkota 9,
Taman Perindustrian Mahkota,
43700 Beranang, Selangor Darul Ehsan,
Malaysia.
Tel : (603) 8723 6663
Fax : (603) 8723 8890
E-mail : sales@maskimi.com.my
Website: www.maskimi.com.my

UTILITIES

BINA PURI POWER SDN. BHD. (260433-H)
Wisma Bina Puri
88, Jalan Bukit Idaman 8/1
Bukit Idaman, 68100 Selayang
Selangor Darul Ehsan, Malaysia
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PT MEGAPOWER MAKMUR
Komplek Galeri Niaga Mediterania 2,
Blok M8-i El. Pantai Indah Utara II -
Pantai Indah Kapuk,
Jakarta Utara 14460,
Indonesia
Tel : +6221 588 3595
Fax : +6221 588 3594

INTERNATIONAL DIRECTORY

BINA PURI (THAILAND) LTD.
947/127 Moo 12, Bangna Sub District
Bangna District, 10260 Bangkok
Thailand
Tel : (0066) 2-744 1366 / 1367
Fax : (0066) 2-744 1369

BINA PURI (B) SDN. BHD.
No. 2, 2nd Floor, Block C
Bangunan Begawan
Pehin Dato' Hj Md Yusof
Kg Kiulap, Bandar Seri Begawan
BE1518, Brunei Darussalam
Tel : (673) 223 2373
Fax : (673) 223 2371

BINA PURI HOLDINGS BHD

(207184-X)

PROXY FORM

I/We ....

(Full Name in block letters & IC No./Company no.)

of ....

(Address)

being a member of BINA PURI HOLDINGS BHD. hereby appoint ....

(Full name in block letters & IC No.)

of ....

(Address)

No. of shares represented .... Percentage (%) of shareholding represented ....

or failing him/her ....

(Full name in block letters & IC No.)

of ....

(Address)

No. of shares represented .... Percentage (%) of shareholding represented ....

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Fourth Annual General Meeting of the Company to be held at Ground Floor, Wisma Bina Puri, 88, Jalan Bukit Idaman 8/1, Bukit Idaman, 68100 Selayang, Selangor Darul Ehsan on Wednesday, 17 June 2015 at 11:00 a.m. and at any adjournment thereof, as indicated below:

Resolution	Agenda	For	Against
Ordinary Resolution 1	Re-election of Datuk Henry Tee Hock Hin		
Ordinary Resolution 2	Re-election of Matthew Tee Kai Woon		
Ordinary Resolution 3	Re-election of Tay Hock Lee		
Ordinary Resolution 4	Re-election of Datuk Tan Kwe Hee		
Ordinary Resolution 5	Approval of final dividend of 2 sen per share		
Ordinary Resolution 6	Ratification and approval of directors' annual fees of RM476,000.		
Ordinary Resolution 7	Re-appointment of Messrs Baker Tilly Monteiro Heng as Auditors		
Ordinary Resolution 8	Sea Travel and Tours Sdn. Bhd.		
Ordinary Resolution 9	Kumpulan Melaka Bhd.		
Ordinary Resolution 10	Ideal Heights Properties Sdn. Bhd.		
Ordinary Resolution 11	Dimara Building System Sdn. Bhd.		
Ordinary Resolution 12	Dimara Construction Sdn. Bhd.		
Ordinary Resolution 13	Dimara Holdings Sdn. Bhd.		
Ordinary Resolution 14	Proposed authority to allot shares		
Ordinary Resolution 15	Proposed renewal of share buy-back		
Ordinary Resolution 16	Proposed granting of options to Datuk Tan Kwe Hee		
Ordinary Resolution 17	Proposed granting of options to We Her Ching		

Please indicate with a cross "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

CDS Accounts No.	
No. Of Shares Held	

Dated this .... day of 2015

....

Signature of Shareholder / Common Seal

Notes:

1. A proxy may but need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy and the provision of Section 149(1)(b) of the Act shall not apply to the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.
2. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
3. In the event the member duly executes the Form of Proxy but does not name any proxy, such member shall be deemed to have appointed the Chairman of the meeting as his proxy.
4. A Member of the Company who is entitled to attend and vote at a meeting of the Company or at a meeting of any class of Members of the Company, may appoint not more than two (2) proxies to attend and vote instead of the Member at the meeting.
5. Where a Member or the authorised nominee appoints two (2) proxies or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
7. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
   An exempt authorised nominee refers to an authorised nominee defined under Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.
8. To be valid the proxy form duly completed must be deposited at the Registered Office of the Company at Wisma Bina Puri, 88, Jalan Bukit Idaman 8/1, Bukit Idaman, 68100 Selayang, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
9. Only members whose names appear in the Record of Depositors as at 11 June 2015 shall be eligible to attend the Twenty-Fourth Annual General Meeting or appoint proxy(ies) to attend and vote on his behalf.

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STAMP

BINA PURI HOLDINGS BHD (207184-X)
Wisma Bina Puri
88, Jalan Bukit Idaman 8/1, Bukit Idaman
68100 Selayang, Selangor Darul Ehsan
Malaysia


OPUS
KUALA LUMPUR

Bina Puri Holdings Bhd (207184-X)

Wisma Bina Puri
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Bukit Idaman, 68100 Selayang
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