# FINANCIAL STATEMENTS

# DIRECTORS' REPORT

## Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

## Principal activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are as disclosed in Note 15 to the financial statements.

There have been no significant changes in the nature of the Group's activities during the financial year.

## Results

| | Group<br>RM | Company<br>RM |
|---|---|---|
| Profit net of tax, representing profit attributable to owners of Company | 44,598,137 | 9,287,861 |

There were no material transfers to or from reserves or provisions during the financial year.
In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

## Dividend

The amount of dividend paid by the Company since 31 December 2013 was as follows:

| | RM |
|---|---|
| In respect of the financial year ended 31 December 2013 as reported in the directors' report of that year: | |
| Final (single-tier) dividend of 3.00 sen, on 300,562,500 ordinary shares, declared on 19 June 2014 and paid on 22 August 2014 | 9,016,875 |

At the forthcoming Annual General Meeting, a final (single-tier) dividend in respect of the financial year ended 31 December 2014, of 3.80 sen per ordinary share will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

## Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Pang Tin @ Pang Yon Tin
Sim Tian Liang
Chin Lian Hing
Yam Tai Fong (f)
Pang Khang Hau
Kek Chin Wu
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah @ Lim Teik Keat
Chua Kee Yat @ Koo Kee Yat
Phang Piow @ Pang Choo Ing (retired on 19 June 2014)

**Directors' benefits**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 31 to the financial statements.

**Directors' interests**

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

**(a) Shares in the Company**

| | **Number of ordinary shares of RM0.50 each** | | | |
|---|---|---|---|---|
| | **1 January 2014** | **Bought** | **Sold** | **31 December 2014** |
| Direct interest: | | | | |
| Pang Tin @ Pang Yon Tin | 12,471,200 | 3,117,800 | - | 15,589,000 |
| Sim Tian Liang | 6,490,000 | 1,672,500 | - | 8,162,500 |
| Chin Lian Hing | 6,158,900 | 1,751,500 | - | 7,910,400 |
| Yam Tai Fong (f) | 6,439,400 | 1,661,200 | - | 8,100,600 |
| Pang Khang Hau | 13,917,800 | 3,641,900 | - | 17,559,700 |
| Kek Chin Wu | 300,000 | 78,500 | - | 378,500 |
| Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah @ Lim Teik Keat | 50,000 | 13,000 | - | 63,000 |
| Chua Kee Yat @ Koo Kee Yat | 30,000 | 7,800 | - | 37,800 |
| Indirect interest: | | | | |
| Pang Tin @ Pang Yon Tin | 88,023,900 | 26,478,100 | - | 114,502,000 |

By virtue of his interest in the shares of the Company, Pang Tin @ Pang Yon Tin is also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

**(b) Warrants in the Company**

| | **Number of warrants** | | | |
|---|---|---|---|---|
| | **1 January 2014** | **Granted** | **Disposed** | **31 December 2014** |
| Direct interest: | | | | |
| Pang Tin @ Pang Yon Tin | - | 3,117,800 | 189,700 | 2,928,100 |
| Sim Tian Liang | - | 1,622,500 | 1,522,500 | 100,000 |
| Chin Lian Hing | - | 1,611,500 | 1,611,500 | - |
| Yam Tai Fong (f) | - | 1,661,200 | 1,211,200 | 450,000 |
| Pang Khang Hau | - | 3,641,900 | - | 3,641,900 |
| Kek Chin Wu | - | 78,500 | - | 78,500 |
| Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah @ Lim Teik Keat | - | 13,000 | - | 13,000 |
| Chua Kee Yat @ Koo Kee Yat | - | 7,800 | - | 7,800 |
| Indirect interest: | | | | |
| Pang Tin @ Pang Yon Tin | - | 23,119,900 | - | 23,119,900 |

**Issue of shares**

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM120,225,000 to RM150,281,250 by way of issuance of 60,112,500 new ordinary shares of RM0.50 each together with 60,112,500 free detachable warrants on the basis of 1 warrant for 1 Rights Share subscribed at an issue price of RM1.10 per Rights Share.

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

**Issue of warrants**

During the financial year, the Company issued 60,112,500 free detachable warrants pursuant to the Rights Issue. The warrants are constituted by a Deed Poll dated 30 January 2014. The warrants have an exercise period of 10 years commencing 13 March 2014 and expiring on 12 March 2024. Each warrant entitles the registered holder to subscribe for 1 new ordinary share of RM0.50 in the Company at an exercise price of RM1.68 per ordinary share. Any warrants not exercised at the expiry date will lapse and cease to be valid for any purpose.

**Purchase of treasury shares**

During the financial year, the Company purchased 10,000 of its issued ordinary shares from the open market at an average price of RM1.21 per share. The total consideration paid for the purchase including the transaction costs was RM12,189. The shares purchased are being held as treasury shares in accordance with Secion 67A of the Companies Act, 1965.

As at 31 December 2014, the Company held 10,000 treasury shares at a carrying amount of RM12,189 with further details disclosed in Note 28(b) to the financial statements.

**Other statutory information**

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that were no known bad debts and that adequate provision has been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

  (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group inadequate to any substantial extent; and

  (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

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

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

**Other statutory information (Cont'd)**

(e) As at the date of this report, there does not exist:

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

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

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and

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

**Significant events**

Details of significant events are disclosed in Note 39 to the financial statements.

**Auditors**

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 April 2015

**Pang Tin @ Pang Yon Tin** **Sim Tian Liang**

# STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, Pang Tin @ Pang Yon Tin and Sim Tian Liang, being two of the directors of Kimlun Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 53 to 111 are drawn up in accordance with 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 31 December 2014 and of their financial performance and cash flows for the year then ended.

The information set out in Note 41 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 April 2015

**Pang Tin @ Pang Yon Tin**

**Sim Tian Liang**

# STATUTORY DECLARATION

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

I, Yam Tai Fong, being the Director primarily responsible for the financial management of Kimlun Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 53 to 112 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared )
by the abovenamed Yam Tai Fong )
at Johor Bahru in the State of Johor )
Darul Ta'zim on 28 April 2015 ) **Yam Tai Fong**

Before me,

# INDEPENDENT AUDITORS' REPORT

To the members of Kimlun Corporation Berhad
(Incorporated in Malaysia)

**Report on the financial statements**

We have audited the financial statements of Kimlun Corporation Berhad, which comprise the statements of financial position as at 31 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 year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 53 to 111.

*Directors' responsibility for the financial statements*

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

*Auditors' responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the 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 have been properly drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended.

**Report of other legal and regulatory requirement**

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 15 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

# INDEPENDENT AUDITORS' REPORT

To the members of Kimlun Corporation Berhad
(Incorporated in Malaysia)

**Other matters**

The supplementary information set out in Note 41 to the financial statements on page 112 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

**Ernst & Young**
AF 0039
Chartered Accountants

**Wun Mow Sang**
1821/12/16(J)
Chartered Accountant

Johor Bahru, Malaysia

Date: 28 April 2015

# STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended
31 December 2014

| | Note | Group 2014 RM | Group 2013 RM Restated | Company 2014 RM | Company 2013 RM |
|---|---|---|---|---|---|
| **Revenue** | 4 | 1,206,398,768 | 946,112,773 | 11,184,348 | 12,501,334 |
| Cost of sales | | (1,103,781,639) | (867,335,143) | - | - |
| **Gross profit** | | 102,617,129 | 78,777,630 | 11,184,348 | 12,501,334 |
| **Other item of income** | | | | | |
| Other operating income | 5 | 8,068,815 | 6,165,521 | - | - |
| **Other items of expenses** | | | | | |
| Administration expenses | | (43,564,649) | (33,734,459) | (1,130,388) | (725,033) |
| Share of profit/(loss) of a joint venture | | 4,686,320 | (1,221,124) | - | - |
| Finance costs | 6 | (11,967,949) | (11,451,443) | (17,993) | - |
| **Profit before tax** | 7 | 59,839,666 | 38,536,125 | 10,035,967 | 11,776,301 |
| Income tax expense | 10 | (15,241,529) | (2,821,150) | (748,106) | (395,523) |
| **Profit net of tax** | | 44,598,137 | 35,714,975 | 9,287,861 | 11,380,778 |
| **Other comprehensive (loss)/income:** | | | | | |
| Foreign currency translation | | (8,995) | 4,986 | - | - |
| **Other comprehensive (loss)/income for the year, net of tax** | | (8,995) | 4,986 | - | - |
| **Total comprehensive income for the year** | | 44,589,142 | 35,719,961 | 9,287,861 | 11,380,778 |
| **Profit attributable to:** | | | | | |
| **Owners of the Company** | | 44,598,137 | 35,714,975 | 9,287,861 | 11,380,778 |
| **Total comprehensive income attributable to:** | | | | | |
| Owners of the Company | | 44,589,142 | 35,719,961 | 9,287,861 | 11,380,778 |
| **Earnings per share attributable to owners of the Company (sen per share)** | | | | | |
| Basic | 11 | 15.22 | 14.85 | | |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

| | Note | Group<br>31.12.2014<br>RM | 31.12.2013<br>RM<br>Restated | 1.1.2013<br>RM<br>Restated |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Property, plant and equipment | 12 | 160,853,075 | 156,539,980 | 128,269,563 |
| Investment properties | 13 | 327,445 | 327,445 | 327,445 |
| Other investments | 14 | 90,000 | 90,000 | 90,000 |
| Investment in a joint venture | 16 | 3,424,998 | - | 258,859 |
| Deferred tax assets | 27 | 5,793,233 | 4,546,372 | - |
| | | 170,488,751 | 161,503,797 | 128,945,867 |
| **Current assets** | | | | |
| Properties held for sale | 17 | 1,829,232 | 388,938 | 850,060 |
| Property development costs | 18 | 14,268,265 | 35,394,512 | 33,543,364 |
| Inventories | 19 | 21,118,836 | 16,977,187 | 22,153,252 |
| Trade and other receivables | 20 | 349,390,742 | 366,102,123 | 310,959,575 |
| Other current assets | 21 | 249,116,362 | 207,647,579 | 178,904,911 |
| Cash and bank balances | 23 | 84,671,335 | 31,669,830 | 44,610,025 |
| | | 720,394,772 | 658,180,169 | 591,021,187 |
| **Total assets** | | 890,883,523 | 819,683,966 | 719,967,054 |
| **Equity and liabilities** | | | | |
| **Current liabilities** | | | | |
| Income tax payable | | 5,557,519 | 88,303 | 2,367,827 |
| Loans and borrowings | 24 | 111,236,859 | 140,580,601 | 103,780,784 |
| Trade and other payables | 25 | 314,985,508 | 301,126,656 | 267,298,211 |
| Other current liability | 26 | 8,805,366 | 8,618,112 | 15,406,827 |
| | | 440,585,252 | 450,413,672 | 388,853,649 |
| **Net current assets** | | 279,809,520 | 207,766,497 | 202,167,538 |
| **Non-current liabilities** | | | | |
| Loans and borrowings | 24 | 49,781,847 | 69,334,133 | 54,991,270 |
| Other non-current liability | 26 | - | 834,665 | - |
| Deferred tax liabilities | 27 | - | - | 1,199,000 |
| | | 49,781,847 | 70,168,798 | 56,190,270 |
| **Total liabilities** | | 490,367,099 | 520,582,470 | 445,043,919 |
| **Net assets** | | 400,516,424 | 299,101,496 | 274,923,135 |
| **Equity attributable to owners of the Company** | | | | |
| Share capital | 28 | 150,281,250 | 120,225,000 | 120,225,000 |
| Share premium | 28 | 37,794,538 | 37,797,764 | 37,797,764 |
| Treasury shares | 28 | (12,189) | - | - |
| Retained earnings | 29 | 177,586,873 | 141,069,035 | 116,895,660 |
| Other reserves | 30 | 34,865,952 | 9,697 | 4,711 |
| Total equity | | 400,516,424 | 299,101,496 | 274,923,135 |
| Total equity and liabilities | | 890,883,523 | 819,683,966 | 719,967,054 |

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014
(Cont'd)

| | Note | Company 2014 RM | 2013 RM |
|---|---|---|---|
| **Non-current asset** | | | |
| Investments in subsidiaries | 15 | 142,159,999 | 112,499,999 |
| **Current assets** | | | |
| Trade and other receivables | 20 | 51,340,749 | 43,664,707 |
| Other current assets | 21 | 13,350 | 312,906 |
| Cash and bank balances | 23 | 30,356,036 | 2,037,986 |
| | | 81,710,135 | 46,015,599 |
| **Total assets** | | 223,870,134 | 158,515,598 |
| **Equity and liabilities** | | | |
| **Current liabilities** | | | |
| Income tax payable | | 276,250 | 92,532 |
| Trade and other payables | 25 | 45,995 | 52,248 |
| | | 322,245 | 144,780 |
| **Net current assets** | | 81,387,890 | 45,870,819 |
| **Total liabilities** | | 322,245 | 144,780 |
| **Net assets** | | 223,547,889 | 158,370,818 |
| **Equity attributable to owners of the Company** | | | |
| Share capital | 28 | 150,281,250 | 120,225,000 |
| Share premium | 28 | 37,794,538 | 37,797,764 |
| Treasury shares | 28 | (12,189) | - |
| Retained earnings | 29 | 619,040 | 348,054 |
| Warrant reserve | 30 | 34,865,250 | - |
| **Total equity** | | 223,547,889 | 158,370,818 |
| **Total equity and liabilities** | | 223,870,134 | 158,515,598 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

| Group | Note | Equity, total RM | Equity attributable to owners of the Company, total RM | Share capital (Note 28) RM | Share premium (Note 28) RM | Treasury shares (Note 28) RM | Retained earnings (Note 29) RM | Other reserves, total RM | Warrant reserve (Note 30) RM | Foreign currency translation reserve (Note 30) RM |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Attributable to owners of the Company | | | | | | | |
| | | | | Non-Distributable | | | Distributable | Non-Distributable | | |
| **Opening balance at 1 January 2014** | | 299,101,496 | 299,101,496 | 120,225,000 | 37,797,764 | - | 141,069,035 | 9,697 | - | 9,697 |
| **Effect of adopting FRS 11** | | 936,576 | 936,576 | - | - | - | 936,576 | - | - | - |
| **At 1 January 2014, restated** | | 300,038,072 | 300,038,072 | 120,225,000 | 37,797,764 | - | 142,005,611 | 9,697 | - | 9,697 |
| Foreign currency translation | | (8,995) | (8,995) | - | - | - | - | (8,995) | - | (8,995) |
| Profit for the year | | 44,598,137 | 44,598,137 | - | - | - | 44,598,137 | - | - | - |
| **Total comprehensive income for the year** | | 44,589,142 | 44,589,142 | - | - | - | 44,598,137 | (8,995) | - | (8,995) |
| **Transactions with owners** | | | | | | | | | | |
| Issuance of right issue shares | | 66,123,750 | 66,123,750 | 30,056,250 | 1,202,250 | - | - | 34,865,250 | 34,865,250 | - |
| Share issuance expenses | | (1,205,476) | (1,205,476) | - | (1,205,476) | - | - | - | - | - |
| Purchase of treasury shares | | (12,189) | (12,189) | - | - | (12,189) | - | - | - | - |
| Dividends on ordinary shares | 38 | (9,016,875) | (9,016,875) | - | - | - | (9,016,875) | - | - | - |
| **Total transactions with owners** | | 55,889,210 | 55,889,210 | 30,056,250 | (3,226) | (12,189) | (9,016,875) | 34,865,250 | 34,865,250 | - |
| **Closing balance at 31 December 2014** | | 400,516,424 | 400,516,424 | 150,281,250 | 37,794,538 | (12,189) | 177,586,873 | 34,865,952 | 34,865,250 | 702 |

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2014 (Cont'd)

| | | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Non-Distributable | | Distributable | Non-Distributable | |
| | Note | Equity, total RM | Equity attributable to owners of the Company, total RM | Share capital RM | Share premium RM | Retained earnings RM | Other reserves, total RM | Foreign currency translation reserve RM |
| **Opening balance at 1 January 2013** | | 274,923,135 | 274,923,135 | 120,225,000 | 37,797,764 | 116,895,660 | 4,711 | 4,711 |
| Foreign currency translation | | 4,986 | 4,986 | - | - | - | 4,986 | 4,986 |
| Profit for the year | | 35,714,975 | 35,714,975 | - | - | 35,714,975 | - | - |
| **Total comprehensive income for the year** | | 35,719,961 | 35,719,961 | - | - | 35,714,975 | 4,986 | 4,986 |
| **Transactions with owners** | | | | | | | | |
| Dividends on ordinary shares | 38 | (11,541,600) | (11,541,600) | - | - | (11,541,600) | - | - |
| **Total transactions with owners** | | (11,541,600) | (11,541,600) | - | - | (11,541,600) | - | - |
| **Closing balance at 31 December 2013** | | 299,101,496 | 299,101,496 | 120,225,000 | 37,797,764 | 141,069,035 | 9,697 | 9,697 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2014 (Cont'd)

| Company | Note | Attributable to owners of the Company — Non-distributable: Equity, total RM | Share capital (Note 28) RM | Share premium (Note 28) RM | Treasury shares (Note 28) RM | Distributable: Retained earnings (Note 29) RM | Non-distributable: Warrant reserves (Note 30) RM |
|---|---|---|---|---|---|---|---|
| **Opening balance at 1 January 2014** | | 158,370,818 | 120,225,000 | 37,797,764 | - | 348,054 | - |
| **Total comprehensive income** | | 9,287,861 | - | - | - | 9,287,861 | - |
| **Transaction with owners** | | | | | | | |
| Issuance of right issue shares | | 66,123,750 | 30,056,250 | 1,202,250 | - | - | 34,865,250 |
| Share issuance expenses | | (1,205,476) | - | (1,205,476) | - | - | - |
| Purchase of treasury shares | | (12,189) | - | - | (12,189) | - | - |
| Dividends on ordinary shares | 38 | (9,016,875) | - | - | - | (9,016,875) | - |
| **Total transaction with owners** | | 55,889,210 | 30,056,250 | (3,226) | (12,189) | (9,016,875) | 34,865,250 |
| **Closing balance at 31 December 2014** | | 223,547,889 | 150,281,250 | 37,794,538 | (12,189) | 619,040 | 34,865,250 |

| Company | Note | Attributable to owners of the Company — Non-distributable: Equity, total RM | Share capital (Note 28) RM | Share premium (Note 28) RM | Distributable: Retained earnings (Note 29) RM |
|---|---|---|---|---|---|
| **Opening balance at 1 January 2013** | | 158,531,640 | 120,225,000 | 37,797,764 | 508,876 |
| **Total comprehensive income** | | 11,380,778 | - | - | 11,380,778 |
| **Transaction with owners** | | | | | |
| Dividends on ordinary shares | | (11,541,600) | - | - | (11,541,600) |
| **Total transaction with owners** | | (11,541,600) | - | - | (11,541,600) |
| **Closing balance at 31 December 2013** | | 158,370,818 | 120,225,000 | 37,797,764 | 348,054 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOW

For the financial year ended 31 December 2014

| | Group 2014 RM | Group 2013 RM Restated |
|---|---|---|
| **Operating activities** | | |
| Profit before tax | 59,839,666 | 38,536,125 |
| Adjustments for: | | |
| Interest income | (1,258,185) | (825,597) |
| Finance costs | 9,117,345 | 9,190,792 |
| Bad debt written off | - | 54,750 |
| Allowance for impairment on trade receivables | 1,879,562 | - |
| Depreciation of property, plant and equipment | 24,647,321 | 18,957,872 |
| Gain on disposal of plant and equipment | (71,000) | (194,013) |
| Share of (profit)/loss of a joint venture | (4,686,320) | 1,221,124 |
| Transfer of plant and equipment at loss/(gain) | 1 | (20,267) |
| Plant and equipment written off | 24,756 | - |
| Unrealised foreign exchange loss/(gain) | 207,011 | (1,094,218) |
| Operating cash flows before changes in working capital | 89,700,157 | 65,826,568 |
| Property development costs | 21,126,247 | (1,851,148) |
| Inventories | (4,141,649) | 5,176,065 |
| Receivables | 14,845,787 | (48,885,209) |
| Other current assets | (40,510,640) | (28,338,789) |
| Payables | 11,078,158 | 28,588,839 |
| Other current liability | 187,254 | (6,788,715) |
| Cash flows generated from operations | 92,285,314 | 13,727,611 |
| Interest received | 1,258,185 | 825,597 |
| Income taxes paid | (9,117,345) | (10,973,989) |
| Interest paid | (9,655,941) | (9,190,792) |
| Net cash flows generated from/(used in) operating activities | 74,770,213 | (5,611,573) |
| **Investing activities** | | |
| Purchase of property, plant and equipment | (18,283,222) | (37,419,919) |
| Proceeds from disposal of plant and equipment | 181,600 | 273,248 |
| Subsequent expenditure of property held for resale | (40,294) | (8,938) |
| Net cash flows used in investing activities | (18,141,916) | (37,155,609) |
| **Financing activities** | | |
| Dividend paid on ordinary shares | (9,016,876) | (11,541,600) |
| Repayment of obligation under finance leases | (6,264,261) | ( 5,210,665) |
| Proceeds from issuance of shares | 66,123,750 | - |
| Share issuance expense | (1,205,476) | - |
| Purchase of treasury shares | (12,189) | - |
| (Repayment)/proceeds from loans and borrowings | (19,425,218) | 31,840,622 |
| (Repayment)/drawdown of advance against progressive claims | (17,002,058) | 1,723,931 |
| Net cash flows generated from financing activities | 13,197,672 | 16,812,288 |
| **Net increase/(decrease) in cash and cash equivalents** | 69,825,969 | (25,954,894) |
| **Effect of exchange rate changes on cash and cash equivalents** | 192,579 | 93,247 |
| **Cash and cash equivalents at beginning of the year** | 8,055,216 | 33,916,863 |
| **Cash and cash equivalents at end of the year (Note 23)** | 78,073,764 | 8,055,216 |

# STATEMENTS OF CASH FLOW

For the financial year ended
31 December 2014 (Cont'd)

| | Company | |
|---|---|---|
| | 2014 RM | 2013 RM |
| **Operating activities** | | |
| Profit before tax | 10,035,967 | 11,776,301 |
| Adjustments for: | | |
| Allowance for impairment on trade receivables | 340,000 | - |
| Finance cost | 17,993 | - |
| Operating cash flows before changes in working capital | 10,393,960 | 11,776,301 |
| Receivables | (7,676,041) | (7,135,066) |
| Payables | (6,253) | (8,709) |
| Other current assets | 299,556 | (306,081) |
| Cash flows generated from operating activities | 3,011,222 | 4,326,445 |
| Interest paid | (17,993) | - |
| Income taxes paid | (564,388) | (373,699) |
| Net cash flows generated from operations | 2,428,841 | 3,952,746 |
| **Investing activity** | | |
| Subscription of shares in subsidiary, representing net cash flows used in investing activity | (30,000,000) | (4,000,000) |
| **Financing activities** | | |
| Dividend paid on ordinary shares | (9,016,876) | (11,541,600) |
| Proceeds from issuance of shares | 66,123,750 | - |
| Share issuance expense | (1,205,476) | - |
| Purchase of treasury shares | (12,189) | - |
| Net cash flows generated from/(used in) financing activities | 55,889,209 | (11,541,600) |
| **Net increase/(decrease) in cash and cash equivalents** | 28,318,050 | (11,588,854) |
| **Cash and cash equivalents at beginning of the year** | 2,037,986 | 13,626,840 |
| **Cash and cash equivalents at end of the year (Note 23)** | 30,356,036 | 2,037,986 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## 1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at Suite 19.06, Level 19, Johor Bahru City Square, 106 - 108, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor Darul Ta'zim.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as disclosed in Note 15. There have been no significant changes in the nature of the principal activities during the financial year.

## 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 Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial year beginning on or after 1 January 2014 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis and presented in Ringgit Malaysia (RM).

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2014, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2014.

| Description | Effective for annual periods beginning on or after |
|---|---|
| Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities | 1 January 2014 |
| Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities | 1 January 2014 |
| Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets | 1 January 2014 |
| Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting | 1 January 2014 |
| IC Interpretation 21 Levies | 1 January 2014 |

The adoption of the standards and interpretations above did not have any effect on the financial performance or position of the Group and of the Company.

### 2.3 Standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

| Description | Effective for annual periods beginning on or after |
|---|---|
| Amendments to FRS 119: Defined Benefit Plans: Employee Contributions | 1 July 2014 |
| Annual Improvements to FRSs 2010–2012 Cycle | 1 July 2014 |
| Annual Improvements to FRSs 2011–2013 Cycle | 1 July 2014 |
| Annual Improvements to FRSs 2012 - 2014 Cycle | 1 January 2016 |
| Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation | 1 January 2016 |

**2. Summary of significant accounting policies (Cont'd)**

**2.3 Standards and interpretations issued but not yet effective (Cont'd)**

| Description | Effective for annual periods beginning on or after |
|---|---|
| Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | 1 January 2016 |
| Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations | 1 January 2016 |
| Amendments to FRS 127: Equity Method in Separate Financial Statements | 1 January 2016 |
| Amendments to FRS 101: Disclosure Initiatives | 1 January 2016 |
| Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception | 1 January 2016 |
| FRS 14 Regulatory Deferral Accounts | 1 January 2016 |
| FRS 9 Financial Instruments | 1 January 2018 |

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

**Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and

- gains and losses resulting from transactions involving the sale or contribution to an associate of a joint venture of assets that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted.

**Amendments to FRS 127: Equity Method in Separate Financial Statements**

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying FRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of FRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to FRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

**Amendments to FRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations**

The amendments to FRS 11 require that a joint operator which acquires an interest in a joint operations which constitute a business to apply the relevant FRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to FRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

## 2. Summary of significant accounting policies (Cont'd)

### 2.3 Standards and interpretations issued but not yet effective (Cont'd)

**FRS 9 Financial Instruments**

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's and the Company's financial assets, but no impact on the classification and measurement of the Group's and the Company's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

**Malaysian Financial Reporting Standards (MFRS Framework)**

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 5), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities are allowed to defer the adoption of the new MFRS Framework and may in the alternative, apply Financial Reporting Standards (FRS) as its financial reporting framework for annual periods beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2017. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2014 could be different if prepared under the MFRS Framework.

### 2.4 Current versus non-current classification

Assets and liabilities in the statement of financial position are presented based on current/non- current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

**2. Summary of significant accounting policies (Cont'd)**

**2.4 Current versus non-current classification (Cont'd)**

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

**2.5 Fair value measurement**

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

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

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

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

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

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

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

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

**2. Summary of significant accounting policies (Cont'd)**

**2.5 Fair value measurement (Cont'd)**

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**2.6 Basis of consolidation**

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

The Group controls an investee if and only if the Group has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Group, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

## 2. Summary of significant accounting policies (Cont'd)

### 2.6 Basis of consolidation (Cont'd)

*Business combinations*

Business combinations involving entities under common control are accounted for by applying the merger method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

### 2.7 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for 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. Summary of significant accounting policies (Cont'd)**

**2.8 Investment in joint venture**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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

A joint venture is equity accounted for from the date on which the investee becomes a joint venture.

Under the equity method, on initial recognition, the investment in a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition. When the Group's share of losses in a joint venture equal or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

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

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

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

**2.9 Foreign currency**

**(a) 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.

**2. Summary of significant accounting policies (Cont'd)**

**2.9 Foreign currency (Cont'd)**

**(b) 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 reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, 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 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.

**(c) Foreign operation**

The assets and liabilities of foreign operation are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at average exchange rates for the year, which approximates the 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.

The principal exchange rate used for every unit of foreign currency ruling at the reporting date is as follows:

| | **2014 RM** | **2013 RM** |
|---|---|---|
| Singapore Dollar | 2.6448 | 2.5934 |

**2.10 Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land is measured at cost less impairment losses.

**2. Summary of significant accounting policies (Cont'd)**

**2.10 Property, plant and equipment (Cont'd)**

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

| | |
|---|---|
| Leasehold land | 1.25% |
| Buildings | 3% - 10% |
| Plant, machinery and motor vehicles | 10% - 33.33% |
| Furniture and equipment | 10% - 12.5% |

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

**2.11 Investment properties**

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

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

**2.12 Properties held for sale**

Properties are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject to terms that are usual and customary.

Immediately before classification as properties held for sale, the measurement of the non-current asset is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current asset is measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

**2.13 Impairment of non-financial assets**

The Group assesses at each reporting date 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")).

## 2. Summary of significant accounting policies (Cont'd)

### 2.13 Impairment of non-financial assets (Cont'd)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset 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.

An assessment is made at each reporting date 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. That 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. Impairment loss on goodwill is not reversed in a subsequent period.

### 2.14 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 at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of its financial assets at initial recognition and categorise its financial assets as loans and receivables.

**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 date which are classified as non-current.

A financial asset is derecognised when 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.

## 2. Summary of significant accounting policies (Cont'd)

### 2.15 Impairment of financial assets

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

#### (a) 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 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.

#### (b) Unquoted and other investments 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.

### 2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, fixed deposits, and short term deposits which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

### 2.17 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 reliably estimated, 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 year in which they are incurred.

**2. Summary of significant accounting policies (Cont'd)**

**2.17 Construction contracts (Cont'd)**

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

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

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

**2.18 Land held for property development and property development costs**

**(a) Land held for property development**

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

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

**(b) Property development costs**

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

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

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

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

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

The excess of revenue recognised in 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 profit or loss is classified as progress billings within trade payables.

## 2. Summary of significant accounting policies (Cont'd)

### 2.19 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.

- Finished goods: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first- out basis.

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

### 2.20 Provisions

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

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

### 2.21 Financial liabilities

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

**(a) Financial liabilities at fair value through profit or loss**

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

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

**(b) Other financial liabilities**

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

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

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

**2. Summary of significant accounting policies (Cont'd)**

**2.21 Financial liabilities (Cont'd)**

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

**2.22 Borrowing costs**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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.

**2.23 Employee benefits**

**(a) Short term 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. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

**(b) Defined contribution plans**

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

**2.24 Leases**

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset.

Operating lease payments are recognised as an 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. Summary of significant accounting policies (Cont'd)**

**2.25 Revenue**

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. Revenue is measured at the fair value of consideration received or receivable.

**(a) Construction contracts**

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.17.

**(b) Sale of goods**

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

**(c) Sales of properties**

Revenue from sales of development properties is accounted for by the stage of completion method as described in Note 2.18(b).

**(d) Interest income**

Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

**(e) Rental income**

Rental income is recognised on accrual basis.

**(f) Dividend income**

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

**2.26 Income taxes**

**(a) Current tax**

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

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

**(b) Deferred tax**

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

Deferred tax 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.

## 2. Summary of significant accounting policies (Cont'd)

### 2.26 Income taxes (Cont'd)

#### (b) Deferred tax (Cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised 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 each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

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.

### 2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

### 2.28 Share capital and share issuance expenses

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

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

**2. Summary of significant accounting policies (Cont'd)**

**2.29 Contingencies**

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

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

**3. Significant accounting judgements and estimates**

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

**3.1 Judgements made in applying accounting policies**

There are no critical judgements made by the management in the process of applying the Group's and the Company's accounting policies that have significant effect on the amounts recognised in the financial statements.

**3.2 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**(a) Useful lives of property, plant and equipment**

The cost of plant and equipment of the Group is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be between 3 to 33 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 12.

**(b) Revenue recognition**

(i) Construction and property development revenue

The Group recognises construction and property development revenues and expenses in the statement of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that construction and property development cost incurred for work performed to date bear to the estimated total construction and property development costs.

Significant judgement is required in determining the stage of completion, the extent of the construction and property development cost incurred, the estimated total construction and property development revenue and costs, as well as the recoverability of the construction and property development projects. In making the judgement, the Group evaluates based on past experience and internal budgeting.

## 3. Significant accounting judgements and estimates (Cont'd)

### 3.2 Key sources of estimation uncertainty (Cont'd)

**(b) Revenue recognition (Cont'd)**

(ii) Contract manufacturing revenue

The Group recognises revenues in the statement of comprehensive income by progress claims to main contractors pursuant to the terms of the supply agreement.

Significant judgement is required in determining the point of revenue recognition pursuant to the terms of the supply agreements. In making the judgement, the Group evaluates based on the interpretation of the respective terms and conditions by each supply agreement.

**(c) Income taxes**

Judgement is involved in determining the Group's and the Company's provision for income taxes as there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognised liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matter is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factor such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

When there is objective evidence of impairment, the amount and the timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's and of the Company's loans and receivable at the reporting date is disclosed in Note 20.

**(e) Deferred tax assets**

Deferred tax assets are recognised for all unused tax credit to the extent that it is probable that taxable profit will be available against which the investment allowances and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

## 4. Revenue

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM | 2013 RM | 2014 RM | 2013 RM |
| Sales of goods | 192,468,081 | 187,107,381 | - | - |
| Sales of properties | 46,462,348 | - | - | - |
| Construction revenue | 967,195,134 | 758,869,579 | - | - |
| Dividend income from subsidiaries | - | - | 8,100,000 | 10,880,000 |
| Interest income from subsidiaries | - | - | 2,811,143 | 1,485,521 |
| Interest income from fixed deposits | 273,205 | 135,813 | 273,205 | 135,813 |
| | 1,206,398,768 | 946,112,773 | 11,184,348 | 12,501,334 |

## 5. Other operating income

| | Group | |
|---|---|---|
| | 2014 RM | 2013 RM Restated |
| Interest income from loans and receivables | 1,258,185 | 825,597 |
| Amortisation of retention sum due from construction contract works | 5,247,146 | 4,301,658 |
| Rental income from machineries | 484,697 | 328,672 |
| Rental income from premises | 57,855 | - |
| Rental income from subletting of office | 57,600 | 33,600 |
| Rental income from subletting of land | 600,938 | 297,563 |
| Insurance claim | - | 126,498 |
| Gain on disposal of plant and equipment | 71,000 | 194,013 |
| Miscellaneous income | 291,394 | 57,920 |
| | 8,068,815 | 6,165,521 |

## 6. Finance costs

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM | 2013 RM Restated | 2014 RM | 2013 RM |
| Interest expense on: | | | | |
| - bank loan, bank overdrafts and bankers' acceptance | 7,783,841 | 9,021,484 | - | - |
| - obligation under finance leases | 1,378,883 | 1,108,293 | - | - |
| - revolving credits | 27,857 | 19,130 | - | - |
| - advance from subsidiary | - | - | 17,993 | - |
| Unwinding of discount on payables | 10,681 | - | - | - |
| Amortisation of retention sum due to construction contract work | 2,850,604 | 2,260,651 | - | - |
| | 12,051,866 | 12,409,558 | 17,993 | - |
| Less: Interest expenses capitalised in property development costs (Note 18) | (83,917) | (958,115) | - | - |
| | 11,967,949 | 11,451,443 | 17,993 | - |

## 7. Profit before tax

The following items have been included in arriving at profit before tax:

| | Group | | Company | |
|---|---|---|---|---|
| | 2014<br>RM | 2013<br>RM<br>Restated | 2014<br>RM | 2013<br>RM |
| Auditors' remuneration | | | | |
| - statutory audits | 107,910 | 104,642 | 26,000 | 26,000 |
| - other services | 5,000 | 5,000 | 5,000 | 5,000 |
| Bad debt written off | - | 54,750 | - | - |
| Allowance for impairment on trade receivables (Note 20) | 1,879,562 | - | - | - |
| Employee benefits expense (Note 8) | 50,253,441 | 45,588,167 | - | - |
| Non-executive directors' remuneration (Note 9) | 254,835 | 304,530 | 229,410 | 253,770 |
| Hire of plant and machinery | 34,073,810 | 28,930,490 | - | - |
| Transfer of plant and equipment at loss/(gain) | 1 | (20,267) | - | - |
| Depreciation of property, plant and equipment (Note 12) | 24,647,321 | 18,957,872 | - | - |
| Gain on disposal of plant and equipment | (71,000) | (194,013) | - | - |
| Plant and equipment written off | 24,756 | - | - | - |
| Operating leases: | | | | |
| - minimum lease payments on land and building | 2,359,431 | 1,979,684 | - | - |
| - minimum lease payments on machineries | 93,640 | - | - | - |
| Foreign exchange loss/(gain) | | | | |
| - realised | 894,855 | 240,832 | - | - |
| - unrealised | 207,011 | (1,094,218) | - | - |

## 8. Employee benefits expenses

| | Group | |
|---|---|---|
| | 2014<br>RM | 2013<br>RM<br>Restated |
| Wages, salaries and bonus | 45,672,412 | 41,399,328 |
| Contributions to defined contribution plan | 4,260,184 | 3,889,791 |
| Social security contributions | 320,845 | 299,048 |
| | 50,253,441 | 45,588,167 |

Included in employee benefits expenses of the Group are executive directors' remuneration amounting to RM3,726,915 (2013: RM3,528,360).

**9. Directors' remuneration**

The details of remuneration receivable by directors of the Group and the Company during the year are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM | 2013 RM | 2014 RM | 2013 RM |
| **Directors of the Company** | | | | |
| Executive: | | | | |
| Salaries and other emoluments | 2,673,600 | 2,532,000 | - | - |
| Bonus | 653,400 | 618,000 | - | - |
| Defined contribution plan | 399,915 | 378,360 | - | - |
| Total executive directors' remuneration (excluding benefits-in-kind) (Note 8) | 3,726,915 | 3,528,360 | - | - |
| Estimated money value of benefits-in-kind | 83,895 | 83,704 | - | - |
| Total executive directors' remuneration (including benefits-in-kind) | 3,810,810 | 3,612,064 | - | - |
| Non-Executive: | | | | |
| Fees | 212,400 | 240,000 | 212,400 | 240,000 |
| Other emoluments | 42,435 | 64,530 | 17,010 | 13,770 |
| Total non-executive directors' remuneration (Note 7) | 254,835 | 304,530 | 229,410 | 253,770 |
| Total directors' remuneration | 4,065,645 | 3,916,594 | 229,410 | 253,770 |

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

| | Number of directors | |
|---|---|---|
| | 2014 | 2013 |
| Executive directors: | | |
| RM650,001 - RM700,000 | - | 1 |
| RM700,001 - RM750,000 | 2 | 4 |
| RM750,001 - RM800,000 | 3 | - |
| Non-Executive directors: | | |
| RM50,000 - RM100,000 | 4 | 3 |
| RM100,001 - RM150,000 | - | 1 |

**10. Income tax expense**

The major components of income tax expense for the years ended 31 December 2014 and 2013

| | Group | | Company | |
|---|---|---|---|---|
| | **2014 RM** | **2013 RM Restated** | **2014 RM** | **2013 RM** |
| **Statement of comprehensive income:** | | | | |
| Current income tax: | | | | |
| - Malaysian income tax | 15,164,000 | 8,972,649 | 748,000 | 396,000 |
| - Share of tax of a joint venture | 1,363,233 | (127,600) | - | - |
| - (Over)/underprovision in respect of previous year | (38,843) | (278,527) | 106 | (477) |
| | 16,488,390 | 8,566,522 | 748,106 | 395,523 |
| Deferred income tax (Note 27): | | | | |
| - Origination and reversal of temporary differences | (1,716,813) | (5,797,372) | - | - |
| - Underprovision in respect of previous year | 469,952 | 52,000 | - | - |
| | (1,246,861) | (5,745,372) | - | - |
| Income tax expense recognised in profit or loss | 15,241,529 | 2,821,150 | 748,106 | 395,523 |

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2014 and 2013 are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2014 RM** | **2013 RM Restated** | **2014 RM** | **2013 RM** |
| Profit before tax | 59,839,666 | 38,536,125 | 10,035,967 | 11,776,301 |
| Taxation at Malaysian statutory tax rate of 25% (2013: 25%) | 14,959,917 | 9,634,031 | 2,508,992 | 2,944,075 |
| Different tax rates in other country | 38,330 | 3,072 | - | - |
| Expenses not deductible for tax purposes | 1,203,498 | 1,187,413 | 179,008 | 171,925 |
| Income not subject to tax | (225) | - | (2,025,000) | (2,720,000) |
| Controlled transfer assets | (71,140) | - | - | - |
| Deferred tax assets recognised for unabsorbed capital allowances and unutilised tax losses | (127,737) | (6,985,895) | - | - |
| Deferred tax assets not recognised for unabsorbed capital allowances and unutilised tax losses | 50,030 | 71,399 | 85,000 | - |
| Utilisation of current year's reinvestment allowances and business loss | (1,433,907) | (1,040,024) | - | - |
| (Over)/underprovision of income tax in respect of previous year | (38,843) | (278,527) | 106 | (477) |
| Share of results of a joint venture | 191,654 | 177,681 | - | - |
| Underprovision of deferred tax in respect of previous year | 469,952 | 52,000 | - | - |
| Income tax expense recognised in profit or loss | 15,241,529 | 2,821,150 | 748,106 | 395,523 |

**10. Income tax expense (Cont'd)**

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 24% effective year of assessment 2016. The corporate tax rate applicable to the Singapore subsidiary of the Group was 17% for the year of assessment 2014 and 2013.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

**11. Earnings per share**

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

The following reflect the profit and share data used in the computation of basic earnings per share

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| Profit net of tax attributable to owners of the Company (RM) | 44,598,137 | 35,714,975 |
| Weighted average number of ordinary shares in issue | 293,092,081 | 240,450,000 |
| Basic earnings per share (sen) | 15.22 | 14.85 |

The diluted earnings per share is not presented as there were no potential dilutive ordinary shares outstanding at reporting date.

## 12. Property, plant and equipment

| Group | Freehold land RM | Leasehold land RM | Buildings RM | Plant, machinery and motor vehicles RM Restated | Furniture and equipment RM Restated | Construction in progress RM | Total RM |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| **At 1 January 2013, previously stated** | 5,186,536 | 15,500,000 | 20,516,579 | 93,449,298 | 6,430,477 | 23,926,296 | 165,009,186 |
| Effect of adopting FRS 11 | - | - | - | - | (5,443) | - | (5,443) |
| **At 1 January 2013, restated** | 5,186,536 | 15,500,000 | 20,516,579 | 93,449,298 | 6,425,034 | 23,926,296 | 165,003,743 |
| Additions | - | - | 1,703,265 | 18,223,785 | 853,962 | 26,506,245 | 47,287,257 |
| Disposals | - | - | - | (1,304,755) | - | - | (1,304,755) |
| Transfer | - | - | - | 50,668 | - | - | 50,668 |
| Reclassification | - | 894,806 | 38,745,005 | 12,854,967 | (2,062,237) | (50,432,541) | - |
| **At 31 December 2013 and 1 January 2014, restated** | 5,186,536 | 16,394,806 | 60,964,849 | 123,273,963 | 5,216,759 | - | 211,036,913 |
| Additions | - | - | 3,710,813 | 23,525,841 | 1,412,975 | 446,144 | 29,095,773 |
| Disposals | - | - | - | (478,674) | (95,490) | - | (574,164) |
| Write off | - | - | - | (166,437) | (110,708) | - | (277,145) |
| Transfer | - | - | - | (186,062) | - | - | (186,062) |
| **At 31 December 2014** | 5,186,536 | 16,394,806 | 64,675,662 | 145,968,631 | 6,423,536 | 446,144 | 239,095,315 |
| **Accumulated depreciation** | | | | | | | |
| **At 1 January 2013, previously stated** | - | 129,167 | 2,039,707 | 33,073,112 | 1,492,331 | - | 36,734,317 |
| Effect of adopting FRS 11 | - | - | - | - | (137) | - | (137) |
| **At 1 January 2013, restated** | - | 129,167 | 2,039,707 | 33,073,112 | 1,492,194 | - | 36,734,180 |
| Charge for the year (Note 7) | - | 212,399 | 1,716,274 | 16,586,016 | 443,183 | - | 18,957,872 |
| Disposals | - | - | - | (1,225,520) | - | - | (1,225,520) |
| Transfer | - | - | - | 30,401 | - | - | 30,401 |
| Reclassification | - | - | - | 30,922 | (30,922) | - | - |
| **At 31 December 2013 and 1 January 2014, restated** | - | 341,566 | 3,755,981 | 48,494,931 | 1,904,455 | - | 54,496,933 |
| Charge for the year (Note 7) | - | 205,138 | 2,054,423 | 21,788,118 | 599,642 | - | 24,647,321 |
| Disposals | - | - | - | (412,880) | (50,684) | - | (463,564) |
| Write off | - | - | - | (164,404) | (87,985) | - | (252,389) |
| Transfer | - | - | - | (186,061) | - | - | (186,061) |
| **At 31 December 2014** | - | 546,704 | 5,810,404 | 69,519,704 | 2,365,428 | - | 78,242,240 |
| **Net carrying amount** | | | | | | | |
| At 1 January 2013 | 5,186,536 | 15,370,833 | 18,476,872 | 60,376,186 | 4,932,840 | 23,926,296 | 128,269,563 |
| At 31 December 2013 | 5,186,536 | 16,053,240 | 57,208,868 | 74,779,032 | 3,312,304 | - | 156,539,980 |
| At 31 December 2014 | 5,186,536 | 15,848,102 | 58,865,258 | 76,448,927 | 4,058,108 | 446,144 | 160,853,075 |

## 12. Property, plant and equipment (Cont'd)

Assets held under the name of a joint venture company

Included in the carrying amount of motor vehicles is an amount of RM80,167 (2013: RM Nil) held under the name of a joint venture company.

Assets held under finance leases

During the financial year, the Group acquired property plant and equipment with an aggregate cost of RM10,812,551 (2013: RM9,867,338) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to RM18,283,222 (2013: RM37,419,919).

The carrying amount of property, plant and equipment held under finance leases at the reporting date were as follows:

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | **RM** | **RM** |
| Plant, machinery and motor vehicles | 25,548,936 | 18,969,282 |

Leased assets are pledged as security for the related finance lease liabilities (Note 24).

Leasehold land is pledged as security for bank loans and borrowing (Note 24).

## 13. Investment properties

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | **RM** | **RM** |
| Freehold land and building, at cost | | |
| At 1 January/31 December | 327,445 | 327,445 |

Fair value of the investment properties as at 31 December 2014 was RM540,000 (2013: RM400,000).

## 14. Other investments

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | **RM** | **RM** |
| Club memberships, at cost | | |
| At 1 January and 31 December | 90,000 | 90,000 |

## 15. Investment in subsidiaries

| | Company 31.12.2014 RM | 31.12.2013 RM | 1.1.2013 RM |
|---|---|---|---|
| Unquoted shares, at cost | 142,159,999 | 112,499,999 | 112,499,999 |

Details of the subsdiaries are as follows:

| Name | Country of incorporation | Principal activities | Proportion (%) of ownership interest 2014 | 2013 |
|---|---|---|---|---|
| Held by the Company: | | | | |
| Kimlun Sdn. Bhd. [i] | Malaysia | Building and infrastructure contractors | 100 | 100 |
| SPC Industries Sdn. Bhd. [i] | Malaysia | Ready mix concrete production and manufacturing of pre-cast concrete products | 100 | 100 |
| Kimlun Land Sdn. Bhd. [i] | Malaysia | Investment holding and property investment | 100 | 100 |
| I-Buildtech Solutions Pte Ltd [ii] | Singapore | Provision of industrial building systems and the supply of construction and building materials | 100 | 100 |
| Held through Kimlun Land Sdn Bhd: | | | | |
| Kimlun Medini Sdn. Bhd. [i] | Malaysia | Property development and property investment | 100 | 100 |

i Audited by Ernst & Young, Malaysia
ii Audited by a firm other than Ernst & Young

**Allotment of shares**

During the financial year, the Company was allotted 30,000,000 ordinary shares or RM1 each by its subsidiary, Kimlun Sdn. Bhd.. The consideration of the shares allotted amounting to RM30,000,000 was fully satisfied by cash.

**16. Investment in a joint venture**

| | Group 31.12.2014 RM | 31.12.2013 RM Restated | 1.1.2013 RM Restated |
|---|---|---|---|
| Unquoted shares, at cost | 510,000 | 510,000 | 510,000 |
| Share of post-acquisiton reserves | 2,914,998 | (1,344,665) | (251,141) |
| | 3,424,998 | (834,665) | 258,859 |
| Represented by: | | | |
| Share of net assets | 3,424,998 | - | 258,859 |
| Share of net liabilities (Note 26) | - | (834,665) | - |
| | 3,424,998 | (834,665) | 258,859 |

The joint venture company is Posh Atlantic Sdn. Bhd. which is 51% (31.12.2013: 51%; 1.1.2013: 51%) owned and incorporated in Malaysia. Its principal activities are property development and property investment. The accounting model applied is equity model.

The summarised financial information of the joint venture is as follows:

(i) Summarised statement of financial position

| | 31.12.2014 RM | 31.12.2013 RM | 1.1.2013 RM |
|---|---|---|---|
| Non-current assets | 54,610 | 409,587 | 5,326 |
| Current assets | 63,503,275 | 44,555,617 | 17,645,413 |
| Total assets | 63,557,885 | 44,965,204 | 17,650,739 |
| Current liabilities | 36,963,761 | 23,680,488 | 5,903,086 |
| Non-current liabilities | 18,051,656 | 21,084,889 | 11 ,060,342 |
| Total liabilities | 55,015,417 | 44,765,377 | 16,963,428 |
| Net assets | 8,542,468 | 199,827 | 687,311 |

**16. Investment in a joint venture (Cont'd)**

(ii) Summarised statements of comprehensive income

| | 31.12.2014 RM | 31.12.2013 RM | 1.1.2013 RM |
|---|---|---|---|
| Revenue | 52,090,219 | 19,504,566 | 4,754 |
| Profit/(loss) before tax | 11,015,648 | (737,681) | (236,200) |
| Net profit/(loss) and total comprehensive income/(loss) for the year | 8,342,641 | (487,484) | (236,200) |

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in the joint venture

| | 31.12.2014 RM | 31.12.2013 RM | 1.1.2013 RM |
|---|---|---|---|
| Opening net assets | 199,827 | 687,311 | 923,511 |
| Profit/(loss) for the year | 8,342,641 | (487,484) | (236,200) |
| Closing net assets | 8,542,468 | 199,827 | 687,311 |
| Interest in joint venture | 51% | 51% | 51% |
| Carrying value of Group's interest in a joint venture | 4,356,658 | 101,911 | 350,528 |
| Effect on adopting FRS 11 | - | (936,576) | (91,669) |
| Unrealised profit adjustments | (931,660) | - | - |
| | 3,424,998 | (834,665) | 258,859 |

**17. Properties held for sale**

| | Group | |
|---|---|---|
| | 2014 RM | 2013 RM |
| **Cost:** | | |
| At 1 January | 388,938 | 850,060 |
| Additions | 1,440,294 | 8,938 |
| Disposal | - | (470,060) |
| At 31 December | 1,829,232 | 388,938 |

## 18. Property development costs

| | Freehold land RM | Group Development costs RM | Total RM |
|---|---|---|---|
| **Property development costs** | | | |
| Cumulative property development costs: | | | |
| **At 1 January 2013, previously stated** | 46,878,082 | 3,524,540 | 50,402,622 |
| Effect of adopting FRS 11 | (14,536,919) | (2,322,339) | (16,859,258) |
| **At 1 January 2013, restated** | 32,341,163 | 1,202,201 | 33,543,364 |
| Costs incurred during the year | - | 1,851,148 | 1,851,148 |
| **At 31 December 2013 and 1 January 2014, restated** | 32,341,163 | 3,053,349 | 35,394,512 |
| Costs incurred during the year | - | 9,944,922 | 9,944,922 |
| Disposal | (28,254,883) | (2,816,286) | (31,071,169) |
| **At 31 December 2014** | 4,086,280 | 10,181,985 | 14,268,265 |
| **Property development costs:** | | | |
| At 1 January 2013 | 32,341,163 | 1,202,201 | 33,543,364 |
| At 31 December 2013 | 32,341,163 | 3,053,349 | 35,394,512 |
| At 31 December 2014 | 4,086,280 | 10,181,985 | 14,268,265 |

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

| | 31.12.2014 RM | 31.12.2013 RM Restated | 1.1.2013 RM Restated |
|---|---|---|---|
| Interest expenses (Note 6) | 83,917 | 958,115 | 853,673 |

## 19. Inventories

| | Group 2014 RM | 2013 RM |
|---|---|---|
| **Cost** | | |
| Raw materials | 8,524,887 | 6,639,076 |
| Finished goods | 12,467,818 | 10,220,934 |
| | 20,992,705 | 16,860,010 |
| **Net realisable value** | | |
| Finished goods | 126,131 | 117,177 |
| | 21,118,836 | 16,977,187 |

## 20. Trade and other receivables

| | Group 31.12.2014 RM | 31.12.2013 RM Restated | 1.1.2013 RM Restated |
|---|---|---|---|
| **Trade receivables** | | | |
| Third parties | 273,895,234 | 310,139,040 | 292,487,176 |
| Amount due from a joint venture | 23,914,729 | 5,802,625 | 8,380 |
| Amounts due from company related to certain directors | 25,803,196 | 33,533,785 | 8,633,397 |
| | 323,613,159 | 349,475,450 | 301,128,953 |
| Less: Allowance for impairment | | | |
| - Third parties | (2,134,065) | (254,503) | (254,503) |
| Trade receivables, net | 321,479,094 | 349,220,947 | 300,874,450 |
| **Other receivables** | | | |
| Refundable deposit | 15,312,543 | 8,147,499 | 4,924,796 |
| Amount due from a joint venture | 8,471,670 | 6,713,922 | 4,048,132 |
| Sundry receivables | 4,127,435 | 2,019,755 | 1,112,197 |
| | 27,911,648 | 16,881,176 | 10,085,125 |
| Total trade and other receivables (current) | 349,390,742 | 366,102,123 | 310,959,575 |
| Add: Cash and bank balances (Note 23) | 84,671,335 | 31,669,830 | 44,610,025 |
| Total loans and receivables | 434,062,077 | 397,771,953 | 355,569,600 |

| | Company 2014 | 2013 |
|---|---|---|
| **Other receivables** | | |
| Refundable deposit | 4,500 | 4,500 |
| Amount due from subsidiaries | 51,336,249 | 43,660,207 |
| | 51,340,749 | 43,664,707 |
| Total other receivables (current) | 51,340,749 | 43,664,707 |
| Add: Cash and bank balances (Note 23) | 30,356,036 | 2,037,986 |
| Total loans and receivables | 81,696,785 | 45,702,693 |

**Trade receivables**

Trade receivables are non-interest bearing and are generally on 30 to 90 days (31.12.2013: 30 to 90 days; 1.1.2013: 30 to 90 days) terms, although in practice, this may extend to 120 days. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original certificated or invoiced amounts which represent their fair values on initial recognition.

**20. Trade and other receivables (Cont'd)**

Ageing analysis of trade receivables

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

| | 31.12.2014 RM | 31.12.2013 RM Restated | 1.1.2013 RM Restated |
|---|---|---|---|
| Neither past due nor impaired | 268,749,613 | 296,380,049 | 220,796,683 |
| 1 to 30 days past due not impaired | 4,921,339 | 15,236,166 | 22,561,968 |
| 31 to 60 days past due not impaired | 1,943,840 | 4,540,574 | 7,246,119 |
| 61 to 90 days past due not impaired | 1,379,983 | 915,906 | 5,488,051 |
| 91 to 120 days past due not impaired | 682,565 | 973,101 | 9,402,728 |
| More than 120 days past due not impaired | 43,801,754 | 31,175,151 | 35,378,901 |
| | 52,729,481 | 52,840,898 | 80,077,767 |
| Impaired | 2,134,065 | 254,503 | 254,503 |
| | 323,613,159 | 349,475,450 | 301,128,953 |

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM52,729,481 (31.1.2013: RM52,840,898, 1.1.2013: RM80,077,767) that are past due at the reporting date but not impaired and are not secured by any collateral or credit enhancements.

The management is confident that the balance of receivables that are past due but not impaired are recoverable as these accounts are still active.

Receivables that are impaired

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

| | Individually impaired 2014 RM | 2013 RM |
|---|---|---|
| Trade receivables - nominal amounts | 2,134,065 | 254,503 |
| Less: Allowance for impairment | (2,134,065) | (254,503) |
| | - | - |

## 20. Trade and other receivables (Cont'd)

| | Individually impaired 2014 RM | 2013 RM |
|---|---|---|
| Movement in allowance accounts: | | |
| At 1 January | 254,503 | 254,503 |
| Charge for the year (Note 7) | 1,879,562 | - |
| At 31 December | 2,134,065 | 254,503 |

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

**Related party balances**

Amount due from subsidiaries are unsecured, interest bearing at 3.50% (2013: 3.50%) per annum and is repayable on demand.

## 21. Other current assets

| | Group | | |
|---|---|---|---|
| | 31.12.2014 RM | 31.12.2013 RM Restated | 1.1.2013 RM Restated |
| Prepayments | 2,670,057 | 2,716,809 | 1,187,037 |
| Accrued billing from customers | 61,667,110 | 34,524,858 | 20,031,575 |
| Gross amount due from customers for contract work (Note 22) | 184,779,195 | 170,405,912 | 157,686,299 |
| | 249,116,362 | 207,647,579 | 178,904,911 |

| | Company 2014 RM | 2013 RM |
|---|---|---|
| Prepayments | 13,350 | 312,906 |

## 22. Gross amount due from/(to) customers for contract work-in-progress

| | Group | | |
|---|---|---|---|
| | 31.12.2014 RM | 31.12.2013 RM Restated | 1.1.2013 RM Restated |
| Construction contract costs incurred to date | 3,499,322,115 | 2,862,845,683 | 2,363,757,606 |
| Attributable profits | 507,841,442 | 455,917,858 | 398,293,044 |
| | 4,007,163,557 | 3,318,763,541 | 2,762,050,650 |
| Less: Progress billings | (3,831,189,728) | (3,156,975,741) | (2,619,771,178) |
| | 175,973,829 | 161,787,800 | 142,279,472 |

**22. Gross amount due from/(to) customers for contract work-in-progress (Cont'd)**

| | Group | | |
|---|---|---|---|
| | 31.12.2014 RM | 31.12.2013 RM Restated | 1.1.2013 RM Restated |
| Presented as: | | | |
| Gross amount due from customers for contract work (Note 21) | 184,779,195 | 170,405,912 | 157,686,299 |
| Gross amount due to customers for contract work (Note 26) | (8,805,366) | (8,618,112) | (15,406,827) |
| | 175,973,829 | 161,787,800 | 142,279,472 |
| Retention sums on construction contract, included in trade receivables | 140,178,344 | 128,384,393 | 101,536,981 |

The cost incurred to date on construction contracts include the following charges made during the financial year:

| | Group | | |
|---|---|---|---|
| | 31.12.2014 RM | 31.12.2013 RM | 1.1.2013 RM |
| Hire of plant and machinery | 34,073,810 | 28,930,490 | 31,971,799 |
| Depreciation of plant and equipment | 9,515,373 | 8,304,390 | 5,118,716 |
| Rental expense for land and building | 269,180 | 298,560 | 27,848 |
| Rental expense for plant and equipment | - | - | 3,267 |

**23. Cash and bank balances**

| | Group | | |
|---|---|---|---|
| | 31.12.2014 RM | 31.12.2013 RM Restated | 1.1.2013 RM Restated |
| Cash on hand and at banks | 66,242,211 | 9,885,928 | 14,548,569 |
| Short term deposits with licensed banks | 18,429,124 | 21,783,902 | 30,061,456 |
| Cash and bank balances | 84,671,335 | 31,669,830 | 44,610,025 |

| | Company | |
|---|---|---|
| | 2014 RM | 2013 RM |
| Cash on hand and at banks | 30,356,036 | 2,037,986 |

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one to three months (31.12.2013: one to three months; 1.1.2013: one day to twelve months) depending on the immediate cash requirements of the Group and earn interests at respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2014 for the Group was 2.95% (31.12.2013: 2.85%; 1.1.2013: 2.92%).

## 23. Cash and bank balances (Cont'd)

Short-term deposits with licensed banks of the Group amounting to RM18,422,937 (31.12.2013: RM20,959,914; 1.1.2013: RM22,400,353) are pledged as securities for borrowings (Note 24).

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

| | | Group | |
|---|---|---|---|
| | 31.12.2014 RM | 31.12.2013 RM Restated | 1.1.2013 RM Restated |
| Cash and short term deposits | 84,671,335 | 31,669,830 | 44,610,025 |
| Less: Bank overdrafts (Note 24) | (6,597,571) | (23,614,614) | (10,693,162) |
| Cash and cash equivalents | 78,073,764 | 8,055,216 | 33,916,863 |

## 24. Loans and borrowings

| | | | Group | |
|---|---|---|---|---|
| | Maturity | 31.12.2014 RM | 31.12.2013 RM Restated | 1.1.2013 RM Restated |
| **Current** | | | | |
| Secured: | | | | |
| Bank overdrafts (Note 23) | On demand | 6,597,571 | 23,614,614 | 10,693,162 |
| Advance against progressive claims | 2015 | - | 17,002,057 | 15,278,125 |
| Bankers' acceptances | 2015 | 77,044,661 | 79,250,306 | 72,885,672 |
| Term loans | 2015 | 20,385,280 | 14,740,547 | 1,219,638 |
| Obligations under finance leases (Note 32 (c)) | 2015 | 7,209,347 | 4,973,077 | 3,704,187 |
| Revolving credit | 2015 | - | 1,000,000 | - |
| | | 111 ,236,859 | 140,580,601 | 103,780,784 |
| **Non-current** | | | | |
| Secured: | | | | |
| Term loans | 2016 - 2019 | 33,221,347 | 55,085,653 | 44,130,574 |
| Obligations under finance leases (Note 32 (c)) | 2016 - 2018 | 16,560,500 | 14,248,480 | 10,860,696 |
| | | 49,781,847 | 69,334,133 | 54,991,270 |
| **Total loans and borrowings** | | 161,018,706 | 209,914,734 | 158,772,054 |

**24. Loans and borrowings (Cont'd)**

The remaining maturities of the loans and borrowings as at 31 December 2014 are as follows:

| | Group | | |
|---|---|---|---|
| | 31.12.2014 RM | 31.12.2013 RM Restated | 1.1.2013 RM Restated |
| On demand or within one year | 111,236,859 | 140,580,601 | 103,780,784 |
| More than 1 year and less than 2 years | 20,306,494 | 17,470,461 | 5,589,434 |
| More than 2 years and less than 5 years | 28,613,975 | 50,100,983 | 44,168,534 |
| 5 years and more | 861,378 | 1,762,689 | 5,233,302 |
| | 161,018,706 | 209,914,734 | 158,772,054 |

Obligations under finance leases

These obligations are secured by a pledge over the leased assets (Note 12). The discount rate implicit in the leases is between 2.32% to 4.20% (31.12.2013: 2.32% to 4.20%; 1.1.2013: 2.32% to 4.50%) per annum.

Bank overdrafts, advance against progressive claims, bankers' acceptance, revolving credit and term loans

The interest rate at the reporting date were as follows:

| | Group | | |
|---|---|---|---|
| | 31.12.2014 % | 31.12.2013 % | 1.1.2013 % |
| Bank overdrafts | 5.35 to 8.35 | 7.10 to 8.10 | 7.60 to 8.10 |
| Advance against progressive claims | 7.35 to 8.35 | 7.10 to 8.10 | 7.60 to 8.10 |
| Bankers' acceptances | 4.20 to 5.22 | 3.54 to 4.82 | 3.54 to 5.01 |
| Term loans | 4.85 to 7.60 | 4.85 to 6.60 | 4.85 to 6.60 |
| Revolving credit | - | 4.83 | - |

The bank overdrafts, advance against progressive claims, bankers' acceptance and term loans together with bank guarantee facilities are secured by:

(a) First party first legal charge over a parcel of leasehold land as disclosed in Note 12;

(b) Fixed deposits pledged as disclosed in Note 23;

(c) Corporate guarantee by the Company.

## 25. Trade and other payables

| | Group 31.12.2014 RM | Group 31.12.2013 RM Restated | Group 1.1.2013 RM Restated |
|---|---|---|---|
| **Trade payables** | | | |
| Third parties | 244,901,476 | 230,659,836 | 211,839,910 |
| Amount due to company related to certain directors | 4,662,079 | 9,861,383 | 10,237,304 |
| | 249,563,555 | 240,521,219 | 222,077,214 |
| **Other payables** | | | |
| Accrued operating expenses | 22,714,055 | 20,131,753 | 13,658,421 |
| Other payables | 21,669,870 | 21,408,104 | 23,516,076 |
| Deposits payable | 21,038,028 | 19,065,580 | 8,046,500 |
| | 65,421,953 | 60,605,437 | 45,220,997 |
| Total trade and other payables | 314,985,508 | 301,126,656 | 267,298,211 |
| Add: Loans and borrowings (Note 24) | 161,018,706 | 209,914,734 | 158,772,054 |
| Total financial liabilities carried at amortised cost | 476,004,214 | 511,041,390 | 426,070,265 |

| | Company 2014 RM | Company 2013 RM |
|---|---|---|
| **Other payables** | | |
| Accrued operating expenses | 34,879 | 48,350 |
| Other payables | 5,900 | - |
| Amount due to a subsidiary company | 5,216 | 3,898 |
| Total financial liabilities carried at amortised cost | 45,995 | 52,248 |

### (a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (31.12.2013: 30 to 90 days; 1.1.2013: 30 to 90 days) terms.

### (b) Other payables

These amounts are non-interest bearing.

### (c) Amount due to a subsidiary company

This amount is unsecured, non-interest bearing and is repayable on demand.

## 26. Other liabilities

| | Group 31.12.2014 RM | 31.12.2013 RM Restated | 1.1.2013 RM Restated |
|---|---|---|---|
| **Non-current liability** | | | |
| Share of net liabilities of investment in a joint venture (Note 16) | - | 834,665 | - |
| **Current liability** | | | |
| Gross amount due to customers for contract work (Note 22) | 8,805,366 | 8,618,112 | 15,406,827 |

## 27. Deferred taxation

Deferred income tax as at 31 December relates to the following:

| Group | As at 1 January 2013 RM | Recognised in profit or loss (Note 10) RM | As at 31 December 2013, restated RM | Recognised in profit or loss (Note 10) RM | As at 31 December 2014 RM |
|---|---|---|---|---|---|
| **Deferred tax liabilities of the Group:** | | | | | |
| Property, plant and equipment | 6,021,000 | 821,989 | 6,842,989 | (800,533) | 6,042,456 |
| Unrealised foreign exchange | 380,000 | 113,000 | 493,000 | (493,000) | - |
| | 6,401,000 | 934,989 | 7,335,989 | (1,293,533) | 6,042,456 |
| **Deferred tax assets of the Group:** | | | | | |
| Unutilised tax credits | (5,202,000) | (6,671,832) | (11,873,832) | 234,141 | (11,639,691) |
| Others | - | (8,529) | (8,529) | (187,469) | (195,998) |
| | (5,202,000) | (6,680,361) | (11,882,361) | 46,672 | (11,835,689) |
| | 1,199,000 | (5,745,372) | (4,546,372) | (1,246,861) | (5,793,233) |

| | Group 31.12.2014 RM | 31.12.2013 RM Restated | 1.1.2013 RM |
|---|---|---|---|
| Presented after appropriate offsetting as follows: | | | |
| Deferred tax assets | (11,835,689) | (11,882,361) | (5,202,000) |
| Deferred tax liabilities | 6,042,456 | 7,335,989 | 6,401,000 |
| | (5,793,233) | (4,546,372) | 1,199,000 |

## 28. Share capital, share premium and treasury shares

| Group and Company | Number of ordinary shares of RM0.50 each: Share capital (Issued and fully paid) | Number of ordinary shares of RM0.50 each: Treasury shares | Amount: Share capital (Issued and fully paid) RM | Amount: Share premium RM | Amount: Treasury shares RM | Amount: Total RM |
|---|---|---|---|---|---|---|
| At 1 January 2013 and 31 December 2013 | 240,450,000 | - | 120,225,000 | 37,797,764 | - | 158,022,764 |
| Issuance of right issue shares | 60,112,500 | - | 30,056,250 | 1,202,250 | - | 31,258,500 |
| Share issue expense | - | - | - | (1,205,476) | - | (1,205,476) |
| Purchase of treasury shares | - | 10,000 | - | - | (12,189) | (12,189) |
| At 31 December 2014 | 300,562,500 | 10,000 | 150,281,250 | 37,794,538 | (12,189) | 188,063,599 |

| | Number of ordinary share of RM0.50 each 2014 | Number of ordinary share of RM0.50 each 2013 | Amount 2014 RM | Amount 2013 RM |
|---|---|---|---|---|
| **Authorised share capital** | | | | |
| At 1 January and 31 December | 1,000,000,000 | 1,000,000,000 | 500,000,000 | 500,000,000 |

### (a) Share capital

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

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

### (b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares.

The Company acquired 10,000 (2013: Nil) shares in the Company through purchase during the financial year. The total amount paid to acquire the shares was RM12,189 (2013: Nil). The shares purchased are being held as treasury shares and this is presented as a component within shareholders' equity.

The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the share purchase plan can be applied in the best interests of the Company and its shareholders.

## 29. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2014 and 2013 under single tier system.

## 30. Other reserves

| | Group | | Company | |
|---|---|---|---|---|
| | 2014<br>RM | 2013<br>RM | 2014<br>RM | 2013<br>RM |
| Non-distributable | | | | |
| Foreign currency translation reserve | 702 | 9,697 | - | - |
| Warrant reserve | 34,865,250 | - | 34,865,250 | - |
| | 34,865,952 | 9,697 | 34,865,250 | - |

### (a) Foreign currency translation reserve

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

### (b) Warrant reserve

A total of 60,112,500 free warrants was issued by the Company in conjuction with Right Shares issued on 13 March 2014. Each warrant entitles the holder to subscribe for 1 new share at the exercise price of RM1.68 per share at any time during the exercise period. The warrants have an exercise period of 10 years commencing 13 March 2014 and expiring on 12 March 2024.

## 31. Related party disclosures

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

| | Group | | Company | |
|---|---|---|---|---|
| | 2014<br>RM | 2013<br>RM | 2014<br>RM | 2013<br>RM |
| Purchase of raw materials from company related to certain directors | 9,921,716 | 13,704,546 | - | - |
| Contract fee receivable from company related to certain directors | 76,154,374 | 73,264,455 | - | - |
| Contract fee receivable from a joint venture | 37,665,057 | 17,565,896 | - | - |
| Rental of land and building paid to companies related to certain directors | 968,111 | 845,318 | - | - |
| Interest income received from subsidiaries | - | - | 2,811,143 | 1,485,521 |
| Dividend income received from subsidiaries | - | - | 8,100,000 | 10,880,000 |

Companies related to certain directors

These entities are subject to the same source of influence as the Company through common directors.

## 31. Related party disclosures (Cont'd)

### Compensation of key management personnel

The remuneration of key management personnels during the year are as follow:

| | 2014 RM | 2013 RM |
|---|---|---|
| Salaries, bonus and other emoluments | 4,080,000 | 3,966,500 |
| Defined contribution plan | 490,500 | 473,340 |
| Other short term benefits | 106,595 | 108,179 |
| | 4,677,095 | 4,548,019 |

## 32. Commitments

### (a) Capital commitments

| | Group 2014 RM | Group 2013 RM |
|---|---|---|
| Capital commitments as at the reporting date is as follows: | | |
| Approved and contracted for: | | |
| Property, plant and equipment | 1,747,152 | 3,723,669 |

### (b) Operating lease commitment - as lessee

Minimum lease payments recognised in profit or loss for the financial year ended 31 December 2014 amounted to RM2,453,071 (2013: RM1,979,684).

### (c) Finance lease commitments

The Group has finance leases for certain items of plant and equipment (Note 12).

Future minimum lease payments under finance leases together with the present value of the

| | Group | | |
|---|---|---|---|
| | 31.12.2014 RM | 31.12.2013 RM Restated | 1.1.2013 RM Restated |
| **Minimum lease payments:** | | | |
| Not later than 1 year | 8,403,264 | 6,023,082 | 4,501,187 |
| Later than 1 year but not later than 2 years | 8,171,753 | 5,894,300 | 3,578,661 |
| Later than 2 years but not later than 5 years | 8,715,850 | 9,313,033 | 8,464,766 |
| More than 5 years | 872,860 | 266,826 | - |
| Total minimum lease payments | 26,163,727 | 21,497,241 | 16,544,614 |
| Less: Amounts representing finance charges | (2,393,880) | (2,275,684) | (1,979,731) |
| Present value of minimum lease payments | 23,769,847 | 19,221,557 | 14,564,883 |

**32. Commitments (Cont'd)**

**(c) Finance lease commitments (Cont'd)**

| | Group | | |
|---|---|---|---|
| | **31.12.2014** | **31.12.2013** | **1.1.2013** |
| | **RM** | **RM** | **RM** |
| | | **Restated** | **Restated** |
| **Present value of payments:** | | | |
| Not later than 1 year | 7,209,347 | 4,973,077 | 3,704,187 |
| Later than 1 year but not later than 2 years | 7,428,824 | 5,176,633 | 3,000,886 |
| Later than 2 years but not later than 5 years | 8,270,298 | 8,809,158 | 7,859,810 |
| More than 5 years | 861,378 | 262,689 | - |
| Present value of minimum lease payments | 23,769,847 | 19,221,557 | 14,564,883 |
| Less: Amount due within 12 months (Note 24) | (7,209,347) | (4,973,077) | (3,704,187) |
| Amount due after 12 months (Note 24) | 16,560,500 | 14,248,480 | 10,860,696 |

**33. Fair value**

**(a) Fair value of assets that are disclosed at fair value**

The following table shows an analysis of asset disclosed at fair value by level of fair value

| | Group | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | **RM** | **RM** | **RM** | **RM** |
| **2014** | | | | |
| **Financial asset:** | | | | |
| Investment properties | - | - | 540,000 | 540,000 |
| **2013** | | | | |
| **Financial asset:** | | | | |
| Investment properties | - | - | 400,000 | 400,000 |

The fair value of investment property is determined based on current price in an active market.

**33. Fair value**

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

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

| | Note |
|---|---|
| Trade and other receivables (current) | 20 |
| Cash and bank balances (current) | 23 |
| Loans and borrowings (current) | 24 |
| Loans and borrowings (non-current) | 24 |
| Trade and other payables (current) | 25 |

The carrying amounts of these financial assets and liabilities of the Group and of the Company at the reporting date approximate fair values due to the relatively short term maturity of these financial instruments whilst the carrying value of long term borrowings is estimated to be approximate the fair value estimated based on the current rates available for borrowing with the same maturity profile.

Fair value of retention sums on construction contract are estimated by discounting expected future cash flows at market incremental lending rate at the reporting date.

Guarantees

The fair value of the guarantees provided by the Company in connection with credit facilities, construction contracts and development agreement granted to its subsidiaries is estimated to be minimal as the chances of the financial institutions and third parties to call upon the guarantees are not probable.

**34. Financial risk management objectives and policies**

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Management. The audit committee provides independent oversight to the effectiveness of the risk management process.

The Group and the Company do not undertake any trading of derivative financial instruments.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

**(a) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For 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 minimise and monitor its credit risk by strictly limiting the Group's and Company's associations to business partners with high credit worthiness. Receivable balances are monitored on an ongoing basis.

**34. Financial risk management objectives and policies (Cont'd)**

**(a) Credit risk (Cont'd)**

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the statements of financial position.
- an amount of RM680,267,020 (2013: RM694,291,005) relating to corporate guarantees provided by the Company to several financial institutions for its subsidiaries' credit facilities and third parties for the credit facilities granted by suppliers, the subsidiaries' performance in construction contracts and a joint venture's development agreement.

Credit risk concentration profile

The Group and the Company do not have any significant exposure to any individual customers or counterparties nor does it have any major concentration of credit risk related to any financial instruments.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

**(b) Liquidity risk**

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

To ensure continuity of funding, the Group's and the Company's policy is to manage the debt maturity profile, operating cash flows and the availability of funding to support the operating cycle of the business.

**34. Financial risk management objectives and policies (Cont'd)**

**(b) 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 reporting date based on contractual undiscounted repayment obligations.

| **31.12.2014 Group** | **On demand or within one year RM** | **One to five years RM** | **More than five years RM** | **Total RM** |
|---|---|---|---|---|
| **Financial liabilities:** | | | | |
| Trade and other payables | 314,985,508 | - | - | 314,985,508 |
| Loans and borrowings | 112,430,776 | 50,108,950 | 872,860 | 163,412,586 |
| Total undiscounted financial liabilities | 427,416,284 | 50,108,950 | 872,860 | 478,398,094 |
| **Company** | | | | |
| **Financial liabilities:** | | | | |
| Trade and other payables | 45,995 | - | - | 45,995 |
| Total undiscounted financial liabilities | 45,995 | - | - | 45,995 |
| **31.12.2013 Group Restated** | | | | |
| **Financial liabilities:** | | | | |
| Trade and other payables | 301,126,656 | - | - | 301,126,656 |
| Loans and borrowings | 141,630,606 | 68,792,986 | 1,766,826 | 212,190,418 |
| Total undiscounted financial liabilities | 442,757,262 | 68,792,986 | 1,766,826 | 513,317,074 |
| **Company** | | | | |
| **Financial liabilities:** | | | | |
| Trade and other payables | 52,248 | - | - | 52,248 |
| Total undiscounted financial liabilities | 52,248 | - | - | 52,248 |

**34. Financial risk management objectives and policies (Cont'd)**

**(b) Liquidity risk (Cont'd)**

| 1.1.2013 Group Restated | On demand or within one year RM | One to five years RM | More than five years RM | Total RM |
|---|---|---|---|---|
| **Financial liabilities:** | | | | |
| Trade and other payables | 267,298,211 | - | - | 267,298,211 |
| Loans and borrowings | 104,577,784 | 50,940,699 | 5,233,302 | 160,751,785 |
| Total undiscounted financial liabilities | 371,875,995 | 50,940,699 | 5,233,302 | 428,049,996 |
| **Company** | | | | |
| **Financial liabilities:** | | | | |
| Trade and other payables | 60,957 | - | - | 60,957 |
| Total undiscounted financial liabilities | 60,957 | - | - | 60,957 |

**(c) Interest rate risk**

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

The Group's primary interest rate risk relates to interest-bearing borrowings. The investments in financial assets including fixed deposits are mainly short term in nature and they are not held for speculative purposes.

The Group manages its interest rate exposure by using a mix of fixed and floating rate debts and actively reviewing its debt portfolio, taking into account the investment holding period and nature of its assets.

The Group does not expect any material effect on the Group's profit net of tax, asset and equity arising from the effect of reasonably possible changes to interest rates on interest- bearing financial instruments at the end of the reporting period.

**(d) 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 changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group's entities. The foreign currencies in which these transactions are denominated are mainly Singapore Dollar ("SGD") and Euro ("EUR"). The Group did not enter into any forward currency contracts during the financial years ended 31 December 2014 and 2013 respectively.

The Group is also exposed to currency translation risk arising from its investments in foreign operation in Singapore. The Group's net investments in Singapore is not hedged as currency positions in SGD is considered to be long-term in nature.

The Group does not expect any material effect on the Group's profit net of tax and equity arising from the effect of reasonably possible changes to foreign currency exchange rates at the end of the reporting period.

## 35. Restatement

**FRS 11 Joint Arrangement ("FRS 11")**

FRS 11 replaces FRS 131 Interests in Joint Ventures and IC interpretation 113 Jointly Controlled Entities- Non-monetary Contributions by Venture and is effective for annual periods beginning on or after 1 January 2013.

During this financial year, the Group has reassessed the impact of FRS 11 on the investment in subsidiaries and concluded that Posh Atlantic Sdn. Bhd. ("PASB") should be treated as a joint venture instead of a subsidiary .

Consequently, the investment cost has been reclassified from investment in a subsidiary to investment in a joint venture.

Comparative figures have been restated to effect the change in accounting for investment in PASB from consolidation to equity accounting.

The following reclassification is made to the previously issued financial statements for the financial year ended 31 December 2013:

**(i) Group Statement of financial position as at 31 December 2013**

| | 31 December 2013 as previously reported RM | FRS 11 Adjustment RM | 31 December 2013 as restated RM |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 156,699,370 | (159,390) | 156,539,980 |
| Deferred tax assets | 4,796,569 | (250,197) | 4,546,372 |
| **Current assets** | | | |
| Property development costs | 60,000,736 | (24,606,224) | 35,394,512 |
| Trade and other receivables | 353,980,945 | 12,121,178 | 366,102,123 |
| Other current assets | 224,567,555 | (16,919,976) | 207,647,579 |
| Cash and bank balances | 32,127,401 | (457,571) | 31,669,830 |
| **Current liabilities** | | | |
| Loans and borrowings | 144,706,651 | (4,126,050) | 140,580,601 |
| Trade and other payables | 308,164,547 | (6,203,226) | 301,126,656 |
| Other current liability | 7,378,211 | 1,239,901 | 8,618,112 |
| **Non-current liabilities** | | | |
| Loans and borrowings | 90,419,022 | (21,084,889) | 69,334,133 |
| Other non-current liability | - | 834,665 | 834,665 |
| **Equity attributable to owners of the Company** | | | |
| Non-controlling interests | 97,916 | (97,916) | - |

**35. Restatement**

**FRS 11 Joint Arrangement ("FRS 11") (Cont'd)**

**(i) Group Statement of financial position as at 1 January 2013**

| | 1 January 2013 as previously reported RM | FRS 11 Adjustment RM | 1 January 2013 as restated RM |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 128,274,889 | (5,326) | 128,269,563 |
| Investment in a joint venture | - | 258,859 | 258,859 |
| **Current assets** | | | |
| Property development costs | 50,398,997 | (16,855,633) | 33,543,364 |
| Trade and other receivables | 307,380,087 | 3,579,488 | 310,959,575 |
| Other current assets | 178,929,549 | (24,638) | 178,904,911 |
| Cash and bank balances | 44,726,672 | (116,647) | 44,610,025 |
| **Current liabilities** | | | |
| Trade and other payables | 269,144,785 | (1,846,574) | 267,298,211 |
| Other current liability | 15,327,025 | 79,802 | 15,406,827 |
| **Non-current liabilities** | | | |
| Loans and borrowings | 66,051,612 | (11,060,342) | 54,991,270 |
| **Equity attributable to owners of the Company** | | | |
| Non-controlling interests | 336,783 | (336,783) | - |

**(ii) Impact on FRS 11 on profit of the Group for the financial year ended 31 December 2013 and at the beginning of 1 January 2013**

| | FRS 11 Adjustment | |
|---|---|---|
| **Group** | **31.12.2013 RM** | **1.1.2013 RM** |
| Decrease in revenue | (883,324) | (4,754) |
| (Increase)/decrease in cost of sales | (3,469,850) | 3,625 |
| Increase in other operating income | 187,721 | 96,088 |
| Decrease in administrative expenses | 5,724,112 | 206,849 |
| Decrease in finance costs | 23,929 | 26,061 |
| Inclusion of share of results of a joint venture | (1,221,124) | (212,131) |
| Increase in income tax expense | (122,597) | - |
| Increase in profit for the year | 238,867 | 115,738 |
| **Decrease in profit attributable to:** | | |
| Non-controlling interests | (238,867) | (115,738) |
| | (238,867) | (115,738) |

**35. Restatement**

**FRS 11 Joint Arrangement ("FRS 11") (Cont'd)**

**(iii) Impact on FRS 11 on cash flows of the Group for the financial year ended 31 December 2013 and at the beginning of 1 January 2013**

| | FRS 11 Adjustment | |
|---|---|---|
| | **31.12.2013** | **1.1.2013** |
| | **RM** | **RM** |
| **Group** | | |
| Net cash inflow from operating activities | 12,060,382 | 414,272 |
| Net cash inflow/(outflow) from investing activities | 24,653 | (361,868) |
| Net cash outflow from financing activities | (9,258,871) | (137,278) |
| Net cash inflows/(outflows) | 2,826,164 | (84,874) |

**36. Capital management**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 2013.

The Group is not subject to any externally imposed capital requirements.

**37. Segment Information**

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(i) Construction
(ii) Manufacturing of concrete products and trading of building materials
(iii) Investment
(iv) Property development

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

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

## 37. Segment Information (Cont'd)

| At 31 December 2014 | Construction RM | Manufacturing RM | Investment RM | Property development RM | Eliminations RM | Consolidation RM |
|---|---|---|---|---|---|---|
| **Revenue:** | | | | | | |
| External customers | 967,195,134 | 192,468,081 | 273,205 | 46,462,348 | - | 1,206,398,768 |
| Inter-segment | 6,798,678 | 9,833,796 | 10,911,143 | - | (27,543,617) | - |
| Total revenue | 973,993,812 | 202,301,877 | 11,184,348 | 46,462,348 | (27,543,617) | 1,206,398,768 |
| **Results:** | | | | | | |
| Segment results | 55,197,513 | 32,314,695 | 11,184,348 | 15,444,920 | (11,524,347) | 102,617,129 |
| Other operating income | | | | | | 8,068,815 |
| Administration expenses | | | | | | (43,564,649) |
| Finance costs | | | | | | (11,967,949) |
| Share of profit of a joint venture | | | | | | 4,686,320 |
| | | | | | | 59,839,666 |
| Income tax expense | | | | | | (15,241,529) |
| Net profit for the year | | | | | | 44,598,137 |
| **Assets:** | | | | | | |
| Segment assets | 570,862,260 | 255,537,732 | 223,870,134 | 42,550,822 | (201,937,425) | 890,883,523 |
| **Liabilities:** | | | | | | |
| Segment liabilities | 337,852,666 | 184,390,232 | 322,245 | 25,003,660 | (57,201,704) | 490,367,099 |
| **At 31 December 2013** | | | | | | |
| **Revenue:** | | | | | | |
| External customers | 758,869,579 | 187,107,381 | 135,813 | - | - | 946,112,773 |
| Inter-segment | 1,238,329 | 8,750,582 | 12,365,521 | - | (22,354,432) | - |
| Total revenue | 760,107,908 | 195,857,963 | 12,501,334 | - | (22,354,432) | 946,112,773 |
| **Results:** | | | | | | |
| Segment results | 46,465,799 | 32,314,540 | 12,501,334 | - | (12,504,043) | 78,777,630 |
| Other operating income | | | | | | 6,165,521 |
| Administration expenses | | | | | | (33,734,459) |
| Finance costs | | | | | | (11,451,443) |
| Share of loss of a joint venture | | | | | | (1,221,124) |
| | | | | | | 38,536,125 |
| Income tax expense | | | | | | (2,821,150) |
| Net profit for the year | | | | | | 35,714,975 |
| **Assets:** | | | | | | |
| Segment assets | 527,580,820 | 242,809,386 | 158,515,598 | 47,810,889 | (157,032,727) | 819,683,966 |
| **Liabilities:** | | | | | | |
| Segment liabilities | 344,646,942 | 173,652,791 | 144,780 | 44,536,132 | (42,398,175) | 520,582,470 |

## 38. Dividends

| | Group 2014 RM | Group 2013 RM | Company 2014 RM | Company 2013 RM |
|---|---|---|---|---|
| **Recognised during the financial year:** | | | | |
| Dividends on ordinary shares: | | | | |
| - Final (single tier) dividend for 2013: 3.00 sen (2012: 4.80 sen) per share | 9,016,875 | 11,541,600 | 9,016,875 | 11,541,600 |

At the forthcoming Annual General Meeting, a final (single-tier) dividend in respect of the financial year ended 31 December 2014, of 3.80 sen per ordinary share will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

## 39. Significant events during the financial year

### (a) Lease Purchase Agreement ("LPA") for acquisition of land

In last financial year, Kimlun Medini Sdn. Bhd., a subsidiary of the Company, entered into a LPA with a third party to acquire a 99-years lease over two contiguous parcels of freehold land for a cash consideration of RM31,056,771. The acqusition of the lease over one of the parcels of land was completed on 25 March 2015, while the acquisition of the lease over the remaining parcel of land has yet to be completed as at the date of this report.

### (b) Sale and Purchase Agreement ("SPA") for sale of land

In last financial year, Kimlun Land Sdn. Bhd., a subsidiary of the Company entered into a SPA with a third party to sell 9 parcels of freehold agricuture land for a total consideration of RM46 million. The SPA was completed on 28 January 2014.

### (c) Sale and Purchase Agreement ("SPA") for acquisition of land

On 5 March 2014, Kimlun Land Sdn. Bhd., a subsidiary of the Company, entered into a SPA with a third party to acquire forty one (41) 99-year leasehold vacant detached lots on en bloc basis for a cash consideration of RM28,987,432. As at the date of this report, the SPA has yet to be completed.

**39. Significant events during the financial year (Cont'd)**

**(d) Renounceable rights issue of 60,112,500 new ordinary shares of RM0.50 each in the Company ("Kimlun Share(s)") ("Rights Share(s)") on the basis of one Rights Share for every four existing ordinary shares of RM0.50 each in the Company held together with 60,112,500 free detachable warrants ("Warrant(s)") on the basis of one Warrant for every one Rights Share subscribed for based on an entitlement date to be determined later ("Rights Issue with Warrants")**

The Company announced its proposal on the Rights Issue with Warrants, and thereafter obtained the approval from Bursa Malaysia Securities Berhad ("Bursa Securities") on the following in relation thereto in the last financial year:

- Admission to the official list of Bursa Securities and the listing of and quotation for the Warrants to be issued pursuant to the Rights Issue with Warrants;
- Listing of the Rights Shares to be issued pursuant to the Rights Issue with Warrants; and
- Listing of the new Kimlun Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities

The Company fixed the entitlement date on 18 February 2014, and the issue price of the Rights Shares and the exercise price of the Warrants at RM1.10 per Rights Share and RM1.68 per Warrant, respectively.

The Rights Issue with Warrants was completed on 19 March 2014 with gross proceeds raised of RM66.12 million. The gross proceeds raised are intended to be utilised to meet working capital requirements of the Group and the expenses in relation to the Rights Issue with Warrants.

**40. Authorisation of financial statements for issue**

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 28 April 2015.

**41. Supplementary information - Breakdown of retained profits into realised and unrealised**

The breakdown of the retained profits of the Group and of the Company as at 31 December 2014 and 2013 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

| | Group | | Company | |
|---|---|---|---|---|
| | **2014 RM** | **2013 RM** | **2014 RM** | **2013 RM** |
| Total retained profits | | | | |
| - Realised | 172,336,169 | 136,948,526 | 619,040 | 348,054 |
| - Unrealised | 7,476,173 | 6,244,929 | - | - |
| | 179,812,342 | 143,193,455 | 619,040 | 348,054 |
| Less: Consolidation adjustments | (2,225,469) | (2,124,420) | - | - |
| Retained earnings as per financial statements | 177,586,873 | 141,069,035 | 619,040 | 348,054 |

# ANALYSIS OF SHAREHOLDINGS

As at 30 April 2015

| | |
|---|---|
| Authorised Share Capital | : RM500,000,000.00 |
| Issued and Fully Paid Up Capital | : RM150,281,250.00 |
| Class of shares | : Ordinary shares of RM0.50 each |
| Voting rights | : One vote per ordinary share |

**Distribution of Shareholdings (As per Record of Depositors)**

| Size of Shareholdings | No. of shareholders | % of Shareholders | No. of shares* | % of Issued Capital |
|---|---|---|---|---|
| 1 - 99 | 29 | 0.664 | 892 | 0.000 |
| 100 - 1,000 | 411 | 9.413 | 271,250 | 0.090 |
| 1,001 - 10,000 | 2,667 | 61.085 | 13,752,400 | 4.575 |
| 10,001 - 100,000 | 1,126 | 25.790 | 32,003,640 | 10.648 |
| 100,001 – 15,027,624 ** | 130 | 2.977 | 128,619,918 | 42.794 |
| 15,027,625 and above *** | 3 | 0.068 | 125,904,400 | 41.890 |
| Total | 4,366 | 100.000 | 300,552,500 | 100.000 |

* excluding 10,000 shares bought back and retained by the Company as treasury shares
** less than 5% of issued shares
*** 5% and above of issued shares

**Substantial Shareholders**
**(As per Register of Substantial Shareholders)**

| | Name of shareholders | Direct Interest No. of Shares | % | Indirect Interest No. of Shares | % |
|---|---|---|---|---|---|
| 1. | Phin Sdn Bhd | 108,344,700 | 36.049 | - | - |
| 2. | Pang Khang Hau | 17,559,700 | 5.842 | - | - |
| 3. | Pang Tin @ Pang Yon Tin | 15,589,000 | 5.187 | 108,344,700 | 36.049 |

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

| | Name of shareholders | Direct Interest No. of Shares | % | Indirect Interest No. of Shares | % |
|---|---|---|---|---|---|
| 1. | Pang Khang Hau | 17,559,700 | 5.842 | - | - |
| 2. | Pang Tin @ Pang Yon Tin | 15,589,000^ | 5.187 | 108,344,700 | 36.049 |
| 3. | Sim Tian Liang | 8,162,500@ | 2.716 | - | - |
| 4. | Chin Lian Hing | 7,910,400+ | 2.632 | - | - |
| 5. | Yam Tai Fong | 8,100,600# | 2.695 | - | - |
| 6. | Kek Chin Wu | 378,500 | 0.126 | - | - |
| 7. | Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah | 63,000 | 0.021 | - | - |
| 8. | Chua Kee Yat @ Koo Kee Yat | 37,800 | 0.013 | - | - |

Note :-
^ Includes 10,500,000 shares held in bare trust by EB Nominees (Tempatan) Sdn. Bhd.
@ Includes 2,500,000, 2,375,000 and 1,697,500 shares held in bare trust by TA Nominees (Tempatan) Sdn Bhd, Amsec Nominees (Tempatan) Sdn Bhd and Alliancegroup Nominees (Tempatan) Sdn Bhd respectively.
+ Includes 420,000 shares held in bare trust by Alliancegroup Nominees (Tempatan) Sdn Bhd.
# Includes 2,500,000 shares held in bare trust by TA Nominees (Tempatan) Sdn Bhd.

# ANALYSIS OF SHAREHOLDINGS

As at 30 April 2015 (Cont'd)

**Thirty Largest Shareholders (As per Record of Depositors)**

| | Name of shareholders | No. of Shares Held | % of Issued Capital |
|---|---|---|---|
| 1. | Phin Sdn Bhd | 75,924,700 | 25.261 |
| 2. | Amsec Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account - AmBank (M) Berhad for Phin Sdn Bhd | 32,420,000 | 10.786 |
| 3. | Pang Khang Hau | 17,559,700 | 5.842 |
| 4. | Phang Piow @ Pang Choo Ing | 14,641,000 | 4.871 |
| 5. | EB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Pang Tin @ Pang Yon Tin (JBU) | 10,500,000 | 3.493 |
| 6. | Chin Lian Hing | 7,490,400 | 2.492 |
| 7. | Citigroup Nominees (Asing) Sdn Bhd<br>Exempt An for Citibank New York (Norges Bank 1) | 6,825,561 | 2.271 |
| 8. | Yam Tai Fong | 5,600,600 | 1.863 |
| 9. | Pang Tin @ Pang Yon Tin | 5,089,000 | 1.693 |
| 10. | Citigroup Nominees (Asing) Sdn Bhd<br>Exempt An for Citibank New York (Norges Bank 12) | 4,787,200 | 1.592 |
| 11. | Loh Oi Yoke | 4,341,300 | 1.444 |
| 12. | Leong Choon Thye | 3,266,000 | 1.086 |
| 13. | Wang Ah Yu | 3,026,700 | 1.007 |
| 14. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Kumpulan Wang Persaraan (Diperbadankan) (RHB INV) | 2,710,000 | 0.901 |
| 15. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Employees Provident Fund Board (PHEIM) | 2,640,000 | 0.878 |
| 16. | Amsec Nominees (Tempatan) Sdn Bhd<br>Amtrustee Berhad for Pacific Pearl Fund (UT-PM-PPF) | 2,503,800 | 0.833 |
| 17. | TA Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Sim Tian Liang | 2,500,000 | 0.831 |
| 18. | TA Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Yam Tai Fong | 2,500,000 | 0.831 |
| 19. | Amsec Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Sim Tian Liang | 2,375,000 | 0.790 |
| 20. | PM Nominees (Tempatan) Sdn Bhd<br>For Bank Kerjasama Rakyat Malaysia Berhad | 2,334,500 | 0.776 |
| 21. | Lew Kim Bock | 2,319,100 | 0.771 |

# ANALYSIS OF SHAREHOLDINGS

As at 30 April 2015 (Cont'd)

**Thirty Largest Shareholders (As per Record of Depositors)(Cont'd)**

| | Name of shareholders | No. of Shares Held | % of Issued Capital |
|---|---|---|---|
| 22. | Pang Koi Moy | 2,002,230 | 0.666 |
| 23. | Sunny Pang Yi Lin | 1,902,800 | 0.633 |
| 24. | Pang Chew Ngo | 1,742,200 | 0.579 |
| 25. | Pang Yili | 1,703,500 | 0.566 |
| 26. | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Sim Tian Liang (8122016) | 1,697,500 | 0.564 |
| 27. | Sim Tian Liang | 1,590,000 | 0.529 |
| 28. | Lembaga Tabung Angkatan Tentera | 1,377,800 | 0.458 |
| 29. | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lew Kim Bock (8122057) | 1,204,775 | 0.400 |
| 30. | DB (Malaysia) Nominee (Tempatan) Sdn Bhd<br>Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund | 897,200 | 0.298 |
| | Total | 225,472,566 | 75.019 |

The thirty largest shareholders refer to the thirty securities account holders having the largest number of securities according to the Record of Depositors (without aggregating the shares from different securities accounts belonging to the same depositor).

# ANALYSIS OF WARRANT HOLDINGS

As At 30 April 2015

| | |
|---|---|
| No. of Warrants in issue | : 60,112,500 |
| No. of Warrant Holders | : 1,891 |
| Exercise Price per Warrant | : RM1.68 |
| Exercise Period | : 13 March 2014 to 12 March 2024 |
| Exercise Rights | : Each warrant entitles the holder to subscribe for one new ordinary share of RM0.50 each |
| Voting rights at Meetings of Warrant Holders | : One vote per warrant |

**Distribution of Warrant Holdings (As per Record of Depositors)**

| Size of Holdings | No. of Holders | % of holders | No. of Warrants | % of Warrants |
|---|---|---|---|---|
| 1 - 99 | 29 | 1.533 | 1,458 | 0.002 |
| 100 - 1,000 | 598 | 31.623 | 349,842 | 0.581 |
| 1,001 - 10,000 | 902 | 47.699 | 3,221,323 | 5.358 |
| 10,001 - 100,000 | 316 | 16.710 | 10,536,142 | 17.527 |
| 100,001 – 3,005,624 * | 43 | 2.273 | 17,373,135 | 28.901 |
| 3,005,625 and above ** | 3 | 0.158 | 28,630,600 | 47.628 |
| Total | 1,891 | 100.000 | 60,112,500 | 100.000 |

* less than 5% of issued warrants
** 5% and above of issued warrants

**Directors' Warrant Holdings (As per Register of Directors' Warrant Holdings)**

| | | Direct Interest | | Indirect Interest | |
|---|---|---|---|---|---|
| | Name of Warrant holders | No. of Warrants | % | No. of Warrants | % |
| 1. | Pang Khang Hau | 3,641,900 | 6.058 | - | - |
| 2. | Pang Tin @ Pang Yon Tin | 2,928,100 | 4.871 | 23,119,900 | 38.461 |
| 3. | Sim Tian Liang | 100,000@ | 0.166 | - | - |
| 4. | Chin Lian Hing | - | - | - | - |
| 5. | Yam Tai Fong | 450,000# | 0.749 | - | - |
| 6. | Kek Chin Wu | 78,500 | 0.131 | - | - |
| 7. | Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah | 13,000 | 0.022 | - | - |
| 8. | Chua Kee Yat @ Koo Kee Yat | 7,800 | 0.013 | - | - |

Note :-

@ Held in bare trust by Alliancegroup Nominees (Tempatan) Sdn Bhd.
\# Held in bare trust by TA Nominees (Tempatan) Sdn Bhd.

# ANALYSIS OF WARRANT HOLDINGS

As At 30 April 2015 (Cont'd)

**Thirty Largest Warrant holders (As per Record of Depositors)**

| | Name of Warrant holders | No. of Warrants Held | % of Issued Warrants |
|---|---|---|---|
| 1. | Phin Sdn Bhd | 21,652,100 | 36.019 |
| 2. | Pang Khang Hau | 3,641,900 | 6.058 |
| 3. | UOB Kay Hian Nominees (Tempatan) Sdn Bhd<br>Exempt An for UOB Kay Hian Pte Ltd (A/C Clients) | 3,336,600 | 5.550 |
| 4. | Pang Tin @ Pang Yon Tin | 2,928,100 | 4.871 |
| 5. | Phang Piow @ Pang Choo Ing | 2,579,200 | 4.290 |
| 6. | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lew Kim Bock (8122057) | 704,775 | 1.172 |
| 7. | Wang Ah Yu | 627,800 | 1.044 |
| 8. | Ter Leong Swee | 546,100 | 0.908 |
| 9. | Boo Nyuk Lien | 510,000 | 0.848 |
| 10. | Maybank Nominees (Tempatan) Sdn Bhd<br>Pledged Securties Account for Tam Kian Kwang | 498,200 | 0.828 |
| 11. | Wan Ishak Bin Wan Ali | 460,000 | 0.765 |
| 12. | Citigroup Nominees (Asing) Sdn Bhd<br>Exempt An for Citibank New York (Norges Bank 1) | 454,250 | 0.755 |
| 13. | TA Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Yam Tai Fong | 450,000 | 0.748 |
| 14. | Pang Koi Moy | 436,730 | 0.726 |
| 15. | Tay Wen Bin | 398,400 | 0.662 |
| 16. | Sunny Pang Yi Lin | 394,800 | 0.656 |
| 17. | Maybank Nominees (Tempatan) Sdn Bhd<br>Maybank Trustees Berhad for RHB-OSK Capital Fund (200189) | 363,550 | 0.604 |
| 18. | Pang Yili | 353,500 | 0.588 |
| 19. | RHB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Ong Seng Lee | 350,000 | 0.582 |
| 20. | Chin Ah Fee @ Chan Yok Ying | 340,000 | 0.565 |
| 21. | Lee Seng Piow | 297,000 | 0.494 |
| 22. | Maybank Nominees (Tempatan) Sdn Bhd<br>Pledged Securties Account for Kek Lian Lye | 262,000 | 0.435 |

# ANALYSIS OF WARRANT HOLDINGS

As At 30 April 2015 (Cont'd)

**Thirty Largest Warrant holders (As per Record of Depositors)(Cont'd)**

| | Name of Warrant holders | No. of Warrants Held | % of Issued Warrants |
|---|---|---|---|
| 23. | Kenanga Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Koh Boon Poh (008) | 260,000 | 0.432 |
| 24. | Chai Yuen Chung | 254,800 | 0.423 |
| 25. | Ng Boon Seong | 245,000 | 0.407 |
| 26. | CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB Bank for Len Book Learn (M66002) | 241,700 | 0.402 |
| 27. | Public Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lee Seng Hooi @ Lee Hoi (E-SS2) | 215,000 | 0.357 |
| 28. | Liew Yoke Ling | 214,600 | 0.356 |
| 29. | Public Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Cho Chun Hong (E-BPJ/TDA) | 201,500 | 0.335 |
| 30. | Public Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Soo Choi Mei (E-JBU) | 200,000 | 0.332 |
| | Total | 43,417,605 | 72.227 |

The thirty largest warrant holders refer to the thirty securities account holders having the largest number of securities according to the Record of Depositors (without aggregating the warrants from different securities accounts belonging to the same depositor).

# LIST OF PROPERTIES

Held by the Group as at 31 December 2014

| No | Address/Location | Description and existing use | Date of Acquisition | Tenure of Land (years) | Land area (sq. ft.) | Built-up area (sq. ft.) | Age of Building | Net book value (RM) |
|---|---|---|---|---|---|---|---|---|
| 1 | 2, Jalan Beringin, Taman Beringin, 81400 Senai, Johor | Double storey shophouse | 30/04/1994 | Freehold | 1,539 | 2,673 | 20 | 143,244 |
| 2 | 1, Jalan Beringin, Taman Beringin, 81400 Senai, Johor | Double storey shophouse | 30/04/1994 | Freehold | 1,539 | 2,673 | 20 | 184,201 |
| 3. | #G-02, Pangsapuri Lagenda Tasik, Jalan Padi Makmur, Taman Suria Muafakat, 81200 Johor Bahru | Service Apartment Unit | 12/04/2012 | Leasehold (99 years expiring on 23/5/2105) | Not applicable [a] | 1,501 | 5 | 388,938 |
| 4 | PTD 90544, HS(M) 1203, Mukim Kulai, District of Kulai Jaya, Johor | Factory and office buildings | 02/09/2002 [b] | Freehold | 605,457 | 349,268 | 13 | 20,263,735 |
| 5 | Lot 2689, Mukim Kulai, District of Kulai Jaya, Johor | Factory building | 29/11/ 2010 | Not applicable [c] | 274,689 | 113,168 | 4 | 6,423,683 [d] |
| 6 | PN45839 Lot No.2, Pekan Sungai Gadut, District of Seremban, Sembilan | Factory and office buildings | 26/01/2012 | Leasehold (99 years expiring on 08/12/2091) | 5,665,041 | 242,175 | 2 | 51,098,767 |
| 7 | Geran 169505, Lot 33072 (previously HSD 7107 PT 12132), Mukim Dengkil, Daerah Sepang, Negeri Selangor | Development land currently under development | 28/1/2011 | Freehold | 215,622 | Not Applicable | Not Applicable | 83,870,218 |
| 8 | HS(M) 6581 to HS(M)6711, PTD13047 to PTD 13177, Mukim Jeram Batu, District of Pontian, Johor | Development land currently under development | 22/9/2011 | Freehold | 222,346 | Not Applicable | Not Applicable | 12,590,300 |
| 9. | No.6, Jalan Sentral 1, Taman Nusa Sentral, 79100 Musajaya | Triple storey shop office | 25/6/2014 | Freehold | 1,650 | 3,299 | 1 | 1,440,294 |

Notes:
(a) Based on strata title, thus no land area available.
(b) This being the acquisition date of the factory building. The acquisition of the freehold land on which the buildings were erected thereon was completed on 27 October 2010.
(c) Tenure of land is not applicable as the building is sited on rented land.
(d) The Net Book Value is in relation to the building only.

# NOTICE OF SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 6th Annual General Meeting ("AGM") of the Company will be held at Rafflesia 1 & 2, Lower Ground Floor 1, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Monday, 22 June 2015 at 2.30 p.m. to transact the following business:-

**AGENDA**

**Ordinary Business**

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note 2)**

2. To re-elect the following Directors who retire pursuant to Article 86 of the Company's Articles of Association:-

   i) Pang Tin @ Pang Yon Tin **(Resolution 1)**
   ii) Chin Lian Hing **(Resolution 2)**
   iii) Chua Kee Yat @ Koo Kee Yat **(Resolution 3)**

3. To declare a final single tier dividend of 3.8 sen per ordinary share for the financial year ended 31 December 2014. **(Resolution 4)**

4. To approve the payment of Directors' fees for the financial year ended 31 December 2014. **(Resolution 5)**

5. To approve the payment of Directors' fees for the financial year ending 31 December 2015. **(Resolution 6)**

6. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

**Special Business**

To consider and if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions of the Company:-

7. **ORDINARY RESOLUTION I**
   **AUTHORITY TO ISSUE SHARES** **(Resolution 8)**

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next AGM of the Company unless revoked or varied by the Company at a general meeting."

8. **ORDINARY RESOLUTION II** **(Resolution 9)**
**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR THE COMPANY AND/OR ITS SUBSIDIARIES TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH RELATED PARTIES ("RRPT MANDATES")**

"THAT pursuant to Paragraph 10.09 Part E of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements"), the Company and its subsidiaries ("KLCB Group") be and are hereby authorised to enter into any of the recurrent transactions of a revenue or trading nature as set out in Section 2.2 of the Circular to Shareholders of the Company dated 26 May 2015 with the related parties mentioned therein which are necessary for the KLCB Group's day-to-day operations, provided that the transactions are in the ordinary course of business, on normal commercial terms and on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company;

AND THAT such approval shall continue to be in force until:-

(i) the conclusion of the next AGM of the Company following the general meeting at which this resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

whichever is earlier;

AND THAT the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things as they may deemed fit and expedient in the interest of the Company to give full effect to the RRPT Mandates."

9. **ORDINARY RESOLUTION III** **(Resolution 10)**
**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR THE AUTHORITY TO THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PER CENT (10%) OF THE ISSUED AND PAID-UP SHARE CAPITAL ("SBB MANDATE")**

"THAT subject to compliance with the Act, the Memorandum and Articles of Association of the Company, the Listing Requirements and all other applicable laws, regulations and guidelines, the Company be and is hereby authorised to allocate an amount not exceeding the total of audited share premium reserve and retained profit of the Company for the purpose of purchasing such amount of ordinary shares of RM0.50 each ("KLCB Shares") in the Company ("SBB Mandate") as may be determined by the Directors of the Company provided that the aggregate number of KLCB Shares purchased pursuant to this resolution does not exceed ten per cent (10%) of the total issued and paid-up capital of the Company at any point of time;

THAT upon completion of the purchase by the Company of its own shares, the Directors are authorised to deal with the KLCB Shares in the following manner:-

i) to cancel the KLCB Shares so purchased; or
ii) to retain the KLCB Shares so purchased as treasury shares for distribution as dividends to shareholders and/or resell through Bursa Securities in accordance with the relevant rules of Bursa Securities; or
iii) combination of (i) and (ii) above;

and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

# NOTICE OF SIXTH ANNUAL GENERAL MEETING
(Cont'd)

AND THAT the Directors be and are hereby empowered to carry out the above immediately upon the passing of this resolution and from the date of the passing of this resolution until:-

i) the conclusion of the next AGM of the Company following the general meeting at which this resolution was passed, at which time it shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

whichever is earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things as they may deemed fit and expedient in the interest of the Company to give full effect to the SBB Mandate."

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

By Order of the Board

**TAY LEE SHYA (MIA 16982)**
**WONG PEIR CHYUN (MAICSA 7018710)**
**YENG SHI MEI (MAICSA 7059759)**

Company Secretaries
Kuala Lumpur

26 May 2015

**NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT**

**NOTICE IS HEREBY GIVEN THAT**, subject to the approval of the shareholders at the Sixth AGM of the Company, a final single tier dividend of 3.8 sen per ordinary share in respect of the financial year ended 31 December 2014 will be payable to shareholders of the Company on 19 August 2015. The entitlement date for the said dividend shall be 23 July 2015.

A depositor shall qualify for entitlement to the dividend only in respect of:

a) shares transferred to the depositor's securities account before 4.00 p.m. on 23 July 2015 in respect of transfers; and

b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

**TAY LEE SHYA (MIA 16982)**
**WONG PEIR CHYUN (MAICSA 7018710)**
**YENG SHI MEI (MAICSA 7059759)**

Company Secretaries
Kuala Lumpur

26 May 2015

**NOTES:-**

1. **Appointment of Proxy**

   (a) A member entitled to attend and vote at the Meeting is entitled to appoint proxy(ies) (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.

   (b) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's Seal or under the hand of an officer or attorney duly authorised.

   (c) A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meetings, and that appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

   (d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

   (e) Where a member of the company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the company for multiple beneficial owners in one 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.

   (f) Where the authorised nominee or an exempt authorised nominee appoints more than one proxy, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

   (g) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the share registrar of the Company at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

   (h) Only the members whose names appear on the Record of Depositors as at 15 June 2015 shall be entitled to attend and vote at this meeting or appoint proxy (proxies) to attend and vote on their behalf.

2. **Audited Financial Statements for the financial year ended 31 December 2014**

   The Audited Financial Statements in Agenda 1 is meant for discussion only as the approval of the shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by shareholders.

3. **Resolution 3 – Re-election of Director**

   The Board had carried out assessment on the independence of the Independent Director standing for re-election and satisfied that he met the criteria of independence as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

# NOTICE OF SIXTH ANNUAL GENERAL MEETING

(Cont'd)

4. **Explanatory Notes on Special Business**

   (i) Resolution 8 – Authority to Issue Shares

   The Proposed Resolution 8 is proposed for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors to issue shares in the Company up to an amount not exceeding in total ten per cent (10%) of the Issued Share Capital of the Company for such purposes as the Directors consider would be in the interest of the Company.

   This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

   The renewed General Mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this renewed General Mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investments projects, working capital, repayment of bank borrowings and acquisition.

   As at the date of this notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Fifth Annual General Meeting because there were no investment(s), acquisition(s) or working capital that require fund raising activity.

   (ii) Resolution 9 – RRPT Mandates

   This resolution, if passed, will authorise the Company and each of its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature in the ordinary course of business. For further information on the recurrent related party transactions, please refer to the Circular to Shareholders dated 26 May 2015 enclosed together with the Company's Annual Report 2014.

   (iii) Resolution 10 – SBB Mandate

   This resolution, if passed, will give the Company the authority to purchase its own ordinary shares of up to ten per cent (10%) of the issued and paid-up share capital of the Company.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Authority For Directors To Issue Shares Pursuant To Section 132D of The Companies Act, 1965.

Kindly refer to item (i) of Explanatory Notes On Special Business at page 124.

KIMLUN

**KIMLUN CORPORATION BERHAD**
(Company No. 867077-X)
(Incorporated in Malaysia under the Companies Act, 1965)

# PROXY FORM

| CDS Account No. | |
|---|---|
| No. of Shares held: | |

I/ We ______________________________________________ NRIC (old and new) / Company No. _______________
(FULL NAME IN BLOCK CAPITALS)
of ____________________________________________________________________________________________
(FULL ADDRESS)
______________________________________________________________________________________________

being a member / members of **KIMLUN CORPORATION BERHAD** (867077-X) hereby appoint ______________________

__________________________________________ NRIC No. (old and new)___________________________________
(FULL NAME IN BLOCK CAPITALS)
of ____________________________________________________________________________________________
(FULL ADDRESS)
______________________________________________________________________________________________

or failing *him/ her ___________________________________ NRIC No. (old and new) _________________________
(FULL NAME IN BLOCK CAPITALS)
of ____________________________________________________________________________________________
(FULL ADDRESS)
______________________________________________________________________________________________

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 6th Annual General Meeting of the Company, to be held at Rafflesia 1 & 2, Lower Ground Floor 1, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Monday, 22 June 2015 at 2.30 p.m. and at every adjournment thereof *for/against the resolution(s) to be proposed thereat.

| Item | AGENDA | Resolution | For | Against |
|---|---|---|---|---|
| 1. | **Ordinary Business**<br>Receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon. | | | |
| 2. | Re-election of Pang Tin @ Pang Yon Tin as Director of the Company pursuant to Article 86 of the Company's Articles of Association | 1 | | |
| 3. | Re-election of Chin Lian Hing as Director of the Company pursuant to Article 86 of the Company's Articles of Association | 2 | | |
| 4. | Re-election of Chua Kee Yat @ Koo Kee Yat as Director of the Company pursuant to Article 86 of the Company's Articles of Association | 3 | | |
| 5. | Declaration of final single tier dividend of 3.8 sen per Ordinary Share for the financial year ended 31 December 2014. | 4 | | |
| 6. | Approval of Directors' fees for the financial year ended 31 December 2014. | 5 | | |
| 7. | Approval of Directors' fees for the financial year ending 31 December 2015. | 6 | | |
| 8. | Re-appointment of Messrs Ernst & Young as Auditors. | 7 | | |
| 9. | **Special Business**<br>Authority to the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965. | 8 | | |
| 10. | Proposed RRPT Mandates. | 9 | | |
| 11. | Proposed Renewal of SBB Mandate. | 10 | | |

*Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fits.*

As witness my hand, this…………….day of………………………..

** Strike out whichever is not desired.*

…………………………………………………………………
Signature or Common Seal of Member(s)

Notes:
(a) A member entitled to attend and vote at the Meeting is entitled to appoint proxy(ies) (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
(b) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's Seal or under the hand of an officer or attorney duly authorised.
(c) A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meetings, and that appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
(d) Where a member of the Company is an authorised nominee as defined under the Securities industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
(e) Where a member of the company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the company for multiple beneficial owners in one 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.
(f) Where the authorised nominee or an exempt authorised nominee appoints more than one proxy, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
(g) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the share registrar of the Company at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
(h) Only the members whose names appear on the Record of Depositors as at 15 June 2015 shall be entitled to attend and vote at this meeting or appoint proxy (proxies) to attend and vote on their behalf.

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AFFIX
STAMP
HERE

The Share Registrar
**Kimlun Corporation Berhad** (867077 X)
Level 17, The Gardens North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur.

*2nd fold here*

www.kimlun.com