Cahya Mata Sarawak Berhad
(21076-T)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2014

Cahya Mata Sarawak Berhad
(Incorporated in Malaysia)

Directors:	YAM Tan Sri Dato' Seri Syed Anwar Jamalullail *Group Chairman* Dato Sri Mahmud Abu Bekir Taib *Deputy Group Chairman* Datuk Syed Ahmad Alwee Alsree *Group Executive Director* YBhg Dato' Richard Alexander John Curtis *Group Managing Director* YBhg General (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi Bin Zainuddin YBhg Datu Michael Ting Kuok Ngie @ Ting Kok Ngie YBhg Datu Hubert Thian Chong Hui YBhg Datuk Kevin How Kow
Secretary:	Koo Swee Pheng
Registered office:	Level 6, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching, Sarawak, Malaysia Tel: 082-238888 Fax: 082-333828 Website: www.cmsb.com.my
Registrar:	Symphony Share Registrars Sdn. Bhd. Level 6, Symphony House Block D13, Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya, Selangor, Malaysia Tel: 03-78418000 Fax: 03-78418151
Auditors:	Ernst & Young
Principal bankers:	CIMB Islamic Bank Berhad Hong Leong Bank Berhad Kenanga Investment Bank Berhad OCBC Bank (Malaysia) Berhad Public Bank Berhad RHB Bank Berhad United Overseas Bank (Malaysia) Berhad
Stock Exchange Listing:	Bursa Malaysia Securities Berhad - Main Market
Stock Code:	2852
Stock Name:	CMSB

Company No: 21076-T

Cahya Mata Sarawak Berhad
(Incorporated in Malaysia)

Company No: 21076-T

Cahya Mata Sarawak Berhad
(Incorporated in Malaysia)

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 Company is principally an investment holding company. It also provides centralised treasury and administrative services to the Group.

The Group is principally engaged in clinker and cement manufacturing, construction, road maintenance, quarry operations, premix operations, property development, trading and services. The principal activities of the subsidiaries are more particularly set out in Note 19 to the financial statements.

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

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
- Owners of the Company	221,335	20,123
- Non-controlling interests	44,273	-
	265,608	20,123

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, other than as disclosed in the financial statements.

Reserves and provisions

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

Dividends

Since the end of the previous financial year, the Company,

(a) declared on 15 May 2014 and paid on 20 June 2014 a final tax exempt (single-tier) dividend of 12 sen per ordinary share, totalling RM41,433,665 in respect of the financial year ended 31 December 2013; and

(b) declared on 27 August 2014 and paid on 24 October 2014 an interim tax exempt (single-tier) dividend of 1.5 sen per ordinary share, totalling RM15,588,728 in respect of the financial year ended 31 December 2014.

Dividends (contd.)

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2014, of 7 sen per share on 1,039,504,420 ordinary shares, amounting to a dividend payable of RM72,765,309 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:

YAM Tan Sri Dato' Seri Syed Anwar Jamalullail	Group Chairman
Dato Sri Mahmud Abu Bekir Taib	Deputy Group Chairman
Datuk Syed Ahmad Alwee Alsree	Group Executive Director
Dato' Richard Alexander John Curtis	Group Managing Director
General (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi Bin Zainuddin	
Datu Michael Ting Kuok Ngie @ Ting Kok Ngie	
Datu Hubert Thian Chong Hui	
Datuk Kevin How Kow	

Datu Michael Ting Kuok Ngie @ Ting Kok Ngie retires pursuant to Section 129 of the Companies Act, 1965 in the forthcoming Annual General Meeting of the Company and does not wish to seek for re-appointment. Hence, he will retire at the conclusion of the coming Annual General Meeting.

In accordance with Article 110 of the Company's Articles of Association, Tan Sri Dato' Seri Syed Anwar Jamalullail and Dato' Richard Alexander John Curtis retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

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 the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employees' Share Option Scheme.

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 or the fixed salary of a full-time employee of the Company as shown in Note 10 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 39 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 and options over shares in the Company during the financial year were as follows:

	Number of ordinary shares of RM1 each			Number of ordinary shares of RM0.50 each			
	At 1.1.2014	**Exercise of options**	**Disposed**	**Share split and bonus issue #**	**Exercise of options**	**Disposed**	**At 31.12.2014**
Direct interest:							
Dato Sri Mahmud Abu Bekir Taib	29,400,085	-	-	58,800,170	-	-	88,200,255
Datuk Syed Ahmad Alwee Alsree	-	600,000	-	1,200,000	-	(1,000,000)	800,000
Dato' Richard Alexander John Curtis	-	-	-	-	1,710,000	(500,000)	1,210,000
Indirect interest*:							
Datuk Syed Ahmad Alwee Alsree	45,630,102	-	-	91,260,204	-	-	136,890,306
Datu Michael Ting Kuok Ngie @ Ting Kok Ngie	19,000	-	(19,000)	-	-	-	-

Directors' interests (contd.)

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company during the financial year were as follows (contd.):

	Number of options over ordinary shares of RM1 each			Number of options over ordinary shares of RM0.50 each			
	At 1.1.2014	**Granted**	**Exercised**	**Share split and bonus issue #**	**Exercised**	**Forfeited**	**At 31.12.2014**
Datuk Syed Ahmad Alwee Alsree	1,000,000	-	(600,000)	800,000	-	-	1,200,000
Dato' Richard Alexander John Curtis	950,000	-	-	1,900,000	(1,710,000)	-	1,140,000

* Deemed interest pursuant to Section 134(12)(c) of the Companies Act, 1965.

During the financial year, the Group undertook a share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each into two (2) ordinary shares of RM0.50 each and a bonus issue on the basis of one (1) bonus share for every two (2) subdivided shares. The number of options held prior to the share split and bonus issue were adjusted in accordance with the By-laws of the Employees' Share Option Scheme.

None of the other directors in office at the end of the financial year had any interest in shares and options over shares in the Company during the financial year.

Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM339,703,540 to RM519,752,210 by way of:

(a) the issuance of 5,716,600 and 3,244,000 new ordinary shares of RM1.00 and RM0.50 each, respectively, to eligible employees of the Group under the Employees' Share Option Scheme at an exercise price of RM2.20 or RM2.23 before the share split and RM0.74 or RM0.75 after the share split, per ordinary share for cash.

(b) the subdivision of every one existing ordinary share of RM1.00 each into two ordinary shares of RM0.50 each in the Company, and the bonus issue of 172,710,070 new subdivided shares after the subdivision on the basis of one bonus share for every two subdivided shares held in the Company.

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

Treasury shares

During the financial year, the Company re-sold 801,000 (2013: 12,480,100) treasury shares in the market at an average price of RM7.34 per share. After the re-sale of the treasury shares, the Company no longer holds any treasury share in its books.

Employees' Share Option Scheme

At an Extraordinary General Meeting held on 27 May 2010, the shareholders approved the Employees' Share Option Scheme ("ESOS") for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to eligible executive directors and eligible employees of the Company and/or its eligible subsidiaries.

During the year, the Company granted 3,926,000 share options under offer 3 of the ESOS. The salient features and other terms of the ESOS are disclosed in Note 36 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, other than directors, who have been granted options to subscribe for less than 150,000 ordinary shares of RM1 each.

Employees' Share Option Scheme (contd.)

The names of option holders who have been granted options to subscribe for 150,000 or more ordinary shares of RM1 during the financial year are as follows:

	Number of options over ordinary shares of RM1 each				Number of options over ordinary shares of RM0.50 each		
	At 1.1.2014	**Granted**	**Exercised**	**Forfeited**	**Share split and bonus issue #**	**Exercised**	**At 31.12.2014**
Syed Hizam bin Syed Mahmood Ezzularab Abdul-Moez Alsagoff	650,000	50,000	(480,000)	-	440,000	-	660,000
Dato Isaac Lugun	340,000	-	-	-	680,000	(510,000)	510,000
Othman bin Abdul Rani	110,000	-	(18,100)	(91,900)	-	-	-
Goh Chii Bing	250,000	25,000	(135,000)	-	280,000	-	420,000
Azam bin Azman	207,000	-	(50,000)	-	314,000	(58,200)	412,800
Lim Jit Yaw	210,000	-	(97,400)	-	225,200	-	337,800
Chong Swee Sin	60,000	125,000	(20,000)	-	330,000	-	495,000
Kueh Hoi Chuang	-	275,000	-	-	550,000	-	825,000
Ling Koah Wi	205,000	-	(10,000)	-	390,000	(190,000)	395,000
Woo Yoke Meng	100,000	-	(50,000)	-	100,000	-	150,000
Abdul Nasser Bin Mohd Sanusi	60,000	-	(30,000)	-	60,000	-	90,000
Lee Chong Teik	65,000	-	(35,000)	-	60,000	-	90,000
Mazlin Binti Darus	90,000	-	-	-	180,000	-	270,000
Bilin Anak Dandi	112,500	-	(37,500)	-	150,000	-	225,000

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

During the financial year, the Group undertook a share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each into two (2) ordinary shares of RM0.50 each and a bonus issue on the basis of one (1) bonus share for every two (2) subdivided shares. The number of options held prior to the share split and bonus issue were adjusted in accordance with the By-laws of the Employees' Share Option Scheme.

Other statutory information

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

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had 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 and of the Company inadequate to any substantial extent; and

  (ii) the values attributed to the 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 would 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.

(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 or of the Company which has arisen since the end of the financial year.

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Directors' Report

Other statutory information (contd.)

(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 their obligations as and 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.

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 13 March 2015.

YAM Tan Sri Dato' Seri Syed Anwar Jamalullail

Dato' Richard Alexander John Curtis

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Cahya Mata Sarawak Berhad
(Incorporated in Malaysia)

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

We, **YAM Tan Sri Dato' Seri Syed Anwar Jamalullail** and **Dato' Richard Alexander John Curtis**, being two of the directors of **Cahya Mata Sarawak Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 13 to 151 are drawn up in accordance with Malaysian Financial Reporting Standards, International 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 the financial performance and the cash flows for the year then ended.

The supplementary information set out in Note 46 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 13 March 2015.

YAM Tan Sri Dato' Seri Syed Anwar Jamalullail

Dato' Richard Alexander John Curtis

Statutory Declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Syed Hizam bin Syed Mahmood Ezzularab Abdul-Moez Alsagoff**, being the officer primarily responsible for the financial management of **Cahya Mata Sarawak Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 13 to 152 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 **Syed Hizam bin Syed Mahmood Ezzularab Abdul-Moez Alsagoff** at Kuching in the State of Sarawak on 13 March 2015.

Syed Hizam bin Syed Mahmood Ezzularab Abdul-Moez Alsagoff
Group Chief Financial Officer

Before me,

PHANG DAH NAN
Commissioner For Oaths
First Floor, Sublot 18,
Lot 2227, M10 Commercial Centre,
10th Mile, Kuching - Serian Road
93250 Kuching, Sarawak.

COMMISSIONER FOR OATHS
NO. Q
PHANG DAH NAN
MALAYSIA

Ernst & Young AF:0039
Chartered Accountants
3rd Floor Wisma Bukit Mata Kuching
Jalan Tunku Abdul Rahman
93100 Kuching
Sarawak, Malaysia

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Company No: 21076-T

Independent Auditors' Report to the Members of
Cahya Mata Sarawak Berhad
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of **Cahya Mata Sarawak Berhad**, which comprise statements of financial position as at 31 December 2014 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 13 to 151.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International 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 judgment, 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 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.

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Independent Auditors' Report to the Members of
Cahya Mata Sarawak Berhad (contd.)

Opinion

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

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the 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' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 19 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.

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Independent Auditors' Report to the Members of Cahya Mata Sarawak Berhad (contd.)

Other reporting responsibilities

The supplementary information set out in Note 46 on page 152 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

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

ERNST & YOUNG
AF: 0039
Chartered Accountants
Kuching, Malaysia
Date: 13 MAR 2015

YONG VOON KAR
1769/04/16 (J/PH)
Chartered Accountant

Cahya Mata Sarawak Berhad

Statements of Profit or Loss and Other Comprehensive Income
For the financial year ended 31 December 2014

		Group		Company	
	Note	**2014**	**2013**	**2014**	**2013**
		RM'000	RM'000	RM'000	RM'000
Revenue	4	1,673,898	1,416,841	73,823	72,233
Cost of sales		(1,278,305)	(1,066,038)	(17,508)	(16,294)
Gross profit		395,593	350,803	56,315	55,939
Other items of income					
Interest income	5	1,835	617	-	-
Other income	6	27,768	19,326	8,346	11,737
Other items of expense					
Administrative expenses		(70,773)	(60,189)	(38,411)	(32,889)
Selling expenses		(12,004)	(10,525)	-	-
Finance costs	7	(3,602)	(4,533)	(45)	-
Other expenses		(15,210)	(7,461)	(5,964)	(879)
Share of results of associates		16,586	6,628	-	-
Share of results of joint ventures		1,259	228	-	-
Profit before tax	8	341,452	294,894	20,241	33,908
Income tax expense	11	(75,844)	(79,346)	(118)	(1,232)
Profit net of tax		265,608	215,548	20,123	32,676
Other comprehensive income					
Foreign currency translation, net of tax		(145)	17	-	-
Share of other comprehensive expense of associates, net of tax		(18,153)	(4,770)	-	-
Other comprehensive expense for the year, net of tax		(18,298)	(4,753)	-	-
Total comprehensive income for the year		247,310	210,795	20,123	32,676
Profit attributable to:					
Owners of the Company		221,335	175,072	20,123	32,676
Non-controlling interests		44,273	40,476	-	-
		265,608	215,548	20,123	32,676

Cahya Mata Sarawak Berhad

Statements of Profit or Loss and Other Comprehensive Income
For the financial year ended 31 December 2014 (contd.)

		Group		Company	
	Note	**2014**	**2013**	**2014**	**2013**
		RM'000	RM'000	RM'000	RM'000
Total comprehensive income attributable to:					
Owners of the Company		202,897	170,512	20,123	32,676
Non-controlling interests		44,413	40,283	-	-
		247,310	210,795	20,123	32,676

Earnings per share attributable to owners of the Company (sen per share):		**2014**	**2013 (Restated)**
Basic	12(a)	21.42	17.52
Diluted	12(b)	21.31	17.37

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

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Cahya Mata Sarawak Berhad

Statements of Financial Position
As at 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	597,214	499,673	4,350	4,429
Prepaid land lease payments	14	16,738	17,501	10,138	10,564
Land held for property development	15(a)	61,815	65,954	-	-
Investment properties	16	5,626	5,743	26,922	21,380
Intangible assets	17	2,320	230	118	34
Goodwill	18	61,709	61,709	-	-
Investments in subsidiaries	19	-	-	811,893	783,609
Investments in associates	20	403,945	380,528	57,063	57,063
Investments in joint ventures	21	1,395	3,945	-	-
Deferred tax assets	22	27,075	23,007	918	724
Other receivables	24	10,432	9,379	10,999	11,135
Investment securities	27	9,461	7,169	-	-
		1,197,730	1,074,838	922,401	888,938
Current assets					
Property development costs	15(b)	161,894	147,546	-	-
Inventories	23	121,520	130,546	-	-
Trade and other receivables	24	278,694	267,398	93,920	120,609
Other current assets	25	46,180	25,362	-	-
Investment securities	27	128,686	127,068	127,299	126,012
Tax recoverable		1,434	3,196	-	2,647
Cash and bank balances	28	829,590	613,708	674,600	579,392
		1,567,998	1,314,824	895,819	828,660
Asset classified as held for sale	29	34,403	34,230	-	-
		1,602,401	1,349,054	895,819	828,660
TOTAL ASSETS		2,800,131	2,423,892	1,818,220	1,717,598

Cahya Mata Sarawak Berhad

Statements of Financial Position
As at 31 December 2014 (contd.)

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
EQUITY AND LIABILITIES					
Current liabilities					
Income tax payable		21,224	23,395	179	-
Loans and borrowings	30	74,619	73,013	-	-
Trade and other payables	31	520,364	340,106	729,469	620,195
Other current liabilities	32	23,255	14,799	-	-
		639,462	451,313	729,648	620,195
Net current assets		962,939	897,741	166,171	208,465
Non-current liabilities					
Deferred tax liabilities	22	39,070	33,712	-	-
Loans and borrowings	30	30,177	27,089	-	-
Trade and other payables	31	16,889	24,072	-	-
		86,136	84,873	-	-
TOTAL LIABILITIES		725,598	536,186	729,648	620,195
Net assets		2,074,533	1,887,706	1,088,572	1,097,403
Equity attributable to owners of the Company					
Share capital	33	519,752	339,704	519,752	339,704
Treasury shares	33	-	(3,629)	-	(3,629)
Share premium	34	289,304	448,663	289,301	448,660
Other reserves	35	(15,329)	14,286	178,916	177,280
Retained earnings		1,018,004	855,093	100,603	135,388
		1,811,731	1,654,117	1,088,572	1,097,403
Non-controlling interests		262,802	233,589	-	-
TOTAL EQUITY		2,074,533	1,887,706	1,088,572	1,097,403
TOTAL EQUITY AND LIABILITIES		2,800,131	2,423,892	1,818,220	1,717,598

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

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Cahya Mata Sarawak Berhad

Statements of Changes in Equity
For the financial year ended 31 December 2014

			← Attributable to owners of the Company →						
				← Non-distributable →				Distributable	
Group	**Note**	**Equity, total**	**Equity attributable to owners of the Company**	**Share capital (Note 33)**	**Treasury shares (Note 33)**	**Share premium (Note 34)**	**Other reserves (Note 35)**	**Retained earnings**	**Non-controlling interests**
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2014		1,887,706	1,654,117	339,704	(3,629)	448,663	14,286	855,093	233,589
Profit net of tax		265,608	221,335	-	-	-	-	221,335	44,273
Other comprehensive (expense)/ income, net of tax		(18,298)	(18,438)	-	-	-	(18,438)	-	140
Total comprehensive income		247,310	202,897	-	-	-	(18,438)	221,335	44,413
Transactions with owners									
Disposal of treasury shares		5,743	5,743	-	3,629	-	-	2,114	-
Bonus issue		-	-	172,710	-	(172,710)	-	-	-
Grant of equity-settled share options to employees		7,293	7,293	-	-	-	7,293	-	-
Exercise of employee share options		15,032	15,032	7,338	-	13,351	(5,657)	-	-
Share of associate's reserves		-	-	-	-	-	3,241	(3,241)	-
Liquidation of subsidiaries		(15,458)	(15,458)	-	-	-	(15,183)	(275)	-
Acquisition of non-controlling interests		(40)	(871)	-	-	-	(871)	-	831
Dividends on ordinary shares	44	(57,022)	(57,022)	-	-	-	-	(57,022)	-
Dividends paid to non-controlling interests		(16,031)	-	-	-	-	-	-	(16,031)
Total transactions with owners		(60,483)	(45,283)	180,048	3,629	(159,359)	(11,177)	(58,424)	(15,200)
At 31 December 2014		2,074,533	1,811,731	519,752	-	289,304	(15,329)	1,018,004	262,802

Cahya Mata Sarawak Berhad

Statements of Changes in Equity
For the financial year ended 31 December 2014 (contd.)

			← Attributable to owners of the Company					→	
				← Non-distributable			→	Distributable	
Group (contd.)	**Note**	**Equity, total**	**Equity attributable to owners of the Company**	**Share capital (Note 33)**	**Treasury shares (Note 33)**	**Share premium (Note 34)**	**Other reserves (Note 35)**	**Retained earnings**	**Non-controlling interests**
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2013		1,686,923	1,480,923	332,436	(23,319)	433,821	19,302	718,683	206,000
Profit net of tax		215,548	175,072	-	-	-	-	175,072	40,476
Other comprehensive expense, net of tax		(4,753)	(4,560)	-	-	-	(4,560)	-	(193)
Total comprehensive income		210,795	170,512	-	-	-	(4,560)	175,072	40,283
Transactions with owners									
Acquisition of treasury shares		(19,102)	(19,102)	-	(19,102)	-	-	-	-
Disposal of treasury shares		45,161	45,161	-	38,792	-	-	6,369	-
Grant of equity-settled share options to employees		3,322	3,322	-	-	-	3,322	-	-
Exercise of employee share options		16,040	16,040	7,268	-	14,842	(6,070)	-	-
Share of associate's reserves		-	-	-	-	-	2,061	(2,061)	-
Acquisition of non-controlling interests		-	231	-	-	-	231	-	(231)
Dividends on ordinary shares	44	(42,970)	(42,970)	-	-	-	-	(42,970)	-
Dividends paid to non-controlling interests		(12,463)	-	-	-	-	-	-	(12,463)
Total transactions with owners		(10,012)	2,682	7,268	19,690	14,842	(456)	(38,662)	(12,694)
At 31 December 2013		1,887,706	1,654,117	339,704	(3,629)	448,663	14,286	855,093	233,589

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

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Cahya Mata Sarawak Berhad

Statements of Changes in Equity
For the financial year ended 31 December 2014 (contd.)

			← Non-distributable			→	Distributable
	Note	**Equity, total**	**Share capital (Note 33)**	**Treasury shares (Note 33)**	**Share premium (Note 34)**	**Other reserves (Note 35)**	**Retained earnings**
Company		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2014		1,097,403	339,704	(3,629)	448,660	177,280	135,388
Profit net of tax, representing total comprehensive income		20,123	-	-	-	-	20,123
Transactions with owners							
Grant of equity-settled share options to employees		7,293	-	-	-	7,293	-
Exercise of employee share options		15,032	7,338	-	13,351	(5,657)	-
Disposal of treasury shares		5,743	-	3,629	-	-	2,114
Bonus issue		-	172,710	-	(172,710)	-	-
Dividends on ordinary shares	44	(57,022)	-	-	-	-	(57,022)
Total transactions with owners		(28,954)	180,048	3,629	(159,359)	1,636	(54,908)
At 31 December 2014		1,088,572	519,752	-	289,301	178,916	100,603

Cahya Mata Sarawak Berhad

Statements of Changes in Equity
For the financial year ended 31 December 2014 (contd.)

			← Non-distributable			→	Distributable
	Note	**Equity, total**	**Share capital (Note 33)**	**Treasury shares (Note 33)**	**Share premium (Note 34)**	**Other reserves (Note 35)**	**Retained earnings**
Company (contd.)		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2013		1,062,276	332,436	(23,319)	433,818	180,028	139,313
Profit net of tax, representing total comprehensive income		32,676	-	-	-	-	32,676
Transactions with owners							
Grant of equity-settled share options to employees		3,322	-	-	-	3,322	-
Exercise of employee share options		16,040	7,268	-	14,842	(6,070)	-
Acquisition of treasury shares		(19,102)	-	(19,102)	-	-	-
Disposal of treasury shares		45,161	-	38,792	-	-	6,369
Dividends on ordinary shares	44	(42,970)	-	-	-	-	(42,970)
Total transactions with owners		2,451	7,268	19,690	14,842	(2,748)	(36,601)
At 31 December 2013		1,097,403	339,704	(3,629)	448,660	177,280	135,388

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

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Cahya Mata Sarawak Berhad

Statements of Cash Flows
For the financial year ended 31 December 2014

Group	**Note**	**2014** RM'000	**2013** RM'000
Operating activities			
Profit before tax		341,452	294,894
Adjustments for:			
Amortisation of intangible assets	8	86	965
Amortisation of prepaid land lease payments	8	763	747
Bad debts written off	8	54	690
Depreciation of property, plant and equipment	8	41,684	82,484
Depreciation of investment properties	8	117	117
Gain on redemption of redeemable preference shares	6	(607)	(996)
Gain on liquidation of subsidiaries	6	(15,618)	-
Grant of equity-settled share options to employees	9	7,293	3,322
Gross dividend income	4/6	(20,107)	(15,710)
Impairment loss on trade and other receivables	8	4,092	428
Impairment loss on investment in an associate	8	-	3,125
Impairment loss on property, plant and equipment	8	533	-
Interest expense	7	2,927	3,835
Interest income	4/5	(3,915)	(5,590)
Inventories written down	8	387	30
Inventories written off	8	34	764
Net fair value changes in investment securities held as fair value through profit and loss	8	4,697	(2,436)
Net gain on disposal of property, plant and equipment	8	(535)	(500)
Net realised gain on disposal of investment securities	6	(981)	(1,285)
Project under study written off	8	-	4
Property, plant and equipment written off	8	1,157	28
Reversal of impairment loss on trade and other receivables	6	(360)	(3,144)
Share of results of associates		(16,586)	(6,628)
Share of results of joint ventures		(1,259)	(228)
Unrealised foreign exchange gain	6	(618)	(827)
Total adjustments		3,238	59,195
Operating cash flows before changes in working capital		344,690	354,089

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Cahya Mata Sarawak Berhad

Statements of Cash Flows
For the financial year ended 31 December 2014 (contd.)

Group (contd.)	**Note**	**2014** RM'000	**2013** RM'000
Operating activities (contd.)			
Changes in working capital			
Increase in property development costs		(14,348)	(16,413)
Decrease/(increase) in land held for development		4,139	(2,443)
Decrease/(increase) in inventories		8,605	(24,605)
Increase in other current assets		(20,774)	(13,007)
Increase in receivables		(15,685)	(54,962)
Increase in payables		173,357	57,831
Increase in other current liabilities		8,456	11,014
Total changes in working capital		143,750	(42,585)
Cash flows from operations		488,440	311,504
Interest received		3,914	5,590
Interest paid		(3,199)	(4,177)
Income taxes paid, net of refund		(74,963)	(76,949)
Net cash flows from operating activities		414,192	235,968
Investing activities			
Acquisition of property, plant and equipment	13	(141,660)	(94,139)
Acquisition of non-controlling interests		(40)	-
Additions to prepaid land lease payments	14	-	(466)
Proceeds from disposal of property, plant and equipment		1,237	980
Proceeds from disposal of investment securities		15,472	99,461
Proceeds from disposal of intangible assets		14	-
Additional costs incurred on intangible assets	17	(2,190)	(20)
Additional investments in associates		(29,395)	(50,919)
Redemption of redeemable preference shares		2,612	4,534
Dividends received from associates	20(ii)	2,584	2,969
Dividends received from investments		20,107	15,668
Acquisition of investment securities		(23,276)	(121,517)
Capital repayment by joint ventures		-	200
Distribution of profit from joint ventures		3,809	31
Net cash flows used in investing activities		(150,726)	(143,218)

Cahya Mata Sarawak Berhad

Statements of Cash Flows
For the financial year ended 31 December 2014 (contd.)

Group (contd.)	**Note**	**2014** RM'000	**2013** RM'000
Financing activities			
Drawdown of borrowings		181,416	106,780
Increase in deposits pledged to licensed banks	28	(151)	(1,763)
Increase in wholesale fund pledged to a licensed bank	28	-	(23,000)
Repayment of borrowings		(176,722)	(96,503)
Proceeds from exercise of employees' share options	36(b)	15,032	16,040
Dividends paid to owners of the Company	44	(57,022)	(42,970)
Dividends paid to non-controlling interests		(16,031)	(12,463)
Acquisition of treasury shares	33(b)	-	(19,102)
Net proceeds from disposal of treasury shares	33(b)	5,743	45,161
Net cash flows used in financing activities		(47,735)	(27,820)
Net increase in cash and cash equivalents		215,731	64,930
Cash and cash equivalents at 1 January		588,945	524,015
Cash and cash equivalents at 31 December	28	804,676	588,945

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

Company No: 21076-T

Cahya Mata Sarawak Berhad

Statements of Cash Flows
For the financial year ended 31 December 2014 (contd.)

Company	**Note**	**2014** RM'000	**2013** RM'000
Operating activities			
Profit before tax		20,241	33,908
Adjustments for:			
Amortisation of intangible assets	8	17	429
Amortisation of prepaid land lease payments	8	426	426
Depreciation of property, plant and equipment	8	812	953
Depreciation of investment properties	8	622	661
Loss on disposal of property, plant and equipment	8	130	-
Loss on liquidation of subsidiaries	8	1,116	-
Grant of equity-settled share options to employees	9	1,181	791
Gross dividend income	4	(64,980)	(61,588)
Reversal of impairment loss of subsidiaries	8	(102,520)	(30,807)
Interest expense	7	17,508	16,195
Interest income	4	(8,243)	(10,045)
Net fair value changes in investment securities	8	4,718	(2,426)
Net realised gain on disposal of investment securities	6	(981)	(1,285)
Waiver of amount owing by subsidiaries	8	-	30,871
Total adjustments		(150,194)	(55,825)
Operating cash flows before changes in working capital		(129,953)	(21,917)
Changes in working capital			
Decrease/(increase) in receivables		129,344	(41,025)
Increase in payables		109,275	146,560
Total changes in working capital		238,619	105,535
Cash flows from operations		108,666	83,618
Interest received		8,243	10,045
Interest paid		(17,508)	(16,195)
Tax refunded		2,514	2,296
Net cash flows from operating activities		101,915	79,764

Cahya Mata Sarawak Berhad

Statements of Cash Flows
For the financial year ended 31 December 2014 (contd.)

Company (contd.)	**Note**	**2014** RM'000	**2013** RM'000
Investing activities			
Acquisition of property, plant and equipment	13	(972)	(999)
Proceeds from disposal of property, plant and equipment		109	-
Acquisition of investment securities		(20,496)	(114,224)
Proceeds from disposal of investment securities		15,472	99,461
Additional costs incurred on investment properties	16	(6,164)	(250)
Additional costs incurred on intangible assets	17	(101)	(20)
Dividends received		64,980	60,559
Subscription of additional shares in an existing subsidiary	19(a)	(29,360)	(38,162)
Acquisition of non-controlling interests	19(b)	(40)	-
Acquisition of a subsidiary	19(c)	-	(1,527)
Net cash flows from investing activities		23,428	4,838
Financing activities			
Increase in deposit pledged to a licensed bank	28(b)	-	(210)
Increase in wholesale fund pledged to a licensed bank	28(c)	-	(23,000)
Dividends paid on ordinary shares	44	(57,022)	(42,970)
Proceeds from subsidiaries for allocation of share options to their employees		6,112	2,532
Proceeds from exercise of employees' share options	36(b)	15,032	16,040
Acquisition of treasury shares	33(b)	-	(19,102)
Net proceeds from disposal of treasury shares	33(b)	5,743	45,161
Net cash flows used in financing activities		(30,135)	(21,549)
Net increase in cash and cash equivalents		95,208	63,053
Cash and cash equivalents at 1 January		556,182	493,129
Cash and cash equivalents at 31 December	28	651,390	556,182

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 registered office is located at Level 6, Wisma Mahmud, Jalan Sungai Sarawak, 93100 Kuching, Sarawak.

The Company is principally an investment holding company. It also provides centralised treasury and administrative services to the Group. The principal activities of the subsidiaries are set out in Note 19 of the financial statements. 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 Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have also been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements of the Group and the Company are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

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 MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2014.

- Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities
- Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21: Levies

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

The nature and impact of the new and amended MFRSs and IC Interpretation are described below:

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and "simultaneous realisation and settlement". These amendments are to be applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under MFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under MFRS 10.

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets

The amendments to MFRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives has been allocated when there has been no impairment or reversal of impairment of the related CGU. In addition, the amendments introduce additional disclosure requirements when the recoverable amount is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by MFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's and the Company's financial statements.

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measure of hedge effectiveness. Retrospective application is required.

These amendments have no impact on the Group as the Group does not have any derivatives that are subject to novation.

IC Interpretation 21: Levies

IC 21 defines a levy and clarifies that the obligating event which gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. For a levy which is triggered upon reaching a minimum threshold, IC 21 clarifies that no liability should be recognised before the specified minimum threshold is reached. Retrospective application is required.

The application of IC 21 has had no material impact on the disclosures or on the amounts recognised in the Group's and the Company's financial statements.

2.3 Standards 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 and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

MFRS effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 119: Defined Benefit Plans - Employee Contributions
- Annual Improvements to MFRSs 2010 - 2012 Cycle
- Annual Improvements to MFRSs 2011 - 2013 Cycle

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

MFRS effective for annual periods beginning on or after 1 January 2016

- Annual Improvements to MFRSs 2012 - 2014 Cycle
- Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants
- Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 10, MFRS 12 and MFRS 128: Investments Entities - Applying the Consolidation Exception
- Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 101: Disclosure Initiatives
- Amendments to MFRS 127: Equity Method in Separate Financial Statements
- MFRS 14: Regulatory Deferral Accounts

MFRS effective for annual periods beginning on or after 1 January 2017

- MFRS 15: Revenue from Contracts with Customers

MFRS effective for annual periods beginning on or after 1 January 2018

- MFRS 9: Financial Instruments

(a) Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

(b) Amendments to MFRS 10 and MFRS 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.

(c) Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities - Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments are to be applied retrospectively and 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.

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

(d) Amendments to MFRS 101: Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

(e) Amendments to MFRS 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 MFRS 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 MFRS 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 MFRS. 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.

(f) MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

(f) MFRS 15: Revenue from Contracts with Customers (contd.)

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The directors anticipate that the application of MFRS 15 will have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

(g) MFRS 9: Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 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 MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

(h) Annual Improvements to MFRSs 2010–2012 Cycle

The Annual Improvements to MFRSs 2010-2012 Cycle include a number of amendments to various MFRSs, which are summarised below. The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

(h) Annual Improvements to MFRSs 2010–2012 Cycle (contd.)

(i) MFRS 2: Share-based Payment

This improvement clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or those of another entity in the same group;
- A performance condition may be a market or non-market condition; and
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

This improvement is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

(ii) MFRS 3: Business Combinations

The amendments to MFRS 3 clarifies that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of MFRS 9 or MFRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014.

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

(h) Annual Improvements to MFRSs 2010–2012 Cycle (contd.)

(iii) MFRS 8: Operating Segments

The amendments are to be applied retrospectively and clarify that:

- an entity must disclose the judgements made by management in applying the aggregation criteria in MFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and

- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

(iv) MFRS 116: Property, Plant and Equipment and MFRS 138: Intangible Assets

The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

(v) MFRS 124: Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

(i) Annual Improvements to MFRSs 2011–2013 Cycle

The Annual Improvements to MFRSs 2011-2013 Cycle include a number of amendments to various MFRSs, which are summarised below. The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

(i) MFRS 3: Business Combinations

The amendments to MFRS 3 clarify that the standard does not apply to the accounting for formation of all types of joint arrangement in the financial statements of the joint arrangement itself. This amendment is to be applied prospectively.

(ii) MFRS 13: Fair Value Measurement

The amendments to MFRS 13 clarify that the portfolio exception in MFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of MFRS 9 (or MFRS 139 as applicable).

(iii) MFRS 140: Investment Property

The amendments to MFRS 140 clarify that an entity acquiring investment property must determine whether:

- the property meets the definition of investment property in terms of MFRS 140; and

- the transaction meets the definition of a business combination under MFRS 3,

to determine if the transaction is a purchase of an asset or is a business combination.

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

(j) Annual Improvements to MFRSs 2012–2014 Cycle

The Annual Improvements to MFRSs 2012-2014 Cycle include a number of amendments to various MFRSs, which are summarised below. The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

(i) MFRS 5: Non-current Assets Held for Sale and Discontinued Operations

The amendment to MFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in MFRS 5.

The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is to be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.

(ii) MFRS 7: Financial Instruments - Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

2. Summary of significant accounting policies (contd.)

2.4 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 Company controls an investee if and only if the Company has all the following:

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

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

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

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

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

(b) Potential voting rights held by the Company, other vote holders or other parties;

(c) Rights arising from other contractual arrangements; and

(d) Any additional facts and circumstances that indicate that the Company 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 Company obtains control over the subsidiary and ceases when the Company 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.

2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

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.

Business combinations

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 MFRS 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 MFRS 139, it is measured in accordance with the appropriate MFRS.

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.

2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

Business combinations (contd.)

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. The accounting policy for goodwill is set out in Note 2.12(a).

2.5 Subsidiaries

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

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

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

(c) 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.

2.6 Investments in associates and joint ventures

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

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.

2. Summary of significant accounting policies (contd.)

2.6 Investments in associates and joint ventures (contd.)

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 associate's or joint venture's profit or loss for the period in which the investment is acquired.

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture.

Under the equity method, on initial recognition the investment in an associate or 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 associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

The financial statements of the associates and joint ventures 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 associate or 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. Summary of significant accounting policies (contd.)

2.6 Investments in associates and joint ventures (contd.)

In the Company's separate financial statements, investments in associates and joint ventures 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.

2.7 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.

(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 operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

2. Summary of significant accounting policies (contd.)

2.7 Foreign currency (contd.)

(b) Foreign currency transactions (contd.)

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 operations

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

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

2.8 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 Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment, except for freehold land, 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 and the Company recognise 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.

2. Summary of significant accounting policies (contd.)

2.8 Property, plant and equipment (contd.)

Freehold land have unlimited useful lives and therefore are not amortised. Leasehold land are amortised over their lease terms. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and infrastructure	50 years or over the period of lease whichever is shorter
Plant and machinery	2 years to 50 years
Office equipment and motor vehicles	3 years to 30 years

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

2.9 Prepaid land lease payments

Prepaid land lease payments are initially measured at cost. Following initial recognition, prepaid land lease payments are measured at cost less accumulated amortisation and accumulated impairment losses. The prepaid land lease payments are amortised over their lease terms.

2.10 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.

2. Summary of significant accounting policies (contd.)

2.10 Land held for property development and property development costs (contd.)

(a) Land held for property development (contd.)

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) Development properties

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

The costs of development properties include:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2. Summary of significant accounting policies (contd.)

2.11 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or both. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties are stated at cost less accumulated depreciation and impairment losses consistent with the accounting policies for property, plant and equipment as stated in Note 2.8.

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

2.12 Intangible assets

(a) Goodwill

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

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

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

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

2. Summary of significant accounting policies (contd.)

2.12 Intangible assets (contd.)

(a) Goodwill (contd.)

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.7.

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

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

2. Summary of significant accounting policies (contd.)

2.12 Intangible assets (contd.)

(b) Other intangible assets (contd.)

Amortisation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Computer software	3 years to 5 years
Other intangible assets	20 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

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")).

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

2. Summary of significant accounting policies (contd.)

2.13 Impairment of non-financial assets (contd.)

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 unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.14 Inventories

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

- Raw materials and consumables: costs of purchases on a first-in first-out method or weighted average cost formula.
- Finished goods and work-in-progress: costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.
- Unsold properties: cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

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.

2.15 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 it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

2. Summary of significant accounting policies (contd.)

2.15 Construction contracts (contd.)

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

2.16 Service contracts

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

Contract costs include costs that relate directly to the contract, plus costs that are attributable to the Company's general contracting activity to the extent that they can be reasonably allocated to the contract together with such other costs that can be specifically charged to the customer under the terms of the contract.

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

2.17 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 their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

2. Summary of significant accounting policies (contd.)

2.17 Financial assets (contd.)

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

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

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

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) 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.

2. Summary of significant accounting policies (contd.)

2.17 Financial assets (contd.)

(c) Available-for-sale financial assets

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

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

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

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

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

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

2. Summary of significant accounting policies (contd.)

2.18 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.

2. Summary of significant accounting policies (contd.)

2.18 Impairment of financial assets (contd.)

(b) Unquoted equity securities carried at cost classified as available-for-sale financial assets

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.

2.19 Fair value measurement

The Group and the Company measure financial instruments at fair value at each reporting date.

On initial recognition, the fair value of a financial instrument is the transaction price, i.e. the fair value of the consideration given or received. Subsequent to initial recognition, the fair values of financial instruments measured at fair value in accordance with the valuation methodologies as set out in Note 40.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price without any deduction for transaction costs that may be incurred on sale or other disposal and, for any asset to be acquired or liability held.

Investments in unquoted equity instruments whose fair value cannot be reliably measured are measured at cost, and assessed for impairment at each reporting date.

The carrying values of current financial instruments approximate their fair value due to the short-term maturity of these instruments and the disclosures of fair values are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair values. The fair values of non-current financial instruments are disclosed separately unless there are significant differences at the end of the reporting date.

2. Summary of significant accounting policies (contd.)

2.19 Fair value measurement (contd.)

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 date.

2.20 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

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 MFRS 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 other financial liabilities.

Other financial liabilities

The Group's and the Company's 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.

2. Summary of significant accounting policies (contd.)

2.21 Financial liabilities (contd.)

Other financial liabilities (contd.)

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

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

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

2.22 Financial guarantee contracts

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

2.23 Leases

(a) As lessee

Finance leases, which transfer to the Group and the Company 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.

2. Summary of significant accounting policies (contd.)

2.23 Leases (contd.)

(a) As lessee (contd.)

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

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.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.27(h).

2.24 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 risk 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. Summary of significant accounting policies (contd.)

2.25 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.

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

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.27 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue from sale of goods is recognised net of discounts upon the transfer of significant risks 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 consideration due, associated costs or the possible return of goods.

(b) Revenue from services

Revenue from services is recognised upon performance of services.

(c) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.15.

2. Summary of significant accounting policies (contd.)

2.27 Revenue (contd.)

(d) Development properties

(i) Sale of completed development property

A development property is regarded as sold when the significant risks and rewards have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

(ii) Sale of development property under construction

Where development property is under construction and agreement has been reached to sell such property when construction is completed, the directors consider whether the contract comprises:

- A contract to construct a property; or
- A contract for the sale of completed property

- Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

- Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e. revenue is recognised using the completed contract method).

If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses.

In the above situation, the percentage of work completed is measured based on the costs incurred up until the end of the reporting periods as a proportion of total costs expected to be incurred.

2. Summary of significant accounting policies (contd.)

2.27 Revenue (contd.)

(e) Road maintenance contracts

Revenue for routine maintenance work is based on fixed rates and is recognised upon performance of work in accordance with the terms as stipulated in the road maintenance agreements. Revenue from work orders outside the scope of the road maintenance agreements is based on schedule of rates approved by client.

(f) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established, which is generally when shareholders approve the dividend.

(g) Interest income

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

(h) Rental income

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

(i) Supervision and management fees

Supervision and management fees are recognised when services are rendered.

2.28 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.

2. Summary of significant accounting policies (contd.)

2.28 Income taxes (contd.)

(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.

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.

2. Summary of significant accounting policies (contd.)

2.28 Income taxes (contd.)

(b) Deferred tax (contd.)

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.

2.29 Employee benefits

(a) 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 Employees' 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. Summary of significant accounting policies (contd.)

2.29 Employee benefits (contd.)

(b) Employees' share option scheme ("ESOS")

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employees' share option reserve over the vesting period. The cumulative expense is recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employees' share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employees' share option reserve is transferred to share premium reserve if new shares are issued.

2.30 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 43, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. Summary of significant accounting policies (contd.)

2.31 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.

2.32 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.33 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 statements of financial position of the Group and the Company.

3. Significant accounting judgements and estimates

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

3. Significant accounting judgements and estimates (contd.)

3.1 Critical judgements made in applying accounting policies

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

Classification between investment properties and property, plant and equipment

The Group and the Company have developed certain criteria based on MFRS 140 in making their judgement on whether a property qualifies as an investment property. An investment property is a property held to earn rentals or for capital appreciation or both.

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

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 adjustment 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 property, plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2 to 50 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 and the Company's property, plant and equipment at the reporting date is disclosed in Note 13.

3. Significant accounting judgements and estimates (contd.)

3.2 Key sources of estimation uncertainty (contd.)

(b) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated.

When value in use calculation is undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are given in Note 18.

(c) 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 factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's and the Company's loans and receivables at the reporting date is disclosed in Note 24.

3. Significant accounting judgements and estimates (contd.)

3.2 Key sources of estimation uncertainty (contd.)

(d) Construction contracts

The Group recognises contract revenue based on percentage of completion method. The stage of completion is measured by reference to either the costs incurred to-date to the estimated total cost or the completion of a physical proportion of work to-date. Significant judgement is required in determining the stage of completion, the extent of the costs incurred and the estimated total revenue (for contracts other than fixed contracts) and costs. Total contract revenue also includes an estimation of the variation works that are recoverable from the customers. In making the judgement, the Group relies on past experience and work of specialists. The carrying amount of the Group's construction contracts is shown in Note 26.

(e) Deferred tax assets

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

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

(f) Employees' share options

The Group and the Company measure the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions, sensitivity analysis and the carrying amounts are disclosed in Note 36.

3. Significant accounting judgements and estimates (contd.)

3.2 Key sources of estimation uncertainty (contd.)

(g) Impairment of investments in subsidiaries and interests in associates

The Group assesses whether there is any indication that investments in subsidiaries and interests in associates may be impaired at each reporting date.

If indicators are present, these assets are subject to impairment review. The impairment review comprises a comparison of the carrying amount of the investment and the investment's estimated recoverable amount.

Judgements made by management in the process of applying the Group's accounting policies in respect of investments in subsidiaries and interests in associates are as follows:

(i) The Group determines whether its investments are impaired following certain indications of impairment such as, amongst others, prolonged shortfall between market value and carrying amount, significant changes with adverse effects on the investment and deteriorating financial performance of the investment due to observed changes and fundamentals.

(ii) Depending on their nature and the industries in which the investments relate to, judgements are made by management to select suitable methods of valuation such as, amongst others, discounted cash flow, realisable net asset value and sector average price-earning ratio methods.

Once a suitable method of valuation is selected, management makes certain assumptions concerning the future to estimate the recoverable amount of the investment. These assumptions and other key sources of estimation uncertainty at the reporting date, may have a significant risk of causing a material adjustment to the carrying amounts of the investments within the next financial year. Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks, and expected future outcome of certain past events.

Management believes that no reasonably expected possible change in the key assumptions described above would cause the carrying amounts of the investments to materially exceed their recoverable amount.

4. Revenue

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Sale of goods	1,147,574	908,043	-	-
Sale of properties	98,901	66,087	-	-
Construction and road maintenance	378,189	296,358	-	-
Rendering of services	26,312	124,923	-	-
Interest income	2,080	4,973	8,243	10,045
Dividend income from investments	20,074	15,692	20,074	15,692
Rental income:				
- Investment properties (Note 16)	528	528	600	600
- Land and buildings	240	237	-	-
Dividend income from subsidiaries	-	-	42,322	42,020
Dividend income from associates	-	-	2,584	3,876
	1,673,898	1,416,841	73,823	72,233

5. Interest income

	Group	
	2014	**2013**
	RM'000	RM'000
Interest income from:		
- Loans and receivables	1,165	385
- Short term deposits	602	108
- Unwinding of discount (Note 24(a))	68	124
	1,835	617

6. Other income

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Bad debts recovered (Note 24(a))	2,721	-	-	-
Dividend from investment securities	33	18	-	-
Fee income	-	-	7,179	6,409
Gain on disposal of property, plant and equipment	665	502	-	-
Gain on liquidation of subsidiaries	15,618	-	-	-
Gain on redemption of redeemable preference shares	607	996	-	-
Insurance settlement	2,575	15	120	15
Liquidated damages claim	-	6,735	-	-
Miscellaneous income	1,666	2,950	66	75
Net realised gain on disposal of investment securities	981	1,285	981	1,285
Net fair value changes in investment securities held as fair value through profit or loss	-	2,436	-	2,426
Reversal of impairment loss on trade and other receivables (Note 24(a))	360	3,144	-	-
Recovery of waiver of amount owing by a subsidiary	-	-	-	1,527
Supervision fees	395	158	-	-
Net foreign exchange gain:				
- Realised	1,529	260	-	-
- Unrealised	618	827	-	-
	27,768	19,326	8,346	11,737

7. Finance costs

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
- Bank borrowings and bank overdraft	2,734	3,638	-	-
- Corporate shareholder's loan	190	190	-	-
- Amount owing to subsidiaries under central cash management account	-	-	17,508	16,195
- Finance lease liabilities	-	2	-	-
- Unwinding of discount	3	5	-	-
	2,927	3,835	17,508	16,195
Other finance costs:				
- Trade facility charges	619	599	-	-
- Facility fee and commitment fee	56	99	45	99
	675	698	45	99
	3,602	4,533	17,553	16,294
Recognised in profit or loss as:				
- Cost of sales	-	-	17,508	16,294
- Finance costs	3,602	4,533	45	-
	3,602	4,533	17,553	16,294

8. Profit before tax

Results from operating activities is arrived at after charging:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets (Note 17)	86	965	17	429
Amortisation of prepaid land lease payments (Note 14)	763	747	426	426
Auditors' remuneration:	859	877	189	273
- Statutory audit				
Current year	724	630	140	120
(Over)/under provision in previous years	(2)	132	-	38
- Other services	137	115	49	115
Bad debts written off	54	690	-	-
Depreciation of property, plant and Equipment (Note 13)	41,684	82,484	812	953
Depreciation of investment properties (Note 16)	117	117	622	661
Employee benefits expense (Note 9)	132,762	107,845	26,142	21,058
Impairment loss on:				
- Trade and other receivables (Note 24(a))	4,092	428	-	-
- Investment in an associate	-	3,125	-	-
- Property, plant and equipment (Note 13)	533	-	-	-
Net fair value changes in investment securities held as fair value through profit and loss	4,697	-	4,718	-
Inventories written down	387	30	-	-
Inventories written off	34	764	-	-
Net loss on disposal of property, plant and equipment	-	-	130	-
Loss on liquidation of subsidiaries	-	-	1,116	-
Loss on disposal of inventories	53	-	-	-
Non-executive directors' remuneration (Note 10)	2,255	2,493	1,993	2,220
Minimum operating lease payments on:	11,939	12,374	1,232	1,220
- Land and buildings	5,096	4,899	1,232	1,220
- Plant and equipment	5,663	6,114	-	-
- Wharf	1,180	1,361	-	-
Project under study written off	-	4	-	-
Property, plant and equipment written off	1,157	28	-	-
Waiver of amount owing by subsidiaries	-	-	-	30,871

8. Profit before tax (contd.)

Results from operating activities is arrived at after crediting:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Gain on liquidation of subsidiaries	15,618	-	-	-
Inventories written back	2,180	-	-	-
Net fair value changes in investment securities held as fair value through profit and loss	-	2,436	-	2,426
Net gain on disposal of property, plant and equipment	535	500	-	-
Reversal of impairment loss of a subsidiary	-	-	-	30,807

9. Employee benefits expense

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	111,380	92,804	22,102	18,051
Contributions to defined contribution plan	13,075	10,805	2,628	2,129
Social security contributions	861	796	78	74
Share options granted under ESOS	7,293	3,322	1,181	791
Retirement benefits	153	118	153	13
	132,762	107,845	26,142	21,058

Included in employee benefits expense of the Group and of the Company (including amounts capitalised) are executive directors' remuneration amounting to RM6,372,000 (2013: RM4,554,000) as further disclosed in Note 10.

10. Directors' remuneration

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Executive:				
Salaries and other emoluments	5,573	3,863	5,573	3,863
Defined contribution plans	679	463	679	463
Share options granted under ESOS	120	228	120	228
Total executive directors' remuneration (excluding benefits-in-kind) (Note 9)	6,372	4,554	6,372	4,554
Estimated money value of benefits-in-kind	731	268	731	268
Total executive directors' remuneration (including benefits-in-kind)	7,103	4,822	7,103	4,822
Non-executive:				
Fees	763	841	609	680
Other emoluments	1,362	1,522	1,254	1,410
Defined contribution plans	130	130	130	130
Total non-executive directors' remuneration (excluding benefits-in-kind) (Note 8)	2,255	2,493	1,993	2,220
Estimated money value of benefits-in-kind	488	83	457	83
Total non-executive directors' remuneration (including benefits-in-kind)	2,743	2,576	2,450	2,303
Total directors' remuneration	9,846	7,398	9,553	7,125

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:		
RM1,800,001 to RM1,850,000	-	1
RM2,200,001 to RM2,250,000	1	-
RM2,700,001 to RM2,750,000	-	1
RM4,100,001 to RM4,150,000	1	-
Non-executive Directors:		
RM10,001 to RM50,000	1	-
RM100,001 to RM150,000	2	2
RM150,001 to RM200,000	1	-
RM200,001 to RM250,000	1	3
RM700,001 to RM750,000	1	-
RM750,001 to RM800,000	-	1
RM800,001 to RM850,000	1	1

11. Income tax expense

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Statements of profit or loss and other comprehensive income:				
Current income tax:				
- Malaysian income tax	78,182	87,027	600	1,500
- (Over)/under provision in respect of previous years	(3,628)	(4,014)	(288)	32
	74,554	83,013	312	1,532
Deferred income tax (Note 22):				
- Origination and reversal of temporary differences	10,905	(3,114)	(246)	(295)
- (Over)/under provision in respect of previous years	(9,615)	(553)	52	(5)
	1,290	(3,667)	(194)	(300)
Income tax expense recognised in profit or loss	75,844	79,346	118	1,232

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	
	2014	**2013**
	RM'000	RM'000
Accounting profit before tax	341,452	294,894
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	85,363	73,724
Adjustments:		
Share of results of associates	(4,146)	(1,657)
Share of results of joint ventures	(315)	(57)
Non-deductible expenses	18,788	18,052
Income not subject to tax	(10,970)	(5,723)
Benefits from previously unrecognised tax losses and unabsorbed capital allowances	(540)	(598)
Benefits from utilisation of reinvestment allowances	-	(7)
Deferred tax assets not recognised	907	179
Over provision of income tax in respect of previous years	(3,628)	(4,014)
Over provision of deferred tax in respect of previous years	(9,615)	(553)
Income tax expense recognised in profit or loss	75,844	79,346

11. Income tax expense (contd.)

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 (contd.):

	Company	
	2014	**2013**
	RM'000	RM'000
Accounting profit before tax	20,241	33,908
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	5,060	8,477
Adjustments:		
Group tax relief transferred from a subsidiary	(750)	(700)
Non-deductible expenses	12,392	9,005
Income not subject to tax	(16,348)	(15,577)
(Over)/under provision of income tax in respect of previous years	(288)	32
Under/(over) provision of deferred tax in respect of previous years	52	(5)
Income tax expense recognised in profit or loss	118	1,232

Income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year. The Malaysian corporate income tax asset is expected to reduce from 25% to 24% with effect for year of assessment 2016 as announced in the 2014 Budget. The computation of deferred tax as at 31 December 2014 has reflected the change in tax rate.

Tax savings during the financial year arising from:

	Group	
	2014	**2013**
	RM'000	RM'000
Utilisation of current year tax losses	76	9
Utilisation of previously unrecognised tax losses	5,208	605

12. Earnings per share

(a) Basic 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 outstanding during the financial year.

	Group	
	2014	**2013 (Restated)**
Profit net of tax attributable to owners of the Company (RM'000)	221,335	175,072
Weighted average number of ordinary shares in issue ('000)	1,033,352	999,276
Basic earnings per share (sen)	21.42	17.52

(b) Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Group	
	2014	**2013 (Restated)**
Profit net of tax attributable to owners of the Company (RM'000)	221,335	175,072
Weighted average number of ordinary shares in issue ('000)	1,038,826	1,007,715
Diluted earnings per share (sen)	21.31	17.37

The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

The comparative basic and diluted earnings per share have been adjusted to take into account the effect of the share split involving the subdivision of every one existing share of RM1 each into two subdivided shares of RM0.50 each and the bonus issue of one share for every two subdivided shares resulting in the increase in the number of ordinary shares.

13. Property, plant and equipment

Group	**Land**	**Buildings and infrastructure**	**Plant and machinery**	**Office equipment and motor vehicles**	**Total**
	RM'000	RM'000	RM'000	RM'000	RM'000
Cost:					
At 1 January 2013	36,954	241,926	689,249	93,064	1,061,193
Additions	29,731	13,031	41,356	10,021	94,139
Disposals	-	-	(441)	(1,160)	(1,601)
Written off	-	(4)	(337)	(537)	(878)
Exchange differences	-	-	-	20	20
At 31 December 2013 and 1 January 2014	66,685	254,953	729,827	101,408	1,152,873
Additions	6,476	56,512	67,285	11,387	141,660
Disposals	-	-	(456)	(3,561)	(4,017)
Written off	-	-	(1,155)	(292)	(1,447)
Exchange differences	-	-	-	12	12
At 31 December 2014	73,161	311,465	795,501	108,954	1,289,081

13. Property, plant and equipment (contd.)

Group (contd.)	Land RM'000	Buildings and infrastructure RM'000	Plant and machinery RM'000	Office equipment and motor vehicles RM'000	Total RM'000
Accumulated depreciation:					
At 1 January 2013	8,029	71,930	423,418	69,238	572,615
Depreciation charge for the year:	671	40,879	34,584	6,401	82,535
- Recognised in profit or loss (Note 8)	671	40,879	34,573	6,361	82,484
- Capitalised in construction costs (Note 26)	-	-	11	40	51
Disposals	-	-	(26)	(1,095)	(1,121)
Written off	-	(2)	(333)	(515)	(850)
Exchange differences	-	-	-	21	21
At 31 December 2013 and 1 January 2014	8,700	112,807	457,643	74,050	653,200
Depreciation charge for the year:	1,139	2,042	31,362	7,185	41,728
- Recognised in profit or loss (Note 8)	1,139	2,042	31,349	7,154	41,684
- Capitalised in construction costs (Note 26)	-	-	13	31	44
Disposals	-	-	(110)	(3,205)	(3,315)
Written off	-	-	-	(290)	(290)
Impairment loss (Note 8)	-	367	155	11	533
Exchange differences	-	-	-	11	11
At 31 December 2014	9,839	115,216	489,050	77,762	691,867
Net carrying amount:					
At 31 December 2013	57,985	142,146	272,184	27,358	499,673
At 31 December 2014	63,322	196,249	306,451	31,192	597,214

13. Property, plant and equipment (contd.)

Company	**Motor vehicles** RM'000	**Office equipment** RM'000	**Total** RM'000
Cost:			
At 1 January 2013	7,314	6,770	14,084
Additions	614	385	999
At 31 December 2013 and 1 January 2014	7,928	7,155	15,083
Additions	618	354	972
Disposals	(1,425)	(4)	(1,429)
At 31 December 2014	7,121	7,505	14,626
Accumulated depreciation:			
At 1 January 2013	3,530	6,171	9,701
Depreciation charge for the year (Note 8)	509	444	953
At 31 December 2013 and 1 January 2014	4,039	6,615	10,654
Depreciation charge for the year (Note 8)	466	346	812
Disposals	(1,187)	(3)	(1,190)
At 31 December 2014	3,318	6,958	10,276
Net carrying amount:			
At 31 December 2013	3,889	540	4,429
At 31 December 2014	3,803	547	4,350

(a) Assets under construction

The Group's plant and machinery included RM47,806,459 (2013: RM6,601,193) which relate to expenditure for plants in the course of construction.

Included in the Group's buildings and infrastructure was RM49,843,313 (2013: RM122,488) which relate to expenditure for buildings in the course of construction.

(b) Assets held under finance leases

During the previous financial year, the carrying amount of plant and machinery held under finance leases at the reporting date was RM78,898.

Details of the finance leases are disclosed in Note 37(d).

13. Property, plant and equipment (contd.)

(c) Fully depreciated property, plant and equipment

The gross carrying amounts of fully depreciated property, plant and equipment that are still in use at the reporting date were RM198,103,325 (2013: RM196,868,701) and RM12,134,558 (2013: RM10,064,445) for the Group and Company, respectively.

(d) Changes in estimates

During the last financial year, the Group further shorten the useful life of its buildings, plant and machinery to 1 year in view of the expiry of the lodges' contracts.

Both the revisions in estimates have been applied on a prospective basis. The effects for the above revisions on depreciation charges were as follows:

	Group	
	2014	**2013**
	RM'000	RM'000
Increase in depreciation charges	-	20,385

(e) Land

Included in the carrying amount of land are:

	Group	
	2014	**2013**
	RM'000	RM'000
Freehold land	416	416
Leasehold land	62,906	57,569
	63,322	57,985

14. Prepaid land lease payments

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Cost:				
At 1 January	24,014	23,548	11,925	11,925
Additions	-	466	-	-
At 31 December	24,014	24,014	11,925	11,925
Accumulated amortisation:				
At 1 January	6,513	5,766	1,361	935
Amortisation for the year (Note 8)	763	747	426	426
At 31 December	7,276	6,513	1,787	1,361
Net carrying amount	16,738	17,501	10,138	10,564
Amount to be amortised:				
- Not later than one year	763	763	426	426
- Later than one year but not later than five years	3,053	3,053	1,704	1,704
- Later than five years	12,922	13,685	8,008	8,434

The Group and the Company have prepaid land leases over state-owned land in Malaysia. The prepaid land leases of the Group and the Company have a remaining tenure of 10 to 42 years (2013: 11 to 43 years) and 24 to 42 years (2013: 25 to 43 years), respectively.

15. Land held for property development and property development costs

(a) Land held for property development

Group	Leasehold land	Development expenditure	Total
	RM'000	RM'000	RM'000
Cost:			
At 1 January 2013	56,177	7,334	63,511
Additions	3,378	568	3,946
Disposals	(943)	(560)	(1,503)
At 31 December 2013 and 1 January 2014	58,612	7,342	65,954
Additions	7,825	990	8,815
Disposals	(838)	(521)	(1,359)
Transferred to property development costs	(11,204)	(391)	(11,595)
At 31 December 2014	54,395	7,420	61,815

The landed property of a subsidiary has been pledged to secure revolving credit facilities granted to the subject subsidiary (Note 30).

15. Land held for property development and property development costs (contd.)

(b) Property development costs

Group	**Leasehold land** RM'000	**Development expenditure** RM'000	**Total** RM'000
Cumulative property development costs:			
At 1 January 2013	86,192	519,419	605,611
Costs incurred during the year	-	50,661	50,661
At 31 December 2013 and 1 January 2014	86,192	570,080	656,272
Costs incurred during the year	-	60,756	60,756
Transferred from land held for property development	11,204	391	11,595
Reclassification	-	(45)	(45)
Reversal of completed projects	(11,406)	(4,677)	(16,083)
Unsold unit transferred to inventories	(2)	(1,090)	(1,092)
At 31 December 2014	85,988	625,415	711,403
Cumulative costs recognised in profit or loss:			
At 1 January 2013	(2,913)	(471,565)	(474,478)
Recognised during the year	(492)	(33,756)	(34,248)
At 31 December 2013 and 1 January 2014	(3,405)	(505,321)	(508,726)
Recognised during the year	(10,981)	(45,885)	(56,866)
Reversal of completed projects	11,406	4,677	16,083
At 31 December 2014	(2,980)	(546,529)	(549,509)
Property development costs:			
At 31 December 2013	82,787	64,759	147,546
At 31 December 2014	83,008	78,886	161,894

16. Investment properties

Group	**Long term leasehold land** RM'000	**Buildings** RM'000	**Total** RM'000
Cost:			
At 31 December 2013 and 31 December 2014	3,177	2,918	6,095
Accumulated depreciation:			
At 1 January 2013	77	158	235
Depreciation charge for the year (Note 8)	38	79	117
At 31 December 2013 and 1 January 2014	115	237	352
Depreciation charge for the year (Note 8)	38	79	117
At 31 December 2014	153	316	469
Net carrying amount:			
At 31 December 2013	3,062	2,681	5,743
At 31 December 2014	3,024	2,602	5,626

Company	**Long term leasehold land** RM'000	**Buildings** RM'000	**Total** RM'000
Cost:			
At 1 January 2013	5,828	18,100	23,928
Additions	-	250	250
At 31 December 2013 and 1 January 2014	5,828	18,350	24,178
Additions	-	6,164	6,164
At 31 December 2014	5,828	24,514	30,342
Accumulated depreciation:			
At 1 January 2013	308	1,829	2,137
Depreciation charge for the year (Note 8)	103	558	661
At 31 December 2013 and 1 January 2014	411	2,387	2,798
Depreciation charge for the year (Note 8)	103	519	622
At 31 December 2014	514	2,906	3,420
Net carrying amount:			
At 31 December 2013	5,417	15,963	21,380
At 31 December 2014	5,314	21,608	26,922

16. Investment properties (contd.)

(a) The Company's investment property was leased to a subsidiary and included in buildings were RM6,164,040 (2013: Nil) which relate to expenditure of a building in the course of construction.

(b) The following are recognised in profit or loss in respect of investment properties:

	Group		Company	
	2014 RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000
Rental income (Note 4)	(528)	(528)	(600)	(600)
Direct operating expenses:				
- income generating investment properties	1,163	82	954	1,128
- non-income generating investment properties	37	37	-	-

17. Intangible assets

Group	**Computer software** RM'000	**Others** RM'000	**Total** RM'000
Cost:			
At 1 January 2013	5,174	926	6,100
Additions	20	-	20
At 31 December 2013 and 1 January 2014	5,194	926	6,120
Additions	2,021	169	2,190
Disposals	(20)	-	(20)
At 31 December 2014	7,195	1,095	8,290
Accumulated amortisation:			
At 1 January 2013	4,201	724	4,925
Amortisation charge for the year (Note 8)	959	6	965
At 31 December 2013 and 1 January 2014	5,160	730	5,890
Amortisation charge for the year (Note 8)	80	6	86
Disposals	(6)	-	(6)
At 31 December 2014	5,234	736	5,970
Net carrying amount:			
At 31 December 2013	34	196	230
At 31 December 2014	1,961	359	2,320

Included in computer software were RM1,500,000 (2013: Nil) which relate to expenditure for software under development.

17. Intangible assets (contd.)

Company	**Computer software** RM'000	**Others** RM'000	**Total** RM'000
Cost:			
At 1 January 2013	2,286	-	2,286
Additions	20	-	20
At 31 December 2013 and 1 January 2014	2,306	-	2,306
Additions	-	101	101
At 31 December 2014	2,306	101	2,407
Accumulated amortisation:			
At 1 January 2013	1,843	-	1,843
Amortisation charge for the year (Note 8)	429	-	429
At 31 December 2013 and 1 January 2014	2,272	-	2,272
Amortisation charge for the year (Note 8)	17	-	17
At 31 December 2014	2,289	-	2,289
Net carrying amount:			
At 31 December 2013	34	-	34
At 31 December 2014	17	101	118

18. Goodwill

	Group	
	2014 RM'000	**2013** RM'000
At 1 January and 31 December	61,709	61,709

Goodwill arising from business combinations has been allocated to cash-generating units ("CGU") for impairment testing.

The carrying amount of goodwill allocated to the Group's CGU is as follows:

	Group	
	2014 RM'000	**2013** RM'000
Manufacturing	61,709	61,709

18. Goodwill (contd.)

Key assumptions used in value-in-use calculations:

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a three-year period. The assumptions used for value-in-use calculations are:

	Gross Margin		Discount Rates	
	2014	**2013**	**2014**	**2013**
CMS Clinker Sdn. Bhd.	16.0%	16.0%	12.0%	9.2%

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(a) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margin achieved in the year immediately before the budgeted year and increased for expected efficiency improvements.

(b) Discount rates

The discount rates used are pre-tax and reflect specific risks relating to the segment.

The Group believes that any reasonable possible change in the above key assumptions applied is unlikely to materially cause the recoverable amount to be lower than its carrying amount.

19. Investments in subsidiaries

	Company	
	2014	**2013**
	RM'000	RM'000
Unquoted shares, at cost	867,770	942,006
Impairment losses	(55,877)	(158,397)
	811,893	783,609

19. Investments in subsidiaries (contd.)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %	2013 %
Direct subsidiaries of the Company				
CMS Capital Sdn. Bhd.	Malaysia	Investment holding	95.2	95.2
CMS Cement Sdn. Bhd.	Malaysia	Manufacture and sale of cement	100.0	100.0
CMS Education Sdn. Bhd.	Malaysia	Education	100.0	93.3
CMS Energy Sdn. Bhd. (i)	Malaysia	Dormant	100.0	100.0
CMS Infra Trading Sdn. Bhd.	Malaysia	General trading	51.0	51.0
CMS I-Systems Berhad	Malaysia	Dormant	100.0	100.0
CMS Modular Housing Sdn. Bhd.	Malaysia	Dormant	100.0	100.0
CMS Premix Sdn. Bhd. (ii)	Malaysia	Production and sale of premix	40.0	40.0
CMS Premix (Miri) Sdn. Bhd. (ii)	Malaysia	Production and sale of premix	20.0	20.0
CMS Property Development Sdn. Bhd.	Malaysia	Property holding, property development and project management	100.0	100.0
CMS Resources Sdn. Bhd.	Malaysia	Investment and property holding	51.0	51.0
CMS Steel Berhad (i)	Malaysia	Dormant	100.0	100.0
CMS Wires Sdn. Bhd.	Malaysia	Manufacture and sale of wire mesh and related products	69.1	69.1
CMS Works Sdn. Bhd.	Malaysia	Investment holding, construction and provision of technical, machinery and motor vehicle rental services	100.0	100.0
Projek Bandar Samariang Sdn. Bhd.	Malaysia	Property development and construction works	100.0	100.0
Samalaju Industries Sdn. Bhd.	Malaysia	Investment holding and provision of supervisory services	100.0	100.0

19. Investments in subsidiaries (contd.)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %	2013 %
Subsidiaries of CMS Capital Sdn. Bhd.				
CMS Opus Private Equity Sdn. Bhd.	Malaysia	Management of private equity investments	51.0	51.0
Subsidiaries of CMS Cement Sdn. Bhd.				
CMS Clinker Sdn. Bhd.	Malaysia	Manufacture and sale of cement clinker	100.0	100.0
CMS Concrete Products Sdn. Bhd.	Malaysia	Manufacture and trading of concrete products and Industrial Building Systems (IBS) products	100.0	100.0
Subsidiary of CMS Infra Trading Sdn. Bhd.				
CMS Agrotech Sdn. Bhd.	Malaysia	Organic waste management and related consultancy services	100.0	100.0
Subsidiaries of CMS I-Systems Berhad				
CMS I-Systems (India) Private Ltd. (iii)	India	Dormant	99.9	99.9
I-Systems (Guangzhou) Co. Ltd. (i) & (iii)	People's Republic of China	Software development and provision of e-business solutions	100.0	100.0

19. Investments in subsidiaries (contd.)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %	2013 %
Subsidiaries of CMS Property Development Sdn. Bhd.				
CMS Development Services Sdn. Bhd.	Malaysia	Dormant	100.0	100.0
CMS Hotels Sdn. Bhd.	Malaysia	Dormant	100.0	100.0
CMS Land Sdn. Bhd.	Malaysia	Property holding, property development and construction	51.0	51.0
CMS Property Management Sdn. Bhd.	Malaysia	Project management and consultancy	51.0	51.0
Subsidiaries of CMS Resources Sdn. Bhd.				
CMS Penkuari Sdn. Bhd. (iv)	Malaysia	Quarry operations	60.0	60.0
CMS Premix Sdn. Bhd.	Malaysia	Production and sale of premix	60.0	60.0
CMS Premix (Miri) Sdn. Bhd.	Malaysia	Production and sale of premix	60.0	60.0
CMS Quarries Sdn. Bhd.	Malaysia	Quarry operations	100.0	100.0
PPES Concrete Product Sdn. Bhd.	Malaysia	Manufacture and sale of concrete products	100.0	100.0
Subsidiaries of CMS Works Sdn. Bhd.				
CMS Roads Sdn. Bhd.	Malaysia	Road assessment, maintenance and management	100.0	100.0
CMS Pavement Tech Sdn. Bhd.	Malaysia	Road rehabilitation and maintenance	100.0	100.0
PPES Works (Sarawak) Sdn. Bhd.	Malaysia	Civil engineering contractor and road maintenance	51.0	51.0

19. Investments in subsidiaries (contd.)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %	2013 %
Subsidiaries of Samalaju Industries Sdn. Bhd.				
Samalaju Aluminium Industries Sdn. Bhd. (i)	Malaysia	Investment holding	100.0	100.0
Samalaju Properties Sdn. Bhd.	Malaysia	Provision and management of temporary accommodation, property and township development	51.0	51.0
Subsidiary of Samalaju Properties Sdn. Bhd.				
Samalaju Hotel Management Sdn. Bhd. (v)	Malaysia	Hotel owner	100.0	100.0

(i) Placed under voluntary liquidation.
(ii) Another 60% is held by CMS Resources Sdn. Bhd.
(iii) Audited by firms other than Ernst & Young.
(iv) Another 40% is held by CMS Premix Sdn. Bhd.
(v) Has yet to commence business operations.

19. Investments in subsidiaries (contd.)

(a) Increase in paid-up share capital of a subsidiary

The Company subscribed for an additional 29,360,000 (2013: 38,162,000) ordinary shares of RM1 each in Samalaju Industries Sdn. Bhd. for a total cash consideration of RM29,360,000 (2013: RM38,162,000).

(b) Acquisition of non-controlling interests

On 15 August 2014, the Company acquired an additional 6.7% equity interest in CMS Education Sdn. Bhd. from its non-controlling interest for a cash consideration of RM40,000. As a result of this acquisition, CMS Education Sdn. Bhd. became a wholly-owned subsidiary of the Company.

On 5 August 2013, the Company acquired 7,372,640 ordinary shares of RM1 each fully paid up capital of CMS I-Systems Berhad ("CMSI"), representing 31.2% of the equity interest in CMSI for a total purchase consideration of RM10. Following the acquisition, CMSI became a wholly-owned subsidiary of the Company.

(c) Acquisition of a subsidiary

On 16 August 2013, the Company acquired from CMS Steel Berhad, a wholly owned subsidiary of the Company, its entire 69.1% equity interest in CMS Wires Sdn. Bhd., represented by 1,527,202 ordinary shares of RM1 each, for a total cash consideration of RM1,527,202.

19. Investments in subsidiaries (contd.)

Summarised financial information of PPES Works (Sarawak) Sdn. Bhd., CMS Land Sdn. Bhd. and CMS Resources Sdn. Bhd. which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

(i) Summarised Statements of Financial Position

	PPES Works (Sarawak) Sdn. Bhd. (Economic Entity)		**CMS Land Sdn. Bhd.**		**CMS Resources Sdn. Bhd. and its subsidiaries**		**Total**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	2,012	4,595	20,910	20,812	47,059	41,570	69,981	66,977
Current assets	261,793	221,613	121,110	105,666	376,068	235,004	758,971	562,283
Total assets	263,805	226,208	142,020	126,478	423,127	276,574	828,952	629,260
Current liabilities	89,099	57,073	45,689	43,960	254,897	131,478	389,685	232,511
Non-current liabilities	150	170	9,312	6,232	6,190	6,918	15,652	13,320
Total liabilities	89,249	57,243	55,001	50,192	261,087	138,396	405,337	245,831
Net assets	174,556	168,965	87,019	76,286	162,040	138,178	423,615	383,429
Equity attributable to owners of the Company	89,024	86,172	39,426	33,952	92,133	78,736	220,583	198,860
Non-controlling interests	85,532	82,793	47,593	42,334	69,907	59,442	203,032	184,569

19. Investments in subsidiaries (contd.)

(ii) Summarised Statements of Profit or Loss and Other Comprehensive Income

	PPES Works (Sarawak) Sdn. Bhd. (Economic Entity)		**CMS Land Sdn. Bhd.**		**CMS Resources Sdn. Bhd. and its subsidiaries**		**Total**	
	2014 RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000
Revenue	205,779	132,942	45,726	7,434	359,486	336,390	610,991	476,766
Profit for the year	19,491	27,861	10,733	196	41,363	35,658	71,587	63,715
Profit attributable to owners of the Company	9,940	14,209	5,474	100	34,581	28,698	49,995	43,007
Profit attributable to the non-controlling interests	9,551	13,652	5,259	96	6,782	6,960	21,592	20,708
Dividends paid to non-controlling interests	-	-	-	-	3,440	3,040	3,440	3,040

19. Investments in subsidiaries (contd.)

(iii) Summarised Statements of Cash Flows

	PPES Works (Sarawak) Sdn. Bhd. (Economic Entity)		CMS Land Sdn. Bhd.		CMS Resources Sdn. Bhd. and its subsidiaries		Total	
	2014 RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000
Net cash generated from/ (used in) operating activities	60,019	22,611	17,110	(2,918)	160,757	66,275	237,886	85,968
Net cash generated from/(used in) investing activities	3,788	186	(124)	(10)	(9,632)	(6,669)	(5,968)	(6,493)
Net cash used in financing activities	(13,900)	(8,900)	-	-	(18,625)	(14,725)	(32,525)	(23,625)
Net increase/(decrease) in cash and cash equivalents	49,907	13,897	16,986	(2,928)	132,500	44,881	199,393	55,850
Cash and cash equivalents at beginning of the year	146,620	132,723	321	3,249	136,933	92,052	283,874	228,024
Cash and cash equivalents at end of the year	196,527	146,620	17,307	321	269,433	136,933	483,267	283,874

20. Investments in associates

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Quoted shares in Malaysia, at cost	339,233	339,233	57,063	57,063
Less: Accumulated impairment Losses	(67,000)	(67,000)	-	-
Less: Dilution loss arising from deemed disposal of an associate	(5,000)	(5,000)	-	-
	267,233	267,233	57,063	57,063
Redeemable preference shares, at cost	22,493	24,319	-	-
Less: Accumulated impairment Losses	(6,973)	(6,973)	-	-
	15,520	17,346	-	-
Unquoted shares, at cost	115,757	86,362	-	-
	398,510	370,941	57,063	57,063
Share of post-acquisition reserves	5,435	9,587	-	-
	403,945	380,528	57,063	57,063
Fair value of investments in associates for which there is published price quotation	187,574	248,039	95,562	156,028

Details of the associates, which are incorporated in Malaysia, are as follows:

Name of associates	**Principal activities**	**Proportion of ownership interest 2014** %	**2013** %
Held by the Company:			
KKB Engineering Berhad	Steel fabrication, civil construction, hot dip galvanising and the manufacture of LPG cylinders	20.0	20.0
K&N Kenanga Holdings Berhad	Investment holding, stockbroking and financial services business	4.1	4.1

20. Investments in associates (contd.)

Details of the associates, which are incorporated in Malaysia, are as follows (contd.):

Name of associates	Principal activities	Proportion of ownership interest 2014 %	2013 %
Held through subsidiaries:			
COPE-KPF Opportunities 1 Sdn. Bhd.	Investment holding	49.9	49.9
K&N Kenanga Holdings Berhad	Investment holding, stockbroking and financial services business	21.0	21.0
OM Materials (Sarawak) Sdn. Bhd. * ^	Processing, smelting and trading of ferro alloy products	20.0	20.0
OM Materials (Samalaju) Sdn. Bhd.*	Processing, smelting and trading of ferro alloy products	20.0	20.0
Malaysian Phosphate Additives (Sarawak) Sdn. Bhd.*	Manufacturing and trading of inorganic feed phosphates	40.0	-

* Has yet to commence business operations.

^ The shares in this associate have been pledged to a consortium of banks for credit facilities granted to this associate.

20. Investments in associates (contd.)

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information represents the amounts in the MFRS financial statements of the associates and not the Group's share of those amounts.

(i) Summarised Statements of Financial Position

	K&N Kenanga Holdings Berhad and its subsidiaries		**KKB Engineering Berhad and its subsidiaries**		**OM Material (Sarawak) Sdn. Bhd.**		**Total**	
	2014 RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000
Non-current assets	392,706	398,548	158,650	157,745	1,313,469	739,652	1,864,825	1,295,945
Current assets	5,337,339	5,321,041	182,100	174,293	287,168	118,468	5,806,607	5,613,802
Total assets	5,730,045	5,719,589	340,750	332,038	1,600,637	858,120	7,671,432	6,909,747
Current liabilities	4,866,849	1,384	33,763	34,234	213,551	47,073	5,114,163	82,691
Non-current liabilities	22	4,899,297	11,347	13,216	1,108,908	519,904	1,120,277	5,432,417
Total liabilities	4,866,871	4,900,681	45,110	47,450	1,322,459	566,977	6,234,440	5,515,108
Net assets	863,174	818,908	295,640	284,588	278,178	291,143	1,436,992	1,394,639

20. Investments in associates (contd.)

(ii) Summarised Statements of Profit or Loss and Other Comprehensive Income

	K&N Kenanga Holdings Berhad and its subsidiaries		**KKB Engineering Berhad and its subsidiaries**		**OM Material (Sarawak) Sdn. Bhd.**		**Total**	
	2014 RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000
Revenue	592,398	517,604	202,009	228,880	-	-	794,407	746,484
Profit/(loss) before tax from continuing operations	41,767	8,791	31,924	47,112	21,391	(7,766)	95,082	48,137
Profit/(loss) for the year from continuing operations	30,470	7,210	23,942	34,957	21,291	(7,897)	75,703	34,270
Loss for the year from discontinued operations	(147)	(110)	-	-	-	-	(147)	(110)
Other comprehensive income/(expense)	13,943	(19,019)	-	-	(54,415)	(73,983)	(40,472)	(93,002)
Total comprehensive income/(expense)	44,266	(11,919)	23,942	34,957	(33,124)	(81,880)	35,084	(58,842)
Dividends received from the associates during the year	-	-	2,584	2,969	-	-	2,584	2,969

20. Investments in associates (contd.)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interests in associates

	K&N Kenanga Holdings Berhad and its subsidiaries		KKB Engineering Berhad and its subsidiaries		OM Material (Sarawak) Sdn. Bhd.		Total	
	2014 RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000
Net assets at 1 January	818,908	830,827	284,588	265,054	291,143	237,817	1,394,639	1,333,698
Profit for the year	30,323	7,100	23,942	34,957	21,291	(7,897)	75,556	34,160
Other comprehensive income/(expense)	13,943	(19,019)	-	-	(54,415)	(73,983)	(40,472)	(93,002)
Foreign exchange differences	-	-	-	-	20,159	-	20,159	-
Issuance of shares	-	-	-	-	-	135,206	-	135,206
Dividend paid during the year	-	-	(12,890)	(15,423)	-	-	(12,890)	(15,423)
Net assets at 31 December	863,174	818,908	295,640	284,588	278,178	291,143	1,436,992	1,394,639
Interests in associates	25.1%	25.1%	20.0%	20.0%	20.0%	20.0%	-	-
Carrying value of Group's interests in associates	216,657	205,546	59,128	56,918	55,636	58,229	331,421	320,693

21. Investments in joint ventures

	Group	
	2014	**2013**
	RM'000	RM'000
Unquoted shares, at cost	2,300	2,300
Share of post-acquisition reserves	(905)	1,645
	1,395	3,945

The joint arrangements are structured via separate unincorporated entities and provide the Group with the rights to the net assets of the entities under the arrangements. Therefore these entities are classified as joint ventures of the Group. Under the contractual arrangements, unanimous consent is required from all parties to the agreements for all relevant activities. The Group applied equity method as its accounting model.

Details of the joint ventures, which are incorporated in Malaysia, are as follows:

		Proportion of ownership interest	
Name of joint ventures	**Principal activities**	**2014**	**2013**
		%	%
PPES Works (Sarawak) Sdn. Bhd./Naim Cendera Sdn. Bhd. JV (i)	Construction of buildings	-	55.0
PPES Works – Naim Land JV	Construction of bridges	55.0	55.0
PPES Works Wibawa JV (ii)	Connection of water supply and all submarine related works	50.0	50.0
PPES Works (Sarawak) Sdn. Bhd. - PN Construction Sdn. Bhd. (iii)	Construction of Aquatic Centre	49.0	49.0

(i) The joint venture was dissolved in 2014.

(ii) During the previous financial year, the Group's initial capital contribution in PPES Works Wibawa JV was reduced by RM200,000.

(iii) Not audited as auditor has yet to be appointed.

21. Investments in joint ventures (contd.)

Summarised financial information of PPES Works - Naim Land JV ("Naim Land JV") and PPES Works Wibawa JV ("Wibawa JV") is set out below. The summarised information represents the amounts in the MFRS financial statements of the joint ventures and not the Group's share of those amounts.

(i) Summarised Statements of Financial Position

	Naim Land JV		**Wibawa JV**		**Total**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	2	-	25	-	27	-
Cash and cash equivalents	308	5,364	156	316	464	5,680
Other current assets	3,827	1,424	10,523	6,640	14,350	8,065
Total current assets	4,135	6,788	10,679	6,956	14,814	13,745
Total assets	4,137	6,788	10,704	6,956	14,841	13,745
Trade and other payables and provisions	966	178	6,380	6,338	7,346	6,517
Other current liabilities	4,565	-	-	-	4,565	-
Total current liabilities	5,531	178	6,380	6,338	11,911	6,517
Total liabilities	5,531	178	6,380	6,338	11,911	6,517
Net (liabilities)/assets	(1,394)	6,610	4,324	618	2,930	7,228

21. Investments in joint ventures (contd.)

(ii) Summarised Statements of Profit or Loss and Other Comprehensive Income

	Naim Land JV		**Wibawa JV**		**Total**	
	2014 RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000
Revenue	5,307	-	41,159	4,764	46,467	4,764
(Loss)/profit before tax from continuing operations	(5,394)	(14)	4,106	472	(1,288)	458
(Loss)/profit for the year from continuing operations	(5,394)	(14)	4,106	472	(1,288)	458
Total comprehensive (expense)/income	(5,394)	(14)	4,106	472	(1,288)	458

21. Investments in joint ventures (contd.)

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

	Naim Land JV		Wibawa JV		Total	
	2014 RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000
Net assets at 1 January	6,610	6,624	618	609	7,228	7,233
Distribution of profit	(2,610)	-	(400)	(63)	(3,010)	(63)
Return on capital from joint ventures	-	-	-	(400)	-	(400)
(Loss)/profit for the year	(5,394)	(14)	4,106	472	(1,288)	458
Net assets at 31 December	(1,394)	6,610	4,324	618	2,930	7,228
Interests in joint ventures	55%	55%	50%	50%	-	-
Carrying value of Economic Entity's interests in joint ventures	(767)	3,636	2,162	309	1,395	3,945

22. Deferred tax

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
At 1 January	(10,705)	(14,372)	724	424
Recognised in statements of profit or loss and other comprehensive income (net) (Note 11)	(1,290)	3,667	194	300
At 31 December	(11,995)	(10,705)	918	724

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets, net	27,075	23,007	918	724
Deferred tax liabilities, net	(39,070)	(33,712)	-	-
	(11,995)	(10,705)	918	724

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	52,839	53,460	918	724
Deferred tax liabilities	(64,834)	(64,165)	-	-
	(11,995)	(10,705)	918	724

22. Deferred tax (contd.)

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

Group	**Property, plant and equipment** RM'000	**Unutilised tax losses, reinvestment and infrastructure allowances and unabsorbed capital allowances** RM'000	**Other temporary differences** RM'000	**Total** RM'000
Deferred tax assets:				
At 1 January 2013	-	43,932	565	44,497
Recognised in statements of profit or loss and other comprehensive income	4,334	711	3,918	8,963
At 31 December 2013	4,334	44,643	4,483	53,460
Recognised in statements of profit or loss and other comprehensive income	(1,476)	1,332	(477)	(621)
At 31 December 2014	2,858	45,975	4,006	52,839

Group	**Property, plant and equipment** RM'000	**Property development costs** RM'000	**Other temporary differences** RM'000	**Total** RM'000
Deferred tax liabilities:				
At 1 January 2013	(49,797)	(7,722)	(1,350)	(58,869)
Recognised in statements of profit or loss and other comprehensive income	(5,609)	109	204	(5,296)
At 31 December 2013	(55,406)	(7,613)	(1,146)	(64,165)
Recognised in statements of profit or loss and other comprehensive income	(1,598)	933	(4)	(669)
At 31 December 2014	(57,004)	(6,680)	(1,150)	(64,834)

22. Deferred tax (contd.)

Company	**Unabsorbed capital allowances** RM'000
Deferred tax assets:	
At 1 January 2013	424
Recognised in statements of profit or loss and other comprehensive income	300
At 31 December 2013	724
Recognised in statements of profit or loss and other comprehensive income	194
At 31 December 2014	918

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

	Group	
	2014 RM'000	**2013** RM'000
Unutilised tax losses	35,634	34,483
Unabsorbed capital allowances	3,063	2,715
	38,697	37,198

At the reporting date, the Group has unutilised tax losses and unabsorbed capital allowances as shown above that are available for offset against future taxable profits of the companies in which the losses and allowances arose, for which no deferred tax assets are recognised due to uncertainty of its recoverability. The availability of unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

There are no income tax consequences (2013: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 44).

23. Inventories

	Group	
	2014	**2013**
	RM'000	RM'000
Cost		
Raw materials	37,453	38,018
General stores	72,425	64,293
Work-in-progress	78	436
Goods in transit	24	97
Finished goods	10,440	27,617
Completed development units	1,092	-
	121,512	130,461
Net realisable value		
Finished goods	8	85
	121,520	130,546

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM770,354,787 (2013: RM597,058,691).

24. Trade and other receivables

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Current				
Trade receivables				
Third parties	263,445	247,347	-	-
Retention sums on construction contracts (Note 26)	7,237	3,246	-	-
Advance on construction contracts (Note 26)	-	1,511	-	-
	270,682	252,104	-	-
Less: Allowance for impairment Third parties	(4,083)	(3,140)	-	-
Trade receivables, net	266,599	248,964	-	-

24. Trade and other receivables (contd.)

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Current (contd.)				
Other receivables				
Other receivables	7,319	8,836	335	826
Amount due from joint ventures	-	5,388	-	-
Amount due from subsidiaries:				
- Central cash management accounts	-	-	84,131	112,142
- Current accounts	-	-	11,469	9,668
- Loans	-	-	574	574
Other deposits	4,527	4,084	588	576
Interest receivable	4	3	-	-
Retention monies	793	671	-	-
	12,643	18,982	97,097	123,786
Less: Allowance for impairment				
Other receivables	(548)	(548)	(3,177)	(3,177)
Other receivables, net	12,095	18,434	93,920	120,609
	278,694	267,398	93,920	120,609
Non-current				
Other receivables				
Amount due from subsidiaries under loans	-	-	10,999	11,135
Amount due from an associate	10,432	9,379	-	-
	10,432	9,379	10,999	11,135
Total trade and other receivables (current and non-current)	289,126	276,777	104,919	131,744
Add: Cash and bank balances (Note 28)	829,590	613,708	674,600	579,392
Total loans and receivables	1,118,716	890,485	779,519	711,136

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 day (2013: 30 to 120 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group's trade receivables relate to a large number of diversified customers. Accordingly, there is no significant concentration of credit risk.

24. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Ageing analysis of trade receivables

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

	Group	
	2014	**2013**
	RM'000	RM'000
Neither past due nor impaired	188,662	179,178
1 to 30 days past due not impaired	26,171	21,578
31 to 60 days past due not impaired	8,408	12,746
61 to 90 days past due not impaired	11,244	4,773
91 to 120 days past due not impaired	4,852	4,834
More than 121 days past due not impaired	25,352	19,567
	76,027	63,498
Impaired	5,993	9,428
	270,682	252,104

Receivables that are neither past due nor impaired

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

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 RM76,027,035 not impaired. These receivables are unsecured. None of the past due account holders have history of default records. The management is confident in making collection from these receivables in the near future.

24. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Receivables that are impaired

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

	2014 RM'000	2013 RM'000
Trade receivables	5,993	9,428
Less: Allowance for impairment	(4,083)	(3,140)
	1,910	6,288

Movement in allowance accounts:

	2014 RM'000	2013 RM'000
At 1 January	3,140	5,980
Charges for the year (Note 8)	4,092	428
Bad debts recovered (Note 6)	(2,721)	-
Reversal of impairment loss (Note 6)	(360)	(3,144)
Unwinding of discount (Note 5)	(68)	(124)
At 31 December	4,083	3,140

Trade receivables that were individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments or debtors that have usually settled their debts beyond the prescribed credit terms. These receivables are not secured by any collateral or credit enhancements.

(b) Amount due from subsidiaries

(i) Central cash management accounts

All balances due to the Company are repayable on demand and earn interest at rates ranging from 4.84% to 5.23% (2013: 4.75% to 5.00%) per annum.

24. Trade and other receivables (contd.)

(b) Amount due from subsidiaries (contd.)

(ii) Current accounts

These amounts are unsecured, non-interest bearing and are repayable on demand.

(iii) Loans

The interest and principal repayments from a subsidiary are in accordance with the terms of shareholders' loan as described in Note 30.

Further details on related party transactions are disclosed in Note 39.

(c) Amount due from joint ventures

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

Further details on related party transactions are disclosed in Note 39.

25. Other current assets

	Group	
	2014	**2013**
	RM'000	RM'000
Prepaid operating expenses	3,905	2,498
Amount due from customers for contract work (Note 26)	42,275	18,659
Accrued billings in respect of property development costs	-	4,205
	46,180	25,362

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

	Group	
	2014	**2013**
	RM'000	RM'000
Construction contract costs incurred to-date	384,158	189,569
Attributable profits less recognised losses	27,885	15,104
	412,043	204,673
Less: Progress billings	(387,311)	(199,397)
	24,732	5,276
Presented as:		
Amount due from customers for contracts work (Note 25)	42,275	18,659
Amount due to customers for contracts work (Note 32)	(17,543)	(13,383)
	24,732	5,276
Retention sums on construction contracts included in:		
Trade receivables (Note 24)	7,237	3,246
Trade payables (Note 31)	8,289	4,224
Advance on construction contracts included in:		
Trade receivables (Note 24)	-	1,511
Trade payables (Note 31)	-	1,736

The costs incurred to-date on contracts work include the following charges made during the financial year:

	Group	
	2014	**2013**
	RM'000	RM'000
Depreciation of property, plant and equipment (Note 13)	44	51
Operating leases:		
- minimum lease payments on land and buildings	88	59
- minimum lease payments on equipment	904	-

27. Investment securities

	Group			
	2014		**2013**	
	Carrying amount RM'000	**Market value of investments** RM'000	**Carrying amount** RM'000	**Market value of investments** RM'000
Current				
Fair value through profit or loss				
Income debt securities fund (unquoted in Malaysia)	61,523	61,523	58,904	58,904
Equity instruments (quoted in Malaysia)	37,826	37,826	38,413	38,413
Unit trust funds (quoted in Malaysia)	27,951	27,951	28,695	28,695
Wholesale fund (unquoted in Malaysia)	1,386	1,386	1,056	1,056
Total current investment securities	128,686	128,686	127,068	127,068
Non-current				
Available-for-sale financial assets				
Equity instruments (unquoted in Malaysia), at cost	300	-	300	-
Redeemable participatory shares (unquoted in Malaysia), at cost	9,161	-	6,869	-
Total non-current investment securities	9,461	-	7,169	-

27. Investment securities (contd.)

	Company			
	2014		2013	
	Carrying amount RM'000	**Market value of investments** RM'000	**Carrying amount** RM'000	**Market value of investments** RM'000
Current				
Fair value through profit or loss				
Income debt securities fund (unquoted in Malaysia)	61,523	61,523	58,904	58,904
Equity instruments (quoted in Malaysia)	37,825	37,825	38,413	38,413
Unit trust funds (quoted in Malaysia)	27,951	27,951	28,695	28,695
Total current investment securities	127,299	127,299	126,012	126,012

28. Cash and bank balances

	Group		Company	
	2014 RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000
Cash in hand and at banks	93,058	37,459	3,790	6,026
Short-term deposits with licensed banks	103,290	76,767	37,568	73,884
Wholesale fund	633,242	499,482	633,242	499,482
Total cash and bank balances	829,590	613,708	674,600	579,392

(a) Included in cash at bank of the Group and Company is an amount of RM3,608,088 (2013: RM5,610,922) being monies held in trust by nominee companies under investment agreements with licensed fund managers.

28. Cash and bank balances (contd.)

(b) Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2014 for the Group and the Company were 1.38% (2013: 3.25%) and 3.72% (2013: 3.34%), respectively.

Included in short-term deposits with licensed banks of the Group and Company is an amount of RM15,000,000 (2013: RM5,000,000) being deposits placed with a banking subsidiary of an associate.

Short-term deposits of the Group and Company amounting to RM1,913,312 (2013: RM1,762,908) and RM210,000 (2013: RM210,000), respectively, have been pledged as security for banking facilities granted to subsidiaries.

(c) The wholesale fund invests only in short-term money market instruments and fixed deposits with licensed banks.

The Company pledged its units amounting to RM23,000,000 (2013: RM23,000,000) held under wholesale fund to a licensed bank as security for a banking facility granted to a subsidiary.

For the purpose of the statements of cash flows, cash and cash equivalents comprised the following at the reporting date:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Cash and short-term deposits	829,590	613,708	674,600	579,392
Less: Deposit pledged to licensed banks	(1,914)	(1,763)	(210)	(210)
Less: Wholesale fund pledged to a licensed bank	(23,000)	(23,000)	(23,000)	(23,000)
Cash and cash equivalents	804,676	588,945	651,390	556,182

29. Asset classified as held for sale

In December 2013, an asset within the Samalaju Development operating segment was classified as an asset held for sale following the decision of its Board of Directors to enter into a sale and purchase agreement for its disposal. The completion date for the transaction was supposed to be by December 2014. However, due to an unfulfilled condition which is beyond the subsidiary's control, the period to complete the disposal is extended beyond one year. Nevertheless the subsidiary is committed to its plan and it is highly probable that the disposal will be completed by December 2015. As such, no reclassification is required.

30. Loans and borrowings

	Group	
	2014	**2013**
	RM'000	RM'000
Current		
Secured:		
Revolving credits	14,000	15,000
Hire purchase and finance lease liabilities (Note 37(d))	-	16
	14,000	15,016
Unsecured:		
Shareholders' loan	551	551
Bankers' acceptances	38,708	36,006
Term loans	21,360	21,440
	60,619	57,997
	74,619	73,013
Non-current		
Unsecured:		
Shareholders' loan	5,177	5,729
Term loans	25,000	21,360
	30,177	27,089
Total loans and borrowings	104,796	100,102

The remaining maturities of the loans and borrowings were as follows:

	Group	
	2014	**2013**
	RM'000	RM'000
On demand or within 1 year	74,619	73,013
More than 1 year and less than 5 years	16,490	21,911
5 years or more	13,687	5,178
	104,796	100,102

30. Loans and borrowings (contd.)

(a) The revolving credits of a subsidiary are secured by legal charges over landed properties of the subsidiary (Note 15(a)).

(b) The interest rates of the Group were as follows:

	2014 %	2013 %
Bankers' acceptances	3.68 to 5.30	3.37 to 5.10
Revolving credits	5.02	4.76
Term loans	3.68 to 5.30	3.37 to 5.10

(c) The shareholders' loan is charged interest at 5% (2013: 5%) per annum and is repayable from June 2010 to June 2018.

31. Trade and other payables

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current				
Trade payables				
Third parties	343,833	226,505	-	-
Deposits payable	5,123	5,377	-	-
Retention sums on construction contracts (Note 26)	8,289	4,224	-	-
Advance on construction contracts (Note 26)	-	1,736	-	-
	357,245	237,842	-	-
Other payables				
Other payables	134,123	72,851	10,335	2,953
Accrued operating expenses	22,741	20,346	705	913
Amount due to subsidiaries under central cash management accounts	-	-	718,429	616,329
Amount due to corporate shareholder	-	1,607	-	-
Deposits payable	2,728	5,212	-	-
Interest payable	398	670	-	-
Retention monies	3,129	1,578	-	-
	163,119	102,264	729,469	620,195
	520,364	340,106	729,469	620,195

31. Trade and other payables (contd.)

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Non-current				
Other payables	15,959	24,072	-	-
Deposit payable	930	-	-	-
	16,889	24,072	-	-
Total trade and other payables (current and non-current)	537,253	364,178	729,469	620,195
Add: Loans and borrowings (Note 30)	104,796	100,102	-	-
Total financial liabilities carried at amortised cost	642,049	464,280	729,469	620,195

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from one month to four months (2013: one month to four months).

(b) Other payables

Included in non-current other payables is an amount of RM15,958,564 (2013: RM24,072,207) relating to the acquisition of parcel of leasehold land (Note 13) by a subsidiary. This amount is unsecured, bears interest at 8% per annum and is repayable within five years.

(c) Amount due to subsidiaries

Amount due to subsidiaries under central cash management accounts is unsecured, repayable on demand and bears interest at rates ranging from 2.96% to 3.45% (2013: 3.01% to 3.09%) per annum.

Further details on related party transactions are disclosed in Note 39.

(d) Amount due to a corporate shareholder

The amount due to a corporate shareholder is unsecured, non-interest bearing and is repayable on demand.

Further details on related party transactions are disclosed in Note 39.

32. Other current liabilities

	Group 2014 RM'000	Group 2013 RM'000
Progress billings in respect of property development costs	5,712	1,416
Amount due to customers for contract work (Note 26)	17,543	13,383
	23,255	14,799

33. Share capital and treasury shares

Group/Company

	Number of ordinary shares			Amount	
	Share capital (Issued and fully paid) '000	**Treasury shares** '000	**Par value** RM	**Share capital (Issued and fully paid)** RM'000	**Treasury shares** RM'000
At 1 January 2013	332,436	(7,577)	1.00	332,436	(23,319)
Exercise of employees' share options (Note 36(a))	7,268	-	1.00	7,268	-
Acquisition of treasury shares	-	(5,704)	1.00	-	(19,102)
Disposal of treasury shares	-	12,480	1.00	-	38,792
At 31 December 2013 and 1 January 2014	339,704	(801)	1.00	339,704	(3,629)
Exercise of employees' share options (Note 36(a))	5,716	-	1.00	5,716	-
Disposal of treasury shares	-	801	1.00	-	3,629
Share split	345,420	-	-	-	-
Bonus issue	345,420	-	0.50	172,710	-
Exercise of employees' share options (Note 36(a))	3,244	-	0.50	1,622	-
At 31 December 2014	1,039,504	-	0.50	519,752	-

33. Share capital and treasury shares (contd.)

	Number of ordinary shares		Amount
	Authorised	**Par value**	
	'000	RM	RM'000
At 1 January 2013 and 31 December 2013	1,000,000	1.00	1,000,000
Share split	1,000,000	-	-
At 31 December 2014	2,000,000	0.50	1,000,000

	Number of Non-Convertible Redeemable Preference Shares		Amount
	Authorised	**Par value**	
		RM	RM
At 1 January 2013 and 31 December 2013	400	1.00	400
Share split	400	-	-
At 31 December 2014	800	0.50	400

(a) Share capital

The holders of ordinary shares (except treasury 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 Company has an employees' share option plan under which options to subscribe for the Company's ordinary shares have been granted to employees of the Group.

(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 net of the proceeds received on their subsequent sale or issuance.

33. Share capital and treasury shares (contd.)

(b) Treasury shares (contd.)

The Company acquired 801,000 shares in the Company through purchases from the open market in the previous financial year. The total amount paid to acquire the shares was RM3,628,907 and this was presented as a component within shareholders' equity. The average cost paid for the shares repurchased in the previous financial year was RM4.53 per share including transaction costs, and the repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares. Treasury shares have no rights to voting, dividends and participation in other distribution.

On 10 January 2014, the Company re-sold 801,000 treasury shares in the market for a total consideration of RM5,742,916, net of commission. After the re-sale of the treasury shares, the Company no longer holds any treasury share in its books.

(c) Non-Convertible Redeemable Preferences Shares

Non-convertible redeemable preferences shares do not have the right to participated in dividends declared to ordinary shareholders and the rights to vote.

34. Share premium

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
At 1 January	448,663	433,821	448,660	433,818
Bonus issue	(172,710)	-	(172,710)	-
Arising from ordinary shares issued under ESOS	13,351	14,842	13,351	14,842
At 31 December	289,304	448,663	289,301	448,660

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

35. Other reserves

Group	**Capital reserve** RM'000	**Translation reserve** RM'000	**Merger deficit** RM'000	**Statutory reserve** RM'000	**Fair value reserve** RM'000	**Premium paid on acquisition of non-controlling interests** RM'000	**Employees' share option reserve** RM'000	**Total** RM'000
At 1 January 2013	25,067	(66)	(12,000)	16,071	1,188	(22,986)	12,028	19,302
Other comprehensive income:								
Foreign currency translation	-	17	-	-	-	-	-	17
Share of other comprehensive income/(loss) of associates	-	1,182	-	-	(5,759)	-	-	(4,577)
	-	1,199	-	-	(5,759)	-	-	(4,560)
Transactions with owners:								
Grant of equity-settled share options to employees	-	-	-	-	-	-	3,322	3,322
Exercise of employees' share options	-	-	-	-	-	-	(6,070)	(6,070)
Share of an associate's reserves	-	-	-	2,061	-	-	-	2,061
Acquisition of non-controlling interests	-	62	-	-	-	169	-	231
	-	62	-	2,061	-	169	(2,748)	(456)
At 31 December 2013	25,067	1,195	(12,000)	18,132	(4,571)	(22,817)	9,280	14,286

35. Other reserves (contd.)

Group (contd.)	Capital reserve RM'000	Translation reserve RM'000	Merger deficit RM'000	Statutory reserve RM'000	Fair value reserve RM'000	Cash flow hedge reserve RM'000	Premium paid on acquisition of non-controlling interests RM'000	Employees' share option reserve RM'000	Total RM'000
At 1 January 2014	25,067	1,195	(12,000)	18,132	(4,571)	-	(22,817)	9,280	14,286
Other comprehensive income:									
Foreign currency translation	-	(145)	-	-	-	-	-	-	(145)
Share of other comprehensive income/(loss) of associates	-	4,801	-	-	2,585	(25,679)	-	-	(18,293)
	-	4,656	-	-	2,585	(25,679)	-	-	(18,438)
Transactions with owners:									
Grant of equity-settled share options to employees	-	-	-	-	-	-	-	7,293	7,293
Exercise of employees' share options	-	-	-	-	-	-	-	(5,657)	(5,657)
Share of an associate's reserves	-	-	-	3,241	-	-	-	-	3,241
Liquidation of subsidiaries	(15,458)	-	-	-	-	-	275	-	(15,183)
Acquisition of non-controlling interests	-	-	-	-	-	-	(871)	-	(871)
	(15,458)	-	-	3,241	-	-	(596)	1,636	(11,177)
At 31 December 2014	9,609	5,851	(12,000)	21,373	(1,986)	(25,679)	(23,413)	10,916	(15,329)

35. Other reserves (contd.)

Company	Merger reserve RM'000	Employees' share option reserve RM'000	Total RM'000
At 1 January 2013	168,000	12,028	180,028
Grant of equity-settled share options to employees	-	3,322	3,322
Exercise of employees' share options	-	(6,070)	(6,070)
At 31 December 2013 and 1 January 2014	168,000	9,280	177,280
Grant of equity-settled share options to employees	-	7,293	7,293
Exercise of employees' share options	-	(5,657)	(5,657)
At 31 December 2014	168,000	10,916	178,916

(a) Capital reserve

Capital reserve of the Group comprises accretion from shares issued by subsidiaries, retained earnings capitalised for bonus issues by subsidiaries and share of capital reserve in an associate.

(b) Translation reserve

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

(c) Statutory reserve

Statutory reserve of the Group are maintained by the investment banking subsidiary of an associate in compliance with the requirements of the BNM Guidelines on Capital Fund, pursuant to Section 47(2)(f) of the Financial Services Act 2014 and are not distributable as dividends.

(d) Fair value reserve

Fair value reserve comprises the cumulative fair value changes, net of tax, of available-for-sale financial assets of an associate until they are disposed off or impaired.

35. Other reserves (contd.)

(e) Cash flow hedge reserve

The cash flow hedge reserve is the Group's share of an associate's hedging reserve which comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

(f) Employees' share option reserve

Employees' share option reserve represents the equity-settled share options granted to employees (Note 36). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

36. Employee benefits

Employees' share option scheme

The Company implemented an ESOS which came into effect on 23 June 2010. The ESOS is governed by the bylaws which were approved by the shareholders on 27 May 2010.

The salient features of the ESOS are as follows:

(i) the total number of new shares which may be made available under the scheme shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company at any point of time during the existence of the ESOS;

(ii) eligible persons are confirmed employees including full-time executive directors of the Group;

(iii) the aggregate number of new shares to be offered to selected employees in accordance with the ESOS shall be determined at the discretion of the ESOS Committee. No option shall be granted for less than 100 shares;

(iv) the option price may be at a discount of not more than ten percent (10%) from the five (5) days weighted average market price of the underlying shares preceding the date of offer or at par value of the ordinary shares of the Company, whichever is higher;

(v) the ESOS shall be in force for a period of five (5) years and extendable to ten (10) years from the date of the first offer;

(vi) the ESOS Committee may, at its discretion, at any time before and after an option is granted, limit the maximum number or percentage of exercisable options within the option period; and

36. Employee benefits (contd.)

Employees' share option scheme (contd.)

(vii) the exercise of the options is subjected to vesting conditions being met by respective grantees. These vesting conditions may be affected by, inter-alia, performance targets being achieved before the options can be exercised. The vesting conditions, if any, shall be determined by the ESOS Committee whose decision shall be final and binding.

Details of share options under ESOS are as follows:

(a) Movement of share options during the financial year

The following table illustrates the number and weighted average exercise price ("WAEP") of, and movements in, share options during the financial year:

	2014		2013	
	No. of options '000	WAEP RM	No. of options '000	WAEP RM
Outstanding at 1 January	15,281	2.21	23,184	2.21
Granted	3,926	6.85	-	-
Exercised	(5,716)	2.21	(7,268)	2.20
Cancelled	(375)	2.41	(635)	2.21
Before share split and bonus issue	13,116	1.21	15,281	2.21
Arising from share split and bonus issue	26,232	1.21	-	-
Exercised	(3,244)	0.74	-	-
Cancelled	(327)	1.20	-	-
Outstanding at 31 December	35,777	1.25	15,281	2.21
Exercisable at 31 December	3,154	0.74	2,626	2.20

Details of share options outstanding at the end of the year:

	Exercise price RM/Share of RM1 each	Adjusted exercise price RM/Share of RM0.50 each*	Exercise period
31.12.2014/31.12.2013			
First offer	2.20	0.74	15.4.2011 to 22.6.2015
Second offer	2.23	0.75	1.4.2013 to 22.6.2015
Third offer	6.85	2.29	1.4.2015 to 22.6.2015

* Adjusted for share split and bonus issue in June 2014.

36. Employee benefits (contd.)

(a) Movement of share options during the financial year (contd.)

Options exercisable in a particular year but not exercised can be carried forward to the subsequent years provided that no options shall be exercised beyond the date of expiry of the Scheme.

The aggregate maximum allocation of share options to executive directors and senior management of the Group and the Company shall not exceed 50%. The actual allocation of share options to executive directors and senior management as at 31 December 2014 was 16.0% (2013: 16.0%).

The weighted average fair value of options granted for the first, second and third offers were RM0.93, RM0.55 and RM2.43, respectively.

(b) Share options exercised during the financial year

	2014	2013
Weighted average share price at the date of exercise of the options exercised (RM)		
- First offer	3.42*	5.52
- Second offer	3.35*	-
Proceeds received on exercise of options over ordinary shares (RM'000)	15,032	16,040

* Adjusted for share split and bonus issue in June 2014

(c) Fair value of share options granted

The fair value of the share options granted during the previous financial year was estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the option pricing models:

	First offer	Second offer	Third offer
Dividend yield (%)	1.51	4.65	1.38
Expected volatility (%)	39.77	35.97	36.29
Risk-free interest rate (% p.a.)	3.30	3.30	3.33
Expected life of option (years)	4.86	2.95	1.25
Weighted average share price (RM)	2.49	2.42	8.68

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

37. Commitments

(a) Capital commitments

Capital expenditures as at the reporting date were as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Approved and contracted for:				
- Property, plant and equipment	151,359	49,517	-	-
- Intangible assets	670	-	-	-
- Investment properties	-	-	720	-
- Others	5,727	8,942	-	-
	157,756	58,459	720	-
Approved but not contracted for:				
- Property, plant and equipment	232,138	330,412	1,509	662
- Intangible assets	2,024	2,000	-	-
- Investment properties	37,500	37,500	-	6,916
- Investment in associates	114,608	143,968	-	-
- Others	6,667	6,667	-	-
	392,937	520,547	1,509	7,578
	550,693	579,006	2,229	7,578

(b) Operating lease commitments - as lessee

In addition to prepaid land lease payments disclosed in Note 14, the Group and the Company have entered into operating lease agreements for the use of land, buildings and certain plant and machinery. These leases have an average life of between 1 and 20 years with no renewal or purchase option included in the contracts. Certain contracts include escalation clauses or contingent rental arrangements computed based on sales achieved while others include fixed rentals for an average of 3 years. There are no restrictions placed upon the Group by entering into these leases.

The Group also leases various plant and machinery under cancellable operating lease agreements. The Group is required to give notice for the termination of those agreements.

37. Commitments (contd.)

(b) Operating lease commitments - as lessee (contd.)

The future minimum lease payments under operating leases contracted at reporting date were as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Not later than 1 year	5,884	4,957	1,789	1,587
Later than 1 year and not later than 5 years	14,978	10,768	1,482	1,604
Later than 5 years	26,425	22,587	-	-
	47,287	38,312	3,271	3,191

The lease payments recognised in profit or loss during the financial year is disclosed in Note 8.

(c) Operating lease commitments - as lessor

The Group has entered into an operating lease agreement on its investment property. This lease has a remaining lease term of more than 5 years.

The future minimum lease payments receivable under the operating lease contracted for at the reporting date were as follows:

	Group	
	2014	**2013**
	RM'000	RM'000
Not later than 1 year	1,637	616
Later than 1 year and not later than 5 years	5,156	2,138
Later than 5 years	5,400	-
	12,193	2,754

Investment property rental income recognised in profit or loss during the financial year is disclosed in Note 4.

37. Commitments (contd.)

(d) Finance lease commitments

The Group has finance leases for certain items of equipment (Note 13). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group	
	2014	**2013**
	RM'000	RM'000
Minimum lease payments:		
Not later than 1 year, representing total minimum lease payments	-	17
Less: Amounts representing finance charges	-	(1)
Present value of minimum lease payments	-	16
Present value of payments:		
Not later than 1 year, representing present value of minimum lease payments	-	16
Less: Amount due within 12 months (Note 30)	-	(16)
Amount due after 12 months (Note 30)	-	-

38. Contingencies

(a)

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Share of contingent liabilities of an associate	2,421	2,689	397	441

38. Contingencies (contd.)

(b) (i) In the previous financial year, the Company extended an unsecured corporate guarantee of RM31,000,000 to RHB Bank Berhad for banking facilities granted to OM Materials (Sarawak) Sdn. Bhd. ("OM Sarawak"), an associate of a wholly-owned subsidiary, Samalaju Industries Sdn. Bhd. ("SISB").

The Company has, on the basis of its twenty per cent (20%) ownership interest in OM Sarawak, extended an unsecured corporate guarantee to Syarikat Sesco Berhad ("SSB") to guarantee the performance by OM Sarawak of its obligations under the Power Purchase Agreement entered into between OM Sarawak and SSB on 2 February 2012.

(ii) At an Extraordinary General Meeting held on 21 March 2013, the Company obtained approval from its shareholders to provide a proportionate corporate guarantee in the amount of up to USD43 million and RM87.2 million and other financial assistance (including shareholders' support and other collateral) for the benefit of OM Sarawak.

Following the shareholders' approval on 21 March 2013, OM Sarawak entered into the Facilities Agreement ("FA") dated 28 March 2013 with a consortium of banks for credit facilities of USD215 million and RM436 million to part finance the construction and operation of a ferro silicon alloy smelter ("Project"). As required under the FA, both the Company and SISB entered into the Project Support Agreement dated even date which provides for a proportionate corporate guarantee (guaranteeing all of OM Sarawak's payment obligations under the FA until 18 months after completion of the Project, including without limitation, the principal amount, the interest accrued thereon and related hedging payments, the completion of the Project, and all of SISB's obligations under the finance documents, which consist primarily of providing the shareholders' support described below); shareholders' support (which may be in the form of shareholders' advances or subscription to fully paid up ordinary shares in OM Sarawak); and other collateral from the shareholders of OM Sarawak, proportionate to their respective shareholdings, as security for the FA.

As at the reporting date, no values were placed on the unsecured corporate guarantees provided by the Company as the directors regard the value of the credit enhancement provided by the corporate guarantees to be minimal and the likelihood of default to be low.

39. Related party transactions

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

(a) Sales of goods and services

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Sale of goods to:				
- Titanium Construction Sdn. Bhd. (i)	162	205	-	-
- Vanadium Land Sdn. Bhd. (ii)	3,802	-	-	-
- Laku Management Sdn. Bhd. (iii)	6,672	4,503	-	-
Sale of materials to an associate	61	-	-	-
Contract revenue from Laku Management Sdn. Bhd. (iii)	28,113	10,809	-	-
Dividend income from funds managed by an associate	16,110	13,297	16,110	13,297
Interest income received from:				
- Associates	487	185	487	185
- Subsidiaries	-	-	5,727	4,854
Fee received from subsidiaries	-	-	6,127	5,493
Management fees received from:				
- Subsidiaries	-	-	255	207
- An associate	1,658	1,982	-	-
- COPE Opportunities 2 Sdn. Bhd. (iv)	1,129	1,129	-	-
- COPE Opportunities 3 Sdn. Bhd. (iv)	1,600	1,156	-	-
Rental received from:				
- A subsidiary	-	-	600	600
- Joint ventures	124	-	-	-

39. Related party transactions (contd.)

(a) Sales of goods and services (contd.)

(i) Dato Sri Mahmud Abu Bekir Taib is a director of Titanium Construction Sdn. Bhd. of which the Group supplied construction materials.

He is a director and a major shareholder of the Company as well as director in several subsidiaries of the Company.

(ii) The Group supplied construction materials to Vanadium Land Sdn. Bhd., a company in which Datu Michael Ting Kuok Ngie is a director.

(iii) The Group was awarded a construction project and supplied goods to Laku Management Sdn. Bhd., a company in which Datu Hubert Thian Chong Hui is a director.

(iv) Azam bin Azman has 50% equity interest in both COPE Opportunities 2 Sdn. Bhd. and COPE Opportunities 3 Sdn. Bhd. and the Group has interest in the contract for the provision of investment management services.

He is a director in a subsidiary and an associate of the Group.

(b) Purchases of goods and services

	Group		Company	
	2014 RM'000	**2013** RM'000	**2014** RM'000	**2013** RM'000
Purchase of goods from associates	170,110	39,245	-	-
Interest expense paid to subsidiaries	-	-	17,508	16,195
Payment for services to:				
- Associates	946	1,171	946	1,145
- Achi Jaya Communications Sdn. Bhd. (i)	38	43	2	2
- Impetus Alliance Advisors Sdn. Bhd. (ii)	312	312	-	-
- KTA (Sarawak) Sdn. Bhd. (iii)	292	-	-	-
- Opus Asset Management Sdn. Bhd. (iv)	1	170	1	170
- Opus Capital Sdn. Bhd. (v)	127	127	-	-
- Satria Realty Sdn. Bhd. (vi)	1,681	1,853	1,397	1,565

39. Related party transactions (contd.)

(b) Purchases of goods and services (contd.)

(i) Dato Sri Mahmud Abu Bekir Taib has 15.65% (2013: 15.65%) equity interest in Achi Jaya Communications Sdn. Bhd. which the Group purchased telecommunication equipment and received services from.

(ii) Datuk Seri Micheal Yam Kong Choy is a director and a substantial shareholder of Impetus Alliance Advisors Sdn. Bhd. who is also a director of a subsidiary of the Company. Impetus Alliance Advisors Sdn. Bhd. provided advisory services to the Group.

(iii) The brother of one of the directors of the Company, Datu Michael Ting Kuok Ngie @ Ting Kok Ngie, has 20% direct interest in KTA (Sarawak) Sdn. Bhd.. The Group entered into a contract for the provision of engineering consultancy services with KTA (Sarawak) Sdn. Bhd..

(iv) Azam bin Azman is a director of Opus Asset Management Sdn. Bhd., which provided investment management services to the Group.

(v) Azam bin Azman is a director of Opus Capital Sdn. Bhd., which provided advisory services to the Group.

(vi) The Group had transacted with Satria Realty Sdn. Bhd., a company controlled by Majaharta Sdn. Bhd. (a major shareholder of the Company) which in turn is controlled by Datuk Hanifah Hajar Taib and Jamilah Hamidah Taib who are major shareholders of the Company and persons connected to Dato Sri Haji Mahmud Abu Bekir Taib and Datuk Syed Ahmad Alwee Alsree, for the provision of office rental and office upkeep to the Group.

39. Related party transactions (contd.)

(c) Year-end balances arising from sales/purchases of goods/services

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Receivable from related company:				
- Titanium Construction Sdn. Bhd.	30	-	-	-
Payable to related parties:				
- An associate	36,442	18,429	-	-
- Achi Jaya Communications Sdn. Bhd.	5	7	-	-
- Laku Management Sdn. Bhd.	4,563	5,469	-	-
- Opus Asset Management Sdn. Bhd.	-	12	-	12
- Satria Realty Sdn. Bhd.	3	2	-	-
- Vanadium Land Sdn. Bhd.	432	-	-	-

(d) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	11,067	8,711	7,183	5,140
Defined contribution plan	1,347	1,012	880	617
Share-based payments	895	539	173	327
	13,309	10,262	8,236	6,084

Key management personnel comprise persons other than directors of the Group, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

In 2014, 475,000 share options were granted to the Group's key management personnel at an exercise price of RM6.85 each (before share split and bonus issue).

40. Fair value measurements

(a) Determination of fair value and the fair value hierarchy

For financial instruments measured at fair value, where available, quoted and observable market prices in an active market or dealer price quotations are used to measure fair value. These include listed equity securities and broker quote on Bloomberg and Reuters.

Where such quoted and observable market prices are not available, fair values are determined using appropriate valuation techniques, which include the use of mathematical models, such as discounted cash flow models and option pricing models, comparison to similar instruments for which market observable prices exist and other valuation techniques. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length. Valuation techniques used incorporate assumptions regarding discount rates, interest/profit rate yield curves, estimates of future cash flows and other factors, as applicable. Changes in these assumptions could materially affect the fair values derived.

The Group and the Company generally use widely recognised valuation techniques with market observable inputs, if available, for the determination of fair value, which require minimal management judgement and estimation, due to the low complexity of the financial instruments held.

MFRS 13 Fair Value Measurement requires each class of assets and liabilities measured at fair value in the statements of financial position after initial recognition to be categorised according to a hierarchy that reflects the significance of inputs used in making the measurements, in particular, whether the inputs used are observable or unobservable. The following levels of hierarchy are used for determining and disclosing the fair value of those financial instruments and non-financial assets:

Level 1 - Quoted market prices: quoted prices (unadjusted) in active market for identical instruments;

Level 2 - Fair values based on observable inputs: inputs other than quoted prices included within Level 1 that are observable for the instrument, whether directly (i.e. prices) or indirectly (i.e. derived from prices), are used; and

Level 3 - Fair values derived using unobservable inputs: inputs used are not based on observable market data and the unobservable inputs may have a significant impact on the valuation of the financial instruments and non-financial assets.

40. Fair value measurements (contd.)

(b) Financial instruments and non-financial assets carried at fair value

The following tables provide an analysis of financial instruments and non-financial assets carried at fair values at the reporting date analysed by the various levels within the fair value hierarchy:

	Level 1	**Level 2**	**Level 3**	**Total**
	RM'000	RM'000	RM'000	RM'000
Group				
31 December 2014				
Financial assets				
Income debt securities fund	-	61,523	-	61,523
Equity instruments	37,826	-	-	37,826
Unit trust funds	27,951	-	-	27,951
Wholesale fund	-	1,386	-	1,386
	65,777	62,909	-	128,686
31 December 2013				
Financial assets				
Fixed income debt securities	-	58,904	-	58,904
Equity instruments	38,413	-	-	38,413
Unit trust funds	28,695	-	-	28,695
Wholesale fund	-	1,056	-	1,056
	67,108	59,960	-	127,068
Company				
31 December 2014				
Financial assets				
Income debt securities fund	-	61,523	-	61,523
Equity instruments	37,825	-	-	37,825
Unit trust funds	27,951	-	-	27,951
	65,776	61,523	-	127,299
31 December 2013				
Financial assets				
Income debt securities fund	-	58,904	-	58,904
Equity instruments	38,413	-	-	38,413
Unit trust funds	28,695	-	-	28,695
	67,108	58,904	-	126,012

40. Fair value measurements (contd.)

(b) Financial instruments and non-financial assets carried at fair value (contd.)

The Group and the Company recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year (2013: Nil).

As there was no financial assets or financial liabilities measured at level 3, no reconciliation is presented.

(c) Fair values of financial instruments not carried at fair value

Set out below is the comparison of the carrying amounts and fair values of the financial instruments of the Group which are not carried at fair value in the financial statements. It does not include those short term/on demand financial assets and financial liabilities where the carrying amounts are reasonable approximation of their fair values:

	31 December 2014		**31 December 2013**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
	RM'000	RM'000	RM'000	RM'000
Group				
Financial assets:				
Available-for-sale financial assets				
- Equity instruments	300	300	300	300
- Redeemable participating shares	9,161	9,161	6,869	6,869
	9,461	9,461	7,169	7,169
Financial liabilities:				
Interest-bearing loans and borrowings				
- Bankers' acceptances	38,708	38,708	36,006	36,006
- Term loan	46,360	49,599	42,800	43,340
- Finance lease liabilities	-	-	16	16
- Revolving credits	14,000	14,000	15,000	15,000
- Loans from corporate shareholders	5,728	6,606	6,280	7,532
	104,796	108,913	100,102	101,894

40. Fair value measurements (contd.)

(c) Fair values of financial instruments not carried at fair value (contd.)

The methods and assumptions used to estimate the fair values of the financial instruments not carried at fair value are as follows:

(i) Loans, advances and financing

The fair values of fixed rate loans/financing with remaining maturity of less than one year and variable rate loans/financing are estimated to approximate their carrying amounts. For fixed rate loans/financing with remaining maturity of more than one year, the fair values are estimated based on discounted cash flows using prevailing market rates of loans/financing of similar credit risks and maturity. The fair values of impaired loans/financing are represented by their carrying amounts, net of any collective and individual assessment allowances, being the expected recoverable amount.

(ii) Equity instruments and redeemable participatory shares

The carrying amounts of these financial instruments are deemed to approximate the fair values as their fair values cannot be reliably measured.

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

	Note
Investments in associates	20
Investments in joint ventures	21
Trade receivables (current)	24
Other receivables (current)	24
Trade payables (current)	31
Other payables (current)	31

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

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

41. 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 Group's overall risk management strategy seeks to minimise potential adverse effects on the financial performance of the Group. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

Financial risk management policies are reviewed and approved by the Board of Directors and executed by the management of the respective operating units. The Group Risk Committee provides independent oversight on the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting except for one of its associate and do not hold or issue derivative financial instruments for trading purposes.

The following sections provide details regarding the Group's and 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. At the reporting date, the Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. It is the Group's policy that contractual deposits are collected and scheduled progress payments are received from the buyers when due. Titles to properties are only transferred upon full settlement. Management does not expect any counterparties to fail to meet their obligations.

41. Financial risk management objectives and policies (contd.)

(a) Credit risk (contd.)

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. There was no significant concentration of credit risk with any entity.

Information regarding financial assets that are either past due or impaired and ageing analysis is disclosed in Note 24. Management believes that no additional credit risk beyond that provided for is inherent in the Group's trade and other receivables.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company adopt a prudent approach to managing their liquidity risk. The Group and the Company always maintains sufficient cash and cash equivalents, and have available funding through a diverse source of committed and uncommitted credit facilities from various banks.

Analysis of financial instruments by remaining contractual maturities

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted repayment obligations.

		Cash Flows			
Group	**Carrying amount** RM'000	**On demand or within 1 year** RM'000	**1 to 5 years** RM'000	**Over 5 years** RM'000	**Total** RM'000
At 31 December 2014					
Financial liabilities:					
Trade and other payables, excluding financial guarantees*	537,253	520,364	16,889	-	537,253
Loans and borrowings	104,796	77,286	23,345	18,083	118,714
Total undiscounted financial liabilities		597,650	40,234	18,083	655,967

41. Financial risk management objectives and policies (contd.)

(b) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

Group (contd.)	Carrying amount RM'000	Cash Flows: On demand or within 1 year RM'000	Cash Flows: 1 to 5 years RM'000	Cash Flows: Over 5 years RM'000	Cash Flows: Total RM'000
At 31 December 2013					
Financial liabilities:					
Trade and other payables, excluding financial guarantees*	364,178	340,106	24,072	-	364,178
Loans and borrowings	100,102	75,647	30,538	-	106,185
Total undiscounted financial liabilities		415,753	54,610	-	470,363
Company					
At 31 December 2014					
Financial liabilities:					
Trade and other payables, excluding financial guarantees*	729,469	729,469	-	-	729,469
Total undiscounted financial liabilities		729,469	-	-	729,469
At 31 December 2013					
Financial liabilities:					
Trade and other payables, excluding financial guarantees*	620,195	620,195	-	-	620,195
Total undiscounted financial liabilities		620,195	-	-	620,195

* At the reporting date, the counterparties to the financial guarantees do not have a right to demand cash as the defaults have not occurred. Accordingly, financial guarantees under the scope of MFRS 139 are not included in the above maturity profile analysis.

41. Financial risk management objectives and policies (contd.)

(c) Interest rate risk

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

The Group's exposure to market risk for changes in interest rates arise primarily from its fixed/treasury deposits and loans and bank borrowings. The Group's fixed/treasury deposits and borrowings at floating rates are contractually re-priced at intervals of less than 6 months (2013: less than 6 months) from the reporting date.

Sensitivity analysis for interest rate risk

At the reporting date, it is estimated that a hundred basis points increase in interest rate, with all other variables held constant, would decrease the Group's profit for the year by approximately RM270,683 (2013: RM391,928), arising mainly as a result of higher interest expense on net floating borrowing position. A decrease in interest rate would have had the equal but opposite effect on the aforesaid amount, on the basis that all other variables remain constant.

(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 exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading activities. It is the Group's policy to hedge these risks where the exposures are certain and cost-efficient.

The currencies giving rise to this risk are primarily United States Dollar (USD) and Euro. Exposure to foreign currency risk is monitored on an ongoing basis to ensure that the exposure is at an acceptable level. At 31 December 2014, the Group and the Company have not entered into any forward foreign currency contracts.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible 10% strengthening of the USD and Euro exchange rates against the functional currency of the Group, with all other variables held constant at the reporting date.

41. Financial risk management objectives and policies (contd.)

(d) Foreign currency risk (contd.)

Sensitivity analysis for foreign currency risk (contd.)

	Group Profit net of tax	
	2014	**2013**
	RM'000	RM'000
United States Dollars	1,112	1,867
Euro	-	20

A 10% weakening of the above foreign currencies against the underlying functional currencies at the reporting date would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(e) Market price risk

Market price 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 prices (other than interest or exchange rates).

The Group and the Company are exposed to market price risk and the risk of impairment in the value of investments held. The Group and the Company manage the risk of impairment by evaluation of investment opportunities, continuously monitoring the performance of investments held and assessing market risk relevant to which the investments operate.

At the reporting date, 48% (2013: 46%) of the Group's and the Company's investment securities consist of income debt securities fund, 30% (2013: 30%) in equity portfolio quoted on Bursa Malaysia Securities Berhad, while the remaining portion of the investment securities comprises unit trusts which invest in short term money market instruments.

Sensitivity analysis for equity price risk

At the reporting date, if prices for equity securities increase by 10% with all other variables being held constant, the Group's and the Company's profit for the year will be RM3,367,542 (2013: RM3,341,337) higher as a result of higher fair value gain on fair value through profit or loss investments in equity instruments. A 10% decrease in the underlying equity prices would have had the equal but opposite effect to the amounts shown above.

42. Capital management

The primary objective of the Group's and the Company's capital management is to ensure that they maintain healthy capital ratios to support their businesses and maximise shareholder value. No changes were made in the objectives, policies and processes during the years ended 31 December 2014 and 2013.

The Group and the Company review their capital structure and make adjustments to reflect economic conditions, business strategies and future commitments on a continuous basis.

The Group and the Company monitor capital using a gearing ratio. The gearing ratio is calculated as loans and borrowings divided by equity attributable to owners of the Company.

The Group and the Company are in compliance with all externally imposed capital requirements in respect of their external borrowings for the financial years ended 31 December 2014 and 2013.

	Group	
	2014	**2013**
	RM'000	RM'000
Loans and borrowings (Note 30)	104,796	100,102
Equity attributable to the owners of the Company	1,811,731	1,654,117
Gearing ratio (times)	0.06	0.06

As the Company has no loans and borrowings, accordingly no gearing ratio is presented.

43. Segment information

Segmental information is prepared on the basis of the "management approach", which requires presentation of the segments on the basis of internal reports about the components of the entity.

The Group is organised into business based on their divisions, and has seven reportable operating segments as follows:

(i) Cement - manufacturing of cement, clinker and concrete products;
(ii) Construction materials and trading - quarry operations, production and sale of premix, wires and general trading;
(iii) Construction and road maintenance - civil engineering, road construction and maintenance;
(iv) Property development - property holding, development, project management and related services;
(v) Samalaju development - lodging and catering services;
(vi) Strategic investments - financial services and education;
(vii) Others - head office and dormant companies.

For each of the division, the Group Managing Director reviews the internal management reports on a monthly basis and conducts performance dialogues with the divisions on a regular basis. The Group assesses the performance of the operating segments based on measure of revenue and profit before tax.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities, income and expenses.

Transfer prices between business segments are on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfer between business segments. These transfers are eliminated on consolidation.

Segment analysis by geographical locations has not been presented as the Group's operations are predominantly conducted in Malaysia.

43. Segment information (contd.)

	Cement RM'000	Construction materials and trading RM'000	Construction and road maintenance RM'000	Property development and related services RM'000	Samalaju development RM'000	Strategic investments RM'000	Others RM'000	Adjustments and elimination RM'000	Notes	Per consolidated financial statements RM'000
31 December 2014										
Revenue:										
External customers	548,227	599,347	364,298	113,583	14,896	11,392	22,155	-		1,673,898
Inter-segment	37,595	66,617	2,177	260	-	-	6,763	(113,412)	A	-
Total revenue	585,822	665,964	366,475	113,843	14,896	11,392	28,918	(113,412)		1,673,898
Results:										
Interest income	186	1	659	59	928	2	-	-		1,835
Depreciation and amortisation	34,233	4,474	5,034	388	(3,638)	338	1,883	(61)		42,651
Share of results of associates	-	-	-	-	4,126	7,054	5,406	-		16,586
Share of results of joint ventures	-	-	1,259	-	-	-	-	-		1,259
Other non-cash expenses	4,242	4,285	1,984	511	723	570	1,181	-	B	13,496
Segment profit/(loss) before tax	120,483	76,477	82,974	45,628	9,460	(3,228)	15,300	(5,642)	C	341,452
Assets:										
Investments in associates	-	-	-	-	95,998	307,947	-	-		403,945
Investments in joint ventures	-	-	1,395	-	-	-	-	-		1,395
Additions to non-current assets	62,480	10,214	23,018	11,623	40,264	455	1,073	6,164	D	155,291
Segment assets	795,246	521,511	495,049	340,029	152,002	23,520	938,885	(466,111)	E	2,800,131
Segment liabilities	82,794	305,230	125,158	86,649	106,746	29,824	716,069	(726,872)	F	725,598

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Notes to the Financial Statements
For the financial year ended 31 December 2014

43. Segment information (contd.)

	Cement RM'000	Construction materials and trading RM'000	Construction and road maintenance RM'000	Property development and related services RM'000	Samalaju development RM'000	Strategic investments RM'000	Others RM'000	Adjustments and elimination RM'000	Notes	Per consolidated financial statements RM'000
31 December 2013										
Revenue:										
External customers	514,642	393,401	289,260	74,976	112,977	10,532	21,053	-		1,416,841
Inter-segment	25,101	57,338	12,264	254	-	-	5,774	(100,731)	A	-
Total revenue	539,743	450,739	301,524	75,230	112,977	10,532	26,827	(100,731)		1,416,841
Results:										
Interest income	4,719	3,500	7,847	232	1,191	627	80	(17,579)		617
Depreciation and amortisation	31,763	3,880	3,711	287	41,988	276	2,469	(61)		84,313
Share of results of associates	-	-	-	-	(1,615)	8,243	-	-		6,628
Share of results of joint ventures	-	-	228	-	-	-	-	-		228
Other non-cash expenses	911	1,066	1,293	70	323	3,243	791	-	B	7,697
Segment profit/(loss) before tax	96,663	55,083	95,013	31,272	26,719	(4,297)	975	(6,534)	C	294,894
Assets:										
Investments in associates	-	-	-	-	84,161	296,367	-	-		380,528
Investments in joint ventures	-	-	3,945	-	-	-	-	-		3,945
Additions to non-current assets	36,670	7,038	16,559	4,457	32,169	407	1,022	249	D	98,571
Segment assets	758,889	337,022	407,775	291,734	132,219	21,728	874,734	(400,209)	E	2,423,892
Segment liabilities	130,316	161,231	86,543	70,735	98,435	25,913	606,626	(643,613)	F	536,186

43. Segment information (contd.)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2014 RM'000	2013 RM'000
Impairment loss on trade and other receivables	8	4,092	428
Impairment loss on investment in an associate	8	-	3,125
Impairment loss on property, plant and equipment	8	533	-
Inventories written down	8	387	30
Inventories written off	8	34	764
Property, plant and equipment written off	8	1,157	28
Share options granted under ESOS	9	7,293	3,322
		13,496	7,697

C The following items are added to/(deducted from) segment profit/(loss) before tax to arrive at "Profit before tax" presented in the Group's statement of profit or loss and other comprehensive income:

	2014 RM'000	2013 RM'000
Share of results of associates	16,586	6,628
Share of results of joint ventures	1,259	228
Unallocated corporate expense	(23,487)	(13,390)
	(5,642)	(6,534)

D Additions to non-current assets consist of:

	2014 RM'000	2013 RM'000
Property, plant and equipment	141,660	94,139
Prepaid land lease payments	-	466
Land held for property development	11,441	3,946
Intangible assets	2,190	20
	155,291	98,571

43. Segment information (contd.)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (contd.)

E The following items are added to/(deducted from) segment assets to arrive at total assets reported in the Group's statement of financial position:

	2014 RM'000	**2013** RM'000
Investments in associates	403,945	380,528
Investments in joint ventures	1,395	3,945
Deferred tax assets	27,075	23,007
Inter-segment assets	(898,526)	(807,689)
	(466,111)	(400,209)

F The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the Group's statement of financial position:

	2014 RM'000	**2013** RM'000
Deferred tax liabilities	39,070	33,712
Income tax payable	21,225	23,395
Loans and borrowings	104,796	100,102
Inter-segment liabilities	(891,963)	(800,822)
	(726,872)	(643,613)

44. Dividends

(a) Recognised during the financial year:

	Sen per share	**Total amount** RM'000
2014		
Interim tax exempt 2014 ordinary (single-tier)	1.50	15,589
Final tax exempt 2013 ordinary (single-tier)	12.00	41,433
		57,022
2013		
Interim 2013 ordinary (less 25% taxation)	5.00	12,692
Final 2012 ordinary (less 25% taxation)	12.00	30,278
		42,970

44. Dividends (contd.)

(b) Proposed but not recognised as a liability:

The following dividend will be proposed for shareholders' approval at the forthcoming Annual General Meeting. 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.

	Sen per share	**Total amount** RM'000
Final tax exempt 2014 ordinary (single-tier)	7.00	72,765

45. 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 13 March 2015.

46. 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 2011 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	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:				
- Realised	1,086,361	826,620	101,420	131,680
- Unrealised	(13,731)	(7,724)	(817)	3,708
Total share of retained profits from associates:				
- Realised	(585)	10,184	-	-
- Unrealised	6,020	(597)	-	-
Total share of retained profits from joint ventures:				
- Realised	1,395	3,945	-	-
	1,079,460	832,428	100,603	135,388
Consolidation adjustments	(61,456)	22,665	-	-
Retained profits as per financial statements	1,018,004	855,093	100,603	135,388