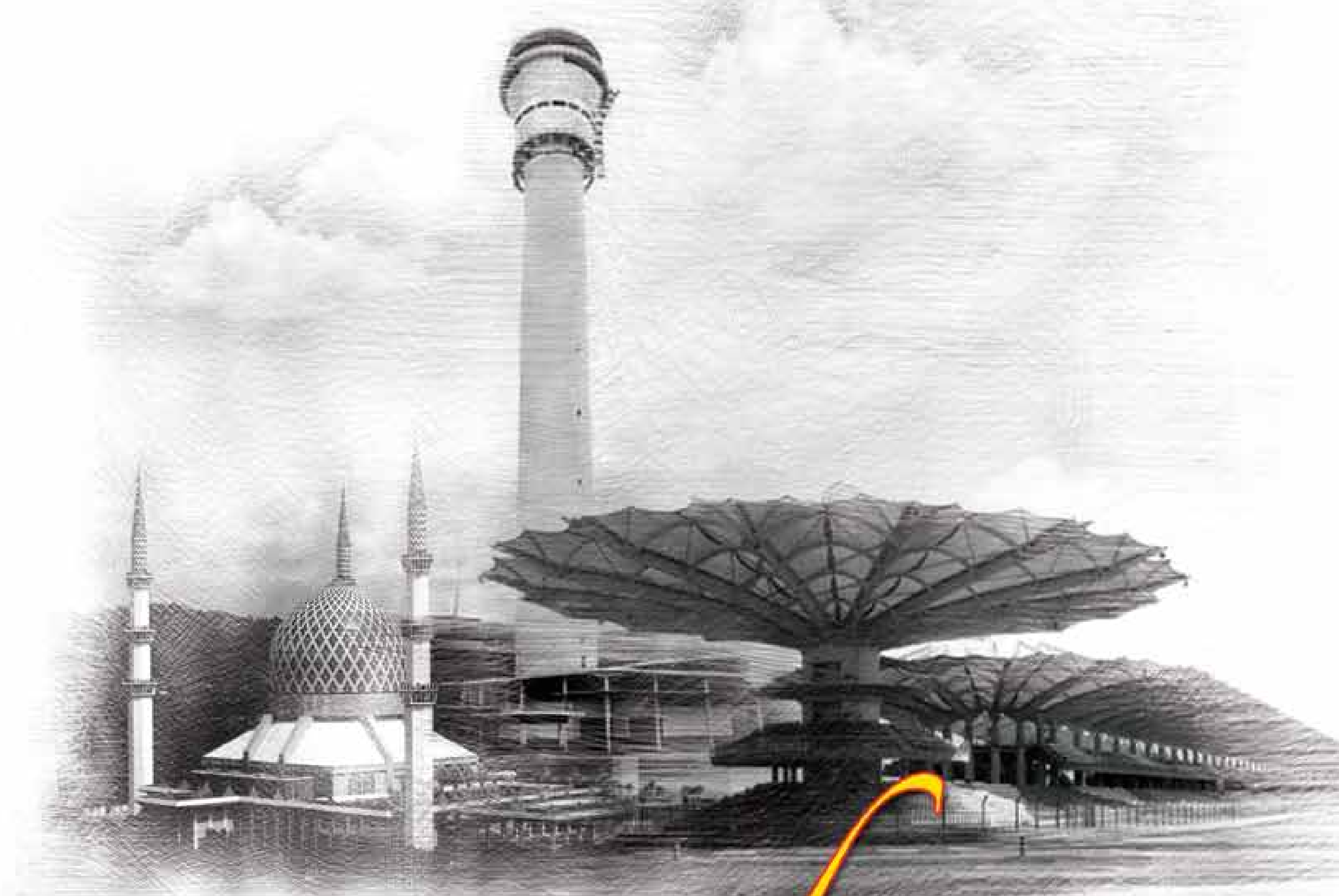
KUMPULAN PERANGSANG SELANGOR BERHAD

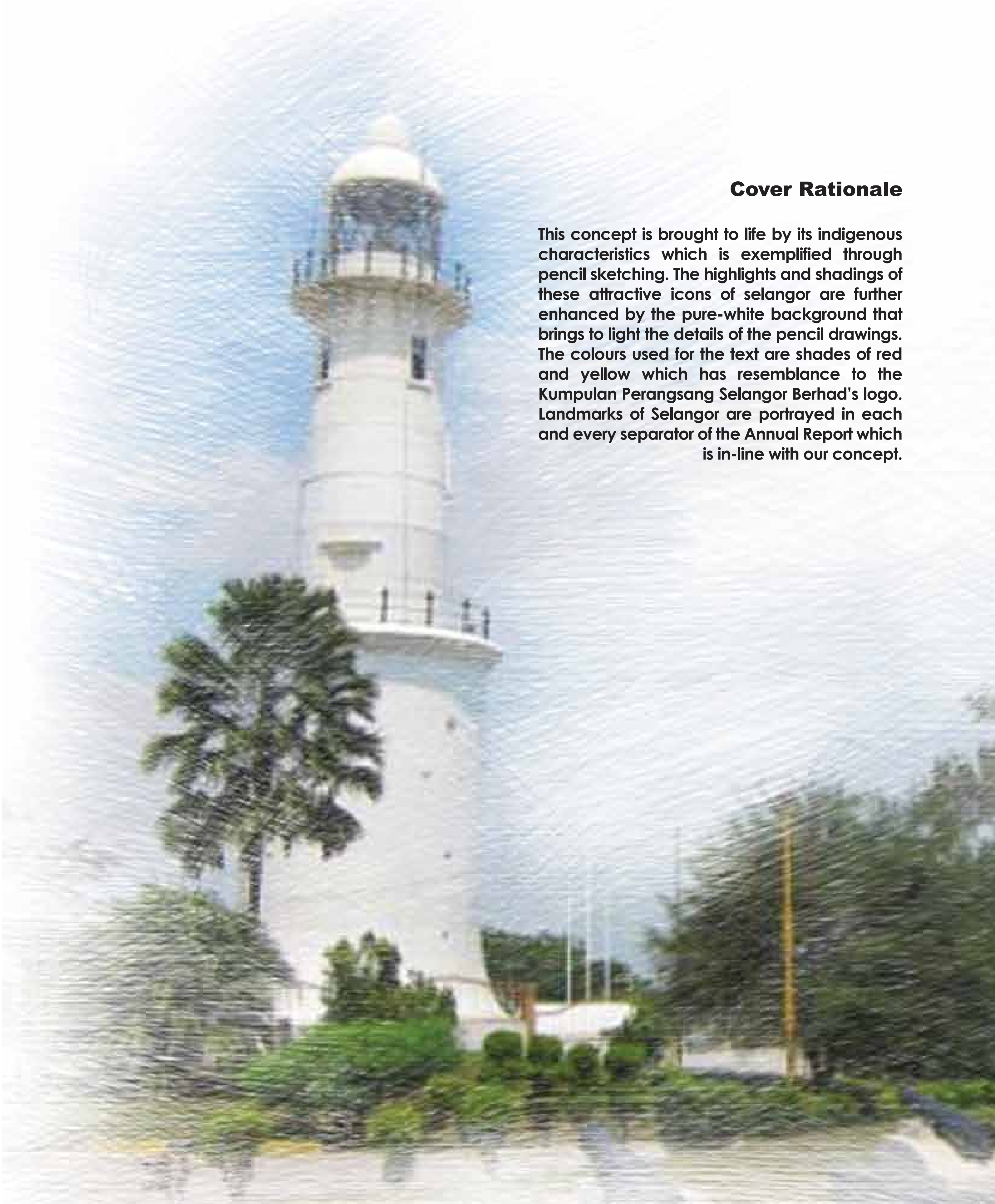


Flagship of Selangor

ANNUAL REPORT 2014

Cover Rationale

This concept is brought to life by its indigenous characteristics which is exemplified through pencil sketching. The highlights and shadings of these attractive icons of selangor are further enhanced by the pure-white background that brings to light the details of the pencil drawings. The colours used for the text are shades of red and yellow which has resemblance to the Kumpulan Perangsang Selangor Berhad's logo. Landmarks of Selangor are portrayed in each and every separator of the Annual Report which is in-line with our concept.



Lighthouse

Melawati Hills which situated in Kuala Selangor served as the administrative centre and stronghold of the Selangor Sultanate in the late 18th and early 19th century. It also houses the remarkable Altingsburg lighthouse that was built in 1907. The lighthouse continues to guide ships sailing through the Straits of Malacca today.

CONTENTS

VISION

To be the leading corporation in Selangor stimulating growth for the economic wellbeing of the state.

MISSION

- To venture into business activities that creates value for our stakeholders.
- To have a leading regional presence.
- To ensure sustainable financial performance with optimum returns to shareholders.
- To achieve quality standards surpassing customer's expectations.
- To enhance quality of life by being a caring, community-oriented and environmental friendly organisation.

Firefly Park

Home to one of the biggest firefly colonies in the world, Kuala Selangor is a small coastal village which is renowned for its great attraction alongside the Selangor River. On this river one can spot the famous fireflies "Kelip-Kelip" in Bahasa Malaysia during evenings and nights.

OVERVIEW

Kota Darul Ehsan Arch

Kota Darul Ehsan is sited on the Malaysian Federal Highway, a row of arches symbolizing the border of Selangor state and the Federal Territory of Kuala Lumpur. This Moorish influenced architectural splendour is the largest arch in Malaysia.

OUR PROFILE

Established on 11 August 1975, Kumpulan Perangsang Selangor Berhad (Perangsang Selangor) was listed on the main board of Bursa Malaysia Securities Berhad on 22 July 2003 with an authorised capital of RM1.0 billion and a paid-up capital of RM431.4 million. The current paid-up capital is RM499.004 million.

Perangsang Selangor as the flagship, public-listed corporation of the state of Selangor entails greater focuses on four investments in hospitality and recreation, infrastructure and utilities, oil and gas as well as telecommunications.

As the state-government linked investment company, Perangsang Selangor is committed to making significant contributions to the development of human and intellectual capital towards a sustainable performance that endeavour to strengthen its earning base and optimises returns to its shareholders.

INFRASTRUCTURE AND UTILITIES

Perangsang Selangor holds strategic stakes in water companies namely Konsortium ABASS Sdn Bhd ("ABASS") via its 90.83% owned subsidiary, Titisan Modal (M) Sdn Bhd and Syarikat Pengeluaran Air Selangor Holdings Berhad ("SPLASH") via wholly-owned subsidiary, Viable Chip (M) Sdn Bhd.

ABASS is responsible for the operations and maintenance of the Sungai Semenyih Water Supply Scheme, which has a design layout capacity of 545 million litres per day, whilst SPLASH is the concession holder for the Sungai Selangor Water Supply Scheme Phase 1 and Phase 2.

Perangsang Selangor has investments in infrastructure including 20% equity stake in the SPRINT Highway that was designed to ease traffic congestion on the western part of Kuala Lumpur and 30% equity stake in KPS-HCM Sdn Bhd, a company that is involved in road maintenance and repair for the state of Selangor.

HOSPITALITY AND RECREATION

Perangsang Selangor owns and operates Quality Hotel City Centre (QHCC). QHCC is located at the heart of the Kuala Lumpur city's business and commercial district and within walking distance of the entertainment, business and shopping hub.

OIL AND GAS

As part of the strategic plan of its growth and diversification strategy, Perangsang Selangor has ventured into the oil and gas and telecommunication sectors. Perangsang Selangor, through its wholly-owned subsidiary, Perangsang Oil and Gas Sdn Bhd, has successfully subscribed to a 40% equity stake in NGC Energy Sdn Bhd, a joint venture between Perangsang Selangor and the National Gas Company, Oman which commands the second largest market share of the liquefied petroleum gas ("LPG") business in Peninsular Malaysia.

TELECOMMUNICATIONS

For the telecommunications sector, Perangsang Selangor via wholly-owned subsidiary, Perangsang Telco Sdn Bhd, holds a 30% equity stake in Ceres Telecom Sdn Bhd ("Ceres"). Ceres, a collaboration between Perangsang Selangor and Virgin Mobile MEA, provides mobile voice and data telephony services, launched its first pre-paid mobile service under the Friendi mobile brand in mid-September 2013.

SPRINT Highway

Quality Hotel City Centre

Finger Weir - Sungai Semenyih Water Treatment Plant

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Eighth Annual General Meeting of Kumpulan Perangsang Selangor Berhad will be held at the Plenary Hall, SACC Convec, No. 4, Jalan Perbadanan 14/9, 40000 Shah Alam, Selangor Darul Ehsan on Wednesday, 24 June 2015 at 10:00 a.m. for the following purposes :

ORDINARY BUSINESS :

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

2. To approve a single tier final dividend of 2 sen per share in respect of the financial year ended 31 December 2014.
(Resolution 1)

3. To re-elect YM Raja Shahreen bin Raja Othman who retires pursuant to Article 90 of the Company's Articles of Association.
(Resolution 2)

4. To re-elect the following Directors who retire pursuant to Article 84 of the Company's Article of Association :

   a. Encik Mustaffa Kamil bin Ayub
   (Resolution 3)

   b. YB Sivarasa a/l Rasiah
   (Resolution 4)

   c. YB Dato' Kamarul Baharin bin Abbas
   (Resolution 5)

5. To approve the Directors' fees of RM400,000.00 for the financial year ended 31 December 2014.
(Resolution 6)

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

ANY OTHER BUSINESS :

7. To transact any other business for which due notice has been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT DATE

NOTICE IS ALSO HEREBY GIVEN that a single tier final dividend of 2 sen per share, in respect of the financial year ended 31 December 2014 if approved by shareholders at the Thirty-Eighth Annual General Meeting, will be payable on 21 August 2015 to shareholders registered in the Records of Depositors at the close of business on 22 July 2015. A depositor shall qualify for entitlement only in respect of :

a. Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 22 July 2015 in respect of ordinary shares.

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

By Order of the Board

HASHIMAH BINTI MOHD ISA (MACS 01269)
AZALI BIN ABDUL AZIZ (LS 008105)
Joint Company Secretaries

Shah Alam
25 May 2015

Explanatory Note on Ordinary Business for Item 1 of the Agenda

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

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
(Pursuant to Paragraph 8.27 (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Details of Individual Who Is Standing for Election as Director

No individual is seeking election as a Director at the Thirty-Eighth Annual General Meeting of the Company.

Assessment on Independent Directors

The Board has conducted assessment for the re-election of Independent Directors. Please refer to page 39 of this Annual Report for further details.

NOTES

1. For the purpose of determining a member who shall be entitled to attend this Thirty-Eighth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 50(b) of the Company's Articles of Association and Section 34(l) of the Securities Industry (Central Depositories) Act 1991 of Malaysia ("Central Depositories Act") to issue a General Meeting Record of Depositors as at 17 June 2015. Only a depositor whose name appears on the Record of Depositors as at 17 June 2015 shall be entitled to attend the said meeting and to speak or vote thereat.

2. The proxy need not be a Member. There shall be no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

3. A Member of the Company, who is entitled to attend and vote at a meeting of the Company, or at a meeting of any class of Members of the Company, may appoint more than one (1) proxy to attend and vote instead of the Member at the meeting.

4. Where a Member of the Company is an authorised nominee as defined on the Central Depositories Act, it may appoint more than one (1) proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

6. Where a Member or the authorized nominee appoints more than one (1) proxy, or where an exempt authorized nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

7. If the appointer is a corporation, the proxy form must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.

8. If the name is not inserted in the space for the name of your proxy, the Chairman of the meeting will act as your proxy.

9. The proxy form must be deposited at the Registrar's Office of Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time of holding the AGM or any adjournment thereof, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll.

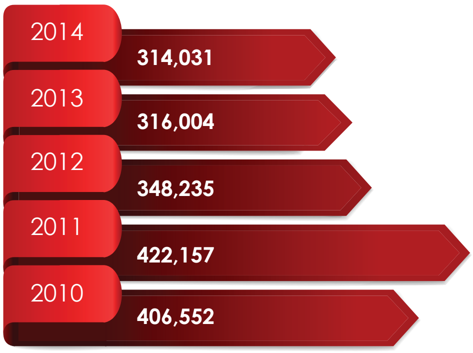
10. The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting, should the member subsequently decide to do so.

GROUP'S FINANCIAL HIGHLIGHTS

	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000
1. Revenue*	314,031	316,004	348,235	422,157	406,552
2. Profit before tax and zakat*	130,270	285,750	75,387	67,615	65,424
3. Profit after tax and zakat*	117,650	260,989	60,610	45,738	40,814
4. Profit attributable to owners of the parent*	115,567	265,314	59,484	46,896	43,787
5. Paid up capital	499,004	499,004	476,956	476,824	476,824
6. Shareholders' equity	1,200,353	1,104,180	1,155,564	1,077,997	1,049,234
7. Total assets employed	2,808,790	2,722,090	3,454,438	3,491,731	3,708,896
8. Total borrowings	1,038,883	1,072,657	1,267,682	1,232,364	1,380,937
FINANCIAL RATIOS					
Gross dividend per share (%)	4.00	29.58	6.00	6.00	2.00
Debt / Equity (times)	0.86	0.97	1.10	1.14	1.32
Earnings per share attributable to owners of the parent (sen)	23.16	53.17	12.47	9.84	9.18
Net Assets per share attributable to owners of the parent (RM)	2.41	2.21	2.42	2.26	2.20

* Include discontinued operation

Revenue (RM'000)



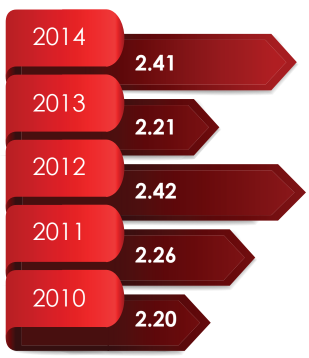
Gross Dividend Per Share (%)

Profit Before Tax and Zakat (RM'000)

Earnings per share attributable to owners of the parent (sen)

Profit attributable to owners of the parent (RM'000)

Net Assets per share attributable to owners of the parent (RM)



CORPORATE INFORMATION

BOARD OF DIRECTORS

YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN DSIS, SMT
Chairman
Non-Independent Non-Executive Director

ENCIK SUHAIMI BIN KAMARALZAMAN
Group Chief Executive Officer/Managing Director

ENCIK MUSTAFFA KAMIL BIN AYUB
Senior Independent Director

YB DATO' KAMARUL BAHARIN BIN ABBAS DSSA
Independent Director

YB SIVARASA A/L RASIAH
Independent Director

YBHG DATO' DR. MOHAMED ARIFFIN BIN ATON DSSA
Independent Director

ENCIK ROSELY @ MOHAMED ROSS BIN MOHD DIN
Independent Director

YBHG DATO' IDRIS BIN MD TAHIR DIMP
Independent Director

YM RAJA SHAHREEN BIN RAJA OTHMAN
Non-Independent Non-Executive Director

ENCIK SOFFAN AFFENDI BIN AMINUDIN
Alternate Director to YM Raja Shahreen bin Raja Othman

AUDIT COMMITTEE

Chairman
YBHG DATO' IDRIS BIN MD TAHIR DIMP

Members
YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN DSIS, SMT
ENCIK MUSTAFFA KAMIL BIN AYUB
YB SIVARASA A/L RASIAH
ENCIK ROSELY @ MOHAMED ROSS BIN MOHD DIN

NOMINATION COMMITTEE

Chairman
ENCIK MUSTAFFA KAMIL BIN AYUB

Members
YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN DSIS, SMT
ENCIK ROSELY @ MOHAMED ROSS BIN MOHD DIN

REMUNERATION COMMITTEE

Chairman
ENCIK ROSELY @ MOHAMED ROSS BIN MOHD DIN

Members
YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN DSIS, SMT
ENCIK SUHAIMI BIN KAMARALZAMAN

BOARD RISK MANAGEMENT COMMITTEE

Chairman
ENCIK ROSELY @ MOHAMED ROSS BIN MOHD DIN

Members
YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN DSIS, SMT
YB SIVARASA A/L RASIAH
YBHG DATO' DR. MOHAMED ARIFFIN BIN ATON DSSA

CORPORATE SOCIAL RESPONSIBILITY BOARD COMMITTEE

Chairman
YB DATO' KAMARUL BAHARIN BIN ABBAS DSSA

Members
YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN DSIS, SMT
ENCIK MUSTAFFA KAMIL BIN AYUB
YB SIVARASA A/L RASIAH

BOARD INVESTMENT REVIEW COMMITTEE

Chairman
YBHG DATO' DR. MOHAMED ARIFFIN BIN ATON DSSA

Members
YB DATO' KAMARUL BAHARIN BIN ABBAS DSSA
YB SIVARASA A/L RASIAH
ENCIK ROSELY @ MOHAMED ROSS BIN MOHD DIN

TENDER BOARD COMMITTEE

Chairman
YB DATO' KAMARUL BAHARIN BIN ABBAS DSSA

Members
YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN DSIS, SMT
ENCIK SUHAIMI BIN KAMARALZAMAN
ENCIK MUSTAFFA KAMIL BIN AYUB
ENCIK ROSELY @ MOHAMED ROSS BIN MOHD DIN

JOINT COMPANY SECRETARIES

HASHIMAH BINTI MOHD ISA (MACS 01269)
AZALI BIN ABDUL AZIZ (LS 008105)

REGISTERED OFFICE

16th Floor, Plaza Perangsang
Persiaran Perbandaran
40000 Shah Alam
Selangor Darul Ehsan
Tel :03-5510 3999
Fax :03-5510 9977
E-mail :info@kps.com.my
Web : www.perangsangselangor.com

PRINCIPAL BANKERS

RHB BANK BERHAD
No 16 & 18
Jalan Tengku Ampuan Zabedah D9/D
Seksyen 9
40100 Shah Alam
Selangor Darul Ehsan

BANK ISLAM MALAYSIA BERHAD
Tingkat Bawah
Wisma PKPS
Persiaran Perbandaran
40675 Shah Alam
Selangor Darul Ehsan

AFFIN BANK BERHAD
Lot G17-20
Tingkat Bawah
Kompleks PKNS
40000 Shah Alam
Selangor Darul Ehsan

AUDITORS

MESSRS ERNST & YOUNG
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

LISTING

Bursa Malaysia Securities Berhad Main Market
(22 July 2003)

SHARE REGISTRAR

SYMPHONY SHARE REGISTRARS SDN BHD
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03 – 7849 0777
Fax : 03 – 7841 8151 / 8152

OFFICE OF CHAIRMAN

YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN DSIS, SMT
Chairman

MANAGEMENT

Group Chief Executive Officer/Managing Director
ENCIK SUHAIMI BIN KAMARALZAMAN

Finance & Administration Department
PUAN SUZILA BINTI KHAIRUDDIN
General Manager Finance & Administration

Group Internal Audit Department
ENCIK HAIKEL BIN ISMAIL
Group General Manager Internal Audit

Human Resource Department
ENCIK AHMAD ROSLY BIN AHIAR
Head of Human Resource

Strategic Planning & Investment Department
ENCIK AHMAD FARIZ BIN HASSAN
Head of Strategic Planning & Investment

Group Public Relations, Media & Corporate Social Responsibility Department
ENCIK NIK AHMAD KHUSAIRI BIN NIK IBRAHIM
Head of Public Relations, Media & Corporate Social Responsibility

Group Legal Department
PUAN NINI SHAZRINA BINTI AHMAD SHAMLI
Acting Assistant General Manager

Group Risk Management Department
PUAN NURANISAH BINTI HAJI MOHD ANIS
Head of Group Risk Management

Secretarial Department
PUAN HASHIMAH BINTI MOHD ISA
Company Secretary

Islamic Religious Department
USTAZ ZAHARUDIN BIN MUHAMMAD
Chief Religious Officer

CORPORATE STRUCTURE

SUBSIDIARY COMPANIES

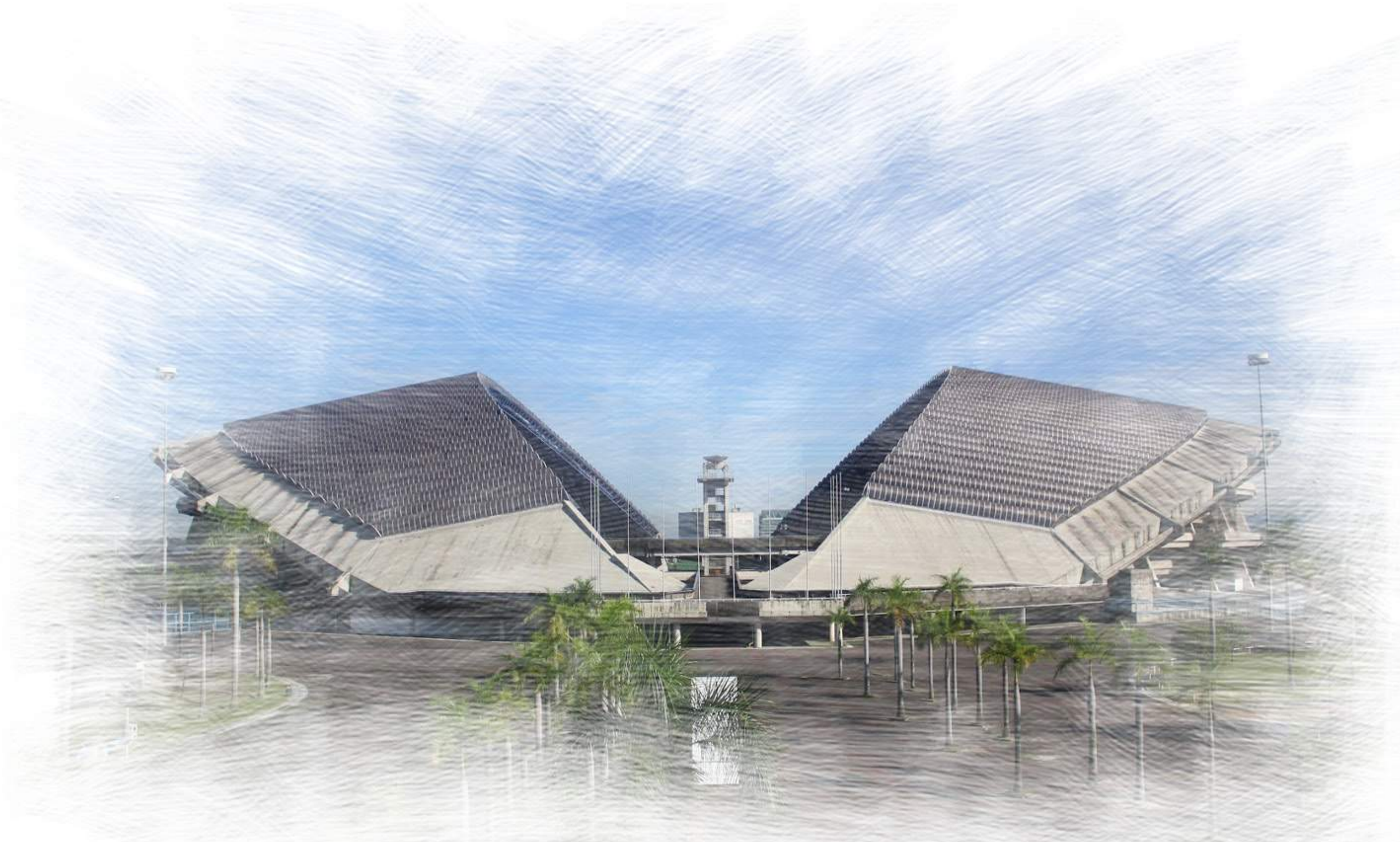
- 99.98% — **CASH BAND (M) BERHAD**
  - -100% Perangsang Hotel & Properties Sdn Bhd
  - -100% Brisdale International Hotel Sdn Bhd
- 100% — **VIABLE CHIP (M) SDN BHD**
  - -30% Syarikat Pengeluar Air Selangor Holdings Berhad
- 100% — **PERANGSANG OIL & GAS SDN BHD**
  - -40% NGC Energy Sdn Bhd
- 100% — **PERANGSANG TELCO SDN BHD**
  - -30% Ceres Telecom Sdn Bhd
- 90.83% — **TITISAN MODAL (M) SDN BHD**
  - -100% Konsortium ABASS Sdn Bhd
- 60% — **HYDROVEST SDN BHD**
  - -60% Aqua-Flo Sdn Bhd

ASSOCIATE COMPANIES

- 40% — **PERANGSANG WATER MANAGEMENT SDN BHD**
- 30% — **KPS-HCM SDN BHD**
- 20% — **SISTEM PENYURAIAN TRAFIK KL BARAT HOLDINGS SDN BHD**

Notes:-
The above Corporate Structure did not include the subsidiaries of Perangsang Selangor which are/have in liquidation, under receivership, under official assignee, dormant and/or ceased operation. For further details, you may refer to Note 17 and 18 of the Company's Audited Financial Statements for the year ended 31 December 2014.

LEADERSHIP



Shah Alam Stadium

The stadium is the home of Selangor FC, and has a capacity of 81,000 seats. Construction began in 1991, and the stadium was officially opened in 1994. The frame structure is the longest freestanding arc in the world.

PROFILE OF BOARD OF DIRECTORS

YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN DSIS, SMT
Chairman, Non-Independent Non-Executive Director

YM Raja Dato' Haji Idris, a British citizen, aged 62, was appointed as Non-Independent Non-Executive Director and Chairman of Kumpulan Perangsang Selangor Berhad on 18 March 2011. He is also a member of the Audit Committee, Nomination Committee, Remuneration Committee, Board Risk Management Committee, Corporate Social Responsibility Board Committee and Tender Board Committee.

YM Raja Dato' Haji Idris also holds the position of Executive Consultant/Adviser at Menteri Besar Selangor (Incorporated) or MBI where he advises MBI on Corporate Strategies and Policies since 2011. On 10 August 2012, he was appointed Chairman of Ceres Telecom Sdn Bhd, a 30% associate of Kumpulan Perangsang Selangor Berhad.

Currently, YM Raja Dato' Haji Idris sits on the board of Kumpulan Darul Ehsan Berhad ("KDEB") the investment holding company of the State of Selangor, where he was appointed on 4 April 2011 and serves as Chairman of KDEB's property development subsidiary, Kumpulan Hartanah Selangor Berhad. YM Raja Dato' Haji Idris has been Councilor of Perbadanan Putrajaya since 10 January 2013.

YM Raja Dato' Haji Idris is a member of the Institute of Financial Services, UK, a Fellow of the British Computer Society, UK and also a Fellow of the Chartered Management Institute, UK.

In the course of his career, YM Raja Dato' Haji Idris has acquired more than thirty (30) years of experience holding top management positions in various Private Limited, Public Listed and Multi National Companies.

From 1994 to 2000, YM Raja Dato' Haji Idris was with the Siemens Group of companies in Malaysia where he had served as Managing Director of Nixdorf Computers Malaysia Sdn Bhd and also as the Executive Director of Siemens Nixdorf Information System (Malaysia) Sdn Bhd. He was also a Non-Executive Director of Siemens Multimedia Sdn Bhd (an MSC company) and from 1998 to 2000, assumed the position of Vice President, Information & Communication Network of Siemens Malaysia Sdn Bhd.

In 2000, YM Raja Dato' Haji Idris was appointed as Group Executive Director of TDM Berhad, a Public Listed Company owned by the Terengganu State Government, a position he held until 2004. He served as the Executive Chairman of Virgo Tours Sdn Bhd from 2004 to 2006. YM Raja Dato' Haji Idris was appointed as a Consultant at the Markfield Institute of Higher Education, Leicestershire, United Kingdom, a position he has held since 2006.

He attended nine (9) Board Meetings of the Company held during the financial year ended 31 December 2014.

ENCIK SUHAIMI BIN KAMARALZAMAN
Group Chief Executive Officer/Managing Director

Encik Suhaimi bin Kamaralzaman, a Malaysian, aged 47, was appointed as Director of Kumpulan Perangsang Selangor Berhad on 14 April 2011. He was re-designated from Non-Independent Non-Executive Director to Managing Director/Chief Executive Officer on 10 May 2011. On 16 May 2012, he assumed the current position as Group Chief Executive Officer/ Managing Director of Kumpulan Perangsang Selangor Berhad Group and a member of the Remuneration Committee and Tender Board Committee.

He holds a Bachelor of Arts in Accounting and Management Science, University of Kent at Canterbury, United Kingdom and a Member of the Malaysian Institute of Accountants and Institute of Chartered Accountants in England and Wales (ICAEW).

Prior to joining Perangsang Selangor, Suhaimi was the MD/CEO of Melewar Industrial Group (“MIG”) from March 2010 until May 2011. Prior to his appointment as the MD/CEO of MIG, he was the Deputy Chief Executive Officer of MIG from July 2009.

From 1 January 2007 to 30 June 2009, Suhaimi was the Chief Executive Officer of Pengurusan Aset Air Berhad (“PAAB”). During his tenure at PAAB, he successfully signed the acquisition of the water assets for Melaka, Negeri Sembilan and Johor.

From August 2000 to December 2006, Suhaimi was the Chief Executive Officer of Indah Water Konsortium Sdn Bhd (“IWK”). In 2005, Malaysian Water Association awarded IWK the Malaysian Water Award for Management Excellence in total water management and operational efficiencies.

In 1998, he was an Accountant to the National Economic Action Council (“NEAC”). Before joining NEAC, he was with Arthur Andersen, Malaysia from 1996 to 1998 and also the Malaysia’s national oil corporation, PETRONAS between 1994 and 1996. He started his career with Blick Rothenberg Chartered Accountants as Auditor from 1991 to 1994.

Currently, he sits on the Board of Kumpulan Darul Ehsan Berhad and Kumpulan Hartanah Selangor Berhad.

He has attended eight (8) Board Meetings of the Company held during the financial year ended 31 December 2014.

ENCIK MUSTAFFA KAMIL BIN AYUB
Senior Independent Director

Encik Mustaffa Kamil bin Ayub, a Malaysian, aged 52, was appointed to the Board of Kumpulan Perangsang Selangor Berhad as an Independent Director on 1 November 2009. He is currently the Chairman of the Nomination Committee, a member of the Audit Committee, Corporate Social Responsibility Board Committee and Tender Board Committee.

He graduated with a Bachelor in Biology, Genetics (Hons) from Universiti Kebangsaan Malaysia in 1987. He obtained an Advanced Diploma in Education (Hons) from International Islamic University in 1989. In 1994, he graduated with an Advanced Diploma in Islamic Finance (Hons) from Institut Pengajian Ilmu-Ilmu Islam. He later obtained a Masters in Political Science from Universiti Kebangsaan Malaysia in 2003. He has been a member of the Institut Integriti Malaysia and the President of Institut Masyarakat Madani since 2007.

In 1988, he began his career at Yayasan Anda Akademik and SM Sultan Abdul Samad as a teacher for two years. He was an Assistant Registrar for International Islamic University from 1989 to 1993 and appointed as Head of Leadership Training Department from 1993 to 1995. Between 1995 to 1998, he was a Political Secretary to the Minister of Youth and Sports Malaysia and as a businessman in 1998 to 2005.

He attended fourteen (14) Board Meetings of the Company during the financial year ended 31 December 2014.

YB DATO' KAMARUL BAHARIN BIN ABBAS DSSA
Independent Director

YB Dato' Kamarul Baharin bin Abbas, a Malaysian, aged 68, was appointed to the Board of Kumpulan Perangsang Selangor Berhad as an Independent Director on 16 June 2010. He is currently the Chairman of the Corporate Social Responsibility Board Committee, Chairman of the Tender Board Committee and a member of the Board Investment Review Committee. He graduated with a Diploma in Business Studies from Universiti Teknologi MARA (formerly known as Institut Teknologi MARA). Later, he obtained Diploma in Marketing (UK) and became a Member of Institute of Marketing (UK).

He began his career in 1968 as a Marketing Executive at Nestle Products (M) Ltd. In 1971 to 1974, he was a Sales Manager at Pernas Trading Sdn. Bhd. From thereon, he was involved in activities of building construction and property development. He was appointed as Executive Chairman of Tenaga Ehsan Sdn Bhd in 1987 up to this day and responsible for developing Taman Ehsan in Kepong, and Taman Samudra in Batu Caves, Selangor, consisting of more than 5000 units of houses/apartments/shop houses. He is presently a 2 - term Member of Parliament for Telok Kemang, Negeri Sembilan.

Currently, he sits on the Board of Cash Band (M) Berhad.

He attended thirteen (13) Board Meetings of the Company during the financial year ended 31 December 2014.

YB SIVARASA A/L RASIAH
Independent Director

YB Sivarasa a/l Rasiah, a Malaysian, aged 59, was appointed to the Board of Kumpulan Perangsang Selangor Berhad as an Independent Director on 16 June 2010. He is currently a member of the Audit Committee, Board Risk Management Committee, Corporate Social Responsibility Board Committee and Board Investment Review Committee.

He graduated with a Bachelor of Science in Genetics with a First Class Honours from Universiti Malaya in 1979. In 1980, he was awarded a Rhodes Scholarship and later obtained a Bachelor of Arts in Jurisprudence from St. Anne's College, Oxford University. Subsequently, he obtained his Barrister at Law qualification from the Middle Temple in London.

Upon his return to Malaysia in 1986, he chambered at Messrs. Zain & Co. and was called to the Malaysian Bar in 1987. He served at Messrs. Zain & Co. from 1987 to 1992. In early 1992, he set up his own practice under the name of Messrs. Sivarasa & Associates, and then merged the practice with the firm Messrs. Daim & Gamany in 1995. He has been the prime and managing partner in the said firm from then to date. From 1997 to 2001, he was elected as a member of the Bar Council. He is presently a Member of Parliament for Subang, Selangor.

Currently, he sits on the Board of Syarikat Pengeluar Air Selangor Holdings Berhad.

He attended twelve (12) Board Meetings of the Company during the financial year ended 31 December 2014.

YBHG DATO' DR. MOHAMED ARIFFIN BIN ATON DSSA
Independent Director

YBhg Dato' Dr. Mohamed Ariffin bin Aton, a Malaysian, aged 69, was appointed to the Board of Kumpulan Perangsang Selangor Berhad as an Independent Non-Executive Director on 10 May 2011. He is currently the Chairman of Board Investment Review Committee and a member of Board Risk Management Committee.

He holds a Doctorate in Chemical Engineering from University of Leeds, United Kingdom and graduated with Bachelor of Science (Hons) in Chemical Engineering from University of Surrey, United Kingdom.

From 1970 to 1972, he began his career as Process Engineer at Esso Malaysia Berhad. Between 1972 to 1975, he became a Tutor at Universiti Kebangsaan Malaysia. Later in 1989 to 1996, he assumed the position of Managing Director of Petronas Research and Scientific Services Sdn Bhd. In 1996, he was appointed as President/Chief Executive Officer of SIRIM Berhad, a position he held until 2007.

Currently, he is a Non-Independent Non-Executive Chairman of Perisai Petroleum Teknologi Berhad and a Non-Independent Non-Executive Director of Heitech Padu Berhad.

He attended thirteen (13) Board Meetings of the Company held during the financial year ended 31 December 2014.

ENCIK ROSELY @ MOHAMED ROSS BIN MOHD DIN
Independent Director

Encik Rosely @ Mohamed Ross bin Mohd Din, a Malaysian, aged 63, was appointed to the Board of Kumpulan Perangsang Selangor Berhad as an Independent Director on 10 May 2011. He is currently the Chairman of the Board Risk Management Committee and Remuneration Committee and a member of the Audit Committee, Board Investment Review Committee, Nomination Committee and Tender Board Committee.

He completed his Banking Diploma (Part 1) from The Institute of Bankers, United Kingdom while working as a Trainee in HSBC London.

Mohamed Ross joined HSBC Bank Malaysia Berhad in 1972 and served in various capacities ranging from Corporate and Retail Banking to Branch and Area Management. He also served as Head of Treasury & Foreign Exchange and was also Head of Group Audit Malaysia between 1987 and 1996. During this period, he also worked for a short spell in Hong Kong, London and New York in the areas of Foreign Exchange & Treasury and Audit. In his last appointment prior to his retirement from HSBC Bank Malaysia Berhad on 31 December 2007, he was Managing Director (since 2003) of the HSBC Amanah onshore business franchise in Malaysia and was responsible for the Islamic retail and corporate business emanating from the branch network. On retirement, he was appointed as Senior Advisor and Executive Director in HSBC Amanah Takaful (Malaysia) Sendirian Berhad from 1 January 2008 to 31 December 2008.

Mohamed Ross is currently an Independent Non-Executive Director of HSBC Amanah Malaysia Berhad, where he Chairs the Risk Committee and also sits on the Audit and Nominating Committees. Presently, he sits on the Board of Cash Band (M) Berhad.

He is a Council Member of the Outward Bound Trust of Malaysia and also sits on an Advisory Board overseeing a Private Equity Fund (Ekuinas OFM Program) as an independent member. He is also a member of the Board of Trustees of Lembaga Zakat Selangor.

He attended fourteen (14) Board Meetings of the Company held during the financial year ended 31 December 2014.

YBHG DATO' IDRIS BIN MD TAHIR DIMP
Independent Director

YBhg Dato' Idris bin Md Tahir, a Malaysian, aged 61, was appointed to the Board of Kumpulan Perangsang Selangor Berhad as an Independent Director on 15 August 2013. He is currently the Chairman of the Audit Committee.

He graduated from The Chartered Institute of Management Accountants (CIMA), United Kingdom in 1983 and subsequently admitted to Fellowship in 1995. He was elected as Council Member of the Malaysia CIMA Division from 2007 to 2012. He is also a member of the Malaysian Institute of Accountants and former member of the Institute of Internal Auditors.

He started his career with Bank Negara Malaysia (Central Bank of Malaysia) as an Executive Officer of the Investment Department from 1978 until 1983, before joining Bank Islam Malaysia Berhad (BIMB) as one of the pioneer group in establishing the first Islamic Bank in Malaysia. In his 29 years of service with BIMB Group of Companies, he held various senior managerial and Chief Internal Auditor posts involving various Islamic Financial activities which include Islamic banking, Takaful (Islamic Insurance), Ijarah (Islamic Leasing), Wakallah (Islamic Nominees), Islamic Asset Management and Islamic Stockbroking. His last post was as an Executive Director/Chief Executive Officer of BIMB Securities Sdn Berhad, an Islamic stockbroking company, before his retirement in 2012.

Currently, he also sits on the Board and Board of Trustee of various Selangor State Government-linked companies.

He attended fourteen (14) Board meetings of the Company held during the financial year ended 31 December 2014.

YM RAJA SHAHREEN BIN RAJA OTHMAN
Non-Independent Non-Executive Director

YM Raja Shahreen bin Raja Othman, a Malaysian, aged 48, was appointed to the Board of Kumpulan Perangsang Selangor Berhad as Non-Independent Non-Executive Director on 31 March 2015.

He graduated with a Bachelor Degree in Accounting from La Trobe University, Melbourne Australia in 1989. He became a member of Australia Society of Certified Practising Accountants in 1991. He is also a member of the Malaysian Institute of Accountants since 1992. He completed the Harvard Senior Management Development Programme organised by the Harvard Business School in 2006.

He began his career in Ernst & Young in 1989 before he assumed the position as Director in 2000 and continue serving until 2004. He then served for Pos Malaysia Berhad as Chief Financial Officer from 2004 until August 2007 before pursuing his career as General Manager cum Chief Financial Officer/Company Secretary at Oman Oil Marketing Company SAOG from November 2007 to 2013. Prior to joining Menteri Besar Selangor (Incorporated) ("MBI"), he was the Chief Financial Officer of Duta Klasik Sdn Bhd, an Oil & Gas Company. Currently, YM Raja Shahreen holds the position of Chief Executive Officer of MBI since 1 December 2014.

YM Raja Shahreen is currently a board member of Kumpulan Darul Ehsan Berhad, Permodalan Negeri Selangor Berhad and an Alternate Director to Encik Soffan Affendi bin Aminudin in the Board of Kumpulan Hartanah Selangor Berhad.

ENCIK SOFFAN AFFENDI BIN AMINUDIN

Alternate Director to
YM Raja Shahreen bin Raja Othman

Encik Soffan Affendi bin Aminudin, a Malaysian, aged 36, was appointed to the Board of Kumpulan Perangsang Selangor Berhad as Alternate Director to YM Raja Shahreen bin Raja Othman on 31 March 2015.

He graduated with a National Diploma in Business Studies, majoring in Accounting from Kolej Yayasan Pelajaran MARA, Kuala Lumpur ("KYPMKL"), a twinning programme with Dublin Business School in 2000. Subsequently, he became a professional member of the Association of Chartered Certified Accountants (ACCA) in 2002, which he also obtained from KYPMKL. He is also a member of the Malaysian Institute of Accountants.

He started his career as an Auditor at KPMG from 2002 until 2003. He then served as an Investment Research Analyst at BBMB Securities Berhad in 2003 and Employees Provident Fund ("EPF") in 2004 where he was involved in Private Equity Investment of EPF. In 2008, he was appointed as Head of Corporate Finance of Alam Maritim Resources Berhad before re-designated as Group Chief Financial Officer in 2013. Currently, Encik Soffan Affendi holds the position of Chief Operating Officer of Menteri Besar Selangor (Incorporated) since 1 December 2014.

Encik Soffan Affendi is currently a board member of Kumpulan Darul Ehsan Berhad, Kumpulan Hartanah Selangor Berhad and Permodalan Negeri Selangor Berhad.

Note:
Other than disclosed in the profile of Board of Directors, all the Directors do not have any family relationship with any Director and/or major shareholder of the Company. They have no personal interest in any business arrangement involving the Company. They have no convictions for any offences within the past ten (10) years.

HEADS OF DEPARTMENT

1 Finance & Administration Department
PUAN SUZILA BINTI KHAIRUDDIN
General Manager Finance & Administration

2 Group Internal Audit Department
ENCIK HAIKEL BIN ISMAIL
Group General Manager Internal Audit

3 Strategic Planning & Investment Department
ENCIK AHMAD FARIZ BIN HASSAN
Head of Strategic Planning & Investment

4 Group Risk Management Department
PUAN NURANISAH BINTI HAJI MOHD ANIS
Head of Group Risk Management

5 Group Public Relations, Media & Corporate Social Responsibility Department
ENCIK NIK AHMAD KHUSAIRI BIN NIK IBRAHIM
Head of Public Relations, Media & Corporate Social Responsibility

6 Group Legal Department
PUAN NINI SHAZRINA BINTI AHMAD SHAMLI
Acting Assistant General Manager

7 Secretarial Department
PUAN HASHIMAH BINTI MOHD ISA
Company Secretary

8 Islamic Religious Department
USTAZ ZAHARUDIN BIN MUHAMMAD
Chief Religious Officer

9 Human Resource Department
ENCIK AHMAD ROSLY BIN AHIAR
Head of Human Resource

PERSPECTIVE

Sultan Salahuddin Abdul Aziz Mosque

Shah Alam, the capital of Selangor is dominated by the enormous minarets and gleaming blue dome of the State Mosque, Masjid Sultan Salahuddin Abdul Aziz Shah. The massive aluminium dome is reputed to be among the largest in the Islamic world.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to announce in this report for the financial year ended 31 December 2014 that Perangsang Selangor can look forward to achieving greater heights as we tap into the new growth areas with promising potential.

With the impending divestment of the Group's investment in the water supply services, we are actively exploring new businesses and investment potentials to secure future growth whilst enhancing share values for the benefit of our shareholders.

In relation to our current businesses and investments, we remain confident in the long-term growth prospects of the telecommunications and energy industry. This reflects our belief that we will continue to see an increase in demand for both products over the next few years. This belief is supported by the positive demographics and technological changes, which will ultimately translate to higher prepaid mobile usage and subscribers and demand for liquefied petroleum gas in the domestic and commercial segments.

Over the last four years, from 2011 to 2014, we have progressed from addressing legacy business issues to driving our strategy for future growth and enhancement of shareholders' value. Our resources are now focusing on investing in the future. We remain focused on the present but we are at the same time cautiously accelerating our pace into the future.

GROUP FINANCIAL PERFORMANCE

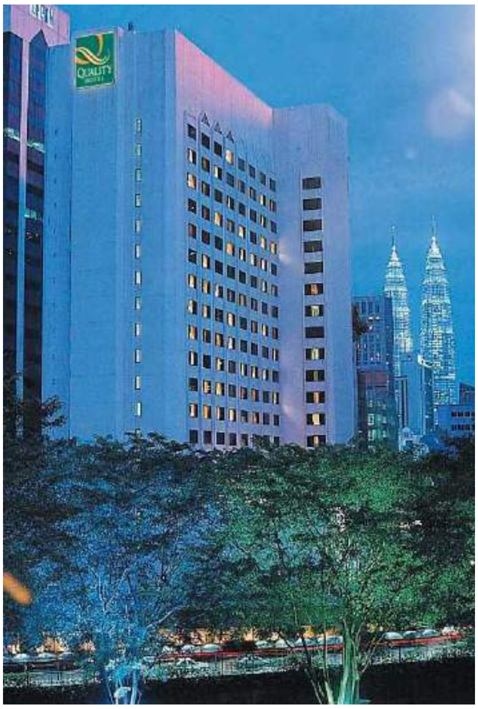
The Group registered a consolidated profit before tax and zakat of RM130.27 million, whilst it is a reduction in profit by RM160.63 million as compared to profit before tax and zakat of RM290.90 recorded in 2013, this is mainly attributable to the recognition of gains arising from the completion of the Group's divestment of its property development subsidiary Kumpulan Hartanah Selangor Berhad (Hartanah Selangor) in 2013.

The Group recorded a higher revenue of RM314.03 million compared with RM302.29 million recorded the previous year, registering a favourable variance of RM11.74 million arising from increased contributions from the Infrastructure & Utilities, Trading and Investment Holding sectors.

The Group registered an increase in revenue in three sectors namely Infrastructure and Utilities, Trading and Investment Holding, registering an increase of 6%, 8% and 34% respectively. The revenue increment in these sectors partially offset the drop in revenue recorded in the Hospitality as well as the Golf Club & Recreation sectors. Overall, the Group saw a slight increase of 4% in total revenues.

SECTOR	REVENUE (RM' million)	
	2014	2013
Infrastructure & Utilities	220.77	207.11
Hospitality, Golf Club & Recreational	26.36	35.29
Trading	55.02	51.02
Investment Holding	11.88	8.87
TOTAL	**314.03**	**302.29**

Sungai Semenyih Dam



Quality Hotel City Centre

Lobby - Quality Hotel City Centre

DIVIDEND

The Board continues to maintain a conservative approach towards its dividend payment, aiming to strike a balance between ensuring that sufficient funds are available to support continuous business growth and offering reasonable returns to the shareholders. With this in mind, and in consideration of the Group's improved performance, the Board recommends a final dividend of 2 sen per share, subject to shareholders' approval at the Annual General Meeting.

CORPORATE DEVELOPMENT

As part of the implementation of the Group's strategic initiatives, Quality Hotel Shah Alam, which occupied the 18th to 24th floor of Plaza Perangsang has ceased operation since May 2014 to make way for the redevelopment project comprising of mixed retail units at the podium block and office units stretching seven floors. We are currently waiting for the final approvals from the authorities for the redevelopment. The Brisdale International Hotel which is located in Kuala Lumpur had also ceased operations from April 2015 to facilitate refurbishment works to meet future demand.

Perangsang Templer Golf Club (PTGC) ceased operations in December 2014 to facilitate the joint redevelopment of the golf course into environmental friendly mixed residential units built in partnership with SP Setia Berhad.

The divestment of Perangsang Selangor's 49% equity stake in KDE Recreation Berhad, the owner and operator of Kelab Darul Ehsan located in Taman TAR, Ampang, to Berjaya Vacation Club Berhad was concluded in June 2014.

With the impending divestment of Konsortium ABASS Sdn Bhd (ABASS) and Syarikat Pengeluar Air Sungai Selangor Sdn Bhd (SPLASH), the Group is actively pursuing new investment opportunities to ensure that the Group's performance continues to be profitable.

Sungai Semenyih Water Treatment Plant

SECTORAL REVIEW

Infrastructure and Utilities Sector

At present, the restructuring of the water services sector in Selangor is still in progress, and expected to be concluded in 2015. Pending completion of the restructuring exercise by the State and Federal Government, the sector continues to be a major contributor to the Group's earnings and profitability for the 2014 financial year. ABASS generated RM220.77 million in revenue, recording a 7% increase from RM207.10 million recorded in the previous financial year. However, ABASS recorded lower profit before tax by RM38.11 million due to higher impairment loss on trade receivables during the current year.

Hospitality, Golf Club and Recreation Sector

The business performance of Quality Hotel City Centre, Brisdale International Hotel and Perangsang Templer Golf Club managed by Cash Band (M) Berhad (Cash Band), generated RM26.36 million in revenue, registering a loss before tax of RM6.59 million.

The Group's redevelopment of PTGC into an environmental friendly and eco-themed residential township with SP Setia Berhad subsidiary Rockbay Stream Sdn Bhd is expected to commence in 2015.

Trading

Aqua-Flo Sdn Bhd's sales of chemicals for the potable water industries in Peninsular and East Malaysia, generated RM55.02 million in revenue, recording an 8% increase compared with the previous year.

LPG Filling Plant, Pasir Gudang - NGC Energy Sdn Bhd

Oil & Gas

Perangsang Selangor's investment in the Malaysian domestic liquefied petroleum gas (LPG) market under the "Mira" brand name through wholly-owned subsidiary, Perangsang Oil and Gas Sdn Bhd, which holds a 40% equity stake in NGC Energy Sdn Bhd (NGC Energy), has started to contribute positively to the Group's financial performance with a RM1.48 million share in profits. The Group expects to see increased returns from this investment in the near future.

Telecommunications

Perangsang Selangor's investment in the telecommunications sector via Ceres Telecom Sdn Bhd is expected to contribute positively to the Group's financial performance in 2016. Ceres had in September 2013 launched its FRiENDi pre-paid mobile service through a joint venture agreement with Virgin Mobile Middle East and Africa.

MOVING FORWARD FOR 2015

With the impending divestment of the Group's investment in the water management services, we are actively exploring various new businesses and investment opportunities. While focusing on goals and plans to sustain existing businesses, we remain committed to tapping new growth areas that are within our well-defined commercial criteria and risk parameters.

To remain competitive in the challenging business environment, we have to continuously adapt to the changes shaping future demand.

We remain confident in the long-term growth prospects of the telecommunications and energy industry, as we believe we will see an increase in demand for both products over the next few years.

This belief is supported by the positive demographics and technological changes, which will ultimately translate into higher prepaid mobile subscribers and increased demand for liquefied petroleum gas in the domestic and commercial sectors.

Upon identifying profit and loss making subsidiaries, we have outlined strategies and policies to facilitate turnaround plans.

The Group remains competitive by continuously seeking ways to enhance economic growth whilst strengthening operational efficiency.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to thank all stakeholders involved in contributing towards the progress of the Perangsang Selangor Group. Credit also goes to all of our staff and management team who are the driving force behind establishing this company as the "Flagship of Selangor".

To my fellow Directors, thank you for your invaluable support, ideas, advices and commitment rendered throughout 2014. I would also like to express my sincere gratitude to our business partners, the print and electronic media, various governmental agencies and you, our shareholders. We are committed to taking our business to greater heights, with all of you in mind.

I welcome you to join us, as we embark on a journey to chart new growth chapters in fulfilling our aspiration to be the leading corporation in Selangor that is instrumental in stimulating growth for economic wellbeing of the state and people.

YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN
Chairman

CORPORATE SOCIAL RESPONSIBILITY

Perangsang Selangor, as a responsible corporate entity, is committed to ensuring all our Corporate Social Responsibility (CSR) activities, programmes and initiatives yield positive result. Having meaningful relationship with the people of Selangor through sustainable programmes is our top priority. Activities lined up to promote CSR are included under various programmes such as human capital development, entrepreneurship development, sports development, education, wellbeing, religious programmes, as well as community enhancement and assistance through donations, contributions and social activities.

Through CSR activities, Perangsang Selangor is geared towards ensuring success in social development programmes in line with the Selangor State Agenda aimed at promoting "People Based-Economy". Our contributions and engagement with stakeholders including consumers, employees, and communities are vital elements in developing our CSR programmes.

SELANGOR SPORTS STIMULUS PROGRAMME

For the year 2014, Perangsang Selangor spent RM1.8 million on sports development programmes aimed at promoting healthy lifestyle and creating sports culture among students and youths. Former Selangor Sports Exco the Honourable Dato' Dr Ahmad Yunus Hairi officially launched the Selangor Sports Stimulus or "SSS" programme on 27 March 2014. It encompasses five sports disciplines namely bowling, badminton, swimming, cycling and football.

The main objectives of the SSS programmes include promoting sports culture among underprivileged students and youths through our "Sports for All" programmes. Programmes include sports clinics and workshops, developing Perangsang Selangor Elite Squad and sponsoring two major football tournaments.

Our sports clinic and workshops attracted 1,152 participants from all over Selangor. The 90 talented athletes trained under the Perangsang Elite Squad had won 77 Gold, 73 Silver and 68 Bronze medals in various tournaments and competitions held in 2014. It reflects the success of the SSS programmes.

Perangsang Selangor had also sponsored a total of RM100,000 for "HRH Raja Muda of Selangor's Cup" aimed at promoting football development. The tournament attracted participants from 32 primary schools. YAM Tengku Dato' Ahmad Shah Ibni Sultan Salahuddin Abdul Aziz Shah graced the final match and presented the coveted trophy to the champion.

Another RM120,000 was spent on "Dato' Mokhtar Dahari Cup" tournament that attracted 33 secondary schools. The Right Honourable Mohamed Azmin Ali, Dato' Menteri Besar Selangor attended the finals on 22 November 2014.

Both tournaments were seen as a platform to produce potential champions who can represent Selangor and Malaysia in major tournaments in future.

ENTREPRENEURSHIP STIMULUS PROGRAMME

In 2014, some RM1.2 million was spent to support new and existing entrepreneurs through "seed fund' or initial capital as well as initial tools for them to forge ahead in business. The programmes were formulated to support and strengthen the economy of Selangor.

Assistance in cash and kind benefited 294 entrepreneurs from various backgrounds who had participated in our programmes.

Through entrepreneurship programmes, graduates, single mothers, youths and underprivileged members of the communities were given the opportunity to excel and succeed as entrepreneurs. Among the businesses given priority for financial assistance are livestock, printing, bakery, tailoring and mobile spa. These programmes bear evidence to our commitment and determination in upgrading the community's standard of living and boosting the state's economic development.

Through strategic collaboration with Skim Mikro Kredit Selangor (SKIMSEL), Perangsang Selangor organised an entrepreneurship carnival named "KAWAN" from 5th to 7th December 2014 at a cost of RM100,000. The event was aimed at promoting micro and small enterprises. The Right Honourable Mohamed Azmin Ali, Dato' Menteri Besar Selangor opened the carnival that attracted more than 1,500 visitors.

WELLBEING, HEALTH AND MEDICAL ASSISTANCE PROGRAMME

As part of our initiative to promote healthy lifestyle, Perangsang Selangor provided financial assistance amounting to RM300,000 to Fenton Medicine,

an alternative medical treatment using organic products. 270 patients have been treated under this scheme for 3 visitations in 12 months. All patients were given a free medical treatment under this non-toxic and non-invasive therapy. Patients treated for chronic diseases such as stroke, diabetes, hypertensive and gout were from various socio-economic background, mostly the less fortunate.

EDUCATION

Perangsang Selangor continues to assist employees and their children pursuing higher education through "Selangor Government Link Companies Education Fund".

A total of RM30,000 was contributed to Sekolah Kebangsaan Raja Muda (Integrasi), Seksyen 4, Shah Alam, to build a special classroom for autism, down-syndrome, Attention Deficit Hyperactivity Disorder (ADHD) and other illness affecting their learning progress.

Perangsang Selangor also spent RM400,000 in delivering 180 units of stainless steel tables and 360 units of benches for 30 Tamil Primary School canteens in Selangor, with the hope of providing a better and conducive learning environment.

ISLAMIC RELIGIOUS PROGRAMMES

In support of Islamic Religious programmes, Perangsang Selangor contributed RM400,000 to implement various activities for the Group as well as the muslim community in Selangor. Activities include "Perangsang Bersama Rakyat" organised in 10 different locations across Selangor attracting more than 10,000 people. Religious discussions, talks, Qiammullail, Iftar and Moreh are some of the activities and initiatives organised in 2014.

DONATIONS AND CONTRIBUTIONS

Our contributions and sponsorships were also extended to individuals, charitable organisations and non-government organisations. A total of RM400,000 was allocated to provide financial assistance and other form of aid to help boost morale, social and economic standing for the less fortunate members of the society.

In general, Perangsang Selangor has spent a total of RM5 million for various CSR programmes in 2014, reflecting our commitment in stimulating economic growth as well as enhancing the quality of life, in line with our philosophy to be caring, community-oriented and responsible organisation towards the social development of the people in Selangor.

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

RM 5,000,000
CSR 2014

Selangor Sports Stimulus
RM1,800,760

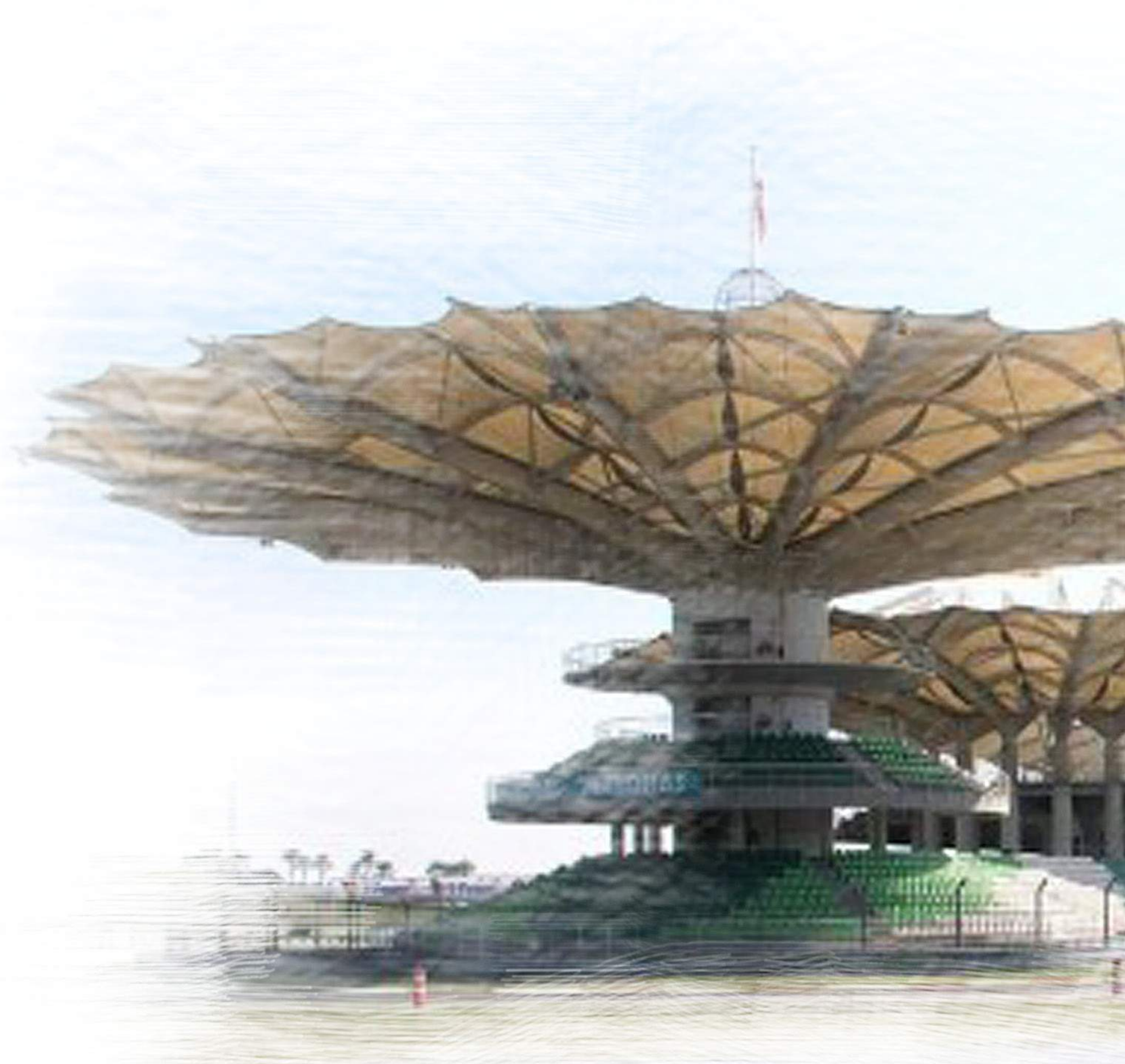
- Swimming RM269,300
- Football RM246,800
- Cycling RM187,520
- Bowling RM613,010
- Badminton RM284,130
- HRH Raja Muda Of Selangor's Cup RM80,000
- Dato' Mokhtar Dahari Cup RM120,000

Selangor Entrepreneurship Stimulus
RM1,500,000

- New Entrepreneurship Development Programme RM1,200,000
- Continuous Business Programme (Fenton Medicine) RM300,000

Selangor Community Responsibility Stimulus
RM1,699,240

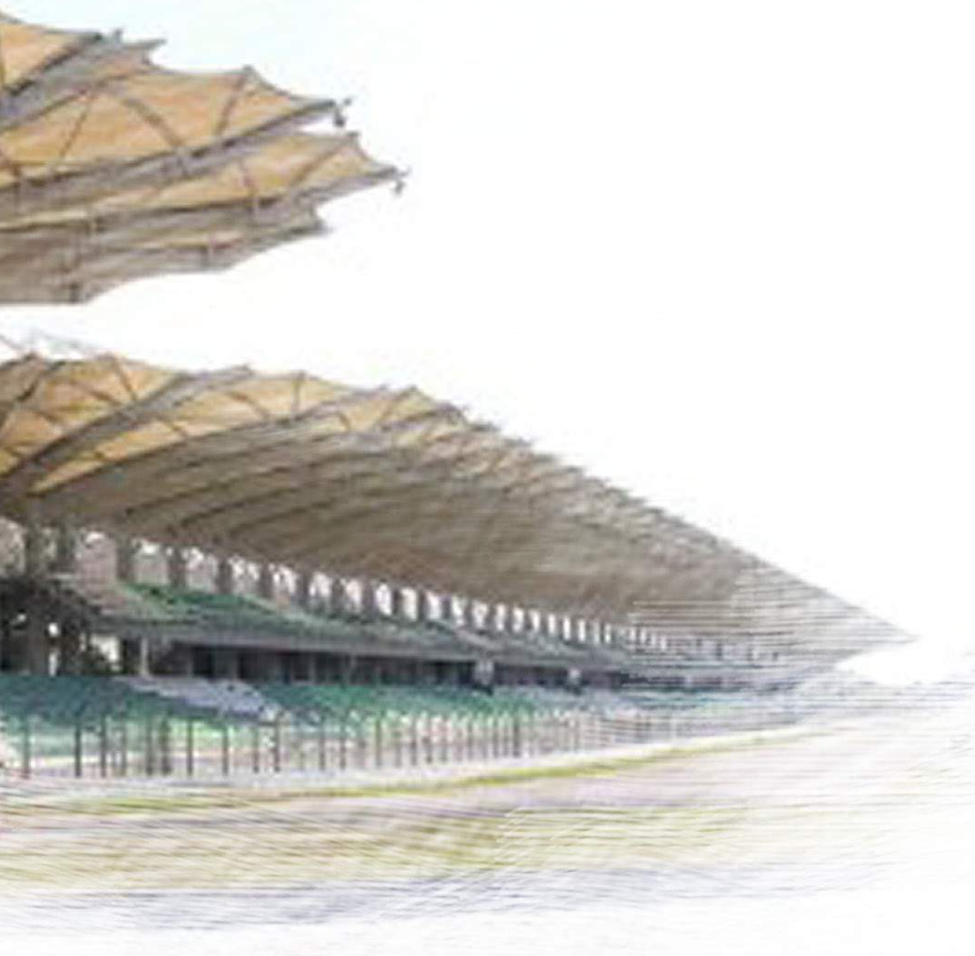
- IRD Religious Activities RM400,000
- Tamil Foundation RM400,000
- Donations and Contributions RM400,000
- Event Management RM250,000
- Association, NGOs CSR Strategic Partnership RM226,240
- YAPIS RM23,000



Sepang International Circuit

The Sepang International Circuit is situated in Sepang, approximately 60km outside Kuala Lumpur. Completed in 1999 to host the first Malaysian F1 Grand Prix, it has since become one of the nation's important event in Malaysian Tourism calendar for its positive contribution towards attracting tourist and spurring the economy.

GOVERNANCE



STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors ("the Board") and Management of Kumpulan Perangsang Selangor Berhad ("Perangsang Selangor" or "Company") recognise the exercise of good corporate governance in conducting the business and affairs of the Company with integrity, transparency and professionalism as a key component for the Company's continued progress and success. These will not only safeguard and enhance shareholders' investments and value but will at the same time ensure that the interests of other shareholders are protected.

As a public listed company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), Perangsang Selangor is guided by the following statutory and non-statutory documents:-

- Companies Act 1965 ("CA").
- The Malaysian Code on Corporate Governance 2012 ("MCCG 2012") issued by Securities Commission Malaysia.
- Bursa Securities Main Market Listing Requirements ("Bursa Securities MMLR").
- Corporate Governance Guide (Second Edition) issued by Bursa Malaysia Berhad.

A. BOARD OF DIRECTORS

1. Board Responsibilities

The Board of the Company takes full responsibility for the performance of the Group. The Board guides the Company on its short and long term goals, providing advice and devising strategies on management and business development issues, and monitoring the Management's performance in implementing them.

The Board has been entrusted to discharge its fiduciary duties and it has an overall responsibility for the corporate governance practices of the Group, including amongst others, reviewing and adopting a strategic plan for the Group, proper management of business, establishing sound risk management policies and ensuring adequacy and integrity of the system of internal controls, having in place a proper succession planning and implementing an appropriate investors' relationship programme.

The Board reserves the right to make decisions with respect to areas significant to the Group's business operations, which include the approval of corporate plans and annual budgets, announcements of interim results, material acquisitions/disposals of business and/ or assets, approval of major capital expenditure projects, consideration of significant financial matters, significant policies, appointments to the Board and changes to the key management and control structure within the Group.

Another dimension of the responsibility entrusted on the Board is overseeing the risk framework of the Company whereby the Company notifies the Audit Committee and the Board on areas of risks faced by the Company from the high to low level, adequacy of control and mitigation throughout the Company.

2. Board Charter

The primary objective of the Company's Board Charter ("Charter") is to set out the roles and responsibilities of the Board of Directors. The Board is guided by the Charter which provides reference for Directors in relation to the Board's role, powers, duties and functions. Apart from reflecting the current best practices and the applicable rules and regulations, the Charter also outlines processes and procedures for the Board and their committees to be effective and efficient. The Board will regularly review the Charter to ensure it remains consistent with the Board's objectives and responsibilities, and all the relevant standards of corporate governance.

The Charter can be found from the Company's Corporate website at www.perangsangselangor.com.

3. Board Composition and Balance

The Board, led by a non-independent non-executive Chairman, consists of nine (9) members comprising one (1) executive Director and eight (8) other non-executive Directors, six (6) of whom are Independent Directors. The high proportion of Independent Directors provides for effective check and balance in functioning of the Board.

The Directors include professionals in the fields of economics, finance, business and marketing, accounting, legal, engineering and banking.
The details of all the Directors are set out from page 14 to 23 of this Annual Report.

The current composition of the Board complies with the Bursa Securities MMLR. The composition of the Board shall be reviewed on a needs basis by the Nomination Committee to ensure that the Board has the required mix of skills, expertise, attributes and core competencies to discharge its duties effectively.

Recommendation of the MCCG 2012 states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. None of the independent Directors has served the Board for nine (9) years. The Nomination Committee and Board have assessed, reviewed and determined that the independence of Encik Mustaffa Kamil bin Ayub, YB Dato' Kamarul Baharin bin Abbas, YB Sivarasa a/l Rasiah, YBhg Dato' Dr. Mohamed Ariffin bin Aton, Encik Mohamed Ross bin Mohd Din and YBhg Dato' Idris bin Md Tahir remain objective and independent based on the following justifications/aspects contributed by them as members of the Board and Board Committees against the criteria for assessment of independence of Directors developed by the Nomination Committee: -

a) Have fulfilled the criteria under the definition of independent Director pursuant to the Bursa Securities MMLR;

b) Have consistently assisted and advised Management in an effective and constructive manner, as and when necessary and kept a distance from the Management in overseeing and monitoring execution of strategy;

c) Have performed their duties as Directors without being subject to the influence of Management;

d) Have actively participated in Board deliberation, objective in decision making, provided an independent voice on the Board and contributed in preventing Board domination by any single party;

e) Is not a family member of any executive Director, officer and major shareholder of the Company; and

f) Have not engaged in any business transaction or other relationship with the Company under such circumstances as prescribed by the Exchange which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.

The Board having reviewed the size and complexity of the Group's operations is of the opinion that the number of members in the Board is appropriate. The Chairman presides over the meetings of the Board. His role and function are clearly separated and distinct from the Group Chief Executive Officer/ Managing Director ("Group CEO/ MD") who is specifically responsible for managing the strategic and operational agenda of the Group and for the execution of the directives and policies of the Board, as well as directing the business operations of the Group on a day-to-day basis. The Group CEO/MD is to develop, in conjunction with the Board, the Group's strategic plans and is responsible for its implementation. In connection therewith, the Group CEO/MD keeps the Board informed of overall operations of the Group and the major issues faced by the Group, together with bringing forward to the Board significant matters for its consideration and approval, where required.

Non-executive Directors do not participate in the day-to-day management of the Group. However, they contribute in areas such as policy and strategy, performance monitoring, as well as improving governance and controls. The independent Directors have declared themselves to be independent from Management and free of any relationship which could materially interfere with the exercise of their independent judgment and objective participation and decision making process of the Board.

4. Boardroom and Workforce Diversity Policies

Board Diversity Policy

The Company acknowledges the benefits of having a diverse Board and sees diversity at Board level as an essential element in maintaining a competitive advantage. As a follow through, the Board has recently established the Board Diversity Policy to inculcate Boardroom Diversity in maintaining a competitive edge.

Notwithstanding the above, the Board is of the view that while it is important to promote boardroom diversity, the normal selection criteria of a Director based on effective blend of competency, skill, vast experience and knowledge in areas identified by the Board, should remain a priority so as not to compromise on qualification, experience and capability. In identifying suitable candidates for appointment to the Board, Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

Currently, the Board composition and all Board appointment are made on merit, in the context of skill and experience regardless of age, gender, ethnicity and nationality. Summarise percentage in terms of gender, ethnicity, age and nationality is as shown in Table 1:

Table 1

GENDER		ETHNICITY				AGE GROUP			NATIONALITY	
Male	Female	Malay	Chinese	Indian	Others	40-49 years	50-59 years	60 years and above	Malaysian	Non-Malaysian
9 (100%)	NIL	8 (89%)	Nil	1 (11%)	NIL	2 (22%)	2 (22%)	5 (56%)	8 (89%)	1 (11%)
Total number of Directors : 9		Total number of Directors : 9				Total number of Directors : 9			Total number of Directors : 9	

With regards to gender diversity, Perangsang Selangor does not practice any form of gender discrimination, and both genders have been accorded fair and equal treatment. Thus far, any new appointments to the Board were based on merits rather than fulfilling any gender quotas. Henceforth, all appointments will be in accordance with the needs of the desired skill set, background and experience expected of a Company Director.

The Board will review the measures set and endeavour to achieve appropriate boardroom diversity from time to time.

Workforce Diversity

The right to be employed coupled with equal employment opportunity to all genders, religions, age and ethnicity are the core guiding principle while performing the sourcing and recruitment activities within the Perangsang Selangor Group. Perangsang Selangor recognises educational qualifications, skills, knowledge, competencies and potential to grow within the company of every personnel, as part of existing process in developing a winning culture in the organisation.

A good mix and distribution of gender is being practised within the Perangsang Selangor Group with 61% representing male and 39% female workforce as shown in Table 2:

Table 2

2014 Perangsang Selangor Group Workforce by Gender

Gender	Number of Staff	%
Male	227	61%
Female	114	39%
Total Staff	371	100%

Perangsang Selangor Group recognise the contribution of women at management level whereby currently women make up 40% of the total management category, contributing to day to day decision making processes as shown in Table 3:

Table 3

Top, Senior and Middle Management Category

Gender	Number of Staff	%
Male	38	60%
Female	25	40%
Total Staff	63	100%

Similarly for the executive and non-executive category, the gender diversity is represented by 39% make up of female staff as shown in Table 4:

Table 4

Executive & Non Executive Category

Gender	Number of Staff	%
Male	189	61%
Female	119	39%
Total Staff	308	100%

Meanwhile, the distribution of age group at the top, senior and middle management portrayed in Table 5 below shows 45% of the management team members are between 40 to 49.

Table 5

Age Group- Top, Senior and Middle Management Category

Age Group	Male	Female	Total
Below 39 years	8	11	19 / (30%)
Between 40 – 49 years	20	8	28 / (45%)
More than 50 years	10	6	16 / (25%)
Total Staff	38	25	63 / (100%)

With regards to ethnicity, 325 staff are bumiputera which make up 88% of the total workforce and the balance 46 staff or 12% are from non-bumiputera ethnicity which comprise of Chinese, Indian and others as shown in Table 6:

Table 6

Ethnicity breakdown in the Workforce

Ethnicity	Bumiputera (Peninsular & East Malaysia)	Non-Bumiputera (Chinese, Indian & Others)	Total
Total	325	46	371
Percentage	88%	12%	100%

Various initiatives have been implemented to promote diversity and inclusiveness at workplace by taking into consideration elements and feedback from all parties concerned. Flexible working hours, education assistance program for career advancement and few other initiatives are in place for the existing staff, alongside a competitive total reward package to provide work-life balance with the aim of enhancing productivity and improve staff retention.

The Board Diversity Policy is available online at www.perangsangselangor.com.

5. Code of Conduct and Ethics for Directors

The Directors continue to adhere to the Company Directors' Code of Ethics established by the Companies Commission of Malaysia. In addition, the Board has established a Code of Conduct and Ethics for Directors ("the Code") that aims to outline the standards of business conduct and ethical behaviour which the Directors should possess in discharging their duties and responsibilities, and to enhance the high standards of personal integrity and professionalism of the Directors.

The Code is based on the following principles:

- Compliance with legal and regulatory requirements and Company policies;
- Observance of the Board Charter;
- Duty to act in the best interest of the Company;
- Honestly and integrity;
- No conflict of interest;
- No-profit rule; and
- Relationship with stakeholders.

The Code can be found from the Company's Corporate website at www.perangsangselangor.com.

6. Appointments to the Board

The Nomination Committee is responsible for the reviewing of the Board's composition and recommending to the Board appointments of any new Directors by evaluating and assessing the suitability of candidates for Board membership, against proper and relevant criteria developed by the Nomination Committee, in a formal and transparent procedure. Under this procedure, the Nomination Committee proposes nominees for appointment to the Board, and recommends to the Board on the appointment, re-appointment and assessment of the Directors for approval.

The sourcing of candidate is made via recommendation by other Board Members or shareholders govern by the expectation of the roles and capabilities described and required by the Board. This subsequently followed by a submission to the Nomination Committee for deliberation. However, as the need arises the Board has the right to seek independent professional search firm to source for the candidate.

The Board has established a clear and transparent nomination process for the appointment of the Director of the Company. The nomination process involves the following six stages:-

i) Identification of candidates;
ii) Evaluation of suitability of candidates;
iii) Meeting up with candidates;
iv) Final deliberation by Nomination Committee;
v) Recommendation to Board for decision; and
vi) A formal invitation by the Chairman.

New recruits to the Board were given a comprehensive orientation and induction programme to ensure first hand understanding of the Company's operation through briefings on the Company history, financial standing, issues faced and strategies adopted by the Company.

7. Re-election of Directors

In accordance with the Company's Articles of Association ("the Articles"), Directors who are appointed by the Board during the financial period before an Annual General Meeting ("AGM") are subject to re-election by shareholders at the next AGM to be held following their appointments. The Articles also provide that at least one third of the Directors for the time being, or if their number is not a multiple of three, the number nearest to one-third (rounded upwards) with minimum of one, be subject to re-election by rotation at each AGM provided always that all Directors including the executive Director shall retire from office at least once every three years but shall be eligible for re-election. The Company has established the election process on retirement of Directors in order to ensure compliance to all regulatory requirements.

The Board has empowered the Nomination Committee to consider and make their recommendation to the Board for the continuation in service of those Directors who are due for retirement.

8. Board Meetings and Supply of Information

Board meetings for each financial year are scheduled in advance before the end of each financial year so as to enable the Directors to plan accordingly and fit the year's Board meetings into their respective schedules.

The Board meets on a quarterly basis to review the business operations, financial performance and other significant matters of the Group requiring its attention. In addition, the Board also meets on an ad-hoc basis to deliberate on matters requiring its immediate attention. Besides board meetings, the Board also exercises control on matters that require Board's approval through circulation of resolutions. During the financial year ended 31 December 2014, fourteen (14) board meetings were held and the respective Directors' attendances are as follows:

Name of Directors	Attendance
YM Raja Dato' Idris Raja Kamarudin	9/14*
Encik Suhaimi bin Kamaralzaman	8/14**
Encik Mustaffa Kamil bin Ayub	14/14
YB Dato' Kamarul Baharin bin Abbas	13/14***
YB Sivarasa a/l Rasiah	12/14***
YBhg Dato' Dr Mohamed Ariffin bin Aton	13/14***
Encik Rosely @ Mohamed Ross bin Md Din	14/14
YBhg Dato' Idris bin Md Tahir	14/14

NOTES

* YM Raja Dato' Idris Raja Kamarudin did not attend five (5) board meetings of the Company during the year in review as he was deemed interested Director in the subject transactions relating to the corporate proposals.

** Encik Suhaimi bin Kamaralzaman did not attend six (6) board Meetings during the review period. He did not attend five (5) board meetings as he was deemed interested Director in the subject transactions relating to the corporate proposals and one (1) board meeting was due to unforeseen circumstances.

*** YB Dato' Kamarul Baharin bin Abbas, YB Sivarasa a/l Rasiah and YBhg Dato' Idris bin Md Tahir were unable to attend the board meetings due to unforeseen circumstances.

The Board is provided with agendas and board papers prior to board meetings. The board papers include minutes of the previous meeting, quarterly performance report of the Group, corporate and strategic initiatives proposals for the Board's review and approval. These documents are issued in advance to enable the Board to seek clarification from the Management or the Company Secretary before the board meetings to enable effective discharge of its duties. Urgent papers may be presented for tabling at the board meetings under supplemental agenda.

At the board meetings, the Board reviews Management reports on the business performance of the Company and its subsidiary companies, and reviews, inter-alia, the results compared with the preceding quarter and year-to-date. As part of the integrated risk management initiatives, the Board peruses the decisions and salient issues deliberated by Board Committees through briefing by the Board Committees' Chairmen. The Chairman of the Board Risk Management Committee would inform the Directors at board meetings of any principal risks that would have significant impact on the Group's business and the measures to mitigate such risks. Similarly, the Chairman of the Audit Committee would inform the Directors at board meetings, of any significant issues noted by the Audit Committee which require the Board's attention and approval for implementation.

The Directors have a duty to make an immediate declaration to the Board if they have any interest in transactions to be entered into directly or indirectly with Perangsang Selangor Group. The interested Directors would serve a notice to the Board and thereupon abstain themselves from deliberations and making decisions on the transaction at the relevant Board meetings. In the event where a corporate proposal is required to be approved by shareholders, the interested Directors will abstain from voting, in respect of their shareholdings in Perangsang Selangor, on the resolution relating to the corporate proposal, and will further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions in the general meetings.

Board members have access to the advice and services of the Company Secretary and other professionals on all information in relation to the Group whether as a full Board or in their individual capacity to assist them in the furtherance of their duties.

9. Qualified and Competent Company Secretaries

Both of the Company Secretaries are persons qualified to act as company secretaries under Section 139A of the CA. Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries support the Board in managing the Group Governance to ensure it continues to be effective and relevant.

The Company Secretaries ensure that deliberations at Board and Board Committees meetings are well captured and minuted, and subsequently communicated to the relevant Management for necessary actions. The Board is updated by the Company Secretaries on the follow up or implementation of its decision/ recommendations by the Management under matters arising of the agenda in every quarterly meetings of the Board.

The Company Secretaries also provide guidance to the Chairman and other Board Members on the conduct of the general meetings.

10. Directors' Training

Directors are to keep themselves abreast with the developments in the business environment as well as with any new relevant regulatory and statutory requirements to maximise their effectiveness in the Board. This can be achieved amongst others, through attending trainings provided externally or internally by reading relevant publications and adhering to continuous professional education as required by the respective professional bodies.

The Nomination Committee is entasked upon assessment of Directors, recommends to the Board the training needs of Directors in the specific areas requiring improvement.

In compliance with the Bursa Securities MMLR, all Directors have attended the required Mandatory Accreditation Programme ("MAP") save for YM Raja Shahreen bin Raja Othman and Encik Soffan Effendi bin Aminudin (Alternate Director) who are both newly appointed on 31 March 2015. However, both of them will be attending the MAP within the required timeframe as prescribed by Bursa Securities MMLR.

Training programmes, courses, and seminars, conferences, talks attended by the Directors during the year in review is shown in Table 7 :

Table 7

Name of Directors	PROGRAMMES
YM Raja Dato' Idris Raja Kamarudin	• RISK RETREAT : ENTERPRISE RISK MANAGEMENT : "NEW CULTURE"
Encik Suhaimi bin Kamaralzaman	• THE BUSINESS OF INNOVATION • GOOD AND SERVICES TAX ("GST") AWARENESS BRIEFING • RISK RETREAT : ENTERPRISE RISK MANAGEMENT : "NEW CULTURE"
Encik Mustaffa Kamil bin Ayub	• RISK RETREAT : ENTERPRISE RISK MANAGEMENT : "NEW CULTURE" • SEMINAR KEBANGSAAN AL QURAN DAN DAULAH TOYYIBAH • WORLD FORUM FOR MUSLIM DEMOCRATS • COMMON BREACHES OF LISTING REQUIREMENTS WITH CASE STUDIES
YB Dato' Kamarul Baharin bin Abbas	• RISK RETREAT : ENTERPRISE RISK MANAGEMENT : "NEW CULTURE" • COMMON BREACHES OF LISTING REQUIREMENTS WITH CASE STUDIES
YB Sivarasa a/l Rasiah	• GOOD AND SERVICES TAX ("GST") AWARENESS BRIEFING • RISK RETREAT : ENTERPRISE RISK MANAGEMENT : "NEW CULTURE" • RESHAPING THE LEGAL PROFESSION, REFORMING THE LAW
Dato' Dr Mohamed Ariffin bin Aton	• PERSONAL DATA PROTECTION ACT 2010 • NATIONAL SEMINAR ON CRISIS MANAGEMENT AND EFFECTIVE MEDIA RELATIONS 2014 • RISK RETREAT : ENTERPRISE RISK MANAGEMENT : "NEW CULTURE" • BOARD OF CHAIRMAN SERIES – THE ROLE OF THE CHAIRMAN BY BURSA • EDUCATION SEMINAR : OVERVIEW OF ESG INDEX AND INDUSTRY CLASSIFICATION BENCHMARK • COMMON BREACHES OF LISTING REQUIREMENTS WITH CASE STUDIES
Encik Rosely @ Mohamed Ross bin Mohd Din	• LEADERSHIP MASTER CLASS WITH LINDA HILL • FIDE FORUM – FOCUS GROUP – BUILDING TALENT POOL OF DIRECTORS • PUBLIC LECTURE – 'BRAND ISLAM IS THE A NEW BLACK IN MARKETING' • GOOD AND SERVICES TAX ("GST") AWARENESS BRIEFING • IFN FORUM ASIA 2014 • RISK RETREAT : ENTERPRISE RISK MANAGEMENT : "NEW CULTURE" • THE BUSINESS OF LEADERSHIP: WHAT GOT YOU HERE WON'T GET YOU THERE • A COMPREHENSIVE TALENT-BASED APPROACH TO BOARD RECRUITMENT • RISK: FROM WHEREOF? • GLOBAL ISLAMIC FINANCE FORUM • LEADERSHIP ENERGY SUMMIT ASIA
YBhg Dato' Idris bin Md Tahir	• GOOD AND SERVICES TAX ("GST") AWARENESS BRIEFING • RISK RETREAT : ENTERPRISE RISK MANAGEMENT : "NEW CULTURE" • INVITATION TO AC CHAIRMAN: MASB ROUNDTABLE ON FINANCIAL REPORTING • COMMON BREACHES OF LISTING REQUIREMENTS WITH CASE STUDIES

11. Board Committees

The Board has established several Board Committees whose composition and terms of reference are in accordance with the best practices prescribed by the MCCG 2012 and mandated by Bursa Securities MMLR.

The Board Committees are as follows:

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Board Risk Management Committee
- Corporate Social Responsibility Board Committee
- Board Investment Review Committee
- Tender Board Committee

To assist the Board to discharge its role and functions effectively, the Board had delegated certain of its duties and responsibilities to the various Board Committees which operate under approved terms of reference.

The terms of reference, functions and frequency of meetings for the Board Committees are as follows:-

Audit Committee

The report of the Audit Committee is set out in pages 56 to 58 of this Annual Report.

Nomination Committee

- To recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board. In making its recommendations, the Nomination Committee should consider the candidates'
    - skills, knowledge, expertise and experience;
    - professionalism;
    - integrity; and
    - in the case of candidates for the position of independent non-executive directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors.
- To consider in making its recommendations, candidates for directorship proposed by the Chief Executive Officer and, within the bounds of practicability, by any other Senior Management or any Director or Shareholder.
- To recommend to the Board, directors to fill the seats on Board Committees.
- To develop criteria and oversee annual assessment with the appropriate criteria on the effectiveness of the Board of Directors as a whole, the Board Committees and the contribution of each individual Director and Chief Executive Officer.
- To develop criteria and oversee annual assessment with the appropriate criteria on the effectiveness of the board representative in the subsidiaries and/or associate companies, the Chief Financial Officer ("CFO") or CFO equivalent, and Chief Legal Officer ("CLO") or CLO equivalent, of the subsidiary companies.
- To review and recommend to the Board the required mix of skills and experience and other qualities the Board requires in order to function completely and efficiently.
- To assess the performance and contributions of directors who stand for re-election whether they meet established performance evaluation criteria.
- To develop criteria to assess independence of directors.
- To review the succession planning of the Board and Chief Executive Officer and/or Managing Director.
- To review the succession planning of Chief Executive Officer and/or Managing Director (C Level position). Talent Management and Succession Planning policies set by the Group will be used as guiding principle. The Members' key duties are as follows:-
    - To identify high potential and selected talents for C Level position.
    - To approve specific development intervention of selected talent
    - To ensure follow through on development agenda of each talent
    - To review progress, new assignments, hiring external decisions in order to recalibrate development activities to address capability needs for optimum results.
- The Nomination Committee shall make recommendations to the Board concerning matters relating to:-
    - Establishing Key Performance Indicators ("KPIs") and setting targets linked to business strategy.
    - Establishing KPIs and setting targets for Chief Executive Officer.
- To facilitate Board induction and training for newly appointed directors.
- To review training programmes for the board.
- To facilitate achievement of board diversity policies and targets.

- To review and recommend candidates for Shariah Advisory Panel.
- To identify prospective candidates with experience and relevant expertise and making recommendations to the Board of Perangsang Selangor, for Board representation in the subsidiaries and/ or associate companies of Perangsang Selangor.
- To identify the prospective candidates for the executive appointments of the CFO or CFO equivalent, and CLO or CLO equivalent, of the subsidiary companies.

The Nomination Committee met three (3) times during the year in review and the key activities were as follows:-

i) Review the performance of Group Chief Executive Officer/Managing Director of Perangsang Selangor;

ii) Review Proposed Key Performance Indicator of the of Group Chief Executive Officer/Managing Director of Perangsang Selangor;

iii) Review the Succession Planning of Group Chief Executive Officer/Managing Director of Perangsang Selangor;

iv) Annual evaluation on the effectiveness of the Board as a whole, the Board Committees, Directors' peers evaluation and independence of independent Directors' evaluation;

v) Proposed template for monitoring the implementation of Perangsang Selangor Business Plan; and

vi) Review internal talents profiles for Group Chief Executive Officer/ Managing Director position.

Remuneration Committee

- To advise the Board on remuneration policies and practices of the Company.
- To assure the shareholders of the company that the remuneration of the principal Executive Directors of the Company and other Senior Management are determined by a Committee of the Board whose members have no personal interest in the outcome of the decisions of the Remuneration Committee and who will give due regard to the interests of shareholders.
- To review, appraise and make recommendations to the Board on the Company's framework of Executive Directors and Senior Management of the Group's remuneration, salary increment, bonus, retirement benefit and compensation.
- To review the remuneration packages of Executive Directors and Senior Management on a regular basis and to compare them to best market practice, to ensure they remain fair and competitive.
- To appraise and recommend suitable short and long-term policies and performance-related incentive schemes for the Company.
- To review any major changes in remuneration policy and employee benefit structures throughout the Company or Group, and if thought fit recommend them to the Board for adoption.

There was no meeting during the year in review.

Board Risk Management Committee

- Oversight of the establishment and implementation of an Enterprise Risk Management ("ERM") framework.
- Articulating and providing direction on risk appetite, tolerance, organisational control environment and risk culture at Perangsang Selangor Group.
- Oversee and advise the board on the current risk exposures of Perangsang Selangor Group.
- Reviewing and recommending risk management strategies and policies for the Board of Directors' approval.
- Leading Perangsang Selangor Group's strategic direction in the management of material business risks.
- Ensuring infrastructure, resources and systems are in place for Group Risk Management Department, i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independent of the business risk taking activities of the Company.

The Board Risk Management Committee met four (4) times during the year in review.

Corporate Social Responsibility ("CSR") Board Committee

- To review implementation of CSR programmes for the Group.
- To consider and approve proposals for CSR subject to limit of authority delegated and approved by the Board of Directors.
- To plan and propose yearly budgets for CSR programmes for approval by the Board of Directors.
- To monitor and report back to the Board of Directors progress of implementation of CSR programmes for the Group.

- To prepare, review and propose for Board of Directors' approval the CSR Statement for inclusion in the Annual Report.
- To see that appropriate action is taken to assure compliance and to correct non-compliance, with the Company's procedures, programmes, policies and practices relating to its responsibilities as a global corporate citizen.
- To review and make recommendations with respect to the Company and Group's political activities, including political contributions, the Company and Group's positions with respect to pending legislative and other initiative, and political advocacy activities of the Company and Group.
- To review legal, regulatory and other matters relating to the Company and Group's responsibilities as a global corporate citizen that may have a significant impact on the Company and Group in any manner and make recommendations with respect thereto. As part of these responsibilities, the Committee shall take steps to ensure that reasonable and adequate systems are in place to ensure the Company and Group's compliance with governmental regulations relating to environment, health and safety matters.
- To review and monitor the performance of the Company and Group as it affects matters relating to sustainability, the environment, communities, customers and other key stakeholders.
- To oversee the management of risks related to sustainability and the environment and the Company and Group's interactions with communities, customers and other key stakeholders, including risks related to reputation.
- To formulate and update the CSR programmes for the Company and Group.
- To oversee, coordinate and integrate the management of the Company and Group's CSR programmes for:

  - Employees
  - Environment
  - Communities and Interest Groups
  - Government (legislative bodies)
  - Business Partners

- To oversee the Company and Group's integrated CSR programmes.
- To conduct an annual review of the integrated CSR programmes to ensure that these:

  - comply with applicable laws: and
  - are consistent with Company and Group policies, guidelines and objectives on CSR.

- To ensure that the CSR programmes are integrated and applied consistently throughout the Company and Group.
- To identify and recommend programme enhancements that will increase effectiveness and overall improvement in Company and Group performance and image.
- To apprise the Board of Directors regularly of the accomplishments and issues/concerns related to the integrated CSR programmes.
- To redefine, in consultation with the Board of Directors, the roles, duties and responsibilities of the Committee in order to integrate the dynamic requirements of business and the future plans of the Company and Group, subject at all times to the principles of sound corporate governance.
- To undertake special projects or activities which the Board of Directors or the Committee considers necessary, and perform other tasks or duties as may be requested or delegated by the Board of Directors.
- To assist the Board of Directors in enabling the Company and Group to operate its business ethically, responsibly and sustainably.

The CSR Board Committee met five (5) times during the year in review.

The report of the CSR Board Committee is set out in pages 32 to 35 of this Annual Report.

Tender Board Committee

- To approve the appointment of Consultants.
- To appoint/deregister contractors if required (only for closed tenders).
- To ensure that Tenders are offered on an equal basis, just and fair to all participants.
- To ensure that Tender Procedures are adhered to.
- To ensure propriety to the Tender Opening Process.
- To deliberate and Award Tenders at the most competitive prices, to the most qualified and suitable tender participant.
- To notify the Board of Directors on the award of tender.
- To obtain independent estimates to enable them to benchmark against the proposed tenders if the need should arise.
- To recall Tenders if they are of the opinion

that the objectives of the exercise have not been achieved.

- To call for new Tenders if variation orders during the implementation stage of contract are in excess of 10% of the contract sum.

The Tender Board Committee meets as and when required.

Board Investment Review Committee

- To evaluate investment and divestment proposals for the Group.
- To consider and recommend proposals for investments and divestment to the Board of Directors.
- To evaluate investment and divestment criteria, policies, guidelines and procedures for approval by the Board of Directors.
- To monitor new investments and divestments in the interim period and report back to the Board of Directors on the progress until the signing of a definitive agreement.
- To see that appropriate action is taken to assure compliance and to correct non-compliance, with the Company's procedures, policies and practices relating to its investment and divestment.
- To review legal, regulatory and other matters relating to the Company and Group's investments and divestment.
- To review and monitor the performance of the Company and Group as it affects matters relating to business sustainability, compliance to Bursa Securities MMLR and other key stakeholders.
- To redefine, in consultation with the Board of Directors, the roles, duties and responsibilities of the Committee in order to integrate the dynamic requirements of business and the future plans of the Company and Group, subject at all times to the principles of sound corporate governance.
- To undertake special projects or activities which the Board of Directors or the Committee considers necessary, and perform other tasks or duties as may be requested or delegated by the Board of Directors.
- To assist the Board of Directors in enabling the Company and Group to operate its business ethically, responsibly and sustainably.

The Board Investment Review Committee met four (4) times during the year in review.

12. Indemnification of Directors and Officers

Directors and Officers of the Group are indemnified under a Directors' and Officers' Liability Insurance against any liability incurred by them in the discharge of their duties while holding office as Directors and Officers. Nevertheless, the Directors and Officers shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.

B. DIRECTORS' REMUNERATION

Directors' remuneration is generally benchmarked against the market average of comparable companies to attract and retain the Directors to run the Company.

The remuneration of the Group CEO/MD is based on the terms of his employment contract with the Company and the Company's Remuneration Policy for working Directors which came into force on 28 June 2011 whereby employees who have been appointed as Director shall not be eligible to receive directors' fees and meeting allowance from the company where their salaries are being paid ("Employer") and/or any subsidiary company. Employees who have been appointed as Director shall be eligible to receive leave passage benefit from the Employer only provided the said benefit is being accorded to Directors or is provided for in the contract of employment.

It is a policy that all non-executive Directors are entitled to the same quantum of fees and leave passage, except for the Chairman of the Board. Similarly, non-executive Directors are also paid the same quantum of fees and meeting allowance for their attendance at the Board and other Board Committees' meetings except for the Chairman of the Board and Board Committees.

A summary of the remuneration of the Directors for the financial year ended 31 December 2014, distinguishing between Executive Director and Non-Executive Directors in aggregate, with categorisation into appropriate components is as shown in Table 8:

Table 8

	Executive Director (RM)	Non-Executive Director (RM)	Total (RM)
Salary	583,744	-	583,744
Fees	-	400,000	400,000
Bonus	72,395	-	72,395
Others	-	309,500	309,500
Benefit-in-kind	-	260,000	260,000

Table 8

Remuneration Band (RM)	Executive Director	Non-Executive Director
50,000 - 100,000	-	-
100,001 - 150,000	-	6
150,001 - 200,000	-	1
650,001 - 700,000	1	-

C. RELATIONSHIP WITH SHAREHOLDERS

The Company recognises the importance of transparency and accountability in disclosures of the Group's business activities to its shareholders and investors. The Board has maintained effective communications policy and investor relations policy that enable both the Board and Management to communicate effectively with its shareholders, investors and even the public vide the following:

(i) The Annual Report and relevant circulars despatched to shareholders and published in the Company's website; and
(ii) Issuance of various disclosures and announcements inclusive of the quarterly financial performance of the Group to Bursa Securities.

In addition, the Group has established a website at www.perangsangselangor.com which shareholders can access for information and seek clarification on the Group's matters.

Alternatively, they may obtain the Group's latest announcements via Bursa Securities website at http://announcements.bursamalaysia.com.

Encik Mustaffa Kamil bin Ayub has been identified as the Senior Independent Non-Executive Director to whom any concerns pertaining to the Company may be conveyed to him via email at mustaffa-kamil@kps.com.my and letters stamped "Private & Confidential" can be addressed to him personally at Kumpulan Perangsang Selangor Berhad, 17th Floor, Plaza Perangsang, Persiaran Perbandaran, 40000 Shah Alam, Selangor Darul Ehsan.

AGM

The AGM which is held once a year is the principal forum for dialogue with shareholders. The Annual Report together with the Notice of AGM are sent to shareholders within the prescribed period as allowed under the Company's Articles of Association, Bursa Securities MMLR as the case maybe. Where special business items appear in the notice of AGM, an explanatory note will be included as a footnote to enlighten shareholders on the significance and impact when shareholders deliberate on the resolution.

At the AGM, the chairman encouraged the shareholders to demand a poll, particularly on substantive resolutions for good corporate governance purposes. The shareholders are given the opportunity to seek clarification on any matters pertaining to the business activities and financial performance of the Company and of the Group.

The external auditor of the Company also attend the AGM and are available to answer questions about the conduct of the audit, preparation and content of the auditors' report.

Immediately after the AGM, the Board represented by the Chairman together with the Management may address issues raised by the media and answer questions on Group activities and plans in the course of providing investors with the latest update on the Group.

The Board will consider adopting electronic voting to facilitate greater shareholders' participation after taking into consideration its reliability, cost and efficiency.

D. ACCOUNTABILITY AND AUDIT

1. Risk Management and Internal Control

The Board acknowledges its responsibility for establishing a sound system of internal control to safeguard shareholders' investments and Group's assets, and to provide assurance on the reliability of the financial statements. In addition, equal priority is given to internal control of its business management and operational techniques.

While the internal control system is devised to cater for particular needs of the Group as well as risk management, such controls by their nature can only provide reasonable assurance but not absolute assurance against material misstatement or loss.

Establishment of the Risk Management Policy is to identify, evaluate and manage the Group's corporate risk profile and develop contingency plans to mitigate any possible adverse effects on the Group.

A statement of Risk Management and Internal Controls is set out on pages 50 to 55 of this Annual Report.

2. Financial Reporting

In presenting the annual financial statements and quarterly announcements of its results, the Board has ensured that the financial statements represent a true and fair assessment of the Company's and Group's financial position.

3. Relationship with Auditors

The role of the Audit Committee in relation to the external auditors may be found in the Audit Committee Report included in this Annual Report. The Company and its Management have always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

The Audit Committee will meet with the external auditors minimum twice (2) a year without the presence of Management to ensure that the independence and objectivity of the external auditors are not compromised.

E. COMPLIANCE WITH THE BEST PRACTICES

Except for the non-disclosure of individual Director's remunerations, the Board believes that all material aspects of the Best Practices set out in the MCCG 2012 have been complied with during the financial year.

F. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that:-

(i) The annual audited financial statements of the Group and of the Company are drawn up in accordance with applicable approved accounting standards in Malaysia, the provisions of the CA and the Bursa Securities MMLR so as to give a true and fair view of the state of affairs of the Group and the Company for the financial year; and

(ii) Proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In the preparation of the financial statements for the year ended 31 December 2014, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statements with reasonable and prudent judgments and estimates. The Directors are also satisfied that all relevant approved accounting standards have been followed in the preparation of the financial statements.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with Part A of Appendix 9C of the Bursa Securities MMLR, the following additional information in respect of the financial year ended 31 December 2014 are provided:

1. Share Buy Back

The Company does not have any share buy-back scheme.

2. Share Issuance scheme, Option or Convertible Securities

As at 29 July 2013, the Perangsang Selangor ESOS had expired and there is no new scheme being implemented by the Company.

The company also did not issue any option or convertible securities during the financial year.

3. Sanctions and/or penalties imposed on the Company and its Subsidiaries, Directors or Management by the Relevant Regulatory Bodies

There were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year 2014.

4. Profit Guarantees

During the financial year 2014, there were no profit guarantees given by the Company.

5. Material Contract

Other than as disclosed in Note 56 of the Financial Statements, there were no material contracts entered into by the Company and its subsidiaries involving Directors and major shareholders.

6. Variance in Results

There were no variances of 10% or more between the results for the financial year ended 31 December 2014 and the unaudited results previously announced.

7. Utilisation of Proceeds

The Company did not call or raise any capital for the financial year ended 31 December 2014.

8. Non-Audit Fees

The amount of non-audit fees paid to external auditors by the Company and its subsidiaries for the financial year 2014 was RM33,000.

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

There was no RRPT of a Revenue or Trading in nature during the review period except for rental income, interest income and management fees. However, announcement is not required to be made to Bursa Securities as the value of the transactions does not exceed 1% of the Net Assets of the Group.

10. Depository Receipt (DR) Programme

The Company did not sponsor any DR programme during the financial year under review.

11. List of Properties

The Company's list of properties is set out from pages 235 to 236 of this Annual Report.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROLS

1. INTRODUCTION

Bursa Securities' Main Market Listing Requirements (MMLR) requires Directors of listed companies to include a statement in their annual reports on the state of their risk management and internal controls. The Board of Directors is pleased to provide the following statement, which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 December 2014.

2. RESPONSIBILITY OF THE BOARD

The Board recognises the importance of sound internal controls and risk management practices for good corporate governance. The Board affirms its overall responsibility for the Group's system of internal controls and for reviewing its adequacy and integrity. Such a system covers not only financial controls but also controls relating to operational, risk management and compliance with applicable laws, regulations, rules, and guidelines.

In view of the inherent limitations in any system of internal control, this system is designed to identify and manage risk, rather than eliminate the risk of failure to achieve the Group's business objectives. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement or loss.

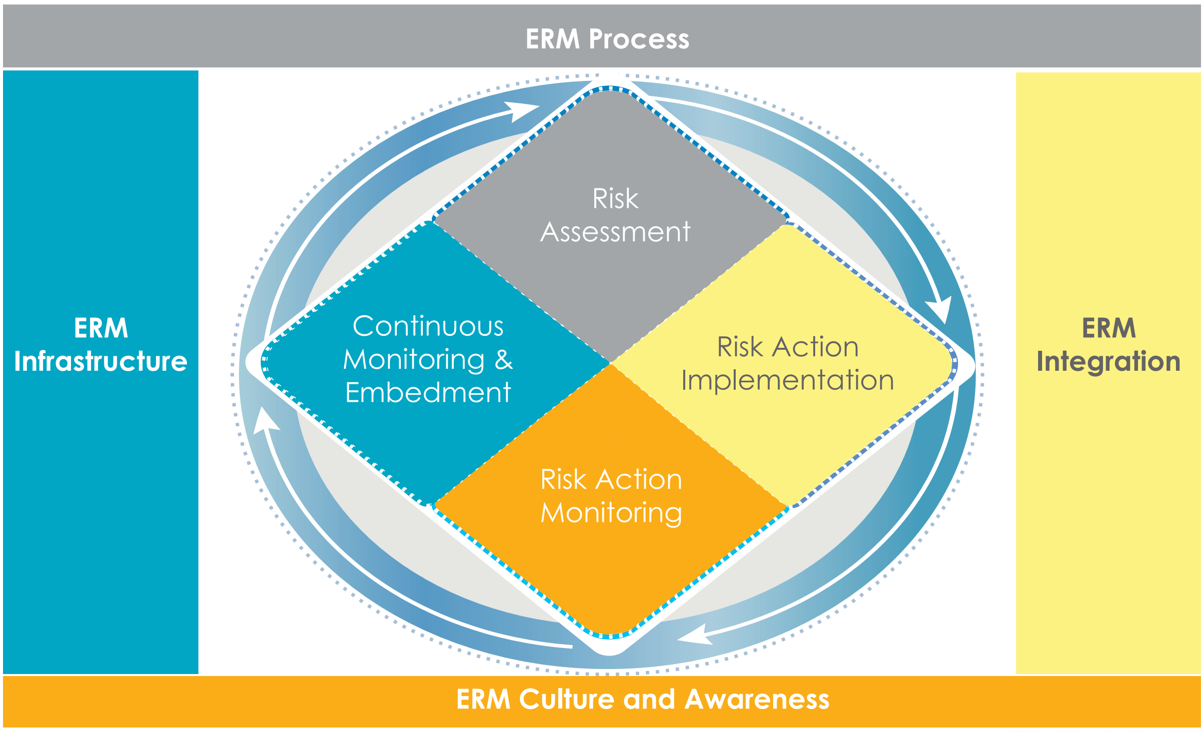
The Group has in place ongoing processes for identifying, evaluating, monitoring and managing significant risks faced by the Group during the year. Management is responsible for the identification and evaluation of significant risks applicable to their respective areas of business and to formulate suitable internal controls. This process is reviewed by the Board which dedicates its time at periodic intervals throughout the year for discussion on this matter.

Material associated companies have not been dealt with as part of the Group for the purpose of this internal control statement. However, the Board is of the view that the management of these material associated companies has an existing monitoring function to assist them in ensuring the system of internal controls is functioning as intended.

3. RISK MANAGEMENT

The Group has established an Enterprise Risk Management ("ERM") framework based on the ISO 31000:2009 International Standard of Risk Management - Principles and Guidelines, to proactively identify, evaluate and manage key risks to an optimal level. In line with the Group's commitment to deliver sustainable value, this framework aims to provide an integrated and organised approach entity-wide.

PERANGSANG SELANGOR'S ERM FRAMEWORK



During the financial year ended 31 December 2014, the Group had actively executed the ERM initiatives based on the approved ERM Framework; which includes the tracking and monitoring of the key mitigation strategies implementation for the key risk areas identified and establishment of the Key Risk Indicators ('KRIs').

3.1 RISK MANAGEMENT POLICY

The ERM policy of the Board is as follows:
The Board has a stewardship responsibility to both understand the risk areas, communicating the requirements of this policy and to guide the organisation in dealing with these risks.

- Manage risks proactively – Current and potential risks must be identified, evaluated, understood and dealt with. Managing risks does not mean managing weaknesses.
- Manage both negative and positive risks – Ensure that negative risks are managed and mitigated; and that the positive risks are optimised; to maximise shareholders' value.
- Manage risks pragmatically, to acceptable levels given the particular circumstances of each situation – A cost-benefit approach is needed where the returns must commensurate with the risk taken.
- Ensure that risk assessment is performed and that the process is embedded in the system – All proposals relating to strategies, key project approvals; significant actions or investment must include a risk assessment summary; and that risk assessment should be part of the business processes.
- Manage risk routinely and in an integrated and transparent way in accordance with good governance practices.
- Require that an effective and formalised risk management framework is established and maintained by Kumpulan Perangsang Selangor Berhad ("Perangsang Selangor").

3.2 RISK MANAGEMENT PROCESSES

3.2.1 RISK IDENTIFICATION AND ASSESSMENT

The Group Risk Management Department is responsible for developing, coordinating and facilitating the Risk Management processes within the Group. A database of risks and controls information is captured in the format of risk registers. Key risks of key business units are identified, assessed and categorised based on the established risks parameters, to highlight the source of risk, their impacts and the likelihood of occurrence and it is being monitored by its respective Senior Management. Risk profiles for the key business units are presented to the Risk Management Working Committee chaired by Group Chief Executive Officer/Managing Director and Board Risk Management Committee and Board of Directors on a quarterly basis for deliberation and approval.

3.2.2 ESTABLISHMENT OF KEY RISK ACTION PLANS AND MONITORING

Key risk action plans had been established to address the key risks identified. The key risk action plans were assigned to risk owners and the status of implementation had been tracked and monitored based on the agreed estimated timeline for completion. Any delays were highlighted and reported on a quarterly basis.

3.2.3 ESTABLISHMENT OF KEY RISK INDICATORS (KRIs)

During the financial year under review, the KRIs for the key risk areas had been established based on the best available information, mainly to further enhance the monitoring mechanism which enables pro-activeness in mitigating risks, hence promotes ERM culture embedment. The status of KRIs had been tracked, monitored and reported accordingly.

3.3 RISK INTEGRATION

The ERM framework outlines the requirement of ERM integration with the key business processes. During the period under review, the ERM integration with the key business processes has been initiated which includes annual budgeting, new investments and projects. The management is continuously striving to improve the related processes to ensure that the risk management processes are embedded and regarded as an effective management tool.

As part of the ERM culture embedment initiative, Group Risk Management Department has successfully organised the first Risk Retreat 2014 with the theme "The New Culture". The participants include Board of Directors, Senior Management and Staff.

4. INTERNAL AUDIT

The Internal Audit function reports directly to the Audit Committee ("AC"), independent of Management. The AC has appointed an experienced Certified Internal Auditor to lead the Internal Audit function and to provide independent reasonable assurance on the adequacy of internal controls and to ascertain whether the risks are being adequately evaluated, monitored and controlled.

Overall, regular reviews and assessment of the effectiveness of the governance, risk management and internal control processes were performed within the company. The audit findings and corrective measures were presented to the AC accordingly.

Perangsang Selangor Group Internal Audit's scope includes all of its subsidiaries.

5. CONTROL STRUCTURE AND ENVIRONMENT

The Group has an established internal control structure and is committed to evaluating, enhancing and maintaining the structure to ensure effective control over the Group's business operations and to safeguard the value and security of the Group's assets. There is a clearly defined operating structure with lines of responsibilities and delegated authority in place to assist the Board to maintain a proper control environment. The key elements that support the control structure and environment are described below:-

5.1 Board Committees have clearly defined roles and Terms of Reference

Respective Board Committees have individual roles and Terms of Reference, with clearly defined functions, authority and responsibilities. The management of the various companies in the Group is entrusted to the respective Chief Executive Officers or Chief Operating Officers, whose roles and responsibilities are defined in the job description and whose authority limits are set by the respective Boards. All major decisions require the final approval of the Boards within the Group and are only made after appropriate in-depth analysis. The respective Boards receive regular and comprehensive information covering all divisions in the respective companies within the Group.

5.2 Independence of the Audit Committee

The Audit Committee members of Perangsang Selangor, which comprise of exclusively Non-Executive Directors of the Board, are persons of high calibre and integrity; and they collectively possess vast experience, knowledge and expertise across many industries. The Chairman of the Audit Committee is an Independent Non-Executive Director of the Board.

The Audit Committee has explicit authority to investigate any matter within its terms of reference and:

(i) has the required resources to perform its duties;

(ii) has full and unrestricted access to any information pertaining to the Company and Group including the support and cooperation from Management;

(iii) has direct communication channels with both the External and Internal Auditors and is able to obtain independent professional advice; and

(iv) is able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Executive Directors and employees of the Company, whenever deemed necessary.

In addition, the Audit Committee plays a crucial role in ensuring the objectivity, effectiveness and independence of the Internal Audit function from Management. The direct accountability of Internal Audit function to the Audit Committee enables the internal audit activity to be independent, and the Internal Auditors to be objective in performing the internal audit activity.

5.3 Documented internal policies and procedures

The Group continues to periodically review and update the internal policies and standard operating procedures for improvement and to reflect changes in the business structure and processes as and when necessary.

(i) Delegation of Authority ("DoA") and Limit of Authority/Financial Authority Limit ("LOA/FAL")

- There is an organisational structure with formally defined lines of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties.
- There are operational authority limits imposed on the Group Chief Executive Officer/Managing Director and Management within the Group in respect of day-to-day operations.

(ii) Tender Policy, Guidelines and Procedures ("TPG")

The TPG is aligned to ISO 9001:2008 quality standards, and reaffirms Perangsang Selangor's' commitment to maintain quality operating standards, service excellence to its customers and a willingness to work together towards improving operational efficiency.

(iii) Treasury Policy

The Treasury Policy which covers policy in relation to fund management, financing activities and intercompany advances were established with the objectives of ensuring all transactions are properly authorised and reviewed to enable preparation of proper financial statements as well as to safeguard the Company's interest in its treasury activities.

(iv) Related Party Transaction Policy and Procedures

This policy aims to:-

- provide guidelines for Perangsang Selangor and its subsidiaries under which all related party transactions must be reviewed and approved or ratified by the Audit Committee and Board;
- provide guidance to staffs to ensure that all transactions that involve potential related parties are determined at arm's length, reasonable and consistent basis whilst any conflict of interest situation are appropriately disclosed and addressed; and
- ensure compliance to the disclosure requirements for all related party transactions.

(v) The Whistleblowing Policy and Guidelines

The Whistleblowing Policy and Guidelines was developed to enable any individuals to raise concerns regarding the Group. The policy was developed to achieve two (2) primary objectives as follows:

- To provide a safe and acceptable for staff or any other stakeholders to raise concerns so that it can be addressed in an independent and unbiased manner; and
- To provide an internal mechanism for the organisation to be notified about concerns at the workplace and further if required, take any action deemed appropriate.

(v) Centralised Treasury Function Policy

Perangsang Selangor has established its Centralised Treasury Function Policy. The objective of the policy is primarily to ensure higher Capital and Fund efficiencies, greater transparency and access to readily updated fund information across the entities in the Group. The policy covers two main scope as follows:-

- Funding and capital markets
- Cash and liquidity management

With the Centralised Treasury Function Policy, the Group is able to obtain competitive rates on the cash surplus due to bigger pool of funds.

5.4 Disaster Recovery Plan ("DRP")

Perangsang Selangor Group has established its DRP with the main objective of ensuring speedy recovery of critical IT applications essential to the business operations in the event of a disaster. The DRP is a key component of the Plaza Perangsang's Business Continuity Programme (BCP).

Data backup is being stored and generated on a daily basis at the off-site Data Center located in Cyberjaya. "Live-Testing" is being conducted periodically to ensure achievement of the targeted Recovery Time Objective (RTO) as prescribed in the BCP framework. The Group had successfully conducted the DRP live testing in June and October 2014.

5.5 Detailed budgeting process

A detailed budgeting process is in place requiring all key operating companies in the Group to prepare budgets annually which are discussed at management level and approved by the respective Boards.

An effective reporting system on actual performance against approved budgets is in place whereby significant variances are followed up on a quarterly basis and management action is taken to tighten or to rectify any shortcomings, where necessary.

5.6 Human Resource Policies

Existing policies provide clear guidelines for the organisation to implement various aspects of human resource practices in an objective and consistent manner. The policies set standards that guide how we conduct ourselves as employees and also play as an integral part of Perangsang Selangor's business strategy.

The following core functions have been centralised to ensure policies are properly executed as well as to ensure effective control and compliance across the Group towards establishing good corporate governance:

- Talent Management and Performance Management
- Compensation and Benefits / Organisational Development
- Recruitment and Staffing for key positions
- Industrial Relations / Employer-Employee Relations

Being the custodian of these policies, it is always a mission of the Department to continuously provide effective human resource management by developing and implementing policies in driving programmes and services that contribute to the attainment of Group and individual goals.

5.7 Business Continuity Programme ("BCP")

Perangsang Selangor has established its BCP framework for its critical business functions located at Plaza Perangsang, which comprise of BCP Policy, detailed Business Continuity Plans ("BC Plans") for the respective functions and the Crisis Management Team Plan covering recovery structure, prioritised activities, Recovery Time Objectives ("RTO"), notification tree, listing of key records and checklists.

The main objective for the BCP is to assist management in responding to business disruptions effectively, resume essential operation within required time frames and minimise cost of damage to business operations from the effects of major disasters.

A live simulation test has been conducted in October 2014 to test the BC Plans. Awareness sessions have also been conducted to enhance the awareness on the importance of BCP. The BC Plans will be continuously reviewed by the respective functions to ensure its pertinence and effectiveness.

6. MONITORING AND REVIEW

The processes adopted to monitor and review the effectiveness of the system of internal controls are:

- All subsidiaries submit monthly Management Reports and Key Performance Indicators ("KPI") to the Group Chief Executive Officer/Managing Director. The reports include the progress of key business initiatives undertaken by the subsidiaries as well as the rating of the KPIs, review of actual results against the preceding year as well as against the budget, with significant variance being explained and necessary actions taken.

- The Board receives and reviews quarterly performance reports from Management of the various lines of business with financial performance and progress reports.

- The Group's Internal Audit Department, which reports to the Audit Committee performs regular reviews on the internal control procedures and highlights significant risks affecting the Group. The Internal Auditors will follow up with Management in respect of the corrective actions taken on those recommendations. The Audit Committee reviews and approves the annual internal audit plan for the year prior to their execution.

- The Audit Committee meets at least quarterly to review internal audit findings, and ensure that weaknesses in controls highlighted are appropriately addressed by management.

Continuous efforts are undertaken to ensure standardisation, timeliness and comprehensiveness of key internal control procedures.

The system of internal controls has a clear management support, including the involvement of the Board and is designed to address the risks to which the Group is exposed.

For the financial year ended 31 December 2014, the Board has actively monitored and reviewed the risk management practices and effectiveness of the internal control structure, based on the adopted ERM framework which includes process for identifying, evaluating and managing significant risks faced by the Group. This is an on-going process which includes enhancement of the relevant key internal controls when there are changes in the business environment.

The Board is also assisted by the Management in the implementation of the Board's policies and procedures on risk and control. This includes the identification of risk control measures to address pertinent and relevant risks affecting the Company.

The Board has received reasonable assurance from the Group Chief Executive Officer / Managing Director and General Manager, Finance and Administration that the Company's current risk management framework and internal control structure is operating adequately and effectively, in all material aspects, based on the current risk management and internal control system of the Group.

7. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The Statement has been reviewed by the External Auditors for the inclusion in the annual report of Perangsang Selangor Group for the year ended 31 December 2014. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal controls.

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the report of the Audit Committee for the financial year ended 31 December 2014.

MEMBERSHIP

The Audit Committee comprises the following members:

Chairman: **Y.Bhg Dato' Idris Bin Md Tahir**
Independent Non-Executive Director

Members: **Encik Mustaffa Kamil Bin Ayub**
Senior Independent Non-Executive Director

YB Sivarasa a/l Rasiah
Independent Non-Executive Director

YM Raja Dato Hj. Idris Raja Kamarudin
Non-Independent Non-Executive Director

Encik Rosely @ Mohamed Ross Bin Mohd Din
Independent Non-Executive Director

MEETING ATTENDANCE

A total of seven (7) Audit Committee meetings were held during the financial year ended 31 December 2014. The details of attendance of the Audit Committee members are as follows:

Committee Member	Meetings attended
Y.Bhg Dato' Idris Bin Md Tahir	7/7
Encik Mustaffa Kamil Bin Ayub	7/7
YB Sivarasa a/l Rasiah *	6/7
YM Raja Dato' Hj. Idris Raja Kamarudin ^	5/7
Encik Rosely @ Mohamed Ross Bin Mohd Din	7/7

NOTES:
* YB Sivarasa a/l Rasiah was unable to attend one (1) Audit Committee meeting due to unforeseen circumstances.
^ YM Raja Dato' Hj. Idris Raja Kamarudin did not attend two (2) Audit Committee meetings during the year in review as he was deemed interested Director in the subject transactions relating to the corporate proposals.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. Purpose

The primary objective of the Audit Committee (as a sub-committee of the Board) is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, timely and accurate financial reporting and development of sound internal controls.

2. Composition

The Audit Committee shall be appointed by the Directors amongst their numbers, who fulfils the following requirements:

- comprised no fewer than three (3) Directors,
- all members must be Non-Executive Directors of which the majority of whom shall be Independent Non-Executive Directors of the Company,
- at least one (1) member must be a member of MIA or have the relevant qualifications and experience as specified in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"),
- The Chairman of the Audit Committee shall be an Independent Director, and
- No alternate Director of the Board shall be appointed as a member of the Committee.

The Board shall review the terms of office of each of its members at least once (1) every three (3) years.

3. Authority

The Audit Committee is fully authorised by the Board to independently investigate without interference from any party any activity within its term of reference. It shall have:

(a) Full and unrestricted access to any information pertaining to the Company and the Group;

(b) Direct communication channels with both the External Auditors and Internal Auditors;

(c) Full access to any employee or member of the management; and

(d) The resources, which are required to perform its duties.

The Audit Committee is also authorised by the Board to obtain external legal or other independent professional advice it considers necessary and reasonable for the performance of its duties.

4. Reporting Responsibilities

The Audit Committee will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board on any audit and financial reporting matters as it may deem fit.

If the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR, the Audit Committee has the responsibility for reporting such matters to the relevant authority(s). The Audit Committee shall have the discretion to undertake such action independently from the Board.

5. Duties and Responsibilities

The Audit Committee is to be provided with sufficient resources to undertake its duties. In fulfilling its primary objectives, the Audit Committee will need to undertake inter-alia the following functions:

(a) To review and discuss with the External Auditors the nature and scope of their audit plans, their evaluation of the system of internal controls, their reports and findings, and their management letter as well as management's response;

(b) To discuss problems and reservations arising from the interim and final audits and any matter the auditors may wish to discuss (in the absence of management, where necessary). Notwithstanding this, the Audit Committee shall meet at least twice a year with the External Auditors to discuss any matter with the Audit Committee without the presence of members of the Executive Board or Management.

(c) To report regularly to the Board issues and concerns discussed during their meetings including those raised by the External Auditors and where appropriate, make necessary recommendations to the Board;

(d) To review the quarterly results and year-end financial statements of the Company and the Group prior to submission to the Board and Bursa Securities , focusing particularly on changes in accounting policies and practices, significant audit adjustments, going concern assumptions, and compliance with accounting standards and other legal requirements;

(e) To review and deal with any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

(f) To verify the allocation of the Employees Share Option Scheme ("ESOS") as being in compliance with the criteria set by the ESOS Committee and in compliance with the ESOS By-Laws at the end of each financial year, if any.

(g) In relation to the internal audit function, the Audit Committee are to perform the following:

- To review the adequacy of the scope, functions and resources of the internal audit function and ensure that it has the necessary authority to carry out its work, and monitor and review the effectiveness of the Company's Internal Audit function;
- To review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- Review any appraisal or assessment of the performance of members of the internal audit function;
- Approve any appointment or termination of senior staff members of the internal audit function; and
- Take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(h) To establish policies and procedures to assess the suitability and independence of External Auditors.

(i) To consider other related matters, as defined by the Board.

THE INTERNAL AUDIT FUNCTION

The Group has an in-house Internal Audit function led by a Certified Internal Auditor that reports directly to the Audit Committee.

The main role of the Internal Audit function is to provide reasonable assurance that the systems of internal control as established by Management are adequate, and are operating satisfactorily and effectively.

During the year, the Internal Audit Function had undertaken independent and objective reviews of the system of internal controls that included governance and risk management of major areas within the Group operations. The Internal Audit reports were deliberated by the Audit Committee and the recommendations were duly implemented by Management.

The cost incurred for the internal audit function in respect of the financial year ended 31 December 2014 amounted to RM1.235 million.

The internal audit activities carried out for the financial year included, inter alia, the following:

- Ascertained the extent of compliance with the established Group policies, procedures and statutory requirements.
- Reviewed related party transactions.
- Prepared, presented and sought the Audit Committee's approval of the annual audit plan for the Group.
- Evaluated the efficiency of processes, functions and current practices, and provided suitable recommendations to the Audit Committee.
- Prepared audit reports and sought management response on the issues found and highlighted in the report. Upon incorporating the response of Management into the final reports, the same were circulated to the Audit Committee.
- During the year the Group Internal Audit Department has completed 21 audit reviews and ad-hoc assignments covering several companies and functions within the group such as the following:

    I. Corporate Social Responsibility.

    II. Islamic Religious Department.

    III. Public Relations & Corporate Communication.

    IV. Dormant Companies

    V. Group Wide Procurement – covering all KPS group of companies excluding associate companies.

    VI. Group Administration – expenditures, utilization and monitoring of fleet cars and fleet cards.

    VII. Information Technology – software licensing, maintenance, physical and logical control environments.

    VIII. Group Strategic Planning & Investment Department – performance monitoring, business plans, investments and divestments transactions.

    IX. Follow Up Audits.

    X. Related Party Transactions and Recurrent RPT process – Reporting, monitoring and compliance to Bursa Malaysia Listing Requirements.

    XI. Reviews on Impairment of Assets by the Finance & Admin Department.

    XII. Hotels Halal Compliance Audit.

    XIII. Special reviews as directed by the Audit Committee.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the Audit Committee has:

- Reviewed and sought Management's explanation and recommended actions on the quarterly and annual financial results and performance of the Company and the Group prior to submission to the Board of Directors for consideration and approval.
- Reviewed and sought management explanation on related party transactions entered into by the Company and the Group, and reported the same to the Board of Directors.
- Reviewed and discussed with the external auditors the nature and scope of the audit prior to the commencement of the audit.
- Reviewed, discussed and sought management explanation on the audit reports before reporting the same to the Board of Directors.
- Reviewed audit plans for the year for the Company and the Group as prepared and reported by the internal auditors.

Financial Statements

Sultan Alam Shah Museum

Indulge in the splendour of Selangor Sultanate's bygone era where its treasures and artefacts are well preserved. The Sultan Alam Shah Museum also houses relics from the British era.

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, property development and provision of management services. The principal activities of the subsidiaries and associates are described in Notes 17 and 18 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/(loss) net of tax and zakat	**117,650**	**(10,454)**
Profit/(loss) attributable to:		
• Owners of the parent	115,567	(10,454)
• Non-controlling interests	2,083	-
	117,650	**(10,454)**

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

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 the effects arising from:

(a) the disposal of an associate company which resulted in an increase in the Group's profit for the year by RM12,828,000 as disclosed in Notes 5 and 19(b) to the financial statements; and

(b) impairment loss on trade receivables which resulted in a reduction in the Group's profit for the year by RM102,067,000 as disclosed in Notes 7 and 27 to the financial statements.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2013 were as follows:

In respect of the financial year ended 31 December 2013 as reported in the directors' report of that year:

	RM'000
Single-tier final dividend for 2013: 2 sen per ordinary share, on 499,004,119 ordinary shares (2 sen per ordinary share), declared on 26 June 2014 and paid on 15 August 2014	9,980
In respect of the financial year ended 31 December 2014:	
Single-tier first interim dividend for 2014: 2 sen per ordinary share on 499,004,119 ordinary shares (2 sen per ordinary share), declared on 8 February 2014 and paid on 24 March 2014	9,980

At the forthcoming Annual General Meeting, a single-tier final dividend in respect of the financial year ended 31 December 2014, of 2 sen per ordinary share on 499,004,119 ordinary shares, amounting to a dividend payable of RM9,980,082 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 directors of the Company in office since the date of the last report and at the date of this report are:

YM Raja Dato' Idris Raja Kamarudin	
Suhaimi bin Kamaralzaman	
YB Dato' Kamarul Baharin bin Abbas	
YB Sivarasa a/l Rasiah	
Mustaffa Kamil bin Ayub	
YBhg Dato' Dr. Mohamed Ariffin bin Aton	
Rosely @ Mohamed Ross bin Mohd Din	
YBhg Dato' Idris bin Md Tahir	
YM Raja Shahreen bin Raja Othman	(Appointed on 31 March 2015)
Soffan Affendi bin Aminudin	(Appointed on 31 March 2015)
(Alternate director to YM Raja Shahreen bin Raja Othman)	

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.

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 Notes 8 and 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

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

	<----- Number of ordinary shares of RM1 each ----->			
	1.1.2014	**Acquired**	**Disposed**	**31.12.2014**
The Company				
YM Raja Dato' Idris Raja Kamarudin	456,047	-	(429,000)	27,047
Mustaffa Kamil bin Ayub	66,720	-	(40,000)	26,720
YB Sivarasa a/l Rasiah	336,720	-	(336,720)	-
Rosely @ Mohamed Ross bin Mohd Din	164,320	-	(154,000)	10,320
YB Dato' Kamarul Baharin bin Abbas	72,785	-	(72,780)	5
YBhg Dato' Dr Mohamed Ariffin bin Aton	60,654	-	(60,654)	-
Suhaimi bin Kamaralzaman	100,000	-	(90,000)	10,000

None of the other directors in office at the end of the financial year had any interest in shares of the Company or its related corporations during the financial year.

Other statutory information

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that 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 values 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

Other statutory information (cont'd.)

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

(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.

(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 when they fall due; and

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

Significant and subsequent events

The significant and subsequent events are disclosed in Note 56 to the financial statements.

Auditors

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

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

YM RAJA DATO' IDRIS RAJA KAMARUDIN **SUHAIMI BIN KAMARALZAMAN**

STATEMENT BY DIRECTORS

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

We, YM Raja Dato' Idris Raja Kamarudin and Suhaimi bin Kamaralzaman, being two of the directors of Kumpulan Perangsang Selangor Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 67 to 229 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965, in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended.

The information set out on in Note 58 to the financial statements on page 230 have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

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

YM RAJA DATO' IDRIS RAJA KAMARUDIN

SUHAIMI BIN KAMARALZAMAN

STATUTORY DECLARATION

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

I, Suzila Binti Khairuddin, being the officer primarily responsible for the financial management of Kumpulan Perangsang Selangor Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 67 to 230 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 Suzila Binti Khairuddin
at Shah Alam in Selangor Darul Ehsan
on 28 April 2015.

SUZILA BINTI KHAIRUDDIN

Before me,

INDEPENDENT AUDITORS' REPORT

to the members of Kumpulan Perangsang Selangor Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Kumpulan Perangsang Selangor Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the income statements, statements of comprehensive income, statement of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 67 to 229.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements 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 Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Without qualifying our opinion, we draw attention to Note 2.5(b) to the financial statements which describes the uncertainty relating to the outcome of the lawsuit filed by a subsidiary of the Company, Konsortium Abass Sdn. Bhd., against Syarikat Bekalan Air Selangor Sdn. Bhd. for the recovery of the amount due in respect of supply of treated water.

INDEPENDENT AUDITORS' REPORT

to the members of Kumpulan Perangsang Selangor Berhad (cont'd.) **(Incorporated in Malaysia)**

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia ("the Act"), 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 17 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.

Other matters

The supplementary information set out in Note 58 to the financial statements on page 177 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Ernst & Young
AF: 0039
Chartered Accountants

Abraham Verghese A/L T.V. Abraham
No. 1664/10/14(J)
Chartered Accountant

Kuala Lumpur, Malaysia

INCOME STATEMENTS

For the financial year ended 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000 (Restated)	Company 2014 RM'000	Company 2013 RM'000
Continuing Operations					
Revenue	3	**314,031**	302,291	**14,683**	21,693
Cost of sales	4	**(112,640)**	(114,274)	**-**	-
Gross profit		**201,391**	188,017	**14,683**	21,693
Other income	5	**76,023**	324,089	**5,317**	81,280
Administrative expenses		**(50,231)**	(49,676)	**(26,653)**	(27,238)
Selling and marketing expenses		**(701)**	(1,214)	**-**	-
Other expenses*		**(150,842)**	(116,220)	**(3,223)**	(6,556)
Operating profit/(loss)		**75,640**	344,996	**(9,876)**	69,179
Finance costs	6	**(95,073)**	(113,597)	**(667)**	(4,760)
Share of profit of associates		**149,703**	59,502	**-**	-
Profit/(loss) before tax and zakat	7	**130,270**	290,901	**(10,543)**	64,419
Income tax and zakat	10	**(12,620)**	(19,570)	**89**	(18)
Profit/(loss) after tax and zakat from continuing operations, net of tax and zakat		**117,650**	271,331	**(10,454)**	64,401
Discontinued Operation					
Loss from discontinued operation, net of tax and zakat	11	**-**	(5,171)	**-**	-
Profit/(loss) net of tax and zakat		**117,650**	266,160	**(10,454)**	64,401
Profit/(loss) attributable to:					
Owners of the parent:					
- Continuing operations		**115,567**	267,684	**(10,454)**	64,401
- Discontinued operation		**-**	(2,370)	**-**	-
		115,567	265,314	**(10,454)**	64,401
Non-controlling interests		**2,083**	846	**-**	-
		117,650	266,160	**(10,454)**	64,401

* Included in other expenses of the Group is impairment on trade and other receivables of RM102,067,000 (2013: RM28,298,000) as disclosed in Notes 7 and 11 to the financial statements.

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

INCOME STATEMENTS

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

	Note	Group 2014 sen	Group 2013 sen (Restated)	Company 2014 sen	Company 2013 sen
Earnings/(loss) per share attributable to owners of the parent (sen per share):					
Basic					
- Continuing operations	12(a)	**23.16**	53.64	**-**	-
- Discontinued operation	12(a)	**-**	(0.47)	**-**	-
		23.16	53.17	**-**	-
Diluted					
- Continuing operations	12(b)	**23.16**	53.64	**-**	-
- Discontinued operation	12(b)	**-**	(0.47)	**-**	-
		23.16	53.17	**-**	-
Dividend per share	13	**4.00**	23.00	**4.00**	23.00

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

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Profit/(loss) net of tax and zakat	**117,650**	266,160	**(10,454)**	64,401
Other comprehensive income:				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Available-for-sale financial assets:				
- Gain on fair value changes	**-**	360	**-**	12,540
- Transfer to income statement upon disposal	**-**	(1,119)	**-**	(12,540)
Share of other comprehensive income of an associate	**(33)**	1,545	**-**	-
Other comprehensive income for the year, net of tax from continuing operations	**(33)**	786	**-**	-
Other comprehensive income for the year, net of tax from discontinued operation	**-**	164	**-**	-
Total other comprehensive income for the year, net of tax	**(33)**	950	**-**	-
Total comprehensive income for the year	**117,617**	267,110	**(10,454)**	64,401
Total comprehensive income attributable to:				
Owners of the parent				
- Continuing operations	**115,534**	270,790	**(10,454)**	64,401
- Discontinued operation	**-**	(4,618)	**-**	-
	115,534	266,172	**(10,454)**	64,401
Non-controlling interests	**2,083**	938	**-**	-
	117,617	267,110	**(10,454)**	64,401

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000 (Restated)	Group 1.1.2013 RM'000 (Restated)	Company 2014 RM'000	Company 2013 RM'000
ASSETS						
Non-current assets						
Property, plant and equipment	14	**138,993**	190,617	205,891	**11,447**	11,882
Land held for property development	15(a)	**-**	-	199,485	**-**	-
Investment properties	16	**6,573**	6,658	2,784	**54,491**	56,978
Investments in subsidiaries	17	**-**	-	-	**271,124**	268,124
Investments in associates	18	**924,463**	778,112	822,228	**133,008**	133,008
Investment securities		**-**	-	2,045	**-**	-
Club memberships		**733**	733	1,693	**523**	523
Concession rights	20	**267,919**	284,664	301,409	**-**	-
Intangible asset	21	**-**	32,788	48,824	**-**	-
Goodwill on consolidation	22	**119,235**	119,235	137,080	**-**	-
Long term receivable	23	**-**	4,850	58,266	**-**	-
Concession receivable	24	**224,467**	189,684	215,669	**-**	-
Amount due from ultimate holding corporation		**-**	-	115,101	**-**	-
		1,682,383	1,607,341	2,110,475	**470,593**	470,515
Current assets						
Inventories	25	**1,929**	1,606	52,772	**-**	-
Property development costs	15(b)	**-**	-	318,385	**-**	-
Trade receivables	27	**630,915**	583,987	483,594	**144**	289
Other receivables	28	**5,930**	2,879	7,948	**2,299**	1,578
Other current assets	29	**137,512**	165,695	208,118	**-**	-
Amount due from immediate holding company	30(a)	**133,910**	132,220	170,658	**123,177**	121,457
Amount due from subsidiaries	30(b)	**-**	-	-	**79,605**	131,164
Amount due from related companies	30(c)	**3,435**	2,276	636	**3,266**	2,089
Amount due from an associate	30(d)	**4,394**	4,214	4,034	**-**	-
Dividend receivable		**-**	-	-	**570**	-
Tax recoverable		**1,378**	2,390	6,446	**135**	34
Cash and bank balances	31	**164,474**	213,030	91,372	**86,078**	140,509
		1,083,877	1,108,297	1,343,963	**295,274**	397,120
Asset of disposal group classified as held for sale	19	**42,530**	6,452	-	**-**	-
TOTAL ASSETS		**2,808,790**	2,722,090	3,454,438	**765,867**	867,635

	Note	Group 2014 RM'000	Group 2013 RM'000 (Restated)	Group 1.1.2013 RM'000 (Restated)	Company 2014 RM'000	Company 2013 RM'000
EQUITY AND LIABILITIES						
Equity attributable to owners of the parent						
Share capital	44	**499,004**	499,004	476,956	**499,004**	499,004
Share premium	45	**39,088**	39,088	34,228	**39,088**	39,088
Other reserves	46	**110,080**	110,080	167,533	**8,000**	8,000
Retained earnings	47	**552,182**	456,608	466,809	**152,630**	183,044
Shareholders' equity		**1,200,354**	1,104,780	1,145,526	**698,722**	729,136
Non-controlling interests		**22,787**	22,044	140,038	**-**	-
TOTAL EQUITY		**1,223,141**	1,126,824	1,285,564	**698,722**	729,136
Non-current liabilities						
Loans and borrowings	32	**584,122**	661,707	914,379	**-**	-
Government soft loan	35	**15,627**	2,502	-	**-**	-
Provision for concession liability	36	**207,887**	173,809	195,042	**-**	-
Accrued lease rental	37	**108,044**	152,031	127,087	**-**	-
Deferred membership income	38	**-**	1,351	2,715	**-**	-
Deferred tax	39	**121,253**	117,235	128,661	**-**	-
Trade payables		**-**	-	185,396	**-**	-
Other payables		**-**	-	2,473	**-**	-
		1,036,933	1,108,635	1,555,753	**-**	-
Current liabilities						
Trade payables	40	**28,084**	31,267	92,924	**1,973**	3,511
Other payables	41	**80,681**	46,114	137,315	**6,771**	5,381
Other current liabilities		**-**	-	128	**-**	-
Amount due to immediate holding company	42(a)	**190**	288	2,605	**-**	-
Amount due to subsidiaries	42(b)	**-**	-	-	**58,378**	64,584
Amount due to related companies	42(c)	**50**	51	38	**23**	23
Amount due to an associate		**-**	-	1,598	**-**	-
Provision	43	**-**	-	12,808	**-**	-
Loans and borrowings	32	**439,134**	408,448	353,303	**-**	65,000
Tax payable		**577**	463	12,402	**-**	-
		548,716	486,631	613,121	**67,145**	138,499
TOTAL LIABILITIES		**1,585,649**	1,595,266	2,168,874	**67,145**	138,499
TOTAL EQUITY AND LIABILITIES		**2,808,790**	2,722,090	3,454,438	**765,867**	867,635

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

			Attributable to owners of the parent						
			<---- Non-distributable				---->	Distributable	
	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000 (Note 44)	Share premium RM'000 (Note 45)	Other reserves, total RM'000 (Note 46)	Revaluation reserve RM'000	General reserve RM'000	Retained earnings RM'000 (Note 47)	Non-controlling interests RM'000
Group									
Opening balance at 1 January 2014									
As previously stated	1,115,773	1,094,742	499,004	39,088	110,080	102,080	8,000	446,570	21,031
Prior year adjustment (Note 57)	11,051	10,038	-	-	-	-	-	10,038	1,013
Opening balance at 1 January 2014 (restated)	1,126,824	1,104,780	499,004	39,088	110,080	102,080	8,000	456,608	22,044
Total comprehensive income	117,617	115,534	-	-	-	-	-	115,534	2,083
Transactions with owners									
Dividends on ordinary shares (Note 13)	(19,960)	(19,960)	-	-	-	-	-	(19,960)	-
Dividends of subsidiaries	(1,340)	-	-	-	-	-	-	-	(1,340)
Total transactions with owners	(21,300)	(19,960)	-	-	-	-	-	(19,960)	(1,340)
Closing balance at 31 December 2014	**1,223,141**	**1,200,354**	**499,004**	**39,088**	**110,080**	**102,080**	**8,000**	**552,182**	**22,787**

Group	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000 (Note 44)	Share premium RM'000 (Note 45)	Other reserves, total RM'000 (Note 46)	Capital reserve RM'000	Equity component of loan to parent RM'000	Revaluation reserve RM'000	Foreign currency translation reserve RM'000	General reserve RM'000	Fair value reserve RM'000	Employee share option reserve RM'000	Retained earnings RM'000 (Note 47)	Non-controlling interests RM'000
		Attributable to owners of the parent												
			<----- Non-distributable ----->										Distributable	
Opening balance at 1 January 2013														
As previously stated	1,276,522	1,137,313	476,956	34,228	167,533	30,243	(2,867)	127,367	103	8,000	702	3,985	458,596	139,209
Prior year adjustment (Note 57)	9,042	8,213	-	-	-	-	-	-	-	-	-	-	8,213	829
Opening balance at 1 January 2013 (restated)	1,285,564	1,145,526	476,956	34,228	167,533		(2,867)	127,367	103	8,000	702	3,985	466,809	140,038
Total comprehensive income														
As previously stated	265,101	264,347	-	-	858	-	-	-	1,516	-	(658)	-	263,489	754
Prior year adjustment (Note 57)	2,009	1,825	-	-	-	-	-	-	-	-	-	-	1,825	184
Total comprehensive income (restated)	267,110	266,172	-	-	858	-	-	-	1,516	-	(658)	-	265,314	938
Transactions with owners														
Exercise of employee share options	24,132	24,132	22,048	4,860	(2,776)	-	-	-	-	-	-	(2,776)	-	-
Expiry of employee share options	-	-	-	-	(1,123)	-	-	-	-	-	-	(1,123)	1,123	-
Grant of equity-settled share options to employees (Note 8)	267	267	-	-	267	-	-	-	-	-	-	267	-	-
Disposal of a subsidiary company	(333,818)	(215,286)	-	-	(53,148)	(30,243)	2,867	(25,287)	-	-	(132)	(353)	(162,138)	(118,532)
Disposal of an associate company	(1,531)	(1,531)	-	-	(1,531)	-	-	-	(1,619)	-	88	-	-	-
Redemption of preference shares	(400)	-	-	-	-	-	-	-	-	-	-	-	-	(400)
Dividends on ordinary shares (Note 13)	(114,500)	(114,500)	-	-	-	-	-	-	-	-	-	-	(114,500)	-
Total transactions with owners	(425,850)	(306,918)	22,048	4,860	(58,311)	(30,243)	2,867	(25,287)	(1,619)	-	(44)	(3,985)	(275,515)	(118,932)
Closing balance at 31 December 2013	**1,126,824**	**1,104,780**	**499,004**	**39,088**	**110,080**	**-**	**-**	**102,080**	**-**	**8,000**	**-**	**-**	**456,608**	**22,044**

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

		<-------------------- Non-distributable			------------------->	Distributable
Company	**Equity, total RM'000**	**Share capital RM'000 (Note 44)**	**Share premium RM'000 (Note 45)**	**Other reserves, total RM'000 (Note 46)**	**General reserve RM'000**	**Retained earnings RM'000 (Note 47)**
Opening balance at 1 January 2014	729,136	499,004	39,088	8,000	8,000	183,044
Total comprehensive income	(10,454)	-	-	-	-	(10,454)
Transactions with owners						
Dividends on ordinary shares (Note 13)	(19,960)	-	-	-	-	(19,960)
Closing balance at 31 December 2014	**698,722**	**499,004**	**39,088**	**8,000**	**8,000**	**152,630**

Company	Equity, total RM'000	<--- Share capital RM'000 (Note 44)	Share premium RM'000 (Note 45)	Non-distributable Other reserves, total RM'000 (Note 46)	General reserve RM'000	Employee share option reserve RM'000 --->	Distributable Retained earnings RM'000 (Note 47)
Opening balance at 1 January 2013	754,836	476,956	34,228	11,632	8,000	3,632	232,020
Total comprehensive income	64,401	-	-	-	-	-	64,401
Transactions with owners							
Grant of equity-settled share option to employees:							
- recognised in income statement (Note 8)	71	-	-	71	-	71	-
- included in investment in subsidiaries	196	-	-	196	-	196	-
Exercise of employee share option	24,132	22,048	4,860	(2,776)	-	(2,776)	-
Expiry of employee share option	-	-	-	(1,123)	-	(1,123)	1,123
Dividends on ordinary shares (Note 13)	(114,500)	-	-	-	-	-	(114,500)
Total transactions with owners	(90,101)	22,048	4,860	(3,632)	-	(3,632)	(113,377)
Closing balance at 31 December 2013	**729,136**	**499,004**	**39,088**	**8,000**	**8,000**	**-**	**183,044**

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

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Operating activities					
Profit/(loss) before tax and zakat					
- Continuing operations		**130,270**	290,901	**(10,543)**	64,419
- Discontinued operation		**-**	(5,151)	**-**	-
Adjustments for:					
Interest expense	6,11	**48,101**	69,023	**667**	4,760
Unwinding of discounting on:					
- FRSB	6	**17,308**	18,927	**-**	-
- BaIDS	6	**760**	1,834	**-**	-
- Provision for concession liability	6	**17,811**	17,706	**-**	-
- Intangible asset	6	**10,867**	13,051	**-**	-
- Effect of FRS on government soft loan	35	**(10,656)**	(764)	**-**	-
- Government soft loan	35	**226**	-	**-**	-
Profit from Islamic short term placements	5	**(3,481)**	(2,081)	**(2,406)**	(1,335)
Interest income from:					
- Subsidiaries	5	**-**	-	**(1,811)**	(4,887)
- Fixed deposits	5,11	**(2,080)**	(788)	**(32)**	(16)
- Others	5,11	**(184)**	(585)	**(4)**	-
Gain on fair value of money market deposits	5	**(806)**	(183)	**(599)**	-
Notional income on unwinding of discounting of:					
- Loans and receivables	5	**(6,804)**	(5,289)	**-**	-
- Concession receivable	5	**(10,812)**	(12,293)	**-**	-
- Gross amount due from customer	5	**(13,583)**	(16,376)	**-**	-
Property, plant and equipment:					
- Depreciation	7,11	**9,039**	10,668	**642**	630
- Written off	7	**1,272**	-	**-**	-
- Transfer to income statement	7	**-**	566	**-**	-
Bad debts written off	7	**-**	-	**60**	-
Reversal of allowance for impairment on financial assets:					
- Trade receivables	5,11	**-**	(663)	**-**	-
- Other receivables	11	**(175)**	-	**-**	-
Impairment loss on financial assets:					
- Trade receivables	7,11	**102,067**	28,129	**103**	-
- Other receivables	7	**-**	169	**-**	-

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Operating activities (cont'd.)					
Amortisation of deferred membership income	38	**(106)**	(134)	**-**	-
Impairment of:					
- Goodwill on consolidation	7	**-**	310	**-**	-
Remeasurement of intangible asset	21	**(23,030)**	-	**-**	-
Deferred assets written off	7	**-**	2,020	**-**	2,020
Dividend income from:					
- Subsidiary	3	**-**	-	**(570)**	(8,000)
- Associates	3	**-**	-	**(600)**	(1,200)
- Investment securities	3	**-**	(540)	**-**	(540)
Amortisation of intangible asset	7	**964**	1,929	**-**	-
Amortisation of concession rights	7	**16,745**	16,745	**-**	-
Depreciation of investment properties	7,11	**85**	97	**3,106**	3,065
Net (gain)/loss on disposal of:					
- A subsidiary company		**-**	(284,351)	**-**	(52,310)
- Associates		**(12,828)**	46,258	**-**	(10,161)
- Property, plant and equipment	5,7,11	**531**	(427)	**-**	-
- Investment securities	5,7	**-**	2,571	**-**	2,571
Reversal of:					
- Liabilities no longer required	5,11	**(520)**	(845)	**-**	-
Grant of equity-settled share options to employees	8	**-**	267	**-**	71
Net fair value gain on financial instruments:					
- Available-for-sale financial assets (transferred from equity upon disposal of investment securities)	5,7	**-**	(360)	**-**	(12,540)
Share of profit of associates	18	**(149,703)**	(59,502)	**-**	-
Operating profit/(loss) before working capital changes		**121,278**	130,839	**(11,987)**	(13,453)

STATEMENTS OF CASH FLOWS

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

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Operating activities (cont'd.)					
Operating profit/(loss) before working capital changes		**121,278**	130,839	**(11,987)**	(13,453)
(Increase)/decrease in inventories		**(323)**	4,345	**-**	-
Increase in property development costs		**-**	(5,675)	**-**	-
(Increase)/decrease in receivables		**(80,735)**	(44,537)	**(739)**	308
Increase/(decrease) in payables		**5,239**	(78,138)	**(740)**	(1,795)
Net movement in intercompany balances		**(3,128)**	56,949	**(149)**	22,828
Cash generated from/(used in) operations carried forward		**42,330**	63,783	**(13,615)**	7,888
Zakat paid		**(399)**	(799)	**(12)**	-
(Tax paid, net of refunds received)/tax refund, net of tax paid		**(7,077)**	(28)	**-**	557
Net cash generated from/(used in) operating activities		**34,854**	62,956	**(13,627)**	8,445
Investing activities					
Net dividends received from:					
- Associates		**6,600**	7,200	**600**	1,200
- Investment securities		**-**	723	**-**	405
Interest received		**2,264**	788	**36**	16
Profit from Islamic short term placements	5	**3,481**	2,081	**2,406**	1,335
Purchase of:					
- Property, plant and equipment	14	**(2,586)**	(5,919)	**(207)**	(431)
- Investment properties		**-**	-	**(619)**	(1,389)
Proceeds from disposal of:					
- Property, plant and equipment		**918**	1,409	**-**	-
- Investment securities		**-**	32,349	**-**	32,349
- Subsidiary		**-**	249,476	**-**	212,814
- Associate		**19,000**	35,016	**-**	34,016
Redemption of preference shares		**-**	-	**-**	600
Placements of money market deposits		**(79,784)**	-	**(78,755)**	-
Additional investment in subsidiaries		**-**	-	**(3,000)**	(20,000)
Additional investment in associates		**(3,000)**	(20,124)	**-**	-
Net cash (used in)/generated from investing activities		**(53,107)**	302,999	**(79,539)**	260,915

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Financing activities					
Interest paid		**(48,100)**	(69,023)	**(667)**	(4,661)
Dividend paid on ordinary shares	13	**(21,300)**	(114,500)	**(19,960)**	(114,500)
Issuance of ordinary shares	46,47	**-**	24,132	**-**	24,132
Advances to subsidiaries		**-**	-	**(14,500)**	(38,262)
Repayment of advances from subsidiaries		**-**	-	**59,508**	49,110
Drawdown of loans and borrowings		**10,000**	-	**10,000**	-
Repayment of loans and borrowings		**(75,000)**	(23,360)	**(75,000)**	-
Repayment of obligations under finance leases		**(48)**	(67)	**-**	-
Redemption of preference shares		**-**	(400)	**-**	-
Proceeds from government soft loan		**23,555**	3,267	**-**	-
Net movement in deposits with licensed banks		**(3,493)**	(9,457)	**(4,032)**	(988)
Net cash used in financing activities		**(114,386)**	(189,408)	**(44,651)**	(85,169)
Net (decrease)/increase in cash and cash equivalents		**(132,639)**	176,547	**(137,817)**	184,191
Cash and cash equivalents at 1 January		**202,448**	25,901	**139,509**	(44,682)
Cash and cash equivalents at 31 December (Note 31)		**69,809**	202,448	**1,692**	139,509

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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 of the Company is located at 16th Floor, Plaza Perangsang, Persiaran Perbandaran, 40000 Shah Alam, Selangor Darul Ehsan.

The immediate holding company of the Company is Kumpulan Darul Ehsan Berhad ("KDEB"), a company incorporated in Malaysia, and the ultimate holding corporation is Menteri Besar Selangor (Pemerbadanan), a corporate body formed under Enactment No.3 of the Menteri Besar Selangor (Incorporation), Enactment 1994.

The principal activities of the Company are investment holding, property development and provision of management services. The principal activities of the subsidiaries and associates are described in Notes 17 and 18. There have been no significant changes in the nature of the principal activities during the financial year.

Related companies refer to companies within the KDEB group.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 April 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

"The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia. In the beginning of the current financial year, the Group and the Company adopted new and revised FRS, which are mandatory for financial periods beginning on or after 1 January 2014 as described fully in Note 2.2.

The financial statements of the Group and of the Company have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except for the changes arising from the adoption of the following FRS, Interpretations and amendments that are mandatory for annual periods beginning on or after 1 January 2014:

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

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

2.3 Standards issued but not yet effective

The Group and the Company have not adopted the following FRS, Interpretations and amendments which have been issued by the Malaysian Accounting Standards Board ("MASB") but are only effective for future financial periods:

Description	Effective for annual periods beginning on or after
Amendments to FRS 119 : Defined Benefit Plan : Employee Contributions	1 July 2014
Amendments to FRS contained in the document entitled "Annual Improvements to FRS 2010 - 2012 Cycle"	1 July 2014
Amendments to FRS contained in the document entitled "Annual Improvements to FRS 2011 - 2013 Cycle"	1 July 2014

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.3 Standards issued but not yet effective (cont'd.)

Description	Effective for annual periods beginning on or after
Amendments to FRS 10 and FRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 : Investment Entities : Applying in Consolidation Exception	1 January 2016
Amendments to FRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
FRS 14 : Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 101 : Disclosure Initiative	1 January 2016
Amendments to FRS 116 and FRS 138 : Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127 : Equity Methods in Separate Financial Statements	1 January 2016
Annual Improvements to FRS 2012 - 2014 Cycle	1 January 2016
FRS 9 Financial instruments (2014)	1 January 2018

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application, except as discussed below:

FRS 9 : Financial Instruments (2014)

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9.

The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

The management is assessing the impact of adoption of FRS 9.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.3 Standards issued but not yet effective (cont'd.)

Malaysian Financial Reporting Standards (MFRS Framework)

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

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

Based on the MASB announcement on 2 September 2014, Transitioning Entities shall be required to apply the MFRS Framework for annual periods beginning on or after 1 January 2017.

The Company falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2017. In presenting its first MFRS financial statements, the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework.

The Company is in the process of making its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the years ended 31 December 2013 and 31 December 2014 could be different if prepared under the MFRS Framework.

The Company expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2017.

2.4 Summary of significant accounting policies

(a) 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 to like transactions and events in similar circumstances.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(a) Basis of consolidation (cont'd.)

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

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

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

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

When the 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:

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

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

(iii) Rights arising from other contractual arrangements; and

(iv) 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. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(a) Basis of consolidation (cont'd.)

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 FRS 139 either in profit or loss or as a change to other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(a) Basis of consolidation (cont'd.)

Business combinations (cont'd.)

If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.4(h)(i).

(b) Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(c) 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.

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.

(d) Property, plant and equipment

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(d) Property, plant and equipment (cont'd.)

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

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

Long term leasehold land	99 years
Buildings and clubhouse	2% - 10%
Motor vehicles	20%
Office equipment, hotel furniture and fittings:	
- Office and hotel furniture, fittings and equipment	10% - 50%
- Computer and office equipment	10% - 33.33%
- Office renovation	10%

Capital work-in-progress included in plant and equipment are not depreciated as these assets are not yet available for use.

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

The residual values, useful lives 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. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(e) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at costs less accumulated depreciation and impairment losses, consistent with the accounting policy of property, plant and equipment as described in Note 2.4(d).

Depreciation of investment properties is provided for on straight line basis to write off the cost of each asset to its residual value over the estimated useful lives, at the annual rate of 2% per annum for buildings.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at cost.

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 of retirement or disposal.

(f) Service concession arrangements

The Group recognises revenue from the construction and upgrading of the infrastructure in accordance with its accounting policy for construction contracts set out in Note 2.4(o). Where the Group performs more than one service under the arrangement, consideration received or receivable is allocated to the components by reference to the relative fair values of the services delivered, when the amount are separately identifiable.

The Group recognise the consideration received or receivable as a financial asset to the extent that is has an unconditional right to receive cash or another financial asset for the construction service. Financial assets are accounted for in accordance with the accounting policy set out in Note 2.4(l).

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(f) Service concession arrangements (cont'd.)

Subsequent costs and expenditures related to infrastructure and equipment arising from the Group's commitments to the concession contracts or that increase future revenue are recognised as additions to the intangible asset and are stated at cost. Capital expenditures necessary to support the Group's operation as a whole are recognised as property, plant and equipment, and accounted for in accordance with the policy stated under property, plant and equipment in Note 2.4(d). When the Group has contractual obligations that it must fulfill as a condition of its license to: a) maintain the infrastructure to a specified standard or, b) to restore the infrastructure when the infrastructure has deteriorated below a specified condition, it recognises and measures these contractual obligations in accordance with the accounting policy for provisions in Note 2.4(q). Repairs and maintenance and other expenses that are routine in nature are expensed and recognised in the profit or loss as incurred.

(g) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Where the grant relates to an asset, the fair value is recognised as deferred capital grant in the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual installments.

Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income". Alternatively, they are deducted in reporting the related expenses.

(h) Intangible assets

(i) Goodwill on consolidation

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

For the purpose of impairment testing, goodwill on consolidation 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(h) Intangible assets (cont'd.)

(i) Goodwill on consolidation (cont'd.)

The cash-generating unit to which goodwill on consolidation 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 on consolidation, 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 on consolidation are not reversed in subsequent periods.

(ii) Concession rights

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

Concession rights with finite useful lives are amortised on the unit of production method and assessed for impairment whenever there is an indication that concession rights may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected level of water production or any revision in the concession period are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

(i) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(i) Impairment of non-financial assets (cont'd.)

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 involved where the revaluation was taken to other comprehensive income up to the amount of any previous revaluation.

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.

(j) Subsidiaries

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(j) Subsidiaries (cont'd.)

A subsidiary is an entity over which the Group has all the following (cont'd.):

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

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

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

(k) Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Company 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.

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

An associate is equity accounted for from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost and the carrying amount is increased or decreased to recognise the Company's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Company's share of losses in an associate equal or exceeds its interest in the associate, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(k) Associates (cont'd.)

After application of the equity method, the Company determines whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired, 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.

The financial statements of the associates 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.

When the Company ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial assets. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Company's interest in an associate decreases but does not result in a lost of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

(l) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(l) Financial assets (cont'd.)

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, held-to-maturity investments and available-for-sale financial assets.

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

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

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. 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 is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and receivables

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(I) Financial assets (cont'd.)

(ii) Loans and receivables (cont'd.)

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

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

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(l) Financial assets (cont'd.)

(iv) Available-for-sale financial assets (cont'd.)

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

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.

(m) 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.

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

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(m) Impairment of financial assets (cont'd.)

(i) Trade and other receivables and other financial assets carried at amortised cost (cont'd.)

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.

(ii) Unquoted equity securities carried at cost

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

(iii) Available-for-sale financial assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(m) Impairment of financial assets (cont'd.)

(iii) Available-for-sale financial assets (cont'd.)

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

Impairment losses on available-for-sale investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income.

(n) Cash and bank balances

(i) 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 amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

(ii) Money market deposits

Money market deposits are placements made in cash management fund with financial institutions which are designated upon initial recognition as financial assets at fair value through profit or loss.

(o) Construction contracts

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(o) Construction contracts (cont'd.)

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 reliably measured.

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

(p) Inventories

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

Cost of inventories for food, beverages and trading goods are determined on a weighted average basis and comprises costs of purchase.

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

(q) Provisions

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

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

(r) Financial liabilities

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(r) Financial liabilities (cont'd.)

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

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

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

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

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

(ii) Other financial liabilities

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(r) Financial liabilities (cont'd.)

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

(s) Financial guarantee contracts

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

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

(t) 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. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(u) Employee benefits

Defined contribution plans

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

(v) Leases

(i) As lessee

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

Lease assets are depreciated over the estimated useful life of the assets. However, if there is no reasonable certainty that the Group 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.

(ii) 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 included 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 2.4(w)(x).

NOTES TO THE FINANCIAL STATEMENTS

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(w) Revenue and other income

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

(i) Sale of goods

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

(ii) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.4(o).

(iii) Sale of treated water

Sale of treated water represents invoiced value of bulk quantity of water supplied to Syarikat Bekalan Air Selangor Sdn. Bhd. ("SYABAS").

(iv) Notional income on unwinding of discounting of gross amount due from customer

Notional income on unwinding of discounting of gross amount due from customer is accrued on a time proportion basis taking into consideration the outstanding receivables and the effective applicable discount rate. The amount is derived from the difference of the present value of future revenue and the total revenue recognised over the concession period.

(v) Revenue from hotel operations, golf club and recreational facilities

Revenue from rental of hotel rooms, sale of food and beverage, sports and recreation and other related income is recognised on an accrual basis.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(w) Revenue and other income (cont'd.)

(vi) Licence and membership fees

A fixed quantum of the golfing license fees and the non-golfing membership fees which approximates 11% of the total fees is recognised as initial annual fee in the year the membership is accepted. The balance is recognised on a fixed annualised amount on a straight-line basis over the term of 15 years.

(vii) Management fees

Management fees are recognised when services are rendered.

(viii) Interest income

Interest income is recognised using the effective interest rate method.

(ix) Dividend income

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

(x) 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.

(xi) Profit from Islamic short term placements

Profit from Islamic short term placements is recognised on a time proportion basis using the effective profit rate method.

(x) Income taxes

(i) Current tax

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(x) Income taxes (cont'd.)

(ii) Deferred tax

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

Deferred tax 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.

Deferred tax assets are recognised for all deductible temporary differences, 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.

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. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(x) Income taxes (cont'd.)

(iii) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

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

- receivables and payables that are stated with the amount of sales tax included.

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

(y) 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 assessed the segment performance. Additional disclosures on each of these segments are shown in Note 55, including the factors used to identify the reportable segments and the measurement basis of segment information.

(z) Fixed Rate Serial Bonds ("FRSB")

The FRSB are bonds issued at discount to its nominal value of RM738 million. The FRSB are issued in series of up to 15 years from the date of issue.

FRSB are initially recognised at cost, being the fair value of the consideration received. After initial recognition, the FRSB is subsequently measured at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(aa) Bai' Bithaman Ajil Islamic Debts Securities ("BaIDS")

The BaIDS are bonds issued in accordance with the Islamic financing concept of Bai' Bithaman Ajil. In accordance with such concept, the Group sold certain assets to primary subscriber (a financial institution), and repurchased them back at the same price together with an agreed profit margin. The payment of the purchase price is deferred in accordance with the maturities of the BaIDS, whilst the profit element is paid half yearly.

BaIDS are initially recognised at cost, being the fair value of the consideration received. After initial recognition, the profit element attributable to the BaIDS for assets in operation in each period is recognised as an expense at a constant rate to the maturity of each series respectively.

(ab) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of 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.

(ac) Contingencies

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.5 Significant accounting estimates and judgements

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

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position 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:

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill as at 31 December 2014 was RM119,235,000 (2013: RM119,235,000). Further details are disclosed in Note 22 to the financial statements.

(ii) 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 up to its residual value. Management reviews the residual values, useful lives and depreciation method at the end of each financial year end and ensures consistency with previous estimates and patterns of consumptions of the economic benefits that embodies the items in these assets. Changes in the useful lives and residual values of these assets may result in a revision of future depreciation charges.

(iii) Amortisation of intangible assets

The cost of concession rights is amortised based on the straight-line method over the concession period.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.5 Significant accounting estimates and judgements (cont'd.)

(a) Key sources of estimation uncertainty (cont'd.)

(iv) 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 objectives evidence of impairment, the amount and timing of future cash flow are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's and the Company's loans and receivables at the reporting date is disclosed in Note 27.

Changes in the present value of the estimated future cash flows will result in a revision of the Group's allowance for impairment.

(v) Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(vi) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.5 Significant accounting estimates and judgements (cont'd.)

(a) Key sources of estimation uncertainty (cont'd.)

(vi) Deferred tax assets

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.

(b) Critical judgement made in applying accounting policies

The following is the judgement made by management in the process of applying the Group's accounting policies that has the most significant effect on the amounts recognised in the financial statements.

Recoverability of amounts due from SYABAS

Included in trade receivables is RM821,365,385 being the debts owing from SYABAS. On 28 March 2011, the directors of the subsidiary company filed a Writ of Summons against SYABAS to claim amongst others, a declaration on SYABAS liabilities to make full payment on the invoices issued by the subsidiary company pursuant to the Privatisation Cum Concession Agreement ("PCCA") dated 9 December 2000 and related agreements including the Novation Agreement dated 15 February 2005; judgement for the sum of RM149,478,553.02 for outstanding invoices from January 2010 to October 2010 as well as interest on the previous outstanding invoices amounting to RM6,218,522.57 for the period of June 2006 to December 2009 as further disclosed in Note 56(c). The timing of the recoverability of the amount due from SYABAS is either dependent upon the outcome of the legal proceedings instituted by SYABAS (against the Selangor State Government) in favour of SYABAS or any financial assistance from the Federal Government or the Selangor State Government or any other proposed solutions by the two governments to resolve the current impasse situation, whichever is earlier.

The directors are accessing the recoverability of this receivables and in consultation with their solicitors, are of the opinion that thier case is substantiated by evidence and has merit and hence the said amount will be recovered from the said debtor.

NOTES TO THE FINANCIAL STATEMENTS

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

3. REVENUE

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Rental income from:				
Subsidiaries	**-**	-	**1,213**	3,093
Others	**9,119**	8,098	**9,119**	8,098
Gross dividends from:				
A subsidiary	**-**	-	**570**	8,000
Associates	**-**	-	**600**	1,200
Investment securities				
- quoted in Malaysia	**-**	540	**-**	540
Sale of treated water	**195,352**	186,977	**-**	-
Construction revenue	**25,420**	20,134	**-**	-
Sale of chemical products	**55,019**	51,018	**-**	-
Hotel and golf club operations	**24,902**	33,213	**-**	-
License and membership fees				
and club services rendered	**1,462**	2,078	**-**	-
Management fees	**2,757**	233	**3,181**	762
	314,031	302,291	**14,683**	21,693

4. COST OF SALES

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Cost of treated water sold	**27,872**	35,384	**-**	-
Construction cost	**25,420**	20,134	**-**	-
Cost of inventories sold	**47,433**	44,763	**-**	-
Hotel and golf club operations	**11,829**	13,886	**-**	-
License and membership fees				
of golf club and services rendered	**86**	107	**-**	-
	112,640	114,274	**-**	-

5. OTHER INCOME

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit from Islamic short term placements	**3,481**	2,081	**2,406**	1,335
Interest income from:				
- Subsidiaries	**-**	-	**1,811**	4,887
- Deposits with licensed banks	**2,080**	470	**32**	16
- Others	**184**	180	**4**	-
Notional income on unwinding of discounting of:				
- Loans and receivables	**6,804**	5,289	**-**	-
- Concession receivable (Note 24)	**10,812**	12,293	**-**	-
- Gross amount due from customer	**13,583**	16,376	**-**	-
Gain on disposal of:				
- Property, plant and equipment	**44**	320	**-**	-
- Investment in a subsidiary (Note 11)	**-**	284,351	**-**	52,310
- Investment in an associate (Note 19(b))	**12,828**	-	**-**	10,161
Reversal of allowance for impairment on financial assets:				
- Trade receivables (Note 27)	**-**	59	**-**	-
- Other receivables (Note 28)	**175**	-	**-**	-
Reversal of liabilities no longer required	**520**	-	**-**	-
Gain on fair value of money market deposits	**806**	183	**599**	-
Realised gain on forex	**-**	5	**-**	-
Net fair value gains on financial instruments:				
- Available-for-sale financial assets (transferred from equity on disposal of an investment security)	**-**	360	**-**	12,540
Rental income from:				
- Operating lease, other than those relating to investment properties	**994**	1,195	**-**	-
Net gain from remeasurement of intangible asset (Note 21)	**23,030**	-	**-**	-
Others	**682**	927	**465**	31
	76,023	324,089	**5,317**	81,280

6. FINANCE COSTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest expense on:				
- Bank overdrafts and short term borrowings	**667**	4,759	**667**	4,760
- Fixed Rate Serial Bonds ("FRSB")	**30,650**	30,650	**-**	-
- Finance lease obligations	**6**	9	**-**	-
- Government soft loan (Note 35)	**226**	-	**-**	-
Profit payment for:				
- Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS")	**6,034**	15,917	**-**	-
- Sukuk Murabahah	**10,744**	10,744	**-**	-
Unwinding of discounts on:				
- FRSB	**17,308**	18,927	**-**	-
- BaIDS	**760**	1,834	**-**	-
- Provision for concession liability (Note 36)	**17,811**	17,706	**-**	-
- Accrued lease rental (Note 37)	**10,867**	13,051	**-**	-
	95,073	113,597	**667**	4,760

7. PROFIT/(LOSS) BEFORE TAX AND ZAKAT

The following items have been included in arriving at profit/(loss) before tax and zakat from continuing operations:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Employee benefits expense (Note 8)	**36,284**	39,703	**12,403**	13,441
Non-executive directors' remuneration (Note 9)	**722**	794	**710**	736
Auditors' remuneration:				
- Statutory audit	**297**	285	**95**	95
- Others	**33**	186	**8**	176
Property, plant and equipment (Note 14):				
- Depreciation	**9,039**	10,242	**642**	630
- Written off	**1,272**	-	**-**	-
- Loss on disposal	**575**	-	**-**	-
- Transfer to income statement	**-**	566	**-**	-

7. PROFIT/(LOSS) BEFORE TAX AND ZAKAT (cont'd.)

The following items have been included in arriving at profit/(loss) before tax and zakat from continuing operations (cont'd.):

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Impairment loss on financial assets:				
- Trade receivables (Note 27)	**102,067**	28,091	**103**	-
- Other receivables (Note 28)	**-**	169	**-**	-
Direct operating expenses of investment properties:				
- Revenue generating during the year	**5,445**	5,105	**5,445**	5,105
Bad debts written off	**-**	-	**60**	-
Hire of plant and machinery	**98**	129	**22**	21
Investment properties (Notes 11 and 16):				
- Depreciation	**85**	85	**3,106**	3,065
Impairment of goodwill on consolidation (Note 22):	**-**	310	**-**	-
Amortisation of concession rights (Note 20)	**16,745**	16,745	**-**	-
Amortisation of intangible assets (Note 21)	**964**	1,929	**-**	-
Loss on disposal of investment securities	**-**	2,571	**-**	2,571
Loss on disposal of investment in associates	**-**	47,877	**-**	-
Deferred assets written off	**-**	2,020	**-**	2,020
Royalty fees	**291**	319	**-**	-
Accrual for payment of unexpired membership	**8,651**	-	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

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

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Wages, salaries and bonus	**28,749**	30,289	**9,861**	10,388
Social security contributions	**269**	293	**46**	45
Defined contribution plan	**3,679**	3,639	**1,092**	1,225
Grant of equity-settled share option to employees	**-**	267	**-**	71
Other benefits	**3,587**	5,215	**1,404**	1,712
	36,284	39,703	**12,403**	13,441

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM1,906,000 (2013: RM2,147,000) and RM656,000 (2013: RM560,000) respectively as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

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

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Directors of the Company				
Executive:				
Salaries	**656**	560	**656**	560
Non-executive:				
Allowance	**310**	380	**310**	350
Fees	**400**	475	**400**	386
Benefits-in-kind	**260**	326	**260**	251
	970	1,181	**970**	987
	1,626	1,741	**1,626**	1,547

9. DIRECTORS' REMUNERATION (cont'd.)

The details of remuneration received and receivable by directors of during the year are as follows (cont'd.):

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Directors of subsidiaries				
Executive:				
Salaries	**1,247**	1,584	**-**	-
Fees	**2**	2	**-**	-
Allowance	**1**	1	**-**	-
Benefits-in-kind	**38**	54	**-**	-
	1,288	1,641	**-**	-
Non-executive:				
Allowance	**3**	63	**-**	-
Fees	**9**	199	**-**	-
Benefits-in-kind	**-**	35	**-**	-
	12	297	**-**	-
	1,300	1,938	**-**	-
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration:				
- continuing operations (Note 8)	**1,906**	2,147	**656**	560
Total non-executive directors' remuneration:				
- continuing operations (Note 7)	**722**	794	**710**	736
- discontinued operation (Note 11)	**-**	323	**-**	-
	2,628	3,264	**1,366**	1,296

An amount of RM127,000 (2013: RM127,000) and RM55,000 (2013: RM55,000) were payable to the immediate holding company and a related company in respect of the services provided by the directors of the Group and the Company respectively.

An amount of RM48,000 (2013: RM89,250) was receivable by the Company from the subsidiary companies in respect of the services provided by the executive director of the Company.

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

	Number of directors	
	2014	2013
Executive directors:		
RM550,001 - RM600,000	**-**	1
RM650,001 - RM700,000	**1**	-
Non-executive directors:		
RM50,001 - RM100,000	**-**	2
RM100,001 - RM150,000	**6**	5
RM150,001 - RM200,000	**1**	-
RM350,001 - RM400,000	**-**	1

10. INCOME TAX AND ZAKAT

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

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Malaysian income tax				
Current income tax from continuing operations	**4,412**	3,478	**-**	102
Under/(over) provision in prior years	**3,791**	(29)	**(101)**	(84)
	8,203	3,449	**(101)**	18
Deferred taxation from continuing operations (Note 39):				
Reversal of temporary differences	**4,583**	18,030	**-**	-
Over provision in prior years	**(1,067)**	(613)	**-**	-
Effect of reduction in tax rate	**502**	(2,009)	**-**	-
	4,018	15,408	**-**	-
Continuing operations:				
Income tax expense recognised in income statement	**12,221**	18,857	**(101)**	18
Zakat	**399**	713	**12**	-
	12,620	19,570	**(89)**	18
Discontinued operation (Note 11):				
Current income tax	**-**	21	**-**	-
Deferred taxation (Note 39)	**-**	(87)	**-**	-
Income tax expense recognised in income statement	**-**	(66)	**-**	-
Zakat	**-**	86	**-**	-
	-	20	**-**	-
Total income tax and zakat	**12,620**	19,590	**(89)**	18

Domestic income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year.

Zakat has been calculated at 2.5% of the adjusted net current assets multiplied by the estimated Muslim equity holding in the Company.

10. INCOME TAX AND ZAKAT (cont'd.)

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:

	2014 RM'000	2013 RM'000 (Restated)
Group		
Profit/(loss) before tax and zakat		
- continuing operations	**130,270**	290,901
- discontinued operation	**-**	(5,151)
	130,270	285,750
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	**32,568**	71,438
Income not subject to tax	**(13,949)**	(48,839)
Expenses not deductible for tax purposes	**28,179**	12,806
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**-**	(268)
Effect of share of profits in associates	**(37,426)**	(14,875)
Utilisation of current year's reinvestment allowances	**(1,958)**	(600)
Deferred tax not recognised in respect of current year's tax losses	**3,315**	1,780
Deferred tax recognised on provision in current year	**(1,734)**	-
Over provision of deferred tax in prior years	**(1,067)**	(613)
Under/(over) provision of tax expense in prior years	**3,791**	(29)
Effect of reduction in tax rate	**502**	(2,009)
Income tax recognised in income statement	**12,221**	18,791

	2014 RM'000	2013 RM'000
Company		
(Loss)/profit before tax and zakat	**(10,543)**	64,419
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	**(2,636)**	16,105
Income not subject to tax	**(509)**	(21,056)
Expenses not deductible for tax purposes	**2,395**	4,079
Deferred tax assets not recognised in respect of unabsorbed capital allowances and other deductible temporary differences	**750**	974
Over provision of tax expense in prior years	**(101)**	(84)
Income tax recognised in income statement	**(101)**	18

Tax savings during the financial year arising from:

	Group	
	2014 RM'000	2013 RM'000
Utilisation of current year tax losses	**1,094**	1,317

NOTES TO THE FINANCIAL STATEMENTS

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

11. DISCONTINUED OPERATION AND DISPOSAL OF A SUBSIDIARY COMPANY

In the previous financial year, the Company had received an offer from its holding company, Kumpulan Darul Ehsan Berhad ("KDEB") on 14 February 2013, to purchase 254,562,576 ordinary shares of RM1.00 each in Kumpulan Hartanah Selangor Berhad ("KHSB"), which represents 56.57% equity interest therein from the Company ("Disposal") for a cash consideration of RM193,467,557.76 or RM0.76 per share. On 28 February 2013, the Company accepted the Offer and subsequently on 29 April 2013, the Company and KDEB executed the Share Purchase Agreement ("SPA").

On 28 June 2013, the consideration was revised from RM193,467,557.76 or RM0.76 per share to RM212,814,313.54 or RM0.836 per share after taking into account the valuation of the material properties of KHSB and in accordance with the terms and conditions of the SPA. The Disposal was tabled and approved by the shareholders at the Extraordinary General Meeting of the Company held on 18 September 2013. The Disposal was completed on 30 September 2013. The assets and liabilities of KHSB are no longer included in the consolidated statement of financial position of the Group as at 30 September 2013.

The disposal of KHSB Group had the following effects on the financial position and results of the Group for the year ended 31 December 2013:

Assets and liabilities of KHSB Group

	Note	As at the date of disposal RM'000
Non-current assets		
Property, plant and equipment	14	8,977
Investment properties	16	(3,971)
Other investments		958
Investment securities		2,148
Amount due from ultimate holding company		115,101
Trade and other receivables		45,696
Land held for property development	15(a)	196,051
Investment in associates		(2,497)
		362,463
Current assets		
Inventories		46,821
Property development costs	15(b)	327,494
Trade and other receivables		15,273
Other current assets		12,745
Tax recoverable		201
Cash and bank balances		22,317
Amount due from immediate holding company		12,357
Amount due from related companies		12
		437,220
Current liabilities		
Trade and other payables		134,619
Borrowings		63,414
Current tax payable		9,621
Amount due to immediate holding company		36,602
Provision	43	12,772
		257,028
Non-current liabilities		
Borrowings		79,009
Trade and other payables		186,789
Deferred tax liabilities	39	26,747
		292,545

11. DISCONTINUED OPERATION AND DISPOSAL OF A SUBSIDIARY COMPANY (cont'd.)

Assets and liabilities of KHSB Group (cont'd.)

	Note	As at the date of disposal RM'000
Goodwill	22	17,535
Realisation of reserves		(220,650)
		(203,115)
Net assets		46,995
Non-controlling interest		(118,532)
Net assets attributable to the Group		(71,537)
Total disposal proceeds		(212,814)
Gain on disposal to the Group		(284,351)
Disposal proceeds settled by:		
Cash		212,814
Cash inflow arising from disposal:		
Cash consideration		212,814
Settlement of intercompany balances		58,979
Cash and cash equivalents of subsidiaries disposed		(22,317)
Net cash inflow on disposal		249,476

	Company RM'000
Cash consideration	212,814
Cost of investment	(160,504)
Gain on disposal to the Company	52,310

11. DISCONTINUED OPERATION AND DISPOSAL OF A SUBSIDIARY COMPANY (cont'd.)

Results of KHSB Group presented as discontinued operation

	2014 RM'000	2013 RM'000
Revenue	-	13,530
Cost of sales	-	(9,657)
Gross profit	-	3,873
Other income	-	16,704
Expenses	-	(18,784)
Finance costs	-	(6,944)
Loss before tax and zakat	-	(5,151)
Income tax and zakat (Note 10)	-	(20)
Loss from discontinued operation, net of tax and zakat	-	(5,171)

The loss before tax and zakat from discontinued operation is stated after charging/(crediting) the following amounts:

	Note	2014 RM'000	2013 RM'000
Employee benefits expenses		-	8,800
Non-executive directors' remuneration	9	-	323
Auditors' remuneration:			
- Statutory audit		-	185
Interest income:			
- Fixed deposits		-	(318)
- Others		-	(405)
Gain on disposal of:			
- Property, plant and equipment		-	(107)
Reversal of allowance for impairment on trade receivables	27	-	(604)
Reversal of provision no longer required		-	(845)
Compensation received from authorities for land acquired		-	(11,258)
Property, plant and equipment:		-	
- Depreciation	14	-	426
Impairment loss on financial assets:			
- Trade receivables	27	-	38
Investment properties:			
- Depreciation	16	-	12

Cash flows of KHSB Group presented as discontinued operation

	2014 RM'000	2013 RM'000
Net cash flow from operating activities	-	35,686
Net cash flow from investing activities	-	(585)
Net cash flow from financing activities	-	(23,507)
	-	11,594

12. EARNINGS PER SHARE

(a) Basic

Basic earnings/(loss) per share of the Group is calculated by dividing profit/(loss) for the year, net of tax attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2014 RM'000	**2013 RM'000 (Restated)**
Profit/(loss) attributable to owners of the parent		
- from continuing operations	**115,567**	267,684
- from discontinued operation	**-**	(2,370)
	115,567	265,314

	Number of shares '000	**Number of shares '000**
Weighted average number of ordinary shares in issue	**499,004**	499,004

	Group	
	2014 SEN	**2013 SEN (Restated)**
Basic earnings/(loss) per share		
- from continuing operations	**23.16**	53.64
- from discontinued operation	**-**	(0.47)
	23.16	53.17

(b) Diluted

Diluted earnings/(loss) per share of the Group is calculated by dividing profit/(loss) for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of outstanding shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Group	
	2014 RM'000	**2013 RM'000 (Restated)**
Profit/(loss) attributable to owners of the parent		
- from continuing operations	**115,567**	267,684
- from discontinued operation	**-**	(2,370)
	115,567	265,314

	Number of shares '000	**Number of shares '000**
Weighted average number of ordinary shares in issue	**499,004**	499,004

12. EARNINGS PER SHARE (cont'd.)

(b) Diluted (cont'd.)

	Group 2014 SEN	Group 2013 SEN (Restated)
Diluted earnings/(loss) per share		
- from continuing operations	**23.16**	53.64
- from discontinued operation	**-**	(0.47)
	23.16	53.17

During the previous financial year a total of 10,336,237 share options was granted to employees under the existing employee share option plans.

During the previous financial year, the employees of the Group have exercised the share options to acquire 22,048,359 ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares at the reporting date and before the completion of these financial statements.

13. DIVIDENDS

	Dividends in respect of year 2014 RM'000	Dividends in respect of year 2013 RM'000	2012 RM'000	Dividends recognised in year 2014 RM'000	Dividends recognised in year 2013 RM'000
Recognised during the year:					
Single-tier first interim dividend for 2014: 2 sen per share, on 499,004,119 ordinary shares (2 sen per ordinary share)	**9,980**	-	-	**9,980**	-
Single-tier final dividend for 2013: 2 sen per ordinary share, on 499,004,119 ordinary shares (2 sen per ordinary share)	**-**	9,980	-	**9,980**	-
Special dividend for 2013: 22.31 sen less 25% taxation per ordinary share, on 499,004,119 ordinary shares (16.73 sen per ordinary share)	**-**	83,495	-	**-**	83,495

13. DIVIDENDS (cont'd.)

	Dividends in respect of year 2014 RM'000	Dividends in respect of year 2013 RM'000	2012 RM'000	Dividends recognised in year 2014 RM'000	Dividends recognised in year 2013 RM'000
Recognised during the year (cont'd.):					
Single-tier special dividend for 2013: 3.27 sen per ordinary share, on 499,004,119 ordinary shares (3.27 sen per ordinary share)	**-**	16,317	-	**-**	16,317
First interim dividend for 2013: 2 sen less 25% taxation per ordinary share, on 481,125,198 ordinary shares (1.50 sen per ordinary share)	**-**	7,217	-	**-**	7,217
Final dividend for 2012: 2 sen less 25% taxation per ordinary share, on 498,032,022 ordinary shares (1.50 sen per ordinary share)	**-**	-	7,471	**-**	7,471
Proposed but not recognised as a liability as at 31 December:					
Single-tier final dividend for 2014: 2 sen per ordinary share, on 499,004,119 ordinary shares	**9,980**	-	-	**-**	-
	19,960	117,009	7,471	**19,960**	114,500

At the forthcoming Annual General Meeting, a single-tier final dividend in respect of the financial year ended 31 December 2014, of 2 sen per ordinary share on 499,004,119 ordinary shares, amounting to a dividend payable of RM9,980,082 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.

14. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings and clubhouse RM'000	Motor vehicles RM'000	Office equipment, hotel furniture and fittings RM'000	Total RM'000
2014						
Cost						
At 1 January	4,794	61,773	189,504	6,598	73,467	336,136
Additions	-	-	619	579	1,468	2,666
Written off (Note 7)	-	-	-	(118)	(12,551)	(12,669)
Asset held for disposal (Note 19)	-	(32,728)	(27,253)	-	-	(59,981)
Disposals	-	-	-	(962)	(6,566)	(7,528)
At 31 December	4,794	29,045	162,870	6,097	55,818	258,624
Accumulated depreciation						
At 1 January	-	13,142	65,054	4,438	62,885	145,519
Depreciation charge for the year (Note 7)	-	1,024	4,493	734	2,788	9,039
Written off (Note 7)	-	-	-	(46)	(11,351)	(11,397)
Asset held for disposal (Note 19)	-	(6,727)	(10,724)	-	-	(17,451)
Disposals	-	-	-	(873)	(5,206)	(6,079)
At 31 December	-	7,439	58,823	4,253	49,116	119,631
Net carrying amount						
At 31 December	4,794	21,606	104,047	1,844	6,702	138,993

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

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings and clubhouse RM'000	Capital work in progress RM'000	Motor vehicles RM'000	Office equipment, hotel furniture and fittings RM'000	Total RM'000
2013							
Cost							
At 1 January	4,794	61,078	220,254	161	7,335	79,335	372,957
Additions	-	-	1,832	405	1,458	2,224	5,919
Transfer to income statement (Note 7)	-	-	-	(566)	-	-	(566)
Disposal of a subsidiary company (Note 11)	-	937	(31,453)	-	(960)	(7,618)	(39,094)
Disposals	-	(242)	(1,129)	-	(1,235)	(474)	(3,080)
At 31 December	4,794	61,773	189,504	-	6,598	73,467	336,136
Accumulated depreciation							
At 1 January	-	12,062	82,246	-	5,819	66,939	167,066
Depreciation charge for the year (Notes 7,11)	-	1,197	5,086	-	700	3,685	10,668
Disposal of a subsidiary company (Note 11)	-	(74)	(21,907)	-	(846)	(7,290)	(30,117)
Disposals	-	(43)	(371)	-	(1,235)	(449)	(2,098)
At 31 December	-	13,142	65,054	-	4,438	62,885	145,519
Net carrying amount							
At 31 December	4,794	48,631	124,450	-	2,160	10,582	190,617

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

Company	Long term leasehold land RM'000	Buildings RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
2014					
Cost					
At 1 January	12,942	550	14,266	198	27,956
Additions	-	-	207	-	207
Written off	-	-	(6,199)	-	(6,199)
At 31 December	12,942	550	8,274	198	21,964
Accumulated depreciation					
At 1 January	2,330	230	13,316	198	16,074
Depreciation charge for the year (Note 7)	152	11	479	-	642
Written off	-	-	(6,199)	-	(6,199)
At 31 December	2,482	241	7,596	198	10,517
Net carrying amount					
At 31 December	10,460	309	678	-	11,447

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

Company	Long term leasehold land RM'000	Buildings RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
2013					
Cost					
At 1 January	12,942	550	13,835	198	27,525
Additions	-	-	431	-	431
At 31 December	12,942	550	14,266	198	27,956
Accumulated depreciation					
At 1 January	2,179	219	12,869	177	15,444
Depreciation charge for the year (Note 7)	151	11	447	21	630
At 31 December	2,330	230	13,316	198	16,074
Net carrying amount					
At 31 December	10,612	320	950	-	11,882

(a) During the financial year, the Group acquired property, plant and equipment at cost of RM180,472 (2013: RM273,482) by means of hire purchase arrangements.

(b) Net carrying amounts of property, plant and equipment held under hire purchase are as follows:

	Group 2014 RM'000	Group 2013 RM'000
Motor vehicles	**316**	270

(c) The Group's freehold land, long term leasehold land and buildings with carrying amount of RM74,580,391 (2013: RM77,000,024) are pledged for credit facilities granted to the Group.

15. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

Group	Land RM'000	Development Cost RM'000	Total RM'000
At 1 January/31 December 2014	-	-	-

Group	Land RM'000	Development Cost RM'000	Total RM'000
At 31 December 2013			
Cost			
At 1 January	232,889	47,830	280,719
Disposals	(56,311)	(225)	(56,536)
Derecognition during the year	(903)	-	(903)
Disposal of a subsidiary company (Note 11)	(175,675)	(47,605)	(223,280)
At 31 December	-	-	-
Accumulated impairment losses:			
At 1 January	(79,068)	(2,166)	(81,234)
Disposals	54,005	-	54,005
Disposal of a subsidiary company (Note 11)	25,063	2,166	27,229
At 31 December	-	-	-
Carrying amount at 31 December	-	-	-

15. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (cont'd.)

(b) Property development costs

Group	2014 RM'000	2013 RM'000
Cumulative property development costs		
At 1 January:		
Land costs	-	222,937
Development costs	-	319,974
	-	542,911
Costs incurred during the year:		
Development costs	-	9,742
Reversal of completed projects:		
Development costs	-	(8,868)
Disposal of a subsidiary company (Note 11)		
Land costs	-	(222,937)
Development costs	-	(320,848)
	-	(543,785)
Accumulated impairment losses:		
At 1 January	-	31,663
Disposal of a subsidiary company (Note 11)	-	(31,663)
At 31 December	-	-
Accumulated provision for foreseeable losses:		
At 1 January	-	(10,054)
Disposal of a subsidiary company (Note 11)	-	10,054
At 31 December	-	-
At 31 December	-	-
Cumulative costs recognised in income statement		
At 1 January	-	(246,135)
Recognised during the year	-	(633)
Reversal of completed project	-	8,868
Disposal of a subsidiary company (Note 11)	-	237,900
At 31 December	-	-
Property development costs at 31 December	-	-

16. INVESTMENT PROPERTIES

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
At 1 January	**6,658**	2,784	**56,978**	58,654
Addition	**-**	-	**619**	1,389
Depreciation charge for the year (Note 7 and Note 11)	**(85)**	(97)	**(3,106)**	(3,065)
Disposal of a subsidiary company (Note 11)	**-**	3,971	**-**	-
At 31 December	**6,573**	6,658	**54,491**	56,978
Fair value at 31 December	**7,000**	7,000	**113,500**	113,500

At Group level, a leasehold building with a carrying value of RM47,918,207 (2013: RM50,319,661) was reclassified to property, plant and equipment as certain parts of the building were rented out to the subsidiaries.

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 RM'000	**2013 RM'000**
Shares, at cost:		
- Unquoted	**304,049**	304,749
Impairment losses	**(32,925)**	(36,625)
	271,124	268,124

17. INVESTMENTS IN SUBSIDIARIES (cont'd.)

(a) Details of the subsidiaries which are incorporated in Malaysia are as follows:

	Name of subsidiaries	Principal activities	Proportion of ownership effective interest (%) 2014	2013	% of ownership interest held by non-controlling interests 2014	2013
	Held by the Company:					
	Hydrovest Sdn. Bhd.	Investment holding	**60**	60	**40**	40
	Titisan Modal (M) Sdn. Bhd.	Investment holding	**91**	91	**9**	9
	Viable Chip (M) Sdn. Bhd.	Investment holding	**100**	100	**-**	-
	Cash Band (M) Berhad	Investment holding and manages/owns a golf club	**99**	99	**1**	1
+	Perangsang Consultancy & Engineering Sdn. Bhd.	Dormant	**100**	100	**-**	-
+	Kuala Langat Mining Sdn. Bhd.	Dormant	**100**	100	**-**	-
+	Perangsang Oil and Gas Sdn. Bhd.	Investment holding	**100**	100	**-**	-
+	Perangsang Telco Sdn. Bhd.	Investment holding	**100**	100	**-**	-
+	Selangor Amal Holdings Sdn. Bhd.	Dormant	**100**	100	**-**	-
+	Perangsang Metal Selangor Sdn. Bhd.	In liquidation	**70**	70	**30**	30
+	Selangor Construction Sdn. Bhd.	Construction works and granite quarrying (under official assignee)	**100**	100	**-**	-
+#	Perangsang Segemal Sdn. Bhd.	In liquidation	**-**	51	**-**	49
+	Selangor Tiles Sdn. Bhd.	Under official assignee	**86**	86	**14**	14
+	Perangsang Alphasoft Sdn. Bhd.	In liquidation	**100**	100	**-**	-
+	Selangor Frits & Glazes Sdn. Bhd.	In liquidation	**51**	51	**49**	49
	Held under Hydrovest Sdn. Bhd.:					
	Aqua-Flo Sdn. Bhd.	Trading in chemical products	**36**	36	**64**	64
	Held under Titisan Modal (M) Sdn. Bhd.:					
	Konsortium Abass Sdn. Bhd.	Operating, maintenance, construction and commissioning of water treatment plant and facilities and sales of treated water and contract works relating to the water industry activities.	**91**	91	**9**	9
+	Rangkai Aman Sdn. Bhd.	Dormant	**91**	91	**9**	9
	Held under Cash Band (M) Berhad:					
	Perangsang Hotel and Properties Sdn. Bhd.	Hotelier	**99**	99	**1**	1
	Brisdale International Hotel Sdn. Bhd.	Hotelier	**99**	99	**1**	1

+ Audited by firms of auditors other than Ernst & Young

 # The company has been liquidated successfully

17. INVESTMENTS IN SUBSIDIARIES (cont'd.)

(b) Summarised financial information on subsidiaries with significant non-controlling interests

Summarised financial information of Kumpulan Hartanah Selangor Berhad ("KHSB"), Titisan Modal (M) Sdn Bhd ("TMSB") and Hydrovest Sdn Bhd ("Hydrovest"), which have non-controlling interests ("NCI") that are material to the Group, is set out below. The summarised financial information presented below is the amount before inter-companies elimination. The NCI in respect of other entities within the Group are not material to the Group.

	KHSB and its subsidiaries ("KHSB Group")	TMSB and its subsidiaries ("TMSB Group")	Hydrovest and its subsidiaries ("Hydrovest Group")	Other individually immaterial subsidiaries	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2014					
NCI percentage of ownership interest and voting interest	-	9.17%	40.00%	-	-
Carrying amount of NCI	-	7,807	15,051	(71)	22,787
(Loss)/profit attributable to NCI	-	(788)	2,912	(41)	2,083
At 31 December 2013					
NCI percentage of ownership interest and voting interest	-	9.17%	40.00%	-	-
Carrying amount of NCI	-	8,596	13,478	(30)	22,044
(Loss)/profit attributable to NCI	(2,801)	2,716	943	(12)	846

17. INVESTMENTS IN SUBSIDIARIES (cont'd.)

(i) Summarised Statement Of Financial Position

	TMSB Group		Hydrovest Group		Total	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current assets	**612,988**	633,135	**1,094**	1,052	**614,082**	634,187
Current assets	**795,367**	777,231	**39,746**	32,945	**835,113**	810,176
Total assets	**1,408,355**	1,410,366	**40,840**	33,997	**1,449,195**	1,444,363
Non-current liabilities	**1,036,767**	1,107,102	**166**	143	**1,036,933**	1,107,245
Current liabilities	**284,951**	208,029	**16,600**	12,364	**301,551**	220,393
Total liabilities	**1,321,718**	1,315,131	**16,766**	12,507	**1,338,484**	1,327,638
Net assets	**86,637**	95,235	**24,074**	21,490	**110,711**	116,725
Equity attributable to owners of the parent	**86,637**	95,235	**14,646**	12,960	**101,283**	108,195
Non-controlling interests	**-**	-	**9,428**	8,530	**9,428**	8,530
	86,637	95,235	**24,074**	21,490	**110,711**	116,725

17. INVESTMENTS IN SUBSIDIARIES (cont'd.)

(ii) Summarised statement of profit or loss and other comprehensive income

	KHSB Group		TMSB Group		Hydrovest Group		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	-	13,530	**220,772**	207,111	**55,019**	51,018	**275,791**	271,659
(Loss)/profit for the year	-	(7,491)	**(8,599)**	17,035	**4,494**	48	**(4,105)**	9,592
(Loss)/profit attributable to owners of the parent	-	(8,291)	**(8,599)**	17,035	**2,636**	(1,492)	**(5,963)**	7,252
Profit attributable to the non-controlling interest	-	800	-	-	**1,858**	1,540	**1,858**	2,340
Other comprehensive income attributable to owner of the parent	-	129	-	-	-	-	-	129
Other comprehensive income attributable to non-controlling interests	-	35	-	-	-	-	-	35
Other comprehensive income for the year	-	164	-	-	-	-	-	164
Total comprehensive income	-	(7,327)	**(8,599)**	17,035	**4,494**	48	**(4,105)**	9,756
Total comprehensive income attributable to owners of the parent	-	(8,162)	**(8,599)**	17,035	**2,636**	(1,492)	**(5,963)**	7,381

17. INVESTMENTS IN SUBSIDIARIES (cont'd.)

(ii) Summarised statement of profit or loss and other comprehensive income (cont'd.)

	KHSB Group		TMSB Group		Hydrovest Group		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
Total comprehensive income attributable to non-controlling interests	**-**	835	**-**	-	**1,858**	1,540	**1,858**	2,375
	-	(7,327)	**(8,599)**	17,035	**4,494**	48	**(4,105)**	9,756
Dividend paid to non-controlling interests	**-**	-	**-**	-	**960**	-	**960**	-
(iii) Summarised statement of cash flows								
Net cash flows generated from operating activities	**-**	-	**61,609**	79,195	**1,327**	(198)	**62,936**	78,997
Net cash flows (used in)/generated from investing activites	**-**	-	**(25,297)**	(21,701)	**(799)**	1,313	**(26,096)**	(20,388)
Net cash flows used in financing activities	**-**	-	**(33,093)**	(53,637)	**(463)**	(3,314)	**(33,556)**	(56,951)
Net increase in cash and cash equivalents	**-**	-	**3,219**	3,857	**65**	(2,199)	**3,284**	1,658
Cash and cash equivalents at 1 January	**-**	-	**41,754**	37,897	**11,960**	14,159	**53,714**	52,056
Cash and cash equivalents at 31 December	**-**	-	**44,973**	41,754	**12,025**	11,960	**56,998**	53,714

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2014 (cont'd.)

18. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
In Malaysia:				
- Unquoted shares	**309,433**	306,433	**133,008**	133,008
Share of post acquisition reserves	**615,030**	471,679	**-**	-
	924,463	778,112	**133,008**	133,008

Details of the associates which are as follows:

Name of associates	Country of Incorporation	Principal activities	Proportion (%) of effective ownership interest 2014	2013	Accounting model applied
Held by the Company:					
Sistem Penyuraian Trafik KL Barat Holdings Sdn. Bhd. ("SPRINT")	Malaysia	Investment holding and provision of management services	**20**	20	Equity method
+ KPS-HCM Sdn. Bhd.	Malaysia	Road maintenance and rehabilitation	**30**	30	Equity method
+ Perangsang Water Management Sdn. Bhd.	Malaysia	Water project operation and management	**40**	40	Equity method
+ ∆ Intan Perangsang Sdn. Bhd.	Malaysia	Dormant	**30**	30	Equity method
Held by Cash Band (M) Berhad:					
^ + # KDE Recreation Berhad ("KDERB")	Malaysia	Club management	**-**	49	Equity method
Held by Viable Chip (M) Sdn. Bhd.:					
Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH")	Malaysia	Investment holding	**30**	30	Equity method

18.INVESTMENTS IN ASSOCIATES (cont'd.)

Details of the associates which are as follows (cont'd.):

	Name of associates	Country of Incorporation	Principal activities	Proportion (%) of ownership effective interest 2014	2013	Accounting model applied
	Held by Perangsang Oil and Gas Sdn. Bhd.:					
	NGC Energy Sdn. Bhd.	Malaysia	Operation, marketing and selling of liquefied petroleum gas	**40**	40	Equity method
	Held by Perangsang Telco Sdn. Bhd.:					
+	Ceres Telecom Sdn. Bhd.	Malaysia	Provision of wireless and mobile telecommunications services to end users	**30**	30	Equity method

^ As disclosed in Note 56(g) to the financial statements, Cash Band (M) Berhad ("CBB"), a subsidiary of the Company had entered into a Share Sale Agreement ("SSA") with Berjaya Vacation Club Berhad for the disposal of CBB's 4,900,000 ordinary shares of RM1.00 each in KDE Recreation Berhad ("KDERB"), representing 49% of the total paid-up capital of KDERB, for a total consideration of RM19 million. The investment in KDERB had been reclassified to assets of disposal group classified as held for sale in prior year as disclosed under Note 19(b) to the financial statements.

\+ Audited by firms of auditors other than Ernst & Young.

Δ The financial statements of this associate is not available. The said investment has been fully written down. The effect of not using equity accounting for investment in this associate is not material to the Group.

\# Associate disposed during the year.

NOTES TO THE FINANCIAL STATEMENTS

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

18. INVESTMENTS IN ASSOCIATES (cont'd.)

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.

At 31 December 2014

(i) Summarised statements of financial position

	SPLASH RM'000	SPRINT RM'000	NGC Energy RM'000	Other individually immaterial associates RM'000	Total RM'000
Non-current assets	5,139,485	1,726,767	261,897	26,326	7,154,475
Current assets	521,082	283,056	127,021	41,594	972,753
Total assets	5,660,567	2,009,823	388,918	67,920	8,127,228
Non-current liabilities	2,693,471	1,329,258	124,421	4,270	4,151,420
Current liabilities	210,668	476,400	147,813	18,442	853,323
Total liabilities	2,904,139	1,805,658	272,234	22,712	5,004,743
Net assets attributable to owners of associates	2,756,428	204,165	116,684	45,208	3,122,485

(ii) Summarised statements of profit or loss and other comprehensive income

	SPLASH RM'000	SPRINT RM'000	NGC Energy RM'000	Other individually immaterial associates RM'000	Total RM'000
Revenue	435,025	191,357	735,467	65,376	1,427,225
Profit/(loss) for the year	505,349	(10,230)	3,709	(4,008)	494,820

18.INVESTMENTS IN ASSOCIATES (cont'd.)

At 31 December 2014 (cont'd.)

(iii) Reconciliation of net assets to carrying amount of Group's interest in associates

	SPLASH RM'000	SPRINT RM'000	NGC Energy RM'000	Other individually immaterial associates RM'000	Total RM'000
Group's share of net assets	811,549	37,743	45,383	16,946	911,621
Goodwill	-	3,837	5,201	3,804	12,842
Carrying amount of Group's interest in associates	811,549	41,580	50,584	20,750	924,463
(iv) Group's share of results of associates	151,605	(2,046)	1,484	(1,340)	149,703
(v) Dividends received from associates	6,000	-	-	600	6,600

At 31 December 2013

(i) Summarised statements of financial position

	SPLASH RM'000	SPRINT RM'000	NGC Energy RM'000	Other individually immaterial associates RM'000	Total RM'000
Non-current assets	4,652,181	1,726,767	309,938	24,945	6,713,831
Current assets	375,954	283,056	159,207	38,310	856,527
Total assets	5,028,135	2,009,823	469,145	63,255	7,570,358
Non-current liabilities	2,480,005	1,329,258	144,251	4,506	3,958,020
Current liabilities	277,050	476,400	208,096	17,513	979,059
Total liabilities	2,757,055	1,805,658	352,347	22,019	4,937,079
Net assets attributable to owners of associates	2,271,080	204,165	116,798	41,236	2,633,279

18. INVESTMENTS IN ASSOCIATES (cont'd.)

At 31 December 2013 (cont'd.)

(ii) Summarised statements of profit or loss and other comprehensive income

	SPLASH RM'000	SPRINT RM'000	NGC Energy RM'000	Other individually immaterial associates RM'000	Total RM'000
Revenue	357,957	177,450	766,996	41,393	1,343,796
Profit/(loss) for the year	195,090	(13,795)	4,751	(4,024)	182,022

(iii) Reconciliation of net assets to carrying amount of Group's interest in associates

	SPLASH RM'000	SPRINT RM'000	NGC Energy RM'000	Individually immaterial associates RM'000	Total RM'000
Group's share of net assets	665,944	39,789	43,899	12,002	761,634
Goodwill	-	3,837	5,201	7,440	16,478
Carrying amount of Group's interest in associates	665,944	43,626	49,100	19,442	778,112
(iv) Group's share of results of associates	58,527	(2,759)	1,900	1,834	59,502
(v) Dividends received from associates	6,000	-	-	1,200	7,200

The details of goodwill included within the Group's carrying amount of investment in associates are as follows:

	Group 2014 RM'000	Group 2013 RM'000
Carrying amount		
At 1 January	**16,478**	13,104
Acquisition during the year	**-**	3,374
Disposal during the year	**(3,636)**	-
At 31 December	**12,842**	16,478

18. INVESTMENTS IN ASSOCIATES (cont'd.)

The financial statements of the associates of the Group are coterminous with those of the Group, except for SPRINT and SPLASH which have a financial year end of 31 March and KDERB which has a financial year end of 30 April to conform with their respective holding companies' financial year end.

The share of results of SPRINT and SPLASH for the current financial year are for the twelve month period ended 31 December 2014, incorporating the three month period ended 31 March 2014 based on the latest audited financial statements and the management financial statements for the nine month period ended 31 December 2014.

The carrying amount of investments in associates of the Group pledged for borrowings are as follows:

	Group	
	2014 RM'000	**2013 RM'000**
Unquoted shares	**131,487**	131,487

19. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

As at 31 December 2014, the assets of disposal group classified as held for sale are as follows:

		Group	
	Note	**2014 RM'000**	**2013 RM'000**
Property, plant and equipment	(a)	**42,530**	-
Investment in associate	(b)	**-**	6,452
		42,530	6,452

(a) Property, plant and equipment

As part of the Development Agreement ("DA") as disclosed in Note 56(f), Cash Band (M) Berhad ("CBB"), a subsidiary of the Company, has discontinued the operation of Perangsang Templer Golf Club on 30 November 2014. The completion of the DA is pending fulfillment of the conditions precedent.

NOTES TO THE FINANCIAL STATEMENTS

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

19. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (cont'd.)

(b) Investment in associates

On 20 March 2013, CBB entered into a Share Sale Agreement ("SSA") with Berjaya Vacation Club Berhad for the proposed disposal of the CBB's 4,900,000 ordinary shares of RM1.00 each in KDE Recreation Berhad ("KDERB"), representing 49% of the total paid-up capital of KDERB, for a total consideration of RM19 million. The SSA was completed on 24 June 2014. The disposal resulted in a gain of disposal of RM12,828,000.

	Group	
	2014 RM'000	**2013 RM'000**
Unquoted share at cost	-	7,570
Share of post acquisition reserve	-	(1,118)
	-	6,452

The share of results of KDERB for the current financial year are for the six months period ended 30 June 2014, incorporating the four months period ended 30 April 2014 based on the latest audited financial statements for the financial year ended 30 April 2014 and the management financial statements for the two months period ended 30 June 2014.

The following table summarises the information of the KDERB, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	2014 RM'000	**2013 RM'000**
(i) Summarised statement of financial position		
Non-current assets	**51,149**	51,377
Current assets	**8,188**	6,981
Total assets	**59,337**	58,358
Non-current liabilities	**39,313**	39,782
Current liabilities	**26,171**	24,036
Total liabilities	**65,484**	63,818
Net current liabilities attributable to owner of associate	**(6,147)**	(5,460)
(ii) Summarised statement of profit or loss and other comprehensive income		
Revenue	**5,527**	12,202
Loss for the year	**(572)**	(2,011)
(iii) Group's share of results of associate	**(280)**	(986)

20.CONCESSION RIGHTS

	Group 2014 RM'000	2013 RM'000
Cost		
At 1 January/31 December	**418,624**	418,624
Accumulated amortisation		
At 1 January	**(133,960)**	(117,215)
Amortisation during the year (Note 7)	**(16,745)**	(16,745)
At 31 December	**(150,705)**	(133,960)
Net carrying amount		
At 31 December	**267,919**	284,664

The amortisation of concession rights is included in the "other expenses" line item in the income statement.

21.INTANGIBLE ASSET

	Group 2014 RM'000	2013 RM'000
Cost		
At 1 January/31 December	**81,371**	81,371
Accumulated amortisation		
At 1 January	**(48,583)**	(32,547)
Amortisation during the year (Note 7)	**(964)**	(1,929)
Effect of changes in estimates (Note 37)	**(54,854)**	(14,107)
Remesurement recognised in profit or loss (Note 5)	**23,030**	-
At 31 December	**(81,371)**	(48,583)
Net carrying amount		
At 31 December	**-**	32,788

The intangible asset represents the right to use the existing facilities, maintain and restore the infrastructure of the Sungai Semenyih Water Supply Scheme for a concession period of 30 years. The intangible asset with a finite useful life is amortised on a straight-line basis over the concession period.

Changes in the intangible asset that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate, should be added to or deducted from the cost of the related asset and depreciated prospectively over its useful life.

The remeasurement recognised during the year was due to a change in the estimated timing of outflow of resources to settle the obligation.

22.GOODWILL ON CONSOLIDATION

	Group	
	2014 RM'000	2013 RM'000
Cost		
At 1 January	**119,806**	144,703
Disposal of a subsidiary company (Note 11)	**-**	(24,897)
At 31 December	**119,806**	119,806
Accumulated impairment		
At 1 January	**(571)**	(7,623)
Impairment during the year (Note 7)	**-**	(310)
Disposal of a subsidiary company (Note 11)	**-**	7,362
At 31 December	**(571)**	(571)
Net carrying amount		
At 31 December	**119,235**	119,235

Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified accordingly to major business segments.

A segment-level summary of the goodwill allocation is presented below:

	Group	
	2014 RM'000	2013 RM'000
Hospitality	**2,020**	2,020
Infrastructure and utilities	**117,215**	117,215
	119,235	119,235

The recoverable amount of CGU of hospitality segment is determined based on net selling price valued by a valuer. The basis of valuation is based on market value and the valuer had adopted the Comparison Method in valuing the property.

The recoverable amount of CGU of the infrastructure and utilities is determined based on value-in-use calculation. For infrastructure and utilities segment, a seventeen year period cash flow projections were used in the value-in-use calculation. The cash flow projections were based on financial budgets approved by the Board of Directors covering a five years period. Cash flow projections for the period beyond the approved budget are extrapolated using zero growth rate.

The value-in-use calculation was approved by the Board of Directors.

22.GOODWILL ON CONSOLIDATION (cont'd.)

Impairment test for goodwill (cont'd.)

Key assumptions used for value-in-use calculation:

(i) The discount rate used is consistent with the segment's weighted average cost of borrowings.

	Discount rate
Infrastructure and utilities	7.15%

(ii) Proceeds from sales of treated water arising from the concession rights will be received as projected.

(iii) The concession rights' cash flows will occur as projected.

The above assumptions have been used for the analysis of each CGU.

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.4(h)(i).

If the estimated discount rate applied to the discounted cash flows had been 1% higher than management's estimates, the Group would not need to reduce the carrying value of goodwill.

23.LONG TERM RECEIVABLE

	Group	
	2014	**2013**
	RM'000	**RM'000**
Long term receivable	**4,850**	12,570
Less: Repayment due within 12 months (Note 27)	**(4,850)**	(7,720)
Long term receivable (Note 27)	**-**	4,850

Include in the long term receivable is an amount receivable from sale of treated water. The amounts are receivable over 10 annual installments commencing December 2006.

NOTES TO THE FINANCIAL STATEMENTS

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

24.CONCESSION RECEIVABLE

	Group	
	2014	**2013**
	RM'000	**RM'000**
At 1 January	**189,684**	215,669
Notional income on unwinding of discounting (Note 5)	**10,812**	12,293
Settlement	**(17,716)**	(19,472)
Effect of changes in estimate (Note 36)	**41,687**	(18,806)
At 31 December	**224,467**	189,684

The concession receivable represents the financial assets recognised for the consideration receivable in exchange of providing the design, construction, completion, testing and commissioning of installation works for the existing facilities of the Sungai Semenyih Water Supply Scheme.

25. INVENTORIES

	Group	
	2014	**2013**
	RM'000	**RM'000**
At cost		
Trading inventories	**1,818**	1,025
Consumables	**27**	81
Food and beverage	**84**	173
	1,929	1,279
Net realisable value		
Trading inventories	**-**	327
	1,929	1,606

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM1,877,159 (2013: RM1,411,222).

26. AMOUNT DUE FROM CUSTOMER ON CONTRACT

	Group	
	2014 RM'000	2013 RM'000
Construction costs incurred to date	**399,658**	399,658
Attributable profits	**27,637**	27,637
	427,295	427,295
Less: Progress billings	**(290,230)**	(262,044)
Amount due from customer on contract (Note 29)	**137,065**	165,251

The gross amount due from customer relates to the construction of Bukit Badong Distribution Works which is billed through adjusted water tariff over the concession period as stipulated in the Supplemental Agreement dated 10 February 2001.

27. TRADE RECEIVABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade receivables	**841,501**	689,663	**247**	289
Less: Allowance for impairment	**(215,436)**	(113,396)	**(103)**	-
	626,065	576,267	**144**	289
Long term receivable (Note 23)	**4,850**	7,720	**-**	-
Trade receivables, net	**630,915**	583,987	**144**	289
Long term receivable (Note 23)	**-**	4,850	**-**	-
Concession receivable (Note 24)	**224,467**	189,684	**-**	-
Trade receivables	**630,915**	583,987	**144**	289
Other receivables (Note 28)	**5,930**	2,879	**2,299**	1,578
	861,312	781,400	**2,443**	1,867
Add:				
Amount due from immediate holding company (Note 30(a))	**133,910**	132,220	**123,177**	121,457
Amount due from subsidiaries (Note 30(b))	**-**	-	**79,605**	131,164
Amount due from related companies (Note 30(c))	**3,435**	2,276	**3,266**	2,089
Amount due from an associate (Note 30(d))	**4,394**	4,214	**-**	-
	1,003,051	920,110	**208,491**	256,577
Add: Cash and cash equivalents (Note 31)	**69,809**	202,448	**1,692**	139,509
Total loans and receivables	**1,072,860**	1,122,558	**210,183**	396,086

The Group's normal trade credit term range from 30 to 90 days (2013: 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

27.TRADE RECEIVABLES (cont'd.)

Ageing analysis of trade receivables

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Neither past due nor impaired	**8,536**	8,561	**101**	106
1 to 30 days past due not impaired	**3,715**	4,300	**43**	183
31 to 60 days past due not impaired	**3,548**	2,427	**-**	-
61 to 90 days past due not impaired	**1,838**	875	**-**	-
91 to 120 days past due not impaired	**1,945**	291	**-**	-
More than 121 days past due not impaired	**43**	131	**-**	-
	11,089	8,024	**43**	183
Impaired	**821,876**	673,078	**103**	-
	841,501	689,663	**247**	289

<u>Receivables that are neither past due nor impaired</u>

Trade receivables that are neither past due nor impaired are creditworthy debtors.

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

<u>Receivables that are past due but not impaired</u>

The Group and the Company has trade receivables amounting to RM11,089,534 (2013: RM8,024,760) and RM42,974 (2013: RM182,615) respectively that are past due at the reporting date but not impaired.

The directors do not foresee any recoverable issue on receivables that are past due but not impaired.

27.TRADE RECEIVABLES (cont'd.)

Receivables that are impaired

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade receivables - nominal amounts	**821,876**	673,078	**103**	-
Less: Allowance for impairment	**(215,436)**	(113,396)	**(103)**	-
	606,440	559,682	**-**	-

As disclosed in Note 56(c), Konsortium Abass Sdn Bhd, a subsidiary company of the Company, has filed a writ of summon against Syarikat Bekalan Air Selangor Sdn. Bhd. ("SYABAS") to recover the amount outstanding on invoices of RM149,478,553.02.

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

Movement of allowance

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1 January	**113,396**	90,482	**-**	-
Charge for the year (Note 7 and Note 11)	**102,067**	28,129	**(103)**	-
Disposal of a subsidiary	**-**	(4,289)	**-**	-
Written off	**(27)**	(263)	**-**	-
Reversal of impairment losses (Note 5)	**-**	(663)	**-**	-
At 31 December	**215,436**	113,396	**103**	-

The higher impairment losses of RM102,067,000 (2013: RM28,129,000) was recognised during the year due to change in the estimated time frame for collection of, Konsortium Abass Sdn. Bhd., a subsidiary company of the Company.

Other informations on financial risks of trade and other receivables are disclosed in Note 53.

28. OTHER RECEIVABLES

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Advances	**19**	24	**19**	24
Deposits	**1,204**	824	**409**	402
Sundry receivables	**4,886**	2,385	**1,973**	1,254
	6,109	3,233	**2,401**	1,680
Less: Allowance for impairment	**(179)**	(354)	**(102)**	(102)
	5,930	2,879	**2,299**	1,578

<u>Receivables that are impaired</u>

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

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Other receivables - nominal amounts	**179**	354	**102**	102
Less: Allowance for impairment	**(179)**	(354)	**(102)**	(102)
	-	-	**-**	-

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Movement of allowance				
At 1 January	**354**	1,933	**102**	102
Disposal of a subsidiary	**-**	(1,748)	**-**	-
Charged for the year (Note 7)	**-**	169	**-**	-
Reversal of impairment losses (Note 5)	**(175)**	-	**-**	-
At 31 December	**179**	354	**102**	102

Other receivables that are impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

29.OTHER CURRENT ASSETS

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Prepayments	**447**	444	**-**	-
Amount due from customer on contract (Note 26)	**137,065**	165,251	**-**	-
	137,512	165,695	**-**	-

30.AMOUNTS DUE FROM IMMEDIATE HOLDING COMPANY, SUBSIDIARIES AND ASSOCIATES

(a) Amount due from immediate holding company

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Current				
Amount due from immediate holding company	**133,910**	132,220	**123,177**	121,457

Included in the amount due from immediate holding company of the Group and of the Company are:

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Deposit paid for a project	**87,470**	87,470	**87,470**	87,470

30. AMOUNTS DUE FROM ULTIMATE HOLDING CORPORATION, IMMEDIATE HOLDING COMPANY, SUBSIDIARIES AND ASSOCIATES (cont'd.)

(a) Amount due from immediate holding company (cont'd.)

(i) The amount due from immediate holding company is unsecured, non-interest bearing and repayable on demand.

(b) Amounts due from subsidiaries

	Company	
	2014 RM'000	**2013 RM'000**
Amounts due from subsidiaries	**82,859**	135,444
Less: Allowance for impairment	**(3,254)**	(4,280)
	79,605	131,164

(i) An amount of RM nil (2013: RM6,248,856) due from a subsidiary is unsecured, bears an interest of nil (2013: 6.05%) per annum and repayable on demand.

(ii) An amount of RM17,283,000 (2013: RM17,033,000) due from a subsidiary is unsecured, bears an interest of 4.46% (2013: 4.5%) per annum and repayable on demand.

(iii) An amount of RM40,000,000 (2013: RM40,000,000) due from a subsidiary is unsecured, bears an interest of 6.05% (2013: 6.05%) per annum and repayable on demand.

(iv) An amount of RM4,000,000 (2013: RM4,000,000) due from a subsidiary is unsecured, bears an interest of 4.50% per annum and repayable on demand.

(v) An amount of RM200,000 (2013: RM nil) due from a subsidiary is unsecured, bears an interest of 4.00% (2013: nil) per annum and repayable on demand.

(vi) The remaining amount due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

(c) Amounts due from related companies

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Amounts due from related companies	**3,435**	2,276	**3,266**	2,089

The amounts due from related companies are unsecured, non-interest bearing and repayable on demand.

30. AMOUNTS DUE FROM ULTIMATE HOLDING CORPORATION, IMMEDIATE HOLDING COMPANY, SUBSIDIARIES AND ASSOCIATES (cont'd.)

(d) Amount due from an associate

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Amount due from an associate	**4,394**	4,214	**-**	-

The amount due from an associate is unsecured, bears an interest of 4.5% per annum (2013: 4.5%) and has no fixed term of repayment.

31. CASH AND BANK BALANCES

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Sinking Fund Trust Account	**640**	567	**-**	-
Cash on hand and at banks	**29,586**	16,772	**1,692**	1,258
Deposits with licensed banks and financial institutions	**134,248**	195,691	**84,386**	139,251
Cash and bank balances	**164,474**	213,030	**86,078**	140,509

The Sinking Fund Trust Account is maintained in accordance with the provisions of the Trust Deed entered between a subsidiary and the trustee.

Certain deposits of the Group and of the Company placed with licensed banks amounting to RM2,442,681 (2013:RM2,616,163) and RM1,000,000 (2013:RM1,000,000) respectively, are pledged for credit facilities granted to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

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

31.CASH AND BANK BALANCES (cont'd.)

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances	**164,474**	213,030	**86,078**	140,509
Less: Deposits with licensed banks with maturity period of more than 3 months	**(7,903)**	(4,410)	**(5,032)**	(1,000)
Money market deposits	**(86,762)**	(6,172)	**(79,354)**	-
Cash and cash equivalents (Note 27)	**69,809**	202,448	**1,692**	139,509

The weighted average interest/profit rates of deposits at the reporting date were as follows:

	Group		Company	
	2014 %	2013 %	2014 %	2013 %
Licensed banks	3.23	3.10	3.57	3.16

The average maturities of deposits at the end of the financial year were as follows:

	Group		Company	
	2014 Days	2013 Days	2014 Days	2013 Days
Licensed banks	48	48	45	35

32.LOANS AND BORROWINGS

	Maturity	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Current					
Secured:					
Revolving credits	on demand	**-**	65,000	-	65,000
Obligations under finance leases (Note 50(d))	2015	**47**	35	-	-
Fixed Rate Serial Bonds	2015	**239,087**	144,173	-	-
Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS")	2015	**200,000**	199,240	-	-
		439,134	408,448	-	65,000
Non-current					
Secured:					
Obligations under finance leases (Note 50(d))	2016-2019	**130**	110	-	-
Sukuk Murabahah	2021	**136,000**	136,000	-	-
Fixed Rate Serial Bonds	2016-2021	**447,992**	525,597	-	-
		584,122	661,707	-	-
Revolving credits		**-**	65,000	-	65,000
Obligations under finance leases (Note 50(d))		**177**	145	-	-
Sukuk Murabahah		**136,000**	136,000	-	-
Fixed Rate Serial Bonds		**687,079**	669,770	-	-
Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS")		**200,000**	199,240	-	-
Total loans and borrowings		**1,023,256**	1,070,155	-	65,000

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

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Within one year	**439,134**	408,448	-	65,000
More than 1 year and less than 2 years	**81,605**	91,295	-	-
More than 2 years and less than 5 years	**268,495**	160,027	-	-
5 years or more	**243,022**	410,385	-	-
	1,023,256	1,070,155	-	65,000

32.LOANS AND BORROWINGS (cont'd.)

The weighted average effective interest/profit rates per annum at the reporting date for borrowings were as follows:

	Group	
	2014	2013
	%	%
Revolving credits	-	4.38
Obligations under finance leases	**2.56**	2.65
Sukuk Murabahah	**7.90**	7.90
Fixed Rate Serial Bonds	**7.23**	7.23
BaIDS	**6.19**	6.19

(i) Revolving credits were secured by way of first legal charge over certain property, plant and equipment of the Group (Note 14).

(ii) Sukuk Murabahah

On 17 August 2012, Konsortium Abass Sdn. Bhd. ("ABASS") completed the issuance of Islamic Medium Term Notes of RM136 million in nominal value under the Islamic principle of Murabahah via Tawarruq ("Sukuk Murabahah") arrangement to refinance the outstanding balance of the Guaranteed Fixed Rate Term Loan facility and Bai' Bithaman Ajil facility.

The tenure of the Sukuk Murabahah is nine years and will mature on 17 August 2021.

The Sukuk Murabahah is secured via the following:

(a) A debenture incorporating fixed and floating charges over all present and future assets of ABASS;

(b) Assignment of all present and future rights, title, benefits and interests under the Concession Agreement and its supplementals;

(c) Assignment of all present and future rights, title, benefits and interests in all the present and future performance and maintenance bonds in favour of ABASS;

(d) Assignment of all present and future rights, title, benefits and interests in all the present and future insurance taken in relation to ABASS's assets and proceeds arising thereunder;

(e) Assignment over the Designated Accounts (Revenue Account, Finance Service Reserve Account and Government Soft Loan Account); and

(f) Third party charge over ABASS's shares from its holding company, Titisan Modal (M) Sdn. Bhd.

The profit is payable semi-annually at the rate of 7.90% per annum with yield to maturity of 7.90%.

33. FIXED RATE SERIAL BONDS ("FRSB")

Pursuant to the Trust Deed dated 18 April 2006, Titisan Modal (M) Sdn. Bhd. ("Titisan") had issued FRSB at nominal value of up to RM738 million as follows:

(a) First series on 28 April 2006 giving proceeds of RM8,549,000 and maturing on 28 April 2012 with a redemption value of RM10,000,000 (coupon rate: 4%);

(b) Second series on 28 April 2006 giving proceeds of RM37,080,000 and maturing on 28 April 2013 with a redemption value of RM45,000,000 (coupon rate: 4%);

(c) Third series on 28 April 2006 giving proceeds of RM71,307,000 and maturing on 28 April 2014 with a redemption value of RM90,000,000 (coupon rate: 4%);

(d) Fourth series on 28 April 2006 giving proceeds of RM72,219,000 and maturing on 28 April 2015 with a redemption value of RM95,000,000 (coupon rate: 4%);

(e) Fifth series on 28 April 2006 giving proceeds of RM62,135,000 and maturing on 28 April 2016 with a redemption value of RM85,000,000 (coupon rate: 4%);

(f) Sixth series on 28 April 2006 giving proceeds of RM63,207,000 and maturing on 28 April 2017 with a redemption value of RM90,000,000 (coupon rate: 4%);

(g) Seventh series on 28 April 2006 giving proceeds of RM67,410,000 and maturing on 28 April 2018 with a redemption value of RM100,000,000 (coupon rate: 4%);

(h) Eighth series on 28 April 2006 giving proceeds of RM71,170,000 and maturing on 28 April 2019 with a redemption value of RM110,000,000 (coupon rate: 4%);

(i) Ninth series on 28 April 2006, giving proceeds of RM58,149,800 and maturing on 28 April 2020 with a redemption value of RM83,000,000 (coupon rate: 5%); and

(j) Tenth series on 28 April 2006, giving proceeds of RM20,418,000 and maturing on 28 April 2021 with a redemption value of RM30,000,000 (coupon rate: 5%).

The FRSB is secured against the following:

(a) First charge by Titisan under a Memorandum of Deposit in favour of the security trustee or its nominees over 10,000,000 paid-up ordinary shares in Konsortium Abass Sdn. Bhd. ("ABASS") and 87,500,000 Redeemable Cumulative Preference Shares ("RCPS") in ABASS;

(b) First charge by Titisan under a Memorandum of Deposit in favour of the security trustee or its nominees over 100,000 ordinary shares in Rangkai Aman Sdn Bhd ("RA");

33. FIXED RATE SERIAL BONDS ("FRSB") (cont'd.)

The FRSB is secured against the following (cont'd.):

(c) Assignment by Titisan over dividend entitlement under the ordinary shares and RCPS in ABASS in favour of the security trustee. The scope of assignment herein shall exclude the interim dividend of 1,543.21% declared by ABASS in respect of the RCPS for the financial period ending 31 December 2005 pursuant to the terms and conditions of the following agreements:

   (i) Share Sale Agreement (relating to 100% equity interest in RA) between Y. Bhg. Dato' Sulaiman Abu Bakar and Abu Bakar Fikri bin Dato' Sulaiman and Titisan dated 28 October 2005;

   (ii) An Agreement for the Sale and Purchase of 25% equity interest in ABASS between Chemical Waste Management Sdn. Bhd. and Titisan dated 31 October 2005; and

   (iii) Sale and Purchase of Shares in ABASS between the Company and Titisan dated 28 October 2005.

   (collectively referred to as the "Sale and Purchase Agreements");

(d) Assignment by Titisan over dividend entitlement under the ordinary shares in RA in favour of the security trustee;

(e) Fixed and floating charge by way of debenture over all the present and future assets, rights and interest and undertakings of Titisan;

(f) First charge in favour of the security trustee over the Revenue Account and the Sinking Fund Account of Titisan;

(g) A contingent right granted by Titisan in favour of the Security Trustee for the consolidation of Titisan and ABASS, subject to consent of applicable authorities;

(h) Assignment of rights of Titisan under the sale and purchase agreement in relation to the 55% direct interest in ABASS in favour of the Security Trustee;

(i) Assignment of rights of Titisan under the sale and purchase agreement in relation to the 100% direct interest in RA in favour of the Security Trustee; and

(j) Assignment of rights of Titisan under the share transfer agreement for the transfer of 45% equity interest in ABASS.

The discount on FRSB is recognised in statement of comprehensive income as borrowing costs over the tenure of the FRSB's series.

33. FIXED RATE SERIAL BONDS ("FRSB") (cont'd.)

On 14 February 2012, Acqua SPV Berhad ("Acqua SPV"), the sole bondholder of FRSB presented a revised restructuring proposal to Titisan to restructure the principal and coupon payment on the FRSB based on adjusted tenure, coupon rate and yield to maturity.

On 29 March 2012, Acqua SPV, being sole holder of FRSB at nominal value of up to RM738.0 million approved to waive the requirement to comply with Clause 6.3(b) of the Trust Deed dated 18 April 2006 in relation to meeting the Minimum Requirement Balance in the Sinking Fund Account ("SFA") as follows ("Deposits Waiver"):

(a) RM5.0 million for principal amount of the FRSB Series 1 on or before 30 March 2012;

(b) RM5.0 million for balance principal amount of the FRSB Series 1 on or before 16 April 2012; and

(c) RM15.53 million for coupon amount of the outstanding FRSB on or before 16 April 2012.

Subsequently, on 23 April 2012, Acqua SPV approved the following:

(i) To defer the payment of coupons from the due date of 30 April 2012 to 29 October 2012 ("Coupon Deferment");

(ii) To defer the payment of FRSB Series 1 of RM10.0 million from its maturity date of 30 April 2012 to 29 October 2012 ("Principal Deferment");

(iii) To waive the requirement to comply with Clause 9.3(b) of the Trust Deed in relation to meeting the Minimum Required Balance for the Coupon Deferment and Principal Deferment; and

(iv) To waive the requirement to comply with Clause 9.3(b) of the Trust Deed in relation to meeting the Minimum Required Balance for the next coupon payment of RM15.08 million which falls due on 29 October 2012.

On 16 October 2012, Titisan obtained the consent of Acqua SPV on the following items:

(i) To further defer the payment of coupons of RM15.53 million from its extended due date on 29 October 2012 to 29 April 2013;

(ii) To defer the payment of coupon of RM15.28 million from the due date on 29 October 2012 to 29 April 2013;

(iii) To further defer the payment of FRSB Series 1 of RM10 million from its extended maturity date of 29 October 2012 to 29 April 2013;

NOTES TO THE FINANCIAL STATEMENTS

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

33. FIXED RATE SERIAL BONDS ("FRSB") (cont'd.)

On 16 October 2012, Titisan obtained the consent of Acqua SPV on the following items (cont'd.):

(iv) To waive the requirement to comply with the minimum required balance for the Coupon Deferment and Principal Deferment; and

(v) To waive the requirement to comply with the minimum required balance for the next coupon payment of RM15.28 million and the payment of FRSB Series 2 of RM45 million which falls due on 29 April 2013.

Subsequently, on 23 April 2013, Aqua SPV approved the following:

(i) To partially settle the sum of RM11,471,243.49 of the coupon payment of RM15,283,013.70 due on 29 October 2012 but deferred to 29 April 2013 and to defer the balance of RM3,811,770.21 to 28 October 2013 ("Partial Coupon Deferment");

(ii) To defer the payment of coupons RM15,448,767.11 due on 29 April 2013 to 28 October 2013 ("Coupon Deferment");

(iii) To further defer the payment of FRSB Series 1 of RM10,000,000.00 from its extended maturity date of 29 April 2013 (original due date : 30 April 2012) to 28 October 2013 ("3rd Principal Deferment Series 1");

(iv) To defer the payment of FRSB Series 2 of RM45,000,000.00 from its maturity date of 29 April 2013 to 28 October 2013 ("Principal Deferment Series 2");

(v) To waive the requirement to compliance with Clause 9.3(b) of the Trust Deed in relation to meeting the Minimum Required Balance for Partial Coupon Deferment, Coupon Deferment, 3rd Principal Deferment Series 1 and Principal Deferment Series 2; and

(vi) To waive the requirement to compliance with Clause 9.3(b) of the Trust Deed in relation to meeting the Minimum Required Balance for the next coupon payment of RM14,186,027.40 due on 28 October 2013.

On 17 October 2013, Acqua SPV had approved the following:

(i) Titisan to settle the balance coupon payment of RM3,811,770.21 which was due on its extended due date of 28 October 2013 (original due date: 29 October 2012) and partial payment for sum of RM12,465,753.42 for the coupon payment of RM15,283,013.70 which was due on 29 April 2013 but deferred to 28 October 2013 ("Coupon Payment");

(ii) To defer the sum of RM2,817,260.28 from the balance coupon payment of RM15,283,013.70, which is due on its extended due date of 28 October 2013 (original coupon payment date: 29 April 2013) to 11 November 2013 ("Balance Coupon Deferment");

(iii) To defer the payment of coupon of RM15,283,013.70 due on 28 October 2013 to 28 April 2014 ("Coupon Deferment");

33. FIXED RATE SERIAL BONDS ("FRSB") (cont'd.)

On 17 October 2013, Acqua SPV had approved the following (cont'd.):

(iv) To further defer the payment of FRSB Series 1 of RM10,000,000.00 from its extended maturity date of 28 October 2013 (original due date: 30 April 2012) to 28 April 2013 ("4th Principal Deferment Series 1");

(v) To further defer the payment of FRSB Series 2 of RM45,000,000.00 from its extended maturity date of 28 October 2013 (original due date: 29 April 2013) to 28 April 2014 ("2nd Principal Deferment Series 2");

(vi) To waive the requirement to comply with Clause 9.3(b) of the Trust Deed in relation to meeting the Minimum Required Balance for Coupon Payment, the Balance Coupon Deferment, the Coupon Deferment, 4th Principal Deferment Series 1 and the 2nd Principle Deferment Series 2; and

(vii) To waive the requirement to comply with clause 9.3(b) of the Trust Deed in relation to meeting the Minimum Required Balance for the next coupon payment of RM15,283,013.70 and principal amount of FRSB Series 3 of RM90,000,000.00 which fall due on 28 April 2014.

On 23 April 2014, Acqua SPV had approved the following:

(i) Titisan to settle the coupon payment of RM15,283,013.70 which was due on its extended due date of 28 April 2014 (original due date: 28 October 2013);

(ii) To defer the sum of RM11,283,113.70 from the balance coupon payment of RM15,283,013.70, which was due on 28 April 2014 to 28 October 2014 ("Balance Coupon Deferment");

(iii) To further defer the payment of FRSB Series 1 of RM10,000,000.00 from its extended maturity date of 28 April 2014 (original due date: 30 April 2012) to 28 October 2013 ("5th Principal Deferment-Series 1");

(iv) To further defer the payment of FRSB Series 2 of RM45,000,000.00 from its extended maturity date of 28 April 2014 (original due date: 29 April 2013) to 28 October 2014 ("3rd Principal Deferment-Series 2");

(v) To defer the payment of FRSB Series 3 of RM90,000,000.00 from its maturity date of 28 April 2014 to 28 October 2014 ("Principal Deferment-Series 3");

(vi) To waive the requirement to comply with Clause 9.3(b) of the Trust Deed in relation to meeting the Minimum Required Balance for the Balance Coupon Deferment, 5th Principal Deferment- Series 1, the 3rd Principle Deferment- Series 2 and Principle Deferment-Series 3; and

(vii) To waive the requirement to comply with clause 9.3(b) of the Trust Deed in relation to meeting the Minimum Required Balance for the next coupon payment of RM15,366,986.30 which fall due on 28 October 2014.

33.FIXED RATE SERIAL BONDS ("FRSB") (cont'd.)

On 1 October 2014, Acqua SPV had approved the following:

(i) To further defer the payment of FRSB Series 1 of RM10,000,000.00 from its extended maturity date of 28 October 2014 (original due date: 30 April 2012) to 28 April 2015 ("6th Principal Deferment Series 1");

(ii) To further defer the payment of FRSB Series 2 of RM45,000,000.00 from its extended maturity date of 28 October 2014 (original due date: 29 April 2013) to 28 April 2015 ("4th Principal Deferment Series 2");

(iii) To defer the payment of FRSB Series 3 of RM90,000,000.00 from its maturity date of 28 October 2014 (original due date: 28 April 2014) to 28 April 2015 ("2nd Principal Deferment Series 3");

(iv) To waive the requirement to comply with Clause 9.3(b) of the Trust Deed in relation to meeting the Minimum Required Balance for 6th Proposed Principal Deferment-Series 1, the 4th Principal Deferment-Series 2 and the 2nd Principle Deferment-Series 3; and

(v) To waive the requirement to comply with clause 9.3(b) of the Trust Deed in relation to meeting the Minimum Required Balance for the next coupon payment of RM15,282,013.70 and for the payment of FRSB Series 4 of RM95,000,000.00 both of which fall due on 28 April 2015.

Subsequently, on 31 March 2015, Acqua SPV had approved the following:

(i) To further defer the payment of FRSB Series 1 of RM10,000,000.00 from its extended maturity date of 28 April 2015 (original due date: 30 April 2012) to 28 October 2015 ("7th Principal Deferment Series 1");

(ii) To further defer the payment of FRSB Series 2 of RM45,000,000.00 from its extended maturity date of 28 April 2015 (original due date: 29 April 2013) to 28 October 2015 ("5th Principal Deferment Series 2");

(iii) To further defer the payment of FRSB Series 3 of RM90,000,000.00 from its maturity date of 28 April 2015 (original due date: 28 April 2014) to 28 October 2015 ("3rd Principal Deferment Series 3");

(iv) To defer the payment of FRSB Series 4 of RM95,000,000.00 from its maturity date of 28 April 2015 to 28 October 2015 ("Principal Deferment-Series 4");

(v) To waive the requirement to comply with Clause 9.3(b) of the Trust Deed in relation to meeting the Minimum Required Balance for 7th Principal Deferment-Series 1, the 5th Principal Deferment-Series 2, 3rd Principle Deferment-Series 3 and Principal Deferment-Series 4; and

(vi) To waive the requirement to comply with clause 9.3(b) of the Trust Deed in relation to meeting the Minimum Required Balance for the next coupon payment of RM15,366,986.30 which fall due on 28 October 2015 ("Compliance Waiver No.2).

34.BAI' BITHAMAN AJIL ISLAMIC DEBT SECURITIES ("BAIDS")

Pursuant to the Trust Deed dated 17 August 2006, Viable Chip (M) Sdn. Bhd. ("VCSB") issued RM50 million BaIDS A and RM150 million BaIDS B based on the Islamic financing principle of Murabahah as follows:

(i) The BaIDS A comprised 2 tranches, with total proceeds of RM46,515,753 and maturing on August 2011 and August 2012, with a total redemption value of RM50,000,000. The difference between the proceeds and face value of the BaIDS is recognised as discount on BaIDS; and

(ii) The BaIDS B comprised 2 tranches, with total proceeds of RM134,239,420 and maturing on August 2013 and August 2014, with a total redemption value of RM150,000,000. The difference between the proceeds and face value of the BaIDS is recognised as discount on BaIDS.

The BaIDS A are secured by the Guarantee issued under the Kafalah Facility.

The BaIDS B are secured by the following security arrangements:

(a) Charge over the Syarikat Pengeluar Air Selangor Holdings Berhad's ("SPLASH") shares by VCSB;

(b) A first ranking charge over the Designated Accounts and over the Permitted Investments out of such accounts including all monies standing to the credit of VCSB;

(c) A first ranking fixed and floating charge by way of debenture over all the present and future assets and undertakings of VCSB; and

(d) Third party charge of the entire issued and paid-up share capital of VCSB by the Company.

The security arrangements from (a) to (d) above for the BaIDS B are shared on a pari passu basis as security for the Kafalah Facility.

On 20 May 2011, Acqua SPV Berhad ("Acqua SPV"), a wholly owned subsidiary of Pengurusan Aset Air Berhad ("PAAB") offered to acquire all of the outstanding securities held by the holders of RM50 million BaIDS A and RM150 million BaIDS B issued by VCSB. Subsequently on 29 June 2011, Acqua acquired 100% of VCSB's BaIDS A and BaIDS B amounting to RM200 million.

On 23 August 2011, Acqua SPV approved to defer the payment of Series 1 of Primary BaIDS A of RM20 million from its maturity date of 29 August 2011 to 29 February 2012.

On 24 February 2012, Acqua SPV approved to further defer the payment of Series 1 of Primary BaIDS A of RM20 million from its extended maturity date of 29 February 2012 to 30 August 2012.

On 27 August 2012, Acqua SPV approved to further defer the payment of Series 1 of Primary BaIDS A of RM20 million from its extended maturity date of 30 August 2012 to 28 February 2013 and to defer the payment of the Series 2 of Primary BaIDS A of RM30 million from its maturity date of 30 August 2012 to 28 February 2013.

Subsequently, on 22 February 2013, Acqua SPV approved to further defer the payment of Series 1 and Series 2 of Primary BaIDS A of RM20 million and RM30 million, respectively from their extended maturity date of 28 February 2013 to 30 August 2013.

On 26 August 2013, Acqua SPV granted its consent for the proposed deferment of the payment of the Series 1 and Series 2 of Primary BaIDS A of RM20 million and RM30 million respectively and the payment of Series 1 of Primary BaIDS B of RM75 million from the maturity date of 30 August 2013 to 28 February 2014 subject to the VCSB agreeable the several conditions.

NOTES TO THE FINANCIAL STATEMENTS

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

34. BAI' BITHAMAN AJIL ISLAMIC DEBT SECURITIES ("BAIDS") (cont'd.)

On 27 August 2013, the VCSB had agreed to the conditions stated by Acqua SPV through Acqua SPV's letter dated 26 August 2013.

Subsequently on 13 September 2013, Acqua SPV has approved to extend from the maturity date of the following payments from 30 August 2013 to 28 February 2014 as follows:

(i) The Series 1 and Series 2 of Primary BaIDS A of RM20 million and RM30 million, respectively; and

(ii) The Series 1 of Primary BaIDS B of RM75 million.

On 5 February 2014, Acqua SPV approved to further defer the following payments from the extended maturity date of 28 February 2014 to 29 August 2014:

(i) The Series 1 and Series 2 of Primary BaIDS A of RM20 million and RM30 million, respectively; and

(ii) The Series 1 of Primary BaIDS B of RM75 million.

Subsequently on 23 July 2014, Acqua SPV being the sole holder of the BaIDS A and B has resolved and approved amongst others:

(i) The extension of maturity date of the Series 1 of Primary BaIDS A of RM20 million and the Series 2 of Primary BaIDS A of RM30 million from their extended maturity date of 29 August 2014 (original maturity date for Series 1: 29 August 2011 and Series 2: 30 August 2012) to 27 February 2015;

(ii) The extension of maturity date of the Series 1 of Primary BaIDS B of RM75 million from their extended maturity date of 29 August 2014 (original maturity date for Series 1: 30 August 2013) to 27 February 2015; and

(iii) The extension of maturity date of the Series 2 of Primary BaIDS B of RM75 million from its maturity date of 29 August 2014 to 27 February 2015.

On 30 January 2015, Acqua SPV approved to further defer the payment of the Series 1 and 2 of Primary BaIDS A of RM20 million and RM30 million respectively and the payment of Series 1 and 2 of Primary BaIDS B of RM75 million each from their extended maturity date of 27 February 2015 to 28 August 2015.

35. GOVERNMENT SOFT LOAN

On 1 March 2013, Konsortium Abass Sdn Bhd ("ABASS"), a subsidiary of the Company, had entered into a Loan Facility Agreement with the Selangor State Government in respect of a loan facility of RM30 million ("Selangor State Government Loan") granted to ABASS by the Selangor State Government.

The salient terms of the Selangor State Government Loan are as follows:

(i)	Facility Amount	:	RM30 million
(ii)	Purpose of Loan	:	To finance asset replacement works ("ARW") for operations exceeding the design capacity for Sungai Semenyih Water Treatment Plant.
(iii)	Repayment	:	The Facility Amount to be repayable over fifthteen (15) years beginning on 30 September 2016 to 30 September 2030 of RM2 million per annum.
(iv)	Interest	:	Nil
(v)	Other terms	:	As agreed with the Selangor State Government.

During the year, ABASS had drawdown RM23,555,027 (2013: RM3,266,808) from this facility. FRS 120 requires the benefit of a government loan at a below market rate of interest to be treated as a government grant. The difference between the amount received and the present value of estimated cash flows discounted at market interest rate is recognised in profit or loss over the period in which ABASS recognises the costs of the ARW for which the Selangor State Government Loan is granted for.

	Group	
	2014	**2013**
	RM'000	**RM'000**
Net carrying amount		
At 1 January	**2,502**	-
Drawdown during the year	**23,555**	3,266
Effect of FRS 120	**(10,656)**	(764)
Unwinding of discount (Note 6)	**226**	-
At 31 December	**15,627**	2,502

NOTES TO THE FINANCIAL STATEMENTS

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

36. PROVISION FOR CONCESSION LIABILITY

	Group	
	2014	**2013**
	RM'000	**RM'000**
Cost		
At 1 January	**173,809**	195,042
Effect of changes in estimates (Note 24)	**41,687**	(18,806)
Unwinding of discount (Note 6)	**17,811**	17,706
Settlement of concession liability	**(25,420)**	(20,133)
At 31 December	**207,887**	173,809

The provision for concession liability relates to asset replacement works and maintenance obligations for a period of 30 years from 2 January 2001.

The effect of changes in estimates is the effect of the revision on the timing of estimated outflows to settle the present obligation at the end of the reporting period and changes to the discount rate to reflect the current best estimate.

37. ACCRUED LEASE RENTAL

	Group	
	2014	**2013**
	RM'000	**RM'000**
At 1 January	**152,031**	153,087
Unwinding of discounts on intangible assets (Note 6)	**10,867**	13,051
Effect of changes in estimates (Note 21)	**(54,854)**	(14,107)
At 31 December	**108,044**	152,031

The amount relates to accrued lease rental payable to the State Government, as stipulated in the Privatisation Cum Concession Agreement ("PCCA") dated 9 December 2000.

The effect of changes in estimates is the effect of the revision on the timing of estimated outflows to settle the present obligation at the end of the reporting period and changes to the discount rate to reflect the current best estimate.

38. DEFERRED MEMBERSHIP INCOME

	Group 2014 RM'000	Group 2013 RM'000
At 1 January	**1,351**	2,715
Amortisation during the year	**(106)**	(134)
Write-off	**(1,245)**	(1,230)
At 31 December	**-**	1,351

Membership fees received are in respect of golfing licence fees and non-golfing membership fees.

39. DEFERRED TAX

	Group 2014 RM'000	Group 2013 RM'000 (Restated)
At 1 January		
As previously stated	**(128,286)**	(137,703)
Prior year adjustment (Note 57)	**11,051**	9,042
As restated	**(117,235)**	(128,661)
Recognised in income statement (Notes 10 and 11)	**(4,018)**	(15,321)
Disposal of a subsidiary company (Note 11)	**-**	26,747
At 31 December	**(121,253)**	(117,235)
Presented after appropriate offsetting as follows:		
Deferred tax assets	**84,653**	81,461
Deferred tax liabilities	**(205,906)**	(198,696)
	(121,253)	(117,235)

NOTES TO THE FINANCIAL STATEMENTS

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

39.DEFERRED TAX (cont'd.)

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

Deferred tax liabilities of the Group:

	Development properties RM'000	Intangible assets RM'000	Property, plant and equipment RM'000	Concession Receivable RM'000	Government soft loan RM'000	Tax losses and unabsorbed capital allowance RM'000	Provision RM'000	Total RM'000
At 1 January 2014								
As previously stated	-	(87,903)	(156)	(47,421)	-	71	(74,338)	(209,747)
Prior year adjustment	-	11,051	-	-	-	-	-	11,051
As restated	-	(76,852)	(156)	(47,421)	-	71	(74,338)	(198,696)
Recognised in income statement	-	12,384	(1,176)	(4,551)	(2,799)	(10,997)	(71)	(7,210)
At 31 December 2014	-	(64,468)	(1,332)	(51,972)	(2,799)	(10,926)	(74,409)	(205,906)
At 1 January 2013								
As previously stated	(16,636)	(96,600)	(1,846)	(64,239)	-	-	(46,945)	(226,266)
Prior year adjustment	-	9,042	-	-	-	-	-	9,042
As restated	(16,636)	(87,558)	(1,846)	(64,239)	-	-	(46,945)	(217,224)
Recognised in income statement	-	10,706	69	16,818	-	71	(26,106)	1,558
Disposal of a subsidiary	16,636	-	1,621	-	-	-	(1,287)	16,970
At 31 December 2013	-	(76,852)	(156)	(47,421)	-	71	(74,338)	(198,696)

39. DEFERRED TAX (cont'd.)

Deferred income tax as at 31 December relates to the following (cont'd.):

Deferred tax assets of the Group:

	Property, plant and equipment RM'000	Accrued lease rental RM'000	Others RM'000	Total RM'000
At 1 January 2014	43,453	38,008	-	81,461
Recognised in income statement	5,660	(6,109)	3,641	3,192
At 31 December 2014	49,113	31,899	3,641	84,653
At 1 January 2013	59,083	38,272	(8,792)	88,563
Recognised in income statement	(15,630)	(264)	(985)	(16,879)
Disposal of a subsidiary	-	-	9,777	9,777
At 31 December 2013	43,453	38,008	-	81,461

Deferred tax assets not recognised as at 31 December relate to the following:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unutilised tax losses	43,210	36,948	33,876	31,906
Unabsorbed capital allowances	14,004	10,040	3,929	2,896
Other deductible temporary differences	10,253	7,219	-	-
	67,467	54,207	37,805	34,802

Section 44(5A) and Paragraph 75A of Schedule 3 of the Malaysian Income Tax Act 1967 ("MITA") which became effective in Year of Assessment ("YA") 2006 restricts the utilisation of unabsorbed business losses and capital allowance where there is a substantial change in the ordinary shareholder of a company. The test for determining whether there is a substantial change in shareholders is carried out by comparing the shareholders on the last day of the basis period in which the unabsorbed losses/capital allowances were ascertained with those on the first day of the basis period in which the unabsorbed losses/capital allowances are to be utilised.

Pursuant to guidelines issued by the Malaysian tax authorities in 2008, the Ministry of Finance ("MOF") has exempted all companies from the provision of Section 44(5A) and Paragraph 75A of Schedule 3 except dormant companies. Therefore, all active subsidiaries are allowed to carry forward their unabsorbed capital allowances and business losses.

40.TRADE PAYABLES

Current

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Trade payables	28,084	31,267	1,973	3,511
Other payables (Note 41)	80,681	46,114	6,771	5,381
Amount due to immediate holding company (Note 42(a))	190	288	-	-
Amount due to subsidiaries (Note 42(b))	-	-	58,378	64,584
Amount due to related companies (Note 42(c))	50	51	23	23
	109,005	77,720	67,145	73,499
Add: Loans and borrowings (Note 32)	1,023,256	1,070,155	-	65,000
Total financial liabilities carried at amortised cost	1,132,261	1,147,875	67,145	138,499

The normal trade credit terms granted to the Group range from 30 to 120 days (2013: 30 to 120 days). These amounts are non-interest bearing.

41.OTHER PAYABLES

Current

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Accruals	**35,674**	42,643	**4,485**	3,889
Sundry payables	**5,007**	3,471	**2,286**	1,492
Advance received in relation to Development Agreement	**40,000**	-	**-**	-
	80,681	46,114	**6,771**	5,381

These amounts are non-interest bearing. Other payables are normally settled on an average term of 30 to 90 days (2013: 30 to 90 days).

42. AMOUNTS DUE TO IMMEDIATE HOLDING COMPANY, SUBSIDIARIES AND RELATED COMPANIES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
(a) Amount due to immediate holding company	**190**	288	**-**	-
(b) Amounts due to subsidiaries	**-**	-	**58,378**	64,584
(c) Amounts due to related companies	**50**	51	**23**	23
	240	339	**58,401**	64,607

The amounts due to immediate holding company, subsidiaries, related companies and an associate are unsecured, non-interest bearing and repayable on demand.

43. PROVISION

	Group	
	2014 RM'000	2013 RM'000
At 1 January	**-**	12,808
Utilised during the year	**-**	(36)
Disposal of a subsidiary company (Note 11)	**-**	(12,772)
At 31 December	**-**	-

Provision of the Group represents provision for liquidated damages in respect of projects undertaken by certain subsidiaries. The provision is recognised for expected liquidated and ascertained damages claims based on the terms of the applicable sale and purchase agreements.

44. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2014 '000	2013 '000	2014 RM'000	2013 RM'000
Authorised:				
At 1 January/31 December	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Issued and fully paid:				
At 1 January	**499,004**	476,956	**499,004**	476,956
Exercise of employee share option (Note 48)	**-**	22,048	**-**	22,048
At 31 December	**499,004**	499,004	**499,004**	499,004

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

During the previous financial year, the Company increased its issued and paid up ordinary share capital from RM476,955,760 to RM499,004,119 by way of issuance of 22,048,359 ordinary shares of RM1.00 each for cash pursuant to the Company's employee share option scheme at a weighted average exercise price of RM1.09 per ordinary share.

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

45. SHARE PREMIUM

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1 January	**39,088**	34,228	**39,088**	34,228
Exercise of employee share options				
- Issuance of new ordinary shares	**-**	2,084	**-**	2,084
- Transfer from share option reserve	**-**	2,776	**-**	2,776
At 31 December	**39,088**	39,088	**39,088**	39,088

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

46. OTHER RESERVES

Group	Capital reserve RM'000	Equity component of loan to parent RM'000	Revaluation reserve RM'000	Foreign currency translation reserve RM'000	General reserve RM'000	Fair value reserve RM'000	Employee share option reserve RM'000	Total RM'000
At 1 January/ 31 December 2014	-	-	102,080	-	8,000	-	-	110,080
At 1 January 2013	30,243	(2,867)	127,367	103	8,000	702	**3,985**	167,533
Other comprehensive income:								
Available-for-sale financial assets:								
- Gain on fair value changes	-	-	-	-	-	360	-	360
- Transfer to income statement upon disposal	-	-	-	-	-	(1,119)	-	(1,119)
Share of other comprehensive income of an associate	-	-	-	1,516	-	29	-	1,545
Other comprehensive income, net of tax from continuing operations	-	-	-	1,516	-	(730)	-	786
Other comprehensive income,net of tax from discontinued operation	-	-	-	-	-	164	-	164
	-	-	-	1,516	-	(566)	-	950
Less: Non-controlling interests	-	-	-	-	-	(92)	-	(92)
Total other comprehensive income	-	-	-	1,516	-	(658)	-	858
Transaction with owners								
Grant of equity-settled share option to employees (Note 8)	-	-	-	-	-	-	**267**	267
Exercise of employee share option	-	-	-	-	-	-	**(2,776)**	(2,776)
Expiry of employee share option	-	-	-	-	-	-	**(1,123)**	(1,123)
Disposal of a subsidiary company	(30,243)	2,867	(25,287)	-	-	(132)	**(353)**	(53,148)
Disposal of an associate company	-	-	-	(1,619)	-	88	-	(1,531)
	(30,243)	2,867	(25,287)	(1,619)	-	(44)	**(3,985)**	(58,311)
At 31 December 2013	-	-	102,080	-	8,000	-	-	110,080

46. OTHER RESERVES (cont'd.)

	General reserve RM'000	Fair value reserve RM'000	Employee share option reserve RM'000	Total RM'000
Company				
At 1 January/ 31 December 2014	8,000	-	-	8,000
Company				
At 1 January 2013	8,000	-	3,632	11,632
Other comprehensive income:				
Available-for-sale financial assets:				
- Gain on fair value changes	-	12,540	-	12,540
- Transfer to income statement upon disposal	-	(12,540)	-	(12,540)
Total other comprehensive income	-	-	-	-
Transaction with owners:				
Grant of equity-settled share option to employees				
- Recognised in income statement (Note 8)	-	-	71	71
- Included in investment in subsidiaries	-	-	196	196
Exercise of employee share option	-	-	(2,776)	(2,776)
Expiry of employee share option	-	-	(1,123)	(1,123)
	-	-	(3,632)	(3,632)
At 31 December 2013	8,000	-	-	8,000

46.OTHER RESERVES (cont'd.)

(a) General reserve

The general reserve represents transfer of profits to reserve account.

(b) Revaluation reserve

The revaluation reserve represents the fair value adjustments on an earlier piecemeal acquisition of a subsidiary.

(c) Foreign currency translation reserve

The foreign currency translation reserve represents the exchange differences arising from the translation of the financial statements of foreign operations of an associated company whose functional currencies are different from that of the associate's presentation currency.

(d) Fair value reserve

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

(e) Capital reserve

The capital reserve represents the fair value adjustments on previously held interest in subsidiaries.

(f) Equity component of loan to parent

Equity component of loan to parent represents the effect of adopting FRS 139 to amount due from ultimate holding company on opening balance.

(g) Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to employees (Note 48). 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.

NOTES TO THE FINANCIAL STATEMENTS

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

47. RETAINED EARNINGS

The entire retained earnings of the Company as at 31 December 2014 may be distributed as dividend under the single-tier system.

48. EMPLOYEE BENEFITS

Kumpulan Perangsang Selangor Berhad's Employee Share Option Scheme ("KPS ESOS")

The KPS ESOS is governed by the amended by-laws approved by the shareholders at an Extraordinary General Meeting held on 15 June 2004. The KPS ESOS was implemented on 30 July 2003 and was for a period of 5 years from the date of implementation, subject however, to an extension at the discretion of the Option Committee for a period up to 5 years commencing from the date of expiration of the original 5 years period. On 16 July 2008, the Option Committee approved the extension of KPS ESOS tenure for another 3 years commencing from 29 July 2008 until 29 July 2011. Subsequently, on 20 May 2011, the Option Committee approved the extension of KPS ESOS for another 2 years commencing from 29 July 2011 until 29 July 2013.

The salient features of the KPS ESOS are as follows:

(i) The total number of ordinary shares to be issued by the Company under the KPS ESOS shall not exceed 15% of the total issued and paid-up ordinary shares of the Company, such that not more than 50% of the shares available under the KPS ESOS is allocated, in aggregate, to directors and senior management.

(ii) Not more than 10% of the shares available under the KPS ESOS is allocated to any individual director or employee who, either individually or collectively through his/her associates, holds 20% or more in the issued and paid-up capital of the Company.

(iii) Only staff and directors of the Company, Hydrovest Sdn. Bhd., Konsortium Abass Sdn. Bhd., Cash Band (M) Berhad, Perangsang Hotel and Properties Sdn. Bhd. and Brisdale International Hotel Sdn. Bhd. are eligible to participate in the scheme. Executive directors are those involved in the day-to-day management and on the payroll of the Company.

(iv) The options price under the KPS ESOS is the average of the mean market quotation of the shares of the Company as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad for the five market days preceding the offer date, or the par value of the shares of the Company of RM1, whichever is the higher.

(v) All share options granted are exercisable from the date of grant and have a contractual option term between three to five years.

48. EMPLOYEE BENEFITS (cont'd.)

Kumpulan Perangsang Selangor Berhad's Employee Share Option Scheme ("KPS ESOS") (cont'd.)

The salient features of the KPS ESOS are as follows (cont'd.):

(vi) Share options granted under the KPS ESOS carry no dividend or voting rights. Upon exercise of the options, shares issued rank pari passu in all respects with existing ordinary shares of the Company.

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

			<---------- Number of share options --------->					
Grant date	Expiry date	Exercise price RM	As at 1.1.2013 '000	Granted '000	Terminated '000	Exercised '000	Forfeited '000	As at 31.12.2013 '000
12 August 2003	29 July 2013	1.62	3,140	-	-	(2,535)	(605)	-
23 July 2007	29 July 2013	1.62	718	-	-	(515)	(203)	-
26 July 2007	29 July 2013	1.62	119	-	-	(87)	(32)	-
3 August 2007	29 July 2013	1.98	25	-	-	-	(25)	-
17 July 2008	29 July 2013	1.93	250	-	-	-	(250)	-
5 May 2009	29 July 2013	1.62	1,784	-	(75)	(132)	(1,577)	-
23 May 2011	29 July 2013	1.10	200	-	-	(200)	-	-
21 September 2011	29 July 2013	1.00	5,892	-	-	(5,892)	-	-
17 October 2012	29 July 2013	1.00	3,087	-	-	(2,616)	(471)	-
2 January 2013	29 July 2013	1.00	-	9,907	(175)	(9,652)	(80)	-
18 February 2013	29 July 2013	1.00	-	8	-	(8)	-	-
1 April 2013	29 July 2013	1.00	-	239	(10)	(229)	-	-
2 May 2013	29 July 2013	1.13	-	31	-	(31)	-	-
7 May 2013	29 July 2013	1.11	-	11	-	(11)	-	-
20 May 2013	29 July 2013	1.20	-	39	-	(39)	-	-
23 May 2013	29 July 2013	1.24	-	11	-	(11)	-	-
3 June 2013	29 July 2013	1.24	-	80	-	(80)	-	-
12 June 2013	29 July 2013	1.28	-	10	-	(10)	-	-
			15,215	10,336	(260)	(22,048)	(3,243)	-
WAEP			1.25	1.00	1.18	1.09	1.46	-

NOTES TO THE FINANCIAL STATEMENTS

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

48. EMPLOYEE BENEFITS (cont'd.)

Kumpulan Perangsang Selangor Berhad's Employee Share Option Scheme ("KPS ESOS") (cont'd.)

(i) Share options exercised during the previous financial year

As disclosed in Note 44, options exercised during the previous financial year resulted in the issuance of 22,048,359 ordinary shares at a weighted average exercise price of RM1.09 per ordinary share. The related weighted average share price at the date of exercise was RM1.50.

(ii) Fair value of share options granted during the previous year

The fair value of share options granted during the previous year was estimated by an external valuer using a binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	Grant Date **2 Jan 2013 to 12 June 2013**
Fair value of share options granted on (RM):	
- 2 Jan 2013 to 12 June 2013	0.027
Weighted average share price (RM)	0.92
Weighted average exercise price (RM)	1.00
Expected volatility (%)	20
Expected life (year)	0.55
Risk free rate (%)	2.904
Expected dividend yield (%)	2.00

The expected life of the share 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 is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

As at 29 July 2013, the KPS ESOS had expired and there is no new scheme being implemented by the Company.

49.SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

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:

Group	2014 RM'000	2013 RM'000
Sale of goods to a subsidiary company of NCI:		
- Sungai Harmoni Sdn. Bhd.	**15,557**	12,929
Sale of goods to a related company:		
- Konsortium Air Selangor Sdn. Bhd.	**913**	929
Purchase of goods from an associated company:		
- Chemindus Sdn. Bhd.	**-**	(1,977)
Management fees received from immediate holding company:		
- Kumpulan Darul Ehsan Berhad	**2,524**	126
Management fees received from related companies		
- Konsortium Air Selangor Sdn. Bhd.	**36**	36
- Kumpulan Hartanah Selangor Berhad	**146**	33
- KDEB Waste Management Sdn. Bhd.	**37**	32
- SAP Holdings Berhad	**1**	3
- Central Spectrum (M) Sdn. Bhd.	**12**	3
Management fees paid to immediate holding company:		
- Kumpulan Darul Ehsan Berhad	**(1,000)**	(1,812)
Rental income received from related companies		
- Kumpulan Hartanah Selangor Berhad	**763**	191
- Konsortium Air Selangor Sdn. Bhd.	**77**	77
- Hebat Abadi Sdn. Bhd.	**37**	27

Company	2014 RM'000	2013 RM'000
Rental income		
(i) Subsidiaries		
- Kumpulan Hartanah Selangor Berhad	**-**	572
- Perangsang Hotel and Properties Sdn. Bhd.	**924**	2,218
- Hydrovest Sdn. Bhd.	**27**	67
- Konsortium Abass Sdn. Bhd.	**260**	234

49. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd.)

(a) Sale and purchase of goods and services (cont'd.)

	2014 RM'000	2013 RM'000
Company (cont'd.)		
(ii) Related companies		
- Kumpulan Hartanah Selangor Berhad	**763**	191
- Hebat Abadi Sdn. Bhd.	**37**	27
- Konsortium Air Selangor Sdn. Bhd.	**77**	77
Management fees received		
(i) Immediate holding company		
- Kumpulan Darul Ehsan Berhad	**2,524**	126
(ii) Subsidiaries		
- Perangsang Hotel and Properties Sdn. Bhd.	**24**	24
- Hydrovest Sdn. Bhd.	**37**	56
- SAP Holdings Berhad	**-**	9
- Central Spectrum (M) Sdn. Bhd.	**-**	9
- Konsortium Abass Sdn. Bhd.	**217**	212
- Kumpulan Hartanah Selangor Berhad	**-**	93
- Cash Band (M) Berhad	**146**	126
(iii) Related companies		
- KDEB Waste Management Sdn. Bhd.	**37**	36
- Kumpulan Hartanah Selangor Berhad	**146**	33
- SAP Holdings Berhad	**1**	3
- Central Spectrum (M) Sdn. Bhd.	**12**	3
- Konsortium Air Selangor Sdn. Bhd.	**36**	36
Interest income received		
(i) Advances to subsidiaries		
- Cash Band (M) Sdn. Bhd.	**335**	640
- Titisan Modal (M) Sdn. Bhd.	**764**	757
- Kumpulan Hartanah Selangor Berhad	**-**	1,602
- SAP Holdings Berhad	**-**	34
- Perangsang Oil and Gas Sdn. Bhd.	**712**	1,558
- Perangsang Telco Sdn. Bhd.	**-**	296
Management fees paid to immediate holding company		
- Kumpulan Darul Ehsan Berhad	(1,000)	(1,000)

49. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd.)

(b) Compensation of key management personnel

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Salaries, wages and bonuses	**1,654**	1,880	**571**	503
Fees	**411**	586	**400**	386
Defined contribution plan	**241**	264	**85**	56
Other employee benefits	**298**	340	**260**	252
	2,604	3,070	**1,316**	1,197

Included in the total key management personnel are:

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Directors' remuneration (Note 9)	**2,628**	3,264	**1,366**	1,296

Directors of the Group and of the Company and other members of key management have been granted the following number of options under the KPS ESOS:

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
At 1 January	**-**	6,600	**-**	5,800
Granted	**-**	874	**-**	746
Exercised	**-**	(7,224)	**-**	(6,296)
Forfeited	**-**	(250)	**-**	(250)
At 31 December	**-**	-	**-**	-

During the previous financial year 7,224,248 share options was exercised on the ordinary shares of the Company.

The share options were granted on the same terms and conditions as those offered to other employees of the Group during the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

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

50.COMMITMENTS

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Capital expenditure				
Approved but not contracted for:				
Property, plant and equipment	30,450	18,100	30,450	18,100
Approved capital expenditure in respect of assets replacement works contracted but not provided for in the financial statements	10,334	18,154	-	-

(b) Operating lease commitments - as lessee

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Operating lease				
Operating lease rental on the rights to use the existing facilities payable				
- later than one year and not later than five years	**-**	116,000	**-**	-
- later than five years	**326,000**	210,000	**-**	-
	326,000	326,000	**-**	-
	366,784	362,254	**30,450**	18,100

The existing facilities refer to the Sungai Semenyih Water Supply Scheme which consist of the Sungai Semenyih Dam, Intakes, Water Treatment Plant and Water Transfer Facilities ("Existing Facilities").

In consideration for the use of the Existing Facilities, Konsortium Abass Sdn. Bhd., a subsidiary company, shall pay to the Selangor State Government an agreed annual rental fee over the duration of the concession period of 30 years.

50. COMMITMENTS (cont'd.)

(c) Operating lease commitments - as lessor

The Company entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between one to three years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Company	
	2014	**2013**
	RM'000	**RM'000**
Not later than 1 year	**6,561**	7,836
Later than 1 year but not later than 3 years	**4,622**	5,182
	11,183	13,018

(d) Finance lease commitments

The Group has finance leases for motor vehicles (Note 14).

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	**54**	41
Later than 1 year and not later than 2 years	**47**	36
Later than 2 years and not later than 5 years	**99**	88
Total minimum lease payments	**200**	165
Less: Amount representing finance charges	**(23)**	(20)
Present value of minimum lease	**177**	145

50.COMMITMENTS (cont'd.)

(d) Finance lease commitments (cont'd.)

	Group	
	2014 RM'000	2013 RM'000
Present value of payments:		
Not later than 1 year	**47**	35
Later than 1 year and not later than 2 years	**42**	32
Later than 2 years and not later than 5 years	**88**	78
Present value of minimum lease payments (Note 32)	**177**	145
Less: Due within 12 months (Note 32)	**(47)**	(35)
Due after 12 months (Note 32)	**130**	110

51.GUARANTEES AND CONTINGENT LIABILITIES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
(i) Secured:				
(a) Guarantees to secure banking and other credit facilities of an associate amounting to RM11,960,000 (2013: RM11,960,000)	**-**	5,860	**-**	5,860
(b) Provision of corporate guarantee for an associate:				
(i) For financing/refinancing of the credit facilities for the purchase consideration of business and identifiable assets	**56,572**	68,116	**-**	-
(ii) Working capital and issuance of bank guarantees	**28,199**	16,090	**-**	-
(iii) For the warrant guarantee	**5,000**	5,000	**-**	-

51.GUARANTEES AND CONTINGENT LIABILITIES (cont'd.)

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
(ii) Unsecured:				
- Performance guarantees to third parties	**669**	573	**669**	573

52.FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

	Group Carrying amount RM'000	Group Fair value RM'000	Company Carrying amount RM'000	Company Fair value RM'000
Financial assets				
At 31 December 2014				
Club memberships	733	*	523	*

	Group Carrying amount RM'000	Group Fair value RM'000	Company Carrying amount RM'000	Company Fair value RM'000
Financial assets				
At 31 December 2013				
Club memberships	733	*	523	*

* The directors are of the view that it is not practicable within the constraints of timeliness and cost to estimate reliably the fair values of the club membership.

	Note	Group Carrying amount RM'000	Group Fair value RM'000	Company Carrying amount RM'000	Company Fair value RM'000
Financial liabilities					
At 31 December 2014					
Finance lease commitments	50(d)	130	-	-	-
At 31 December 2013					
Finance lease commitments	50(d)	110	-	-	-

52.FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd.)

(b) Fair value hierarchy

As stipulated in Amendments to FRS 7: *Improving Disclosure about Financial Instruments,* the Group and the Company are required to classify fair value measurement using a fair value hierarchy. The fair value hierarchy would have the following levels:

Level 1 - the fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities

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

Level 3 - the fair value is measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Quantitative disclosures fair value measurement hierarchy for assets/(liabilities) as at 31 Desember 2014

	Total RM	Level 1 RM	Level 2 RM	Level 3 RM
Money market deposits	86,762,453	86,762,453	-	-

The Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation at the end of each reporting period. There have been no transfers between Level 1 and Level 2 during the financial year.

Fair value hierarchy for financial instruments measured at fair value as at 31 December 2013:

	Total RM	Level 1 RM	Level 2 RM	Level 3 RM
Money market deposits	6,172,092	6,172,092	-	-

(i) The fair value of money market deposits is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

52. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd.)

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

Trade and other receivables, trade and other payables, loan and borrowings and amount due from/(to) immediate holding, subsidiaries and related companies and associates

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

Borrowings

The carrying amount of the loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

Amount due from subsidiaries, finance lease obligations and fixed rate bank loans

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 lease arrangements at the reporting date.

Unquoted equity instruments

These investments are valued using valuation models which uses both observable and non-observable data. The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are regularly reviewed by the Audit Committee.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken.

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

At the reporting date, the Group'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. The Group's credit risk exposure is significantly concentrated on its trade receivable owing by SYABAS, which makes up 97% (2013: 97%) of total long term and trade receivables of the Group.

(i) Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 27. Deposits with banks and other financial institutions, that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings.

(ii) Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Notes 27 and 28.

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

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position.

At the reporting date, approximately 43% (2013: 38%) of the Group's loans and borrowings (Note 32) will mature in less than one year based on the carrying amount reflected in the financial statements. Nil (2013: 100%) of the Company's loans and borrowings will mature in less than one year at the reporting date.

Analysis of financial instruments by remaining contractual maturities

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

		2014 RM'000			
	Note	**On demand or within one year**	**One to five years**	**Over five years**	**Total**
Group					
Financial liabilities:					
Trade payables	40	28,084	-	-	28,084
Other payables	41	80,681	-	-	80,681
Amount due to immediate holding company	42(a)	190	-	-	190
Amount due to related companies	42(c)	50	-	-	50
Loans and borrowings	32	450,798	438,866	256,153	1,145,817
Government soft loan	35	-	10,000	13,555	23,555
Total undiscounted financial liabilities		559,803	448,866	269,708	1,278,377

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

(b) Liquidity risk (cont'd.)

	Note	2014 RM'000 On demand or within one year	One to five years	Over five years	Total
Company					
Financial liabilities:					
Trade payables	40	1,973	-	-	1,973
Other payables	41	6,771	-	-	6,771
Amount due to subsidiaries	42(b)	58,378	-	-	58,378
Amount due to related companies	42(c)	23	-	-	23
Total undiscounted financial liabilities		67,145	-	-	67,145

	Note	2013 RM'000 On demand or within one year	One to five years	Over five years	Total
Group					
Financial liabilities:					
Trade payables	40	31,267	-	-	31,267
Other payables	41	46,114	-	-	46,114
Amount due to immediate holding company	42(a)	288	-	-	288
Amount due to related companies	42(c)	51	-	-	51
Loans and borrowings	32	420,784	323,844	476,897	1,221,525
Government soft loan	35	-	3,267	-	3,267
Total undiscounted financial liabilities		498,504	327,111	476,897	1,302,512

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

(b) Liquidity risk (cont'd.)

		2013 RM'000			
	Note	On demand or within one year	One to five years	Over five years	Total
Company					
Financial liabilities:					
Trade payables	40	3,511	-	-	3,511
Other payables	41	5,381	-	-	5,381
Amount due to subsidiaries	42(b)	64,584	-	-	64,584
Amount due to related companies	42(c)	23	-	-	23
Loans and borrowings	32	65,000	-	-	65,000
Total undiscounted financial liabilities		138,499	-	-	138,499

(c) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group has both short and long term debts. The tenure of the debts is matched against its underlying assets. For short term working capital requirements, the cost of borrowings is principally on floating rate basis.

In addition, the Group has borrowed on a long term basis where the cost of borrowings is fixed to match the tenure of the underlying assets. These borrowings are based on Islamic principle and are not subject to interest rate risk. The Group also manages its interest rate exposure by maintaining fixed rate borrowings.

It is the Group's policy not to trade in interest rate swap agreements.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit after tax will be higher/lower by approximately 0.02% and 0.10% respectively as a result of lower/higher interest expense on term loans.

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

(d) Foreign currency risk

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

The Group has transactional currency exposures arising from purchases that are denominated in a currency other Ringgit Malaysia ("RM"). The foreign currencies in which these transactions are denominated are mainly United States Dollar (USD) and Pound Sterling (£).

Approximately 5.93% (2013: 5.83%) of the Group's cost are denominated in the foreign currencies. The Group's trade payables balances at the reporting date have similar exposures.

Sensitivity analysis for foreign currency risk

Assuming a change of 3% in USD average rates collectively against Ringgit Malaysia, with all other variables held constant, the impact to the Group's profit after tax will be approximately RM200,387 (2013: RM199,758).

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group and of the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company is exposed to market price risk arising from its investment in quoted equity instruments and placement in money market deposits. The instruments are classified as financial assets at fair value through profit or loss.

To manage its market price risk, the Group and the Company manage its portfolio in accordance with established guidelines and policies.

Sensitivity analysis for market price risk

At the reporting date, if the Group's and the Company's instruments had been 2% higher/lower, with all other variables held constant, the Group's profit and loss would have been increase/(decrease) by RM1,587,073 (2013: RM 123,276) higher/lower, arising as a result of changes in the fair value of the financial assets classified as fair value through profit and loss.

54. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains an optimal capital structure in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust its capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 31 December 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group includes within its net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent less the fair value adjustment reserves.

		Group	
	Note	2014 RM'000	2013 RM'000
Trade payables	40	**28,084**	31,267
Other payables	41	**80,681**	46,114
Amount due to immediate holding company	42(a)	**190**	288
Amount due to related companies	42(c)	**50**	51
Loans and borrowings	32	**1,023,256**	1,070,155
Less: Cash and bank balances	31	**(164,474)**	(213,030)
Net debt		**967,787**	934,845
Total capital, equity attributable to the owners of the parent		**1,200,354**	1,104,780
Capital and net debt		**2,168,141**	2,039,625
Gearing ratio		**45%**	46%

55. SEGMENT INFORMATION

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

- Investment holding
- Infrastructure and utilities
- Trading
- Hospitality
- Golf club and recreation facilities
- Oil and gas
- Telecommunication

NOTES TO THE FINANCIAL STATEMENTS

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

55.SEGMENT INFORMATION (cont'd.)

	Investment holding RM'000	Infrastructure and utilities RM'000	Trading RM'000	Hospitality Golf club & recreational facilities RM'000	Telco RM'000	Oil & Gas RM'000	Others RM'000	Adjustments and eliminations RM'000	Note	Consolidated RM'000
2014										
Revenue										
External revenue	11,875	220,772	55,019	26,365	-	-	-	-		314,031
Inter-segment	8,807	-	-	-	-	-	-	(8,807)	A	-
	20,682	220,772	55,019	26,365	-	-	-	(8,807)		314,031
Results :										
Interest income	2,460	14,435	290	1,963	-	-	180	-		19,328
Depreciation and amortisation	3,748	18,914	138	5,216	-	-	-	(1,180)		26,836
Share of results of associates	-	151,944	-	(281)	1,484	(3,444)	-	-		149,703
Other non-cash expenses	103	101,872	-	92	-	-	-	-	B	102,067
Segment profit/(loss)	(4,656)	90,615	6,080	(19,879)	-	-	(13)	58,123	C	130,270
Assets:										
Investment in associates	792,976	131,487	-	-	-	-	-	-		924,463
Additions to non-current assets	826	729	180	931	-	-	-	-	D	2,666
Segment assets	701,249	1,407,494	40,522	221,553	-	-	10,520	427,452	E	2,808,790
Liabilities:										
Segment liabilities	124,898	366,874	15,982	61,459	-	-	500	1,015,936	F	1,585,649

55.SEGMENT INFORMATION (cont'd.)

	Investment holding RM'000	Property development and management RM'000	Infrastructure and utilities RM'000	Trading RM'000	Hospitality Golf club & recreational facilities RM'000	Telco RM'000	Oil & Gas RM'000	Others RM'000	Adjustments and eliminations RM'000	Note	Consolidated RM'000
2013											
Revenue											
External revenue	8,638	13,530	207,111	51,018	35,291	-	-	233	(13,530)		302,291
Inter-segment	18,822	-	-	-	-	-	-	-	(18,822)	A	-
	27,460	13,530	207,111	51,018	35,291	-	-	233	(32,352)		302,291
Results :											
Interest income	1,483	722	17,074	255	108	-	-	186	(722)		19,106
Dividend income	540	52	-	-	-	-	-	-	(52)		540
Depreciation and amortisation	3,697	439	19,924	61	6,740	-	-	-	(1,861)		29,000
Share of results of associates	-	-	60,547	375	(985)	(2,335)	1,900	-	-		59,502
Other non-cash expenses	-	37	27,855	-	236	-	-	-	(37)	B	28,091
Segment profit/(loss)	74,358	1,110	128,265	949	(4,201)	-	-	9	90,411	C	290,901
Assets:											
Investment in associates	646,625	-	131,487	-	-	-	-	-	-		778,112
Additions to non-current assets	1,822	583	2,378	273	863	-	-	-	-	D	5,919
Segment assets	809,020	-	1,408,714	33,687	245,898	-	-	10,533	214,238	E	2,722,090
Liabilities:											
Segment liabilities	135,498	-	381,147	11,877	65,444	-	-	496	1,000,804	F	1,595,266

55.SEGMENT INFORMATION (cont'd.)

Other operations of the Group mainly comprise management and consultancy services which are not of a sufficient size to be reported separately.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

As disclosed in Note 11 to the financial statements, the Group disposed a subsidiary company in property development and management segment in prior year.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

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

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 of financial assets:			
- Trade receivables	7,11	**102,067**	28,091

C The following items are added to/(deducted from) segment profit/(loss) to arrive at profit/(loss) before tax presented in the consolidated statement of comprehensive income:

	2014 RM'000	2013 RM'000
Share of results of associates	**149,703**	59,502
Finance costs	**(95,073)**	(113,597)
Profit from the disposal of a subsidiary company	**-**	232,041
Gain/ (loss) upon the disposal of an associate company	**12,828**	(67,335)
Others	**(9,335)**	(20,200)
	58,123	90,411

55.SEGMENT INFORMATION (cont'd.)

D Additions to non-current assets consist of:

	2014 RM'000	2013 RM'000
Property, plant and equipment	**2,666**	5,919

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

	2014 RM'000	2013 RM'000
Investment in associates	**924,463**	778,112
Tax recoverable	**1,378**	2,390
Inter-segment assets	**(498,389)**	(566,264)
	427,452	214,238

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

	2014 RM'000	2013 RM'000
Deferred tax liabilities	**121,253**	117,235
Income tax payable	**577**	463
Loans and borrowings	**1,023,256**	1,070,155
Inter-segment liabilities	**(129,150)**	(187,049)
	1,015,936	1,000,804

56. SIGNIFICANT AND SUBSEQUENT EVENTS

(a) Offer from Kumpulan Darul Ehsan Berhad to purchase 100% equity in Titisan Modal (M) Sdn. Bhd.

(1) On 20 February 2013, the Company received a proposal from Kumpulan Darul Ehsan Berhad ("KDEB") to purchase 100% equity holdings in Titisan Modal (M) Sdn. Bhd. ("Titisan") from its shareholders at the estimated value of RM992.2 million ("Titisan's Equity"), subject to due diligence to be undertaken ("KDEB Offer").

The Company has 90.83% equity interest in Titisan. The KDEB Offer is conditional upon the acceptance of other water concessionaires.

The details of the indicative terms and conditions of the proposed purchase are set out below:

(i) Valuation Principles

The value of Titisan's Equity have been derived based on the following principles:

(a) The value of Titisan's Equity including a return on Titisan's Equity of 12% per annum;

(b) Water assets to be acquired by Pengurusan Aset Air Berhad ("PAAB");

(c) Titisan's Equity includes all forms of investments and contributions by shareholders (e.g. ordinary or preference shares, advances and, where applicable, debt-equity instruments are also taken into account);

(d) Return on Titisan's Equity is calculated at 12% per annum up to 31 December 2012 (with no compounding) with deductions for any historical dividend payouts;

(e) Liabilities to be assumed are all the outstanding water-related debts owed by Titisan which include:

1. Bonds acquired by Acqua SPV Berhad ("Acqua SPV") or remaining in the capital markets;
2. Commercial loans, if applicable; and
3. Government loans, if applicable.

(f) PAAB to decide on payment of surplus book value of assets over liabilities, and if agreeable, to be paid by PAAB direct to applicable concessionaires.

56.SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(a) Offer from Kumpulan Darul Ehsan Berhad to purchase 100% equity in Titisan Modal (M) Sdn. Bhd. (cont'd.)

The details of the indicative terms and conditions of the proposed purchase are set out below (cont'd.).

(ii) Payment Consideration

The consideration for the proposed purchase of the Titisan's Equity has been ascribed a value estimated at RM992.2 million, as further detailed below:

Item	RM million
Equity contribution plus return on equity at 12% per annum	86.2
Water assets to-be assumed	906.0
Total value of the Titisan's Equity	**992.2***

* *Preliminary value of Titisan's Equity to be revised pursuant to the due diligence inquiry to be undertaken.*

Payment shall be in cash in respect of the portion ascribed to the equity contribution, as detailed in section (a)(1)(i)(c) and (d) above, with the remaining value to be via the assumption of liabilities at Titisan.

Payment for surplus book value of assets over liabilities to be assumed, if any, shall be subject to the agreement of PAAB.

Subsequently, on 6 March 2013, the Company has accepted in principle the indicative terms and conditions of the KDEB Offer, subject to the final terms and conditions to be negotiated and agreed upon, as well as the execution of a definitive agreement.

The KDEB Offer was deemed lapsed on 6 March 2013 as the shareholders of Puncak Niaga (M) Sdn. Bhd. ("PNSB") and Syarikat Bekalan Air Selangor Sdn. Bhd. ("SYABAS") was unable to reach a final decision to even consider giving approval in principle or to give acceptance in principle to KDEB in respect of the indicative terms and conditions as set out in KDEB's letters dated 20 February 2013.

(2) On 21 November 2013, the Company has vide a letter ("Second Offer Letter") from KDEB received a proposal to purchase its equity holdings in Titisan.

The details of the indicative terms and conditions of the Proposed Purchase for the Second Offer Letter are set out below:

(i) Valuation Principles

The value of the Titisan's Equity has been derived based on the following principles:

(a) The value of the Titisan's Equity including a return on the Titisan's Equity of 12% per annum;

56.SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(a) Offer from Kumpulan Darul Ehsan Berhad to purchase 100% equity in Titisan Modal (M) Sdn. Bhd. (cont'd.)

The details of the indicative terms and conditions of the Proposed Purchase for the Second Offer Letter are set out below (cont'd.):

(i) Valuation Principles (cont'd.)

The value of the Titisan's Equity has been derived based on the following principles (cont'd.):

(b) Water assets to be acquired by Pengurusan Aset Air Berhad ("PAAB") concurrently with the acquisition of the equity by KDEB;

(c) The Titisan's Equity includes all forms of investments and contributions by shareholders (e.g. ordinary or preference shares, advances and, where applicable, debt-equity instruments are also taken into account);

(d) Return on the Titisan's Equity is calculated at 12% per annum up to 31 December 2012 (with no compounding) with deductions for any historical dividend payouts; and

(e) Liabilities to be assumed are all the outstanding water-related debts owed by Titisan, which include:

1. Bonds acquired by Acqua SPV Berhad ("Acqua SPV") or remaining in the capital markets;
2. Commercial loans, if applicable; and
3. Government loans, if applicable.

(ii) Payment Consideration

The consideration for the proposed purchase of the the Titisan's Equity has been ascribed a value estimated at RM990.2 million, as further detailed below:

Item	RM million
Equity contribution plus return on equity at 12% per annum	86.2
Water assets to-be acquired by PAAB	904.0
Total Value of the Titisan's Equity	**990.2***

** The Total Value of Titisan's Equity may be revised following the due diligence inquiry to be undertaken, on the Titisan and ABASS commencing 7 days from date of acceptance of the Second Offer and the results of such due diligence inquiry being satisfactory to KDEB.*

Payment shall be in cash in respect of the portion ascribed to the equity contribution, as detailed in section (a)(2)(i)(c) and (d) above, on the understanding that the remaining value will be satisfied via the assumption by PAAB of liabilities of Titisan's Equity.

56. SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(a) Offer from Kumpulan Darul Ehsan Berhad to purchase 100% equity in Titisan Modal (M) Sdn. Bhd. (cont'd.)

The details of the indicative terms and conditions of the Proposed Purchase for the Second Offer Letter are set out below (cont'd.):

(ii) Payment Consideration (cont'd.)

The payment ascribed to the equity contribution referred to in paragraph (a)(2)(ii) above shall, subject to such adjustment as are provided for therein, be notified by KDEB to the holders of the Titisan's Equity and paid to holders of the Titisan's Equity on a pro rata basis in accordance with the respective proportions of their holdings in the Titisan's Equity after the conditions of the Proposed Purchase have been fulfilled or (to the extent permitted by law) waived by KDEB.

Subsequently on 4 December 2013, the Company has accepted the offer as set out in the Second Offer Letter subject to the following additional terms & conditions for KDEB's consideration:

(i) the amount of receivables due from SYABAS and Perbadanan Urus Air Selangor respectively to Konsortium Abass Sdn Bhd.("ABASS"), a wholly-owned subsidiary of the Titisan, as of the completion date shall be verified by an independent auditor within a period of time to be agreed between the parties and must be settled in full as part of completion;

(ii) the amount owing by KDEB and Titisan to the Company must be fully settled by KDEB; and

(iii) in respect of the due diligence inquiry that KDEB intends to carry out on the Titisan and ABASS, the determination of whether the results of such due diligence are satisfactory shall not be a unilateral decision on the part of KDEB, but such determination shall be based on criteria as shall be mutually agreed between KDEB and the Company.

On 30 December 2013, the Company received a letter from KDEB requesting for an extension of time until 15 January 2014 for KDEB to review the terms and conditions of acceptance on the Proposed Purchase as contained in the Company's letter dated 4 December 2013.

On 9 January 2014, the Company received a letter from KDEB to inform the Company that there will be no further discussion on the Proposed Purchase for the foreseeable future in view of the Selangor State Government ("SSG") announcement on 8 January 2014 that the SSG is agreeable for the Federal Government to exercise its rights and powers under Section 114 of the Water Services Industry Act 2006.

56.SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(a) Offer from Kumpulan Darul Ehsan Berhad to purchase 100% equity in Titisan Modal (M) Sdn. Bhd. (cont'd.)

The details of the indicative terms and conditions of the Proposed Purchase for the Second Offer Letter are set out below (cont'd.).

(3) On 26 February 2014, the Company has vide a letter ("Third Offer Letter") from KDEB received a proposal to purchase its equity holdings in Titisan Modal (M) Sdn. Bhd..

The details of the indicative terms and conditions of the Proposed Purchase for the Third Offer Letter are set out below:

(i) Valuation Principles

The value of the Titisan's Equity has been derived based on the following principles:

(a) The value of the Titsan's Equity including a return on the Titisan's Equity of 12% per annum;

(b) Water assets to be acquired by Pengurusan Aset Air Berhad ("PAAB") concurrently with the acquisition of the equity by KDEB;

(c) The Titisan's Equity includes all forms of investments and contributions by shareholders (e.g. ordinary or preference shares, advances and, where applicable, debt-equity instruments are also taken into account);

(d) Return on the Titisan's Equity is calculated at 12% per annum up to 31 December 2012 (with no compounding) with deductions for any historical dividend payouts; and

(e) Liabilities to be assumed are all the outstanding water-related debts owed by Titisan, which include:

1. Bonds acquired by Acqua SPV Berhad ("Acqua SPV") or remaining in the capital markets;

2. Commercial loans, if applicable; and

3. Government loans, if applicable.

56. SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(a) Offer from Kumpulan Darul Ehsan Berhad to purchase 100% equity in Titisan Modal (M) Sdn. Bhd. (cont'd.)

The details of the indicative terms and conditions of the Proposed Purchase for the Third Offer Letter are set out below (cont'd.):

(ii) Payment Consideration

(1) Premised on the above principles, the consideration for the proposed purchase of the Titisan's Equity and liabilities to be assumed has been ascribed a value estimated at RM990.2 million, as further detailed below:

Item	RM million
Equity contribution plus return on equity at 12% per annum	86.2
Water assets to-be acquired by PAAB	904.0
Total value of the Titisan Equity	**990.2***

* *The Total Value of Titisan's Equity may be revised following the due diligence inquiry to be undertaken, on Titisan and ABASS commencing 7 days from date of acceptance of the Third Offer and the results of such due diligence inquiry being satisfactory to KDEB.*

Payment shall be in cash in respect of the portion ascribed to the equity contribution, as detailed in section (a)(3)(i)(c) and (d) above, with the remaining value will be satisfied via the assumption of liabilities of the Titisan's Equity by PAAB.

(2) The payment ascribed to the equity contribution referred to in paragraph (a)(3)(ii)(1) above shall, subject to such adjustment as are provided for therein, be notified by KDEB to the holders of the Titisan's Equity and paid to holders of the Titisan's Equity on a pro rata basis in accordance with the respective proportions of their holdings in the Titisan's Equity after the conditions have been fullfilled or (to the extend permitted by law) waived by KDEB.

(3) If the Company does not agree with the amount of the payment made to it under paragraph (a)(3)(ii)(2) above for its holding of the Titisan's Equity (the "Proposed Price") it shall give written notice of its disagreement within 21 days of service of the notice referred to in paragraph (a)(3)(ii)(2) and the dispute between the Company and KDEB with regard to the appropriate amount of the price for such the Company's holding of the Titisan's Equity shall be determined by arbitration. In making such determination the arbitral tribunal shall:

(a) not determine a price that is below the Proposed Price; and

(b) base the price on the sum of (A) what the arbitral tribunal considers to be a fair rate of return on the investment of such holder in its holding of the Titisan's Equity and (B) the amount of such holder's investment.

56.SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(a) Offer from Kumpulan Darul Ehsan Berhad to purchase 100% equity in Titisan Modal (M) Sdn. Bhd. (cont'd.)

The details of the indicative terms and conditions of the Proposed Purchase for the Third Offer Letter are set out below (cont'd.):

(ii) Payment Consideration (cont'd.)

The determination of the arbitral tribunal shall be final and binding on KDEB and such holder.

On 10 March 2014, the Company had accepted the offer as set out in the Third Offer Letter. The Third Offer was deemed lapsed as the offer made by KDEB for the acquisition of the equity interest of the other Selangor water companies were not accepted by all those respective shareholders other than the Company and Viable Chip (M) Sdn. Bhd..

(4) On 23 June 2014, the Company has received an offer letter dated 20 June 2014 ("Fourth Offer") in relation to the proposed purchase by KDEB of 90.83% equity in the Titisan ("Proposed Acquisition") and the resolution of the RM150.0 million nominal amount Bai-Bithaman Ajil Islamic Debt Securities A ("BaIDS A") and RM50.0 million amount Bai-Bithaman Ajil Islamic Debt Securities B ("BaIDS B") both issued by Viable Chip (M) Sdn. Bhd., a wholly-owned subsidiary of the Company vide the assumption of such liabilities by KDEB ("Proposed Resolution"). (Proposed Acquisition and Proposed Resolution are collectively referred to as "Proposals").

On the same day, the Company has accepted the Fourth Offer from KDEB on the Proposals based on the following indicative term and conditions:

(a) The Proposed Acquisition for indicative consideration of RM78.054 million; and

(b) The Proposed Resolution of the BaIDS A and BaIDS B via KDEB's assumption of the liabilities amounting to an aggregate nominal amount of RM200.0 million as consideration for the settlement of inter-company debt.

As at the date of this report, the Company and KDEB are in the midst of finalising the terms and conditions of the share purchase agreement.

56. SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(b) Offer from Kumpulan Darul Ehsan Berhad to purchase 100% equity in Syarikat Pengeluar Air Selangor Holdings Berhad

(1) On 20 February 2013, Viable Chip (M) Sdn. Bhd. ("VCSB") a wholly owned subsidiary of the Company received a proposal from KDEB to purchase 100% equity holdings in Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holdings") from all of its shareholders at the estimated value of RM1,834.6 million ("SPLASH Equity"), subject to due dilligence to be undertaken ("KDEB Offer").

The details of the indicative terms and conditions of the proposed purchase are set out below:

(i) Valuation Principles

The value of the SPLASH Equity have been derived based on the following principles:

(a) The value of SPLASH Equity including a return on SPLASH Holdings Equity of 12% per annum;

(b) Water assets to be acquired by Pengurusan Aset Air Berhad ("PAAB");

(c) SPLASH Equity includes all forms of investments and contributions by shareholders (e.g. ordinary or preference shares, advances and, where applicable, debt-equity instruments are also taken into account);

(d) Return on SPLASH Equity is calculated at 12% per annum up to 31 December 2012 (with no compounding) with deductions for any historical dividend payouts;

(e) Liabilities to be assumed are all the outstanding water-related debts owed by SPLASH Holdings and Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("SPLASH"), which include:

(1) Bonds acquired by Acqua SPV or remaining in the capital markets;

(2) Commercial loans, if applicable; and

(3) Government loans, if applicable.

(f) PAAB to decide on payment of surplus book value of assets over liabilities, and if agreeable, to be paid by PAAB direct to applicable concessionaires.

56. SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(b) Offer from Kumpulan Darul Ehsan Berhad to purchase 100% equity in Syarikat Pengeluar Air Selangor Holdings Berhad (cont'd.)

The details of the indicative terms and conditions of the proposed purchase are set out below (cont'd.):

(ii) Payment Consideration

The consideration for the proposed purchase of the SPLASH Equity has been ascribed a value estimated at RM1,834.6 million, as further detailed below:

Item	RM million
Equity contribution plus return on equity at 12% per annum	250.6
Water assets to-be assumed	1,584
Total value of SPLASH Equity	**1,834.6***

* *Preliminary value of SPLASH Equity to be revised pursuant to the due diligence inquiry to be undertaken.*

Payment shall be in cash in respect of the portion ascribed to the equity contribution, as detailed in section (b)(1)(i)(c) and (d) above, with the remaining value to be via the assumption of liabilities at SPLASH Holdings and SPLASH.

Payment for surplus book value of assets over liabilities to be assumed, if any, shall be subject to the agreement of PAAB.

Subsequently, on 6 March 2013, VCSB has accepted in principle the indicative terms and conditions of the KDEB Offer, subject to the final terms and conditions to be negotiated and agreed upon, as well as the execution of a definitive agreement.

The KDEB Offer was deemed lapsed on 6 March 2013 as the shareholders of PNSB and SYABAS was unable to reach a final decision to even consider giving approval in principle or to give acceptance in principle to KDEB in respect of the indicative terms and conditions as set out in KDEB's letter dated 20 February 2013.

56.SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(b) Offer from Kumpulan Darul Ehsan Berhad to purchase 100% equity in Syarikat Pengeluar Air Selangor Holdings Berhad (cont'd.)

(2) On 21 November 2013, VCSB has vide a letter ("Second Offer Letter") from KDEB received a proposal to purchase its equity holdings in SPLASH Holdings.

The details of the indicative terms and conditions of the proposed purchase are set out below:

(i) Valuation Principles

The value of the SPLASH Equity has been derived based on the following principles:

(a) The value of SPLASH Equity including a return on SPLASH Equity of 12% per annum;

(b) Water assets to be acquired by Pengurusan Aset Air Berhad ("PAAB") concurrently with the acquisition of the equity by KDEB;

(c) SPLASH Equity includes all forms of investments and contributions by shareholders (e.g. ordinary or preference shares, advances and, where applicable, debt-equity instruments are also taken into account);

(d) Return on SPLASH Equity is calculated at 12% per annum up to 31 December 2012 (with no compounding) with deductions for any historical dividend payouts;

(e) Liabilities to be assumed are all the outstanding water-related debts owed by SPLASH Holding and Syarikat Pengeluar Air Sg. Selangor Sdn. Bhd. ("SPLASH"), which include:

(1) Bonds acquired by Acqua SPV Berhad ("Acqua SPV") or remaining in the capital markets;

(2) Commercial loans, if applicable; and

(3) Government loans, if applicable.

56.SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(b) Offer from Kumpulan Darul Ehsan Berhad to purchase 100% equity in Syarikat Pengeluar Air Selangor Holdings Berhad (cont'd.)

The details of the indicative terms and conditions of the proposed purchase are set out below (cont'd.):

(ii) Payment Consideration

The consideration for the proposed purchase of the SPLASH Holdings Equity has been ascribed a value estimated at RM1,834.6 million, as further detailed below:

Item	RM million
Equity contribution plus return on equity at 12% per annum	250.6
Water assets to-be acquired by PAAB	1,584
Total value of SPLASH Equity	**1,834.6***

* *The Total Value of SPLASH Equity may be revised following the due diligence inquiry to be undertaken.*

Payment shall be in cash in respect of the portion ascribed to the equity contribution, as detailed in section (b)(2)(i)(c) and (d) above, on the understanding that the remaining value will be satisfied via the assumption by PAAB of liabilities of SPLASH Holdings and SPLASH.

Subsequently on 4 December 2013, VCSB has accepted the offer as set out in the Second Offer Letter subject to the following additional terms and conditions for KDEB's consideration:

(i) PAAB shall acquire the water assets of SPLASH at its book value to be determined based on a completion audit to be undertaken by an independent auditor to be jointly engaged by PAAB, KDEB and the shareholders of SPLASH. Arising from the completion audit, any surplus of the book value of the water assets over the liabilities of SPLASH to be assumed by PAAB shall be payable to SPLASH;

(ii) the amount of receivables due from SYABAS and Perbadanan Urus Air Selangor respectively to SPLASH as of the completion date shall be verified by an independent auditor within a period of time to be agreed between the parties and must be settled in full as part of completion;

(iii) the amount owing by KDEB to the Company must be fully settled by KDEB; and

56.SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(b) Offer from Kumpulan Darul Ehsan Berhad to purchase 100% equity in Syarikat Pengeluar Air Selangor Holdings Berhad (cont'd.)

Subsequently on 4 December 2013, VCSB has accepted the offer as set out in the Second Offer Letter subject to the following additional terms and conditions for KDEB's consideration (cont'd.):

(iv) in respect of the due diligence inquiry that KDEB intends to carry out on SPLASH Holdings and SPLASH, the determination of whether the results of such due diligence are satisfactory shall not be a unilateral decision on the part of KDEB, but such determination shall be based on criteria as shall be mutually agreed between KDEB and the Company.

On 30 December 2013, VCSB received a letter from KDEB requesting for an extension of time until 15 January 2014 for KDEB to review the terms and conditions of acceptance on the Proposed Purchase as contained in VCSB's letter dated 4 December 2013.

On 9 January 2014, VCSB received a letter from KDEB to inform that there will be no further discussion on the Proposed Purchase for the foreseeable future in view of the Selangor State Government ("SSG") announcement on 8 January 2014 that the SSG is agreeable for the Federal Goverment to exercise its rights and powers under Section 114 of the Water Services Industry Act 2006.

(3) On 26 Februay 2014, VCSB has vide a letter ("Third Offer Letter") from KDEB received a proposal to purchase its equity holdings in SPLASH Holdings.

The details of the indicative terms and conditions of the Proposed Purchase for the Third Offer Letter are set out below:

(i) Valuation Principles

The value of the SPLASH Equity has been derived based on the following principles:

(a) The value of SPLASH Equity including a return on SPLASH Equity of 12% per annum;

(b) Water assets to be acquired by Pengurusan Aset Air Berhad ("PAAB") concurrently with the acquisition of the equity by KDEB;

56. SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(b) Offer from Kumpulan Darul Ehsan Berhad to purchase 100% equity in Syarikat Pengeluar Air Selangor Holdings Berhad (cont'd.)

The details of the indicative terms and conditions of the Proposed Purchase for the Third Offer Letter are set out below (cont'd.):

(i) Valuation Principles (cont'd.)

The value of the SPLASH Equity has been derived based on the following principles (cont'd.):

(c) SPLASH Equity includes all forms of investments and contributions by shareholders (e.g. ordinary or preference shares, advances and, where applicable, debt-equity instruments are also taken into account);

(d) Return on SPLASH Equity is calculated at 12% per annum up to 31 December 2012 (with no compounding) with deductions for any historical dividend payouts; and

(e) Liabilities to be assumed are all the outstanding water-related debts owed by SPLASH Holdings and Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("SPLASH"), which include:

1. Bonds acquired by Acqua SPV Berhad ("Acqua SPV") or remaining in the capital markets;
2. Commercial loans, if applicable; and
3. Government loans, if applicable.

(ii) Payment Consideration

(a) The consideration for the proposed purchase of the SPLASH Holdings Equity has been ascribed a value estimated at RM1,834.6 million, as further detailed below:

Item	RM million
Equity contribution plus return on equity at 12% per annum	250.6
Water assets to-be acquired by PAAB	1,584
Total value of the SPLASH Equity	**1,834.6***

* The Total Value of SPLASH Equity may be revised following the due diligence inquiry to be undertaken.

Payment shall be in cash in respect of the portion ascribed to the equity contribution, as detailed in section (b)(3)(i)(c) and (d) above, on the understanding that the remaining value will be satisfied via the assumption by PAAB of liabilities of SPLASH Holdings and SPLASH.

56.SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(b) Offer from Kumpulan Darul Ehsan Berhad to purchase 100% equity in Syarikat Pengeluar Air Selangor Holdings Berhad (cont'd.)

The details of the indicative terms and conditions of the Proposed Purchase for the Third Offer Letter are set out below (cont'd.):

(ii) Payment Consideration (cont'd.)

(b) The payment ascribed to the equity contribution referred to in paragraph (b)(3)(ii)(a) above shall, subject to such adjustment as are provided for therein, be notified by KDEB to the holders of SPLASH Equity and paid to holders of the SPLASH Equity on a pro rata basis in accordance with the respective proportions of their holdings in the SPLASH Equity after the conditions have been fulfilled or (to the extent permitted by law) waived by KDEB; and

(c) If a holder of the SPLASH Equity does not agree with the amount of the payment made to it under paragraph (b)(3)(ii)(b) above for its holding of the SPLASH Holdings's Equity (the "Proposed Price") it shall give written notice of its disagreement within 21 days of service of the notice referred to in paragraph (b)(3)(ii)(b) and the dispute between such holder and KDEB with regard to the appropriate amount of the price for such holder's holding of the SPLASH Equity shall be determined by arbitration. In making such determination the arbitral tribunal shall:

(i) not determine a price that is below the Proposed Price; and

(ii) base the price on the sum of (A) what the arbitral tribunal considers to be a fair rate of return on the investment of such holder in its holding of the SPLASH Equity and (B) the amount of such holder's investment.

The determination of the arbitral tribunal shall be final and binding on KDEB and such holder.

On 10 March 2014, VCSB had accepted the offer as set out in the Third Offer Letter. The Third Offer was deemed lapsed as the offer made by KDEB for the acquisition of the equity interest of the other Selangor water companies were not accepted by all those respective shareholders other than VCSB and the Company.

NOTES TO THE FINANCIAL STATEMENTS

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

56.SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(c) Writ of Summons filed by Konsortium ABASS Sdn. Bhd. ("ABASS") against Syarikat Bekalan Air Selangor Sdn. Bhd. ("SYABAS")

On 28 March 2011, ABASS filed a Writ of Summons against SYABAS to claim amongst others, a declaration on Syarikat Bekalan Air Selangor Sdn. Bhd. ("SYABAS") liabilities to make full payment on the invoices issued by ABASS pursuant to the PCCA dated 9 December 2000 and related agreements including the Novation Agreement dated 15 February 2005; judgement for the sum of RM149,478,553.02 for outstanding invoices from January 2010 to October 2010 as well as interest on the previous outstanding invoices amounting to RM6,218,522.57 for the period of June 2006 to December 2009, all payments due in respect of invoices issued after the date of the Writ and interest on the outstanding amount of the invoices for the months from January 2010 to October 2010 at the rate of one percent (1%) per annum plus the base lending rate of Malayan Banking Berhad calculated on daily basis until the date of full payment.

On 30 March 2011, ABASS's solicitors had extracted the sealed Writ of Summons from the Court and this was served on SYABAS on the same day.

SYABAS filed their Defence on 6 May 2011 and the ABASS's solicitors filed the ABASS's Reply and Defence to Counterclaim on 27 May 2011. The matter was fixed for case management on 30 May 2011. The Court was informed that ABASS intends on filing an application for Trial of Preliminary Issues. In response, SYABAS's solicitors informed the Court that they too will be issuing Third Party Proceedings against the Selangor State Government. The learned Senior Assistant Registrar of the Court has fixed this case for mention on 7 July 2011.

On 6 July 2011, ABASS's solicitors filed an application for Trial of Preliminary Issues. On the same day, SYABAS has also filed an application for leave to issue a Third Party Notice against the Selangor State Government. The Defendant further filed an application to amend their Defence and Counterclaim on 29 July 2011.

After a series of Case Management, the Court fixed 26 September 2011 as the final Case Management date where ABASS and SYABAS must exhaust their affidavits.

On 26 September 2011, the Court was informed on the three (3) pending applications to be heard. The three applications are ABASS's applications for Trial of Preliminary Issue, SYABAS's application for leave to issue Third Party Notice and SYABAS's application to amend the defence and counterclaim.

On 5 October 2011, the Court has fixed hearing dates for the 3 enclosures on 21 October 2011 and 21 November 2011 respectively.

On 3 November 2011, the Court allowed SYABAS's applications to amend the defence and counterclaim and to issue Third Party Notice against the Selangor State Government.

56. SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(c) Writ of Summons filed by Konsortium ABASS Sdn. Bhd. ("ABASS") against Syarikat Bekalan Air Selangor Sdn. Bhd. ("SYABAS") (cont'd.)

On 8 November 2011, ABASS's solicitors filed and served an appeal against the Court's decision in allowing SYABAS application for leave to issue Third Party Notice and application to amend their defence and counterclaim ("Appeal").

On 23 November 2011, the matter was fixed for hearing of ABASS's Appeal and the Court fixed the decision date on 8 December 2011.

On 8 December 2011, the Court dismissed ABASS's Appeal.

On 13 January 2012, ABASS's solicitors attended the hearing of the application for Trial of Preliminary Issue at the Court. The SYABAS's solicitors sought for an adjournment of the hearing pending the decision of a similar matter of other water concessionaire, SPLASH at the Court of Appeal and Federal Court.

The Learned Judge was informed that there is a Notice of Motion for clarification of the Court of Appeal order pending to be heard at the Court of Appeal. SYABAS's solicitors further informed the learned Judge that SPLASH had also since filed an application for leave to appeal to the Federal Court against the decision of the Court of Appeal. SYABAS's solicitors submitted that parties should wait for the outcome of these applications before proceeding with the hearing, as the decisions of the Court of Appeal and Federal Court in the SPLASH suits are directly related to ABASS's suit.

In response, ABASS's solicitors informed the Court that in the event the Court allows the adjournment, it does not amount to a concession of ABASS to the decision in SPLASH suit being binding on the present suit. SYABAS' solicitors also raised concern on the involvement of YA Datuk Ariff's previous firm involvement in the present suit.

The Learned Judge has allowed the adjournment as there may be a possible conflict of interest if the Learned Judge continues to hear the present suit and pending the hearing of the SPLASH matter before the Court of Appeal and the Federal Court. The Court then fixed the next mention on 13 February 2012.

On 20 January 2012, ABASS's solicitors had also filed an application for interim payment from SYABAS to pay RM150,000,000 or other sum which is deemed suitable, reasonable and fair by the court.

56.SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(c) Writ of Summons filed by Konsortium ABASS Sdn. Bhd. ("ABASS") against Syarikat Bekalan Air Selangor Sdn. Bhd. ("SYABAS") (cont'd.)

On 13 February 2012, the matter was fixed before a new judge, the Learned Judge Tuan Mah Weng Kwai. SYABAS's solicitors once again informed the Court that there may be possible conflict of interest for the Learned Judge Tuan Mah Weng Kwai to hear the matter as the Learned Judge's previous firm was involved in a related suit against SYABAS. The Court fixed the next case management on 5 March 2012.

On 5 March 2012, the Learned Judge informed that he will recuse himself for potential conflict of interest. The Deputy Registrar will inform in due course on the new Judge for the matter.

On 16 March 2012, ABASS's solicitors informed the Learned Judge that the matter was initially fixed before 2 Judges but both the judges have recused themselves on the possibility of conflict of interest. The Learned Judge informed parties that his Lordship also has heard a civil matter to which SYABAS was a party. The solicitors took note of this and informed the Learned Judge that they would seek instructions from their clients on the same.

The Court was informed that there are 3 pending applications before the Court and the applications would be dealt with in the following sequence:

(a) Third Party's application to set aside third party notice - Enclosure 77;

(b) Plaintiff's application for trial of preliminary issue - Enclosure 10; and

(c) Plaintiff's application for interim payment - Enclosure 76.

The Court has fixed the next Case Management on 20 April 2012 for parties to revert with respective clients' instructions on the possible recusal of the Learned Judge.

On 20 April 2012, the Court directed as follows:

(a) The 3rd Party's application to set aside 3rd party notice be fixed for hearing on 28 June 2012;

(b) ABASS's application for trial of preliminary issue be fixed for hearing on 10 August 2012; and

56. SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(c) Writ of Summons filed by Konsortium ABASS Sdn. Bhd. ("ABASS") against Syarikat Bekalan Air Selangor Sdn. Bhd. ("SYABAS") (cont'd.)

On 20 April 2012, the Court directed as follows (cont'd.):

(c) ABASS's application for interim payment be fixed for mention on 10 August 2012.

SYABAS filed their affidavit in reply for ABASS's application for interim payment on 18 May 2012 and ABASS filed its Affidavit in Reply on 21 June 2012.

On 28 June 2012, the parties attended Court for the 3rd Party's application to set aside 3rd party notice. This only concerns the 3rd Party, Selangor State Government and SYABAS to which solicitors for both parties proceeded with their respective arguments and the Courts fixed the matter for continued hearing on 3 July 2012.

On 3 July 2012, the solicitors of the 3rd Party, Selangor State Government and SYABAS attended Court for continued hearing of the 3rd Party's Application. The Court fixed the decision of this application on 31 July 2012.

On 18 July 2012, SYABAS filed an affidavit in reply to the ABASS's application for the interim payment.

On 31 July 2012, the Court had allowed the 3rd Party's application to set aside 3rd Party notice and Statement of Claim.

On 2 August 2012, SYABAS filed a Notice of Appeal against the decision of the High Court on 31 July 2012 at the Court of Appeal.

On 10 August 2012, the ABASS's solicitors attended Court for the hearing of ABASS's application for trial of preliminary issue. Both ABASS and SYABAS proceeded to argue on the merits of the ABASS's application wherein the solicitors of the ABASS submitted that leave should be given for trial by way of preliminary issue in this case on the basis that the Court is only required to interpret Section 4.04(c) of the Novation Agreement. In response, SYABAS's solicitors informed the Court that oral evidence is required to be given for the meeting held prior to the signing of the Novation Agreement. SYABAS's solicitors further sought for an adjournment of the hearing pending the receipt of the grounds of judgement from the Court of Appeal for the SPLASH suit as it is related to the issues here.

In response, ABASS's solicitors informed the Court that the grounds of judgement of the Court of Appeal in the SPLASH matter, if at all necessary would only be relevant at the substantive stage of the hearing of preliminary issue. Having heard both parties argument, the Court fixed the matter for continued hearing on 23 August 2012 and decision on ABASS's application for trial by way of preliminary issues and mention for ABASS's application for interim payment on 3 September 2012.

56.SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(c) Writ of Summons filed by Konsortium ABASS Sdn. Bhd. ("ABASS") against Syarikat Bekalan Air Selangor Sdn. Bhd. ("SYABAS") (cont'd.)

On 23 August 2012, the Court was informed by SYABAS's solicitors that the Court of Appeal's grounds of judgement for the SPLASH's suit was still not available and the solicitors continue with the hearing of ABASS's application for trial by way of preliminary issue.

On 3 September 2012, the Court allowed ABASS's application for trial by way of preliminary issue and further directed that parties be at liberty to call two (2) witnesses each to testify on the meeting held on 29 March 2004. The next Case Management was fixed on 5 September 2012.

At the Case Management held on 5 September 2012, the Learned Judge was informed that SYABAS intend to file 2 applications as follows:

(a) Application to amend SYABAS's defence in the light of the Notice of Assignment dated 15 August 2012 issued by the Company to SYABAS; and

(b) Application to stay the proceeding pending the hearing of SYABAS's appeal to the Court of Appeal on the striking out of the 3rd Party's application to set aside 3rd Party notice.

The Learned Judge fixed the next Case Management on 2 October 2012.

On 7 September 2012, SYABAS's solicitors filed the notice of application to amend their defence and counterclaim.

At the Case Management held on 2 October 2012, the Court fixed 8 November 2012 for the hearing of SYABAS's application to amend its defence and counterclaim, mention for the ABASS's application for interim payment and main action.

On 8 October 2012, ABASS has filed an affidavit in reply to SYABAS's application to amend its defence and counter claim and SYABAS has filed its reply thereto on 15 October 2012.

At the Case Management held on 8 November 2012, the Court has allowed SYABAS's amendment application and consequently allowed also for the ABASS to amend its Reply. The Court then fixed 30 November 2012 for the next Case Management and 22 to 24 April 2013 for trial. On 14 November 2012, SYABAS duly filed its reamended Defence and Counterclaim and the ABASS's reamended Reply and Defence to Counterclaim was filed on 3 December 2012.

56.SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(c) Writ of Summons filed by Konsortium ABASS Sdn. Bhd. ("ABASS") against Syarikat Bekalan Air Selangor Sdn. Bhd. ("SYABAS") (cont'd.)

On 30 November 2012, the Court was informed by SYABAS's solicitors that SYABAS will file an application to strike out the ABASS's suit on the basis of the Notice of Assignment demonstrates that ABASS lacks the locus standi to maintain the action and had requested for time to do so. The Court has fixed the next Case Management on 4 January 2013 for SYABAS to file its striking out application.

On 12 December 2012, SYABAS filed an application to strike out ABASS's suit and ABASS has filed an affidavit in reply thereto on 27 December 2012.

On 4 January 2013, the matter was fixed before a new judge, the Learned Judge, Hanipah binti Farikullah. The Learned Judge was informed of SYABAS's application to strike out ABASS's suit and that parties are still in the midst of exchanging affidavits. The Learned Judge directed the following:

(i) SYABAS to file its affidavit in reply on or before 7 January 2013;

(ii) ABASS to file its reply thereof, if any, on or before 14 January 2013; and

(iii) Written submission to be filed and exchanged on or before 1 March 2013; and

(iv) Case Management on application for interim payment and hearing of SYABAS's striking out application on 12 March 2013.

On 21 January 2013, the Court of Appeal dismissed the appeal made by SYABAS against the decision by the High Court on 31 July 2012 allowing the 3rd Party's application to set aside 3rd party notice and Statement of Claim.

On 12 March 2013, ABASS' solicitors attended Court for the hearing of SYABAS's striking out application. The Court was informed that the respective parties have filed and exchanged their submission and that parties would like further time to file a reply to the submissions. Having heard this, the Court has directed that:

(i) Parties file their submissions in reply by 18 March 2013; and

(ii) Hearing of SYABAS's application to strike out and Case Management of the main action and ABASS's application for interim payment on 20 March 2013.

56. SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(c) Writ of Summons filed by Konsortium ABASS Sdn. Bhd. ("ABASS") against Syarikat Bekalan Air Selangor Sdn. Bhd. ("SYABAS") (cont'd.)

On 19 March 2013, the ABASS's solicitors filed and served a Notice of Application ("ABASS's Application") :

(i) To stay the whole proceeding pending disposal of ABASS's Application;

(ii) To strike out SYABAS's Application to strike out ABASS's suit; and

(iii) To strike out SYABAS's Statement of Defence and Counterclaim

ABASS's Application is based on a ground that SYABAS no longer has the locus standi to maintain SYABAS's Application and also their Statement of Defence and Counterclaim due to an assignment given by SYABAS in favour of Pengurusan Aset Air Berhad ("PAAB") when SYABAS's bonds have been acquired by PAAB.

SYABAS subsequently filed its Affidavit In-Reply to ABASS's Application on 20 March 2013 and the Court has fixed ABASS's Application on 20 March 2013.

On 20 March 2013, the Court has directed the followings:

(i) ABASS to file Affidavit In-Reply by 25 March 2013;

(ii) SYABAS to file their Affidavit In-Reply (if any) by 28 March 2013; and

(iii) Case Management on 29 March 2013 for parties to revert to the Court whether to proceed with their respective striking out applications or to proceed only with the trial by way of preliminary issues.

During the Case Management held on 29 March 2013, ABASS informed the Court that they had just been served with SYABAS's Affidavit In-Reply on 28 March 2013 to oppose ABASS's Application to which SYABAS still refuses to disclose the relevant assignment documents executed by SYABAS. In light of this, ABASS may decide to file another application for discovery of the relevant documents.

The Court duly noted this and had directed the followings:

(i) The case is fixed for Case Management on 8 April 2013; and

(ii) Parties are to file then the common bundle of documents, statement of agreed facts; statement of issues to be tried; bundle of pleadings; summary of case; and list of witnesses and their respective roles.

56.SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(c) Writ of Summons filed by Konsortium ABASS Sdn. Bhd. ("ABASS") against Syarikat Bekalan Air Selangor Sdn. Bhd. ("SYABAS") (cont'd.)

Meanwhile, as for ABASS's intended application, the Court has directed the followings:

(i) ABASS to file application by 3 April 2013;

(ii) SYABAS to file their Affidavit In-Reply (if any) by 8 April 2013;

(iii) ABASS to file reply thereto by 11 April 2013;

(iv) Submission to be filed and exchanged by 15 April 2012; and

(v) Hearing of the discovery application and the final Case Management are fixed on 17 April 2013.

On 8 April 2013, in the Case Management in compliance with the Court's directions, parties informed the Court that their respective summary of case and list of witnesses had already been filed in Court. ABASS's solicitors also informed the Court that ABASS's discovery application had been filed on 3 April 2013 and that SYABAS is due to file its affidavit in-reply on the same day.

SYABAS's solicitors then informed the Court that there is a pending leave application by SYABAS in the Federal Court, to appeal against the decision of the Court of Appeal in dismissing SYABAS's appeal against the High Court order in striking out the Third Party Application against Selangor State Government. The motion for leave to appeal to the Federal Court had been fixed for Hearing on 28 August 2013.

Having heard this, the trial dates fixed on 22 to 24 April 2013 are vacated pending disposal of the Hearing of the leave application at the Federal Court. As such, all directions given by the Court earlier pertaining to the trial would be stayed pending the outcome of the Federal Court decision. The Court then fixed 4 September 2013 as the Case Management date for the main action.

However, the other pending applications will proceed as fixed to be as follows:

(i) ABASS's discovery application hearing maintains to be on 17 April 2013; and

(ii) SYABAS's and ABASS's striking out applications are fixed for Hearing on 24 April 2013.

NOTES TO THE FINANCIAL STATEMENTS

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

56.SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(c) Writ of Summons filed by Konsortium ABASS Sdn. Bhd. ("ABASS") against Syarikat Bekalan Air Selangor Sdn. Bhd. ("SYABAS") (cont'd.)

On 17 April 2013, the hearing of ABASS's application for discovery and inspection of documents was fixed for hearing before the Learned Judge, Justice Hanipah binti Farikullah at the Kuala Lumpur High Court. In chambers, the Learned Judge had informed the parties that her Ladyship had read the written submission of both parties in relation to the application and proceeded to query on whether the documents sought for in the application has to be specifically identified. ABASS's response was that it had to its best ability identified the documents required and that this is in no way a fishing expedition as averred by SYABAS as ABASS had managed to identify the said documents from SYABAS's own credit report. In turn, SYABAS's solicitor argued that ABASS's pleaded case was one that is based on the section 4.04 of the Novation Agreement and not the Concession Agreement.

SYABAS has informed the Court that in any event, there is a Third Party Proceeding against the State Government of Selangor pending leave at the Federal Court. Taking cognisance of this, the Learned Judge reiterated that her Ladyship's suggestion for the issue of locus standi to be dealt with together with the main action, so as to avoid wasting judicial time. The Court has then fixed the main action, ABASS's interim payment application, SYABAS's striking out, ABASS's striking out and ABASS's discovery application for Case Management on 4 September 2013, pending the hearing of SYABAS' leave application at the Federal Court in regards to the Third Party Proceeding against the State Government of Selangor.

The hearing date is fixed on 24 April 2013 for SYABAS's striking out, and ABASS's striking out has been vacated.

On 4 September 2013, in the case management, the learned Judge noted that parties are supposed to update the Court on the outcome of the SYABAS's leave application to appeal to the Federal Court pertaining to the dismissal of the Third Party proceeding against the State Government of Selangor. SYABAS's counsel informed that the leave application has been allowed by the Federal Court and that they have since then filed their Notice of Appeal on 2 September 2013.

Having heard this, the Learned Judge has ordered for a stay of the present proceeding pending the decision of the Federal Court on the appeal proper. The matter is now fixed for further Case Management on 28 November 2013.

On 28 November 2013, SYABAS has informed us that the Federal Court has fixed the appeal for case management on 13 January 2014, pending receipt of the grounds of judgment from the Court of Appeal. The next Case Management is fixed on 27 January 2014 for parties to update the Learned Judge on the status of the said appeal.

56. SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(c) Writ of Summons filed by Konsortium ABASS Sdn. Bhd. ("ABASS") against Syarikat Bekalan Air Selangor Sdn. Bhd. ("SYABAS") (cont'd.)

On 27 January 2014, SYABAS's solicitors informed that the hearing of SYABAS's appeal at the Federal Court in regard to the Third Party Proceeding against the State Government of Selangor is fixed for hearing on 7 April 2014. Pending this, the Court has fixed the matter for further Case Management on 9 April 2014.

On 9 April 2014, SYABAS's solicitors informed that the hearing of SYABAS's appeal at the Federal Court in regards to the third party proceeding was to be held on the same date. Based on this circumstances, the High Court has then fixed the matter for further Case Management on 18 April 2014.

On 18 April 2014, the hearing at the Federal Court was yet again postponed to 7 July 2014. The Court fixed the case for Case Management on 9 July 2014.

On 9 July 2014, SYABAS's solicitors informed the Court the hearing at the Federal Court in regards to the Third Party Proceedings fixed on 7 July 2014 had been adjourned to 2 October 2014. The case was fixed for Case Management on 9 October 2014.

On 9 October 2014, the Court was informed that the Federal Court allowed the appeal of SYABAS and as a consequence of which, the State Government of Selangor remains as the third party to this proceeding. The Court was also informed the issue of assignment/locus standi of SYABAS is still pending final determination in a separate suit involving the State Government of Selangor and SYABAS at the Federal Court and it is still at the leave stage and the Case Management fixed on 13 October 2014. During this Case Management, the Learned Judge Justice Hanipah Farikullah informed that she will be transferred to Shah Alam High Court and the case will be taken over by Justice Harminder Singh. The case was fixed for Case Management on 8 December 2014.

On 8 December 2014, the Case Management was fixed before the Learned Registrar, Puan Noor Aishah Mohamed. The Court was informed by SYABAS's solicitors that the hearing of the issue of assignment/locus standi of SYABAS at Federal Court had been fixed for 6 January 2015 but will be adjourned as the lead counsel of SYABAS is away. The case was fixed for Case Management on 13 February 2015.

On 12 February 2015, ABASS's solicitors confirmed with the Court on the Case Management fixed on 13 February 2015. The Court had adjourned the Case Management to 18 February 2015.

On 18 February 2015, during the Case Management fixed before Justice Tuan Harminder Singh, the newly assigned Judge was being briefed of the background facts of the case including the suit between SYABAS against State Government suit on the issue of assignment/locus standi of SYABAS where the Federal Court has fixed for hearing on 14 April 2015. The matter is now fixed for further Case Management on 24 April 2015.

On 24 April 2015, the Court was informed that the hearing of the leave application at the Federal Court on 14 April 2015 was adjourned as parties have yet to receive the Grounds of Judgement from the Court of Appeal. Having heard the above, the Court fixed this matter for further Case Management on 29 June 2015.

56. SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(d) Deferment of Fixed Rate Serial Bonds at nominal value of up to RM738 million issued by Titisan Modal (M) Sdn. Bhd. ("Titisan")

On 23 April 2014, Acqua SPV Berhad ("Acqua SPV") had approved the following:

(i) Titisan to settle the coupon payment of RM15,283,013.70 which was due on its extended due date of 28 April 2014 (original due date: 28 October 2013);

(ii) To defer the sum of RM11,283,113.70 from the balance coupon payment of RM15,283,013.70, which is due on 28 April 2014 to 28 October 2014 ("Balance Coupon Deferment");

(iii) To further defer the payment of FRSB Series 1 of RM10,000,000.00 from its extended maturity date of 28 April 2014 (original due date: 30 April 2012) to 28 October 2014 ("5th Principal Deferment-Series 1");

(iv) To further defer the payment of FRSB Series 2 of RM45,000,000.00 from its extended maturity date of 28 April 2014 (original due date: 29 April 2013) to 28 October 2014 ("3rd Principal Deferment-Series 2");

(v) To defer the payment of FRSB Series 2 of RM90,000,000.00 from its maturity date of 28 April 2014 to 28 October 2014 ("Principal Deferment-Series 3");

(vi) To waive the requirement to comply with Clause 9.3(b) of the Trust Deed in relation to meeting the Minimum Required Balance for the Balance Coupon Deferment, 5th Principal Deferment-Series 1, 3rd Principle Deferment-Series 2 and Principle Deferment-Series 3 ("Compliance Waiver No.1"); and

(vii) To waive the requirement to comply with clause 9.3(b) of the Trust Deed in relation to meeting the Minimum Required Balance for the next coupon payment of RM15,366,986.30 which fall due on 28 October 2014 ("Compliance Waiver No.2").

On 1 October 2014, Acqua SPV had approved the following:

(i) To further defer the payment of FRSB Series 1 of RM10,000,000.00 from its extended maturity date of 28 October 2014 (original due date: 30 April 2012) to 28 April 2015 ("6th Principal Deferment");

(ii) To further defer the payment of FRSB Series 2 of RM45,000,000.00 from its extended maturity date of 28 October 2014 (original due date: 29 April 2013) to 28 April 2015 ("4th Principal Deferment");

56.SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(d) Deferment of Fixed Rate Serial Bonds at nominal value of up to RM738 million issued by Titisan Modal (M) Sdn. Bhd. ("Titisan") (cont'd.)

On 1 October 2014, Acqua SPV had approved the following: (cont'd.)

(iii) To defer the payment of FRSB Series 3 of RM90,000,000.00 from its maturity date of 28 October 2014 (original due date: 28 April 2014) to 28 April 2015 ("2nd Principal Deferment");

(iv) To waive the requirement to comply with Clause 9.3(b) of the Trust Deed in relation to meeting the Minimum Required Balance for 6th Principal Deferment-Series 1, the 4th Principal Deferment-Series 2 and the 2nd Principle Deferment-Series 3 ("Compliance Waiver No.1"); and

(v) To waive the requirement to comply with clause 9.3(b) of the Trust Deed in relation to meeting the Minimum Required Balance for the next coupon payment of RM15,283,013.70 and for the payment of FRSB Series 4 of RM95,000,000.00 both of which fall due on 28 April 2015 ("Compliance Waiver No.2").

Subsequently, on 31 March 2015, Acqua SPV had approved the following:

(i) To further defer the payment of FRSB Series 1 of RM10,000,000.00 from its extended maturity date of 28 April 2015 (original due date: 30 April 2012) to 28 October 2015 ("7th Principal Deferment");

(ii) To further defer the payment of FRSB Series 2 of RM45,000,000.00 from its extended maturity date of 28 April 2015 (original due date: 29 April 2013) to 28 October 2015 ("5th Principal Deferment");

(iii) To further defer the payment of FRSB Series 3 of RM90,000,000.00 from its maturity date of 28 April 2015 (original due date: 28 April 2014) to 28 October 2015 ("3rd Principal Deferment");

(iv) To defer the payment of FRSB Series 4 of RM 95,000,000.00 from its maturity date of 28 April 2015 to 28 October 2015 ("Principal Deferment-Series 4");

(v) To waive the requirement to comply with Clause 9.3(b) of the Trust Deed in relation to meeting the Minimum Required Balance for 7th Principal Deferment-Series 1, the 5th Principal Deferment-Series 2 and the 3rd Principle Deferment-Series 3 and the Principal Deferment-Series 4 ("Compliance Waiver No.1"); and

(vi) To waive the requirement to comply with clause 9.3(b) of the Trust Deed in relation to meeting the Minimum Required Balance for the next coupon payment of RM15,366,986.30 which falls due on 28 October 2015 ("Compliance Waiver No.2").

56.SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(e) Deferment of Bai' Bithaman Ajil Islamic Debt Securities of RM200 million ("BaIDs") issued by Viable Chip (M) Sdn. Bhd. ("VCSB")

On 5 February 2014, Acqua SPV approved to further extent the payment from its maturity date of 28 February 2014 to 29 August 2014 of the following:

(i) the Series 1 and Series 2 of Primary BaIDS A of RM20 million and BaIDS A of RM20 million and RM30 million; and

(ii) the Series 1 of Primary BaIDS B of RM75 million.

Subsequently on 23 July 2014, Acqua SPV being the sole holder of the BaIDS A and B had resolved and approved amongst others:

(i) the extension of maturity date of the Series 1 of Primary BaIDS A of RM20 million and the Series 2 of Primary BaIDS A of RM30 million from its maturity date of 29 August 2014 (original maturity date for Series 1: 29 August 2011 and Series 2: 30 August 2012) to 27 February 2015;

(ii) the extension of maturity date of the Series 1 of Primary BaIDS B of RM75 million from its maturity date of 29 August 2014 (original maturity date for Series 1: 30 August 2013) to 27 February 2015; and

(iii) the extension of maturity date of the Series 2 of Primary BaIDS B of RM75 million from its maturity date of 29 August 2014 to 27 February 2015.

On 30 January 2015, Acqua SPV approved to further defer the payment of the Series 1 and 2 of Primary BaIDS A of RM20 million and RM30 Million respectively and the payment of Series 1 and 2 of Primary BaIDS B of RM75 million both from the extended maturity date of 27 February 2015 to 28 August 2015.

56.SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(f) Development Agreement between Cash Band (M) Berhad with Rockbay Streams Sdn. Bhd.

On 6 February 2013, Cash Band (M) Berhad ("CBB"), a subsidiary of the Company had entered into a Development Agreement ("the Agreement") with Setia Eco Templer Sdn. Bhd. ("SET") (formerly known as Rockbay Streams Sdn. Bhd. ("RSSB")), a wholly owned subsidiary of S P Setia Berhad ("S P Setia") for the proposed joint venture involving a mixed development project comprising residential and commercial properties ("the Project").

CBB is the registered and beneficial owner of the following lands:

(i) The land held under PN 16838 for Lot 614, Pekan Templer, District of Gombak, measuring in area approximately 56.62 hectares being leasehold land for ninety-nine (99) years expiring on 26 March 2094;

(ii) The land held under PN 17396 for Lot 11, Pekan Templer, District of Gombak, measuring in area approximately 183,000 square metres being leasehold land for ninety-nine (99) years expiring on 26 March 2094; and

(iii) The land held under HSM 6815 for Lot PT 11444 Templer Park Resort, Mukim Rawang, District of Gombak, measuring in area approximately 3.954 hectares being leasehold land for ninety-nine (99) years expiring on 29 September 2095.

In consideration for CBB entering into the Agreement, SET shall pay to CBB a sum ("Landowner's Entitlement") representing sixteen per cent (16%) of the Gross Sales Value ("GSV") of the Project ("Agreed Value") subject to a minimum payment of RM200,000,000 ("Minimum Value").

In the event that the Layout Approval granted by the Relevant Authority is subject to low cost requirement, the Minimum Value shall be reduced to RM140,000,000.

Pursuant to signing of the Agreement on 6 February 2013, the first payment of RM40,000,000 had been deposited and SET proceeded with the necessary steps to procure fulfillment of the main Conditions Precedents i.e. rezoning, conversion of land use and other necessary approvals from State authority.

Upon fulfillment of the Conditions Precedents, CBB shall be paid within three (3) months from the Unconditional Date ("cut-off period"), SET shall pay the sum of RM60,000,000 as second payment, which forms part of the Agreed Value to CBB.

At the date of this report, the Agreement is pending the fulfillment of the conditions precedent.

56.SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd.)

(g) Disposal of 4,900,000 ordinary shares of RM1.00 each in KDE Recreation Berhad ("KDERB")

On 20 March 2013, CBB, a subsidiary of the Company entered into a Share Sale Agreement ("SSA") with Berjaya Vacation Club Berhad for the proposed disposal of 4,900,000 ordinary shares of RM1.00 each in KDE Recreation Berhad ("KDERB"), representing 49% of the total paid-up capital of KDERB, for a total consideration of RM19,000,000.

On 24 June 2014, all the conditions precedent had been fulfilled and the purchase consideration of RM19,000,000 had been paid in full to CBB. The disposal resulted in a gain on disposal of RM12,828,409.

(h) Summon filed by Quality Hotel City Centre ("QHCC") against Aryan Restaurant (M) Sdn Bhd ("Defendant") in Session Court Kuala Lumpur (Summon Number: A 52 NCVC-92-03/2014)

On 7 March 2014, QHCC filed a summon against the Defendant for the rental and electricity bills outstanding as at February 2014 amounting to RM214,198.95. QHCC also claimed vacant possession of the premise from the Defendant. The first Case Management was on 7 April 2014 in which the Defendant filed their Statement of Defence and Counter Claim against QHCC for RM25,867.00 with 5% interest. QHCC filed Reply & Defence to counterclaim on 21 April 2014.

QHCC and Defendant reached an amicable settlement whereby Consent Judgment was recorded on 20 October 2014. The Defendant paid to QHCC the sum of RM303,059.72 by way of two (2) cheques of RM151,529.86 each which dated 7 November and 7 December 2014 respectively.

(i) Discontinued operation of Quality Hotel Shah Alam ("QHSA")

On 1 June 2014, QHSA which is owned by Perangsang Hotel and Properties Sdn. Bhd. ("PHP"), a subsidiary of the CBB had ceased its operations. The reason for the closure of QHSA is mainly due to the profitability of QHSA had been eroding and in some years incurred losses even with prolonged subsidised rental rates given by the immediate holding company, Kumpulan Perangsang Selangor Berhad, that are substantially more favourable than market rates.

(j) Discontinued operation of Brisdale Hotel

On 15 April 2015, Brisdale Hotel which is owned by Brisdale International Hotel Sdn. Bhd., a subsidiary of CBB, announced the cessation of its operations with effect from 16 April 2015. After more than two decades of operation, Brisdale Hotel is due for a major refurbishment exercise in order to remain competitive as well as to meet the present and future requirements of the hotel industry.

57. PRIOR YEAR ADJUSTMENT

During the financial year, the Group made a prior year adjustment relating to the overstatement of the deferred tax liabilities arising from concession rights amounting to RM11,051,000 which resulted in an increase of retained earnings by RM10,038,000.

	Group	
	2014	2014
	RM'000	RM'000
Effect on retained earnings:		
At 1 January, as previously stated	446,570	458,596
Prior year adjustment	10,038	8,213
At 1 January, as restated	456,608	466,809

The presentation and classification of items in the current year's financial statements have been consistent with the previous financial year except that certain comparative amounts have been adjusted as a result of the prior year adjustment and restated to conform with the current year's presentation:

		Group	
	Previously stated 2013	Adjustment	Restated 2013
	RM'000	RM'000	RM'000
Statement of financial position			
Deferred tax (Note 39)	128,286	(11,051)	117,235
Non-controlling interest	21,031	1,013	22,044
Income statement			
Income tax and zakat	(21,579)	2,009	(19,570)
Profit/(loss) attributable to: Non-controlling interests	662	184	846

58. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED

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

	Group 2014 RM'000	Company 2014 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	(6,099)	-
- Unrealised	(56,749)	-
Total share of retained profits from associate		
- Realised	615,030	152,630
Retained earnings as per financial statements	552,182	152,630

Others

I-CITY

I-City is a MSC status retail and commercial hub with awe-inspiring infrastructure; it is located in section 8 Shah Alam. As night falls, this place comes alive with over 1 million LED lights that lit up the area in a thematic manner, amazing forest of man-made maple and pine trees brightly illuminated with seasonal LED lightscape themes.

ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2015

A. Authorised share capital : RM1,000,000,000.00
Issued and paid-up share capital : RM499,004,119.00
Class of shares : Ordinary shares of RM1.00 each

B. ANALYSIS BY SIZE OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARE HELD	%SHARES HELD
Less than 100	539	7.60	29,001	0.01
100-1,000	2,172	30.62	1,356,786	0.27
1,001-10,000	3,067	43.23	15,266,590	3.06
10,001-100,000	1,111	15.66	36,530,674	7.32
100,001 to less than 5%	203	2.86	129,457,730	25.94
5% and above	2	0.03	316,363,338	63.40
Total	7,094	100.00	499,004,119	100.00

C. LIST OF SUBTANTIAL SHAREHOLDERS (5% AND ABOVE)

NO.	NAMES	SHAREHOLDINGS	%
1.	Kumpulan Darul Ehsan Berhad Shares held in CDS account as follows : Own Account – 357,944 Affin Hwang Nominees (Tempatan) Sdn Bhd – 1,000,000 ABB Nominee (Tempatan) Sdn Bhd – 287,450,000	288,807,944	57.88
2.	Perbadanan Kemajuan Negeri Selangor Shares held in CDS account as follows : Own account – 50,400 + 27,504,994 = 27,555,394	27,555,394	5.52

D. LIST OF TOP THIRTY (30) LARGEST SHAREHOLDERS

NO.	NAME	SHAREHOLDINGS	%
1.	ABB NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KUMPULAN DARUL EHSAN BERHAD	287.450,000	57.60
2.	PERBADANAN KEMAJUAN NEGERI SELANGOR	27,504,994	5.51
3.	LEMBAGA TABUNG HAJI	23,084,900	4.63
4.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NOOR AZMAN @ NOOR HIZAM B MOHD NURDIN	6,926,000	1.39
5.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	5,870,800	1.18
6.	TABUNG WARISAN NEGERI SELANGOR	5,000,000	1.00
7.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	4,705,600	0.94
8.	NG CHIEW ENG @ NG CHIEW MING	3,700,000	0.74

D. LIST OF TOP THIRTY (30) LARGEST SHAREHOLDERS (cont'd.)

NO.	NAME	SHAREHOLDINGS	%
9.	DB (MALAYSIA) NOMINEE (ASING) SDB BHD	3,654,300	0.73
10.	MD NAZIR BIN MD ALI	3,050,000	0.61
11.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	2,772,400	0.56
12.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (CIMB EQUITIES)	2,683,400	0.54
13.	RHB CAPITAL NOMINIES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NORAZLAN BIN MOHAMAD NORDIN	2,568,200	0.51
14.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	2,486,500	0.50
15.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC TREASURES GROWTH FUND	2,353,300	0.47
16.	KENANGA NOMINEES (ASING) SDN BHD UNITED FOREST LIMITED	2,000,000	0.40
17.	RHB CAPITAL NOMINIES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NOR HAYATI BINTI ABD MALIK	1,973,000	0.40
18.	GOH CHYE KEAT	1,670,000	0.33
19.	RHB NOMINIES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH TECK TEE	1,498,000	0.30
20.	JUMA'AH BINTI MOKTAR	1,381,000	0.28
21.	CK GOH HOLDINGS SDN BHD	1,290,000	0.26
22.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NOOR AZMAN @ NOOR HIZAM B MOHD NURDIN	1,260,000	0.25
23.	HELLY LYKE TABALUJAN	1,240,000	0.25
24.	ANJUNG BAHTERA SDN BHD	1,120,000	0.22
25.	TASEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE OI YOKE	1,061,000	0.21
26.	PUBLIC NOMINEES(TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIAW TECK SIONG	1,038,800	0.21
27.	MAL MONTE SDN BHD	1,010,000	0.20
28.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KUMPULAN DARUL EHSAN BERHAD	1,000,000	0.20
29.	PUBLIC NOMINEES(TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH DEE KONG	1,000,000	0.20
30.	TAN SRI ONG LEONG HUAT @ WONG JOO HWA	1,000,000	0.20

E. LIST OF DIRECTORS' SHAREHOLDINGS

NO.	NAMES OF DIRECTORS	SHAREHOLDINGS	%
1.	YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN *Share held in CDS account as follows :* *Kenanga Nominees (Tempatan) Sdn Bhd – 27,047*	27,047	0.01
2.	ENCIK MUSTAFFA KAMIL BIN AYUB	26,720	0.01
3.	YB SIVARASA A/L RASIAH	0	0.00
4.	YB DATO' KAMARUL BAHARIN BIN ABBAS *Share held in CDS account as follows :* *RHB Nominees (Tempatan) Sdn Bhd – 5*	5	0.00
5.	ENCIK SUHAIMI BIN KAMARALZAMAN *Share held in CDS account as follows :* *RHB Nominees (Tempatan) Sdn Bhd – 10,000*	10,000	0.00
6.	YBHG DATO' DR. MOHAMED ARIFFIN BIN ATON	0	0.00
7.	ENCIK ROSELY @ MOHAMED ROSS BIN MOHD DIN	10,320	0.00
8.	YBHG DATO' IDRIS BIN MD TAHIR	0	0.00
9.	YM RAJA SHAHREEN BIN RAJA OTHMAN	0	0.00
10.	ENCIK SOFFAN AFFENDI BIN AMINUDIN	0	0.00

LIST OF GROUP PROPERTIES

1. KUMPULAN PERANGSANG SELANGOR BERHAD

Location	Registered Owner	Beneficiary Owner	Land Area (Acres)	Tenure/Lease expiry (Years)	Existing Use	Approximately Age of Building (Years)	Date of Revaluation Acquisition	Net Book Value/ Land Cost as at 31/12/2014 (RM'000)
Batang Kali, Hulu Selangor	Perangsang Selangor	Perangsang Selangor	1,763 sq. ft	Freehold	Apartment	30	2-Jan-85	128
Shah Alam, Selangor	Perangsang Selangor	Perangsang Selangor	108,360 sq. ft	Leasehold 99/2086	Office & Hotel	27	5-Jul-00	58,377
Tanjong Tuan, Port Dickson	Perangsang Selangor	Perangsang Selangor	1,099 sq. ft	Leasehold 99/2081	Apartment	29	14-Mar-03	180
Wisma SAP Bandar Baru Selayang Mukim Batu	Perangsang Selangor	Perangsang Selangor	9957 sq. ft	Leasehold 99 / 2091	Land and 3 storey shop office building	23	3-Nov-10	6,573

2. HYDROVEST SDN. BHD. GROUP

Location	Registered Owner	Beneficiary Owner	Land Area (Acres)	Tenure/ Lease expiry (Years)	Existing Use	Approximate Age of Building (Years)	Date of Revaluation Acquisition	Net Book Value/ Land Cost as at 31/12/2014 (RM'000)
AQUA-FLO SDN. BHD.								
Sg Buloh Daerah Kuala Selangor	Aqua-Flo Sdn. Bhd.	Aqua-Flo Sdn. Bhd.	3,000 sq. ft	*Leasehold 98 / 2091*	*Warehouse / Store*	21	31-Dec-00	280
Damansara Intan Petaling Jaya	Aqua-Flo Sdn. Bhd.	Aqua-Flo Sdn. Bhd.	1,130 sq. ft	*Freehold*	*Office*	13	31-Dec-00	202
			1,249 sq. ft	*Freehold*	*Office*	10	20-Sep-03	213

3. TITISAN MODAL (M) SDN. BHD. GROUP

Location	Registered Owner	Beneficiary Owner	Land Area (Acres)	Tenure/Lease expiry (Years)	Existing Use	Approximate Age of Building (Years)	Date of Revaluation Acquisition	Net Book Value/ Land Cost as at 31/12/2014 (RM'000)
KONSORTIUM ABASS SDN. BHD.								
8822, Tanjung Tuan, Port Dickson, Kuala Linggi	Konsortium Abass Sdn. Bhd.	Konsortium Abass Sdn. Bhd.	10,593 sq. ft	Freehold	Bungalow	28	1/04/2004	401

4. CASH BAND (M) BERHAD GROUP

Location	Registered Owner	Beneficiary Owner	Land Area (Acres)	Tenure/ Lease expiry (Years)	Existing Use	Approximate Age of Building (Years)	Date of Revaluation Acquisition	Net Book Value/ Land Cost as at 31/12/2014 (RM'000)
QUALITY HOTEL CITY CENTRE (QHCC) 1702 Section 46 Bandar Kuala Lumpur	QHCC	QHCC	34,714 sq. ft	99/2072	Hotel	41	19-Dec-12	45,700
PERANGSANG TEMPLER GOLF CLUB (PTGC) Mukim Rawang Daerah Gombak	PTGC	PTGC	194.65 sq. ft	Leasehold 99 / 2094	Golf Course & Club House	20	4-Feb-91	42,530
BRISDALE INTERNATIONAL HOTEL SDN. BHD. (BIH) Lot 1738 Seksyen 41 Bandar Kuala Lumpur	BIH	BIH	1,806 sq. mtr	Freehold	Hotel	17	1-Jan-97	25,425

CORPORATE DIRECTORY

REGISTERED AND BUSINESS ADDRESSES OF KUMPULAN PERANGSANG SELANGOR BERHAD AND SUBSIDIARY COMPANIES

Name of Company	Registered Address	Business Address
KUMPULAN PERANGSANG SELANGOR BERHAD (Company No. 23737-K)	16th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977	16th & 17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977
PERANGSANG OIL & GAS SDN BHD (Company No. 989384-M)	17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977	17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977
PERANGSANG TELCO SDN BHD (Company No. 981000-T)	17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977	17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977
CASH BAND (M) BERHAD (Company No. 735830-K)	17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977	17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977
VIABLE CHIP (M) SDN BHD (Company No. 720808-W)	17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977	17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977
HYDROVEST SDN BHD (Company No. 482724-D)	16th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977	16th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977
TITISAN MODAL (M) SDN BHD (Company No. 700156-U)	17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977	16th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977

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No. of Ordinary Shares Held

Proxy Form for the **38th** Annual General Meeting

PROXY FORM

KUMPULAN PERANGSANG SELANGOR BERHAD (23737-K)
(Incorporated in Malaysia)

I/We ______________________________ NRIC / Passport No. / Company No. ____________________
(full name in capital letters)

of ______________________________ Contact No. ____________________
(full address)

being a member or members of Kumpulan Perangsang Selangor Berhad ("the Company"), hereby appoint ______________________________ NRIC / Passport No. / Company No. ____________________
(full name in capital letters)

of ______________________________
(full address)

or failing him, the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Thirty-Eighth Annual General Meeting of the Company to be held at Plenary Hall, SACC Convec, No. 4, Jalan Perbadanan 14/9, 40000 Shah Alam, Selangor Darul Ehsan on Wednesday, 24 June 2015 at 10:00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below

		For	Against
Resolution 1	To approve a single tier final dividend of 2 sen per share in respect of the financial year ended 31 December 2014.		
Resolution 2	To re-elect YM Raja Shahreen bin Raja Othman who retires pursuant to Article 90 of the Company's Articles of Association.		
	To re-elect the following Directors who retires pursuant to Articles 84 of the Company's Articles of Association :		
Resolution 3	a. Encik Mustafffa Kamil bin Ayub		
Resolution 4	b. YB Sivarasa a/l Rasiah		
Resolution 5	c. YB Dato' Kamarul Baharin bin Abbas		
Resolution 6	To approve the Directors' fees of RM400,000.00 for the financial year ended 31 December 2014.		
Resolution 7	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.		

(Please indicate with an "X" in the spaces provided how you wish your vote to be casted. If you do not do so, the proxy will vote or abstain voting at his discretion)

____
Signature/Common Seal of Shareholder

Dated this ____________________ day of ____________________ 2015

NOTES

1. For the purpose of determining a member who shall be entitled to attend this Thirty-Eighth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 50(b) of the Company's Articles of Association and Section 34(I) of the Securities Industry (Central Depositories) Act 1991 of Malaysia ("Central Depositories Act") to issue a General Meeting Record of Depositors as at 17 June 2015. Only a depositor whose name appears on the Record of Depositors as at 17 June 2015 shall be entitled to attend the said meeting and to speak or vote thereat.
2. The proxy need not be a Member. There shall be no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. A Member of the Company, who is entitled to attend and vote at a meeting of the Company, or at a meeting of any class of Members of the Company, may appoint more than one (1) proxy to attend and vote instead of the Member at the meeting.
4. Where a Member of the Company is an authorised nominee as defined on the Central Depositories Act, it may appoint more than one (1) proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. Where a Member or the authorized nominee appoints more than one (1) proxy, or where an exempt authorized nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
7. If the appointer is a corporation, the proxy form must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
8. If the name is not inserted in the space for the name of your proxy, the Chairman of the meeting will act as your proxy.
9. The proxy form must be deposited at the Registrar's Office of Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time of holding the AGM or any adjournment thereof, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll.
10. The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting, should the member subsequently decide to do so.

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affix
stamp
here

SYMPHONY SHARE REGISTRARS SDN BHD
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

Tel : 03 7841 8000 Fax : 03 7841 8151 / 8152

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KUMPULAN PERANGSANG SELANGOR BERHAD (23737-k)

16th - 17th Floor, Plaza Perangsang,
Persiaran Perbandaran,
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