KIMLUN CORPORATION BERHAD

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

Refining The Future

annual report 2014

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MISSION

We aim to continuously improve, promote and provide construction activities and services to the society at which we operate. By providing one stop construction design and build services, we aim to add value to our clients that in turn will be beneficial to the society at large. We will treat all partners including suppliers, subcontractors and consultants with trust, honesty and fairness in all business dealings.

Towards our employees, we balance our focus on their personal skills development while taking care of their welfare.

While seeking for the maximization of shareholders' wealth, we strive to maintain harmony with the interest of the society to enhance our corporation's sustainability.

VISION

We aspire to be a reliable, innovative and profitable full range construction services and products provider in the South East Asia region

CORPORATE VALUES

Knowledge Integrity Moral Leadership Unity Novelty

CORPORATE INFORMATION

BOARD OF DIRECTORS

Pang Tin @ Pang Yon Tin
Executive Chairman

Sim Tian Liang
Chief Executive Officer and Executive Director

Chin Lian Hing
Executive Director

Yam Tai Fong
Executive Director

Pang Khang Hau
Executive Director

Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah
Independent Non-Executive Director

Kek Chin Wu
Independent Non-Executive Director

Chua Kee Yat @ Koo Kee Yat
Independent Non-Executive Director

AUDIT COMMITTEE

Chairman
Kek Chin Wu
Independent Non-Executive Director

Members
Chua Kee Yat @ Koo Kee Yat
Independent Non-Executive Director

Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah
Independent Non-Executive Director

REMUNERATION COMMITTEE

Chairman
Sim Tian Liang
Chief Executive Officer and Executive Director

Members
Chua Kee Yat @ Koo Kee Yat
Independent Non-Executive Director

Kek Chin Wu
Independent Non-Executive Director

NOMINATION COMMITTEE

Chairman
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah
Independent Non-Executive Director

Members
Chua Kee Yat @ Koo Kee Yat
Independent Non-Executive Director

Kek Chin Wu
Independent Non-Executive Director

COMPANY SECRETARIES

Wong Peir Chyun *(MAICSA 7018710)*
Tay Lee Shya *(MIA 16982)*
Yeng Shi Mei *(MAICSA 7059759)*

HEAD OFFICE

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AUDITOR

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CORPORATE STRUCTURE

KIMLUN CORPORATION BERHAD

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

CORPORATE MILESTONES

1977

- Our humble beginnings started when Kimlun Earthworks Sdn Bhd was incorporated

1994

- Kimlun Earthworks Sdn Bhd changed its name to Kimlun Sdn Bhd ("KLSB")

1997-2002

- KLSB Involved in building construction and infrastructure projects with contract value less than RM20.0 million each in Johor, Malaysia

2002

- SPC Industries Sdn Bhd ("SPC") commenced its pre-cast concrete business

2003

- KLSB secured its first contract with a value exceeding RM20.0 million for the construction of apartments and townhouses
- SPC was accredited with ISO9001:2000 Quality Management

2004

- SPC supplied concrete sewerage tunnel segments to Pantai Trunk Sewerage Bored Tunnel project in Kuala Lumpur

2005

- KLSB ventured into specialised infrastructure construction by constructing the Tanjung Puteri flyover in Johor Bahru
- KLSB ventured into Klang Valley with the construction of 70 units of semi detached houses
- SPC secured its first sales contract for the supply of concrete tunnel lining segments to Singapore MRT project

2006

- KLSB secured specialised infrastructure construction project for the upgrading works of the Perling Interchange in Johor Bahru

CORPORATE MILESTONES

(Cont'd)

2007

- KLSB was accredited the "ISO 9001:2000, Quality Management System" certification

2008

- KLSB secured the project for the construction of the elevated interchangealong Johor Bahru Inner Ring Road – Package 3B Jalan Abu Bakar Interchange with a contract value exceeding RM100 million
- KLSB formed IBS Department to promote IBS construction methods
- I-Buildtech Solutions Pte Ltd ("IBT") was incorporated in Singapore

2009

- KLSB secured its first IBS building project from Iskandar Regional Development Authority at a contract value of RM142.81 million
- Kimlun Corporation Berhad was incorporated as an investment holding company

2010

- Kimlun Corporation Berhad acquired KLSB, SPC and IBT in conjuction with its proposed initial public offering exercise
- Kimlun Corporation Berhad was successfully listed on the Main Market of Bursa Malaysia Securities Berhad on 29 June 2010
- Kimlun Corporation Berhad incorporated a new wholly-owned subsidiary namely, Kimlun Land Sdn Bhd ("KLLSB")

2011

- KLLSB subscribed for fifty one thousand (51,000) ordinary shares of RM1.00 each, representing 51% of the total issued and paidup share capital of Posh Atlantic Sdn Bhd ("PASB"). Upon completion of the subscription, PASB become a 51% owned subsidiary of KLLSB
- Kimlun Group ventured into property development with its first development land in Cyberjaya, Selangor

2012

- SPC was appointed by Mass Rapid Transit Corporation Sdn Bhd as the designated supplier for the supply of segmental box girders ("SBG") to certain packages of the Projek Mass Rapid Transit Lembah Kelang: Jajaran Sungai Buloh-Kajang for RM223.18 million
- KLSB secured more than RM400 million worth of IBS projects during 2012
- On 6 December 2012, KLLSB has incorporated a wholly-owned subsidiary, Kimlun Medini Sdn Bhd ("KMSB"). KMSB is principally engaged in property investment and property development

2013

- Kimlun Group launched its first property development project, the Hyve SOHO and Offices in Cyberjaya, Selangor
- KLSB secured its first contract with a value exceeding RM290 million for the construction of service apartments and ancillary buildings
- SPC set up a new precast concrete products manufacturing plant on a piece of land measuring approximately 130 acres in Negeri Sembilan, and commenced production 2008 during the year

DIRECTORS' PROFILE

PANG TIN @ PANG YON TIN

EXECUTIVE CHAIRMAN

Pang Tin @ Pang Yon Tin, a Malaysian aged 68, was appointed to the Board as Executive Chairman of Kimlun Corporation Berhad on 24 October 2009 and is responsible for overseeing the management of our Group.

He completed Senior Middle Three at Foon Yew High School in Johor Bahru, Johor, in 1966. He commenced his career in the construction industry in 1966 by assisting his late father in his construction business. He incorporated Kimlun Sdn Bhd in 1977 to continue his venture in the construction industry. With the experience gained in the construction industry, he ventured into quarry business in 1970s and into property development in 1980s.

He has more than 30 years of experience in various sectors, encompassing property development, property investment, construction, quarrying, manufacturing and hotel management. He also sits on the Board of several private limited companies.

SIM TIAN LIANG

CHIEF EXECUTIVE OFFICER & EXECUTIVE DIRECTOR

Sim Tian Liang, a Malaysian aged 61, was appointed to the Board as Chief Executive Officer of Kimlun Corporation Berhad on 24 October 2009 and is responsible for strategic planning and for the overall management of the Group. He is the Chairman of the Remuneration Committee.

He graduated from Universiti Teknologi Malaysia in 1978, obtaining a Bachelor Degree (Honours) in Engineering. Currently, he is the Past Chairman of the Institution of Engineers Malaysia Southern Branch and the President of Johor Master Builders Association. He is also a member of the Chartered Institution of Highway and Transportations of the UK.

He is a professional engineer registered with the Board of Engineers, Malaysia, and has been in the construction industry since 1978 where he commenced work as a civil engineer with the Malaysian Government. He joined Pang Hock Constructions Sdn Bhd (now known as Tebrau Bay Constructions Sdn Bhd) towards the end of 1996 and was appointed as its Project Director in 1997 where his responsibilities included overseeing, monitoring and management of building and infrastructure construction projects. In 2003, he left Pang Hock Constructions Sdn Bhd and joined Kimlun Sdn Bhd as Chief Executive Officer. His primary role is to oversee to the execution of corporate objectives, as well as to provide the strategic direction of the company.

CHIN LIAN HING

EXECUTIVE DIRECTOR

Chin Lian Hing, a Malaysian aged 51, was appointed to the Board as Executive Director of Kimlun Corporation Berhad on 24 October 2009 and is responsible for the operations and business development activities of our construction business.

He graduated from Tunku Abdul Rahman College, Malaysia, in 1988, obtaining a Diploma in Technology (Building). He holds a Bachelor Degree of Applied Science (Constructions Management and Economics) from Curtin University of Technology, Australia.

He has been in the construction industry since 1988 where he commenced work as an Assistant Quantity Surveyor in Rukumas Sdn Bhd, leaving in 1989 to join AJ Construction Sdn Bhd as a Quantity Surveyor. In 1990, he joined Hoon Lay Kien Construction also as a Quantity Surveyor. Thereafter, he joined Chin Kek Ling Transport in mid-1990 before leaving to join Pang Hock Constructions Sdn Bhd (now known as Tebrau Bay Constructions Sdn Bhd) in January 1992. During his time at Pang Hock Constructions Sdn Bhd, his last held position was General Manager (Operations and Contracts) and he was responsible for overseeing the tendering of building and infrastructure construction projects, and project implementation. He left Pang Hock Constructions Sdn Bhd in 2002 to join Kimlun Sdn Bhd, where he is responsible for the operations and business development activities of the company.

YAM TAI FONG

EXECUTIVE DIRECTOR

Yam Tai Fong, a Malaysian aged 48, was appointed to the Board as Executive Director of Kimlun Corporation Berhad on 24 October 2009 and is responsible for all financial matters concerning our Group.

She graduated from Monash University, Australia, in 1990, obtaining a Bachelor Degree in Economics. Since 1994, she has been a member of the Malaysian Institute of Accountants.

She commenced her career at Ernst & Young, Malaysia, in 1991, with responsibilities for audit, taxation and corporate advisory matters, leaving in 1994 to join Pang Hock Constructions Sdn Bhd (now known as Tebrau Bay Constructions Sdn Bhd).

Whilst at Pang Hock Constructions Sdn Bhd, she was responsible for the financial management and management reporting of its affairs. She left Pang Hock Constructions Sdn Bhd in 2003 to join Kimlun Sdn Bhd to assume similar responsibilities.

DIRECTORS' PROFILE

(Cont'd)

PANG KHANG HAU

EXECUTIVE DIRECTOR

Pang Khang Hau, a Malaysian aged 34, was appointed to the Board as Executive Director of Kimlun Corporation Berhad on 24 October 2009 and is responsible for the corporate affairs of our Group, including business development activities, public relations activities, human resource, administration and management.

He graduated from the University of Western Australia in 2005, obtaining a Bachelor Degree in Civil Engineering. He completed a Master of Business Administration degree at the University of Liverpool, UK, in 2010.

He commenced his career in the construction industry in 2006 with his appointment as a Director of Kimlun Sdn Bhd where he is responsible for business development activities, human resource, administration and management.

DATO' PADUKA (DR.) IR. HJ. KEIZRUL BIN ABDULLAH

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah, a Malaysian aged 64, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 24 October 2009. He is the Chairman of the Nomination Committee and a member of the Audit Committee.

He holds a Bachelor degree (Honours) in Civil Engineering from Universiti Malaya and a Masters degree in Water Resources Engineering from the University of Newcastle Upon Tyne, UK. Upon graduation in 1975, he joined the Department of Irrigation and Drainage (DID) Malaysia, and over an illustrious career, rose to become the Director General in 1997 until his retirement from public service eleven years later. He was the Technical Advisor to the Minister of Natural Resources and Environment on national policies and strategies relating to these areas, and to the Minister of Agriculture and Agro-Based Industries in the fields of irrigation and agricultural drainage. He oversaw the development of a Flood Mitigation Master Plan for Kuala Lumpur and managed the SMART Tunnel Project (a unique and innovative flood mitigation project utilising a tunnel for both flood and traffic use) from conception to commissioning. He has been very active in professional activities and is a member of the Management Committee of the Board of Engineers, Malaysia (BEM). He is Chairman of the Network of Asian River Basin Organisations (NARBO), a Fellow of the ASEAN Academy of Engineering and Technology, a Past President of the Institution of Engineers, Malaysia (IEM), and a President Honoraire of the International Commission on Irrigation and Drainage (ICID), the international body for irrigation and drainage. In 2013, he was appointed as a member of the High-level Experts and Leaders Panel on Water and Disasters working closely with the United Nations Secretary General's Advisory Board on Water and Sanitation (UNSGAB).

On the corporate side, he is Chairman of Malaysian Green Technology Corporation, a company limited by guarantee under the Ministry of Energy, Green Technology and Water Malaysia; as well as an Independent Non-Executive Director with George Kent (Malaysia) Bhd., an engineering based company listed on the Main Board of Bursa Malaysia. He is an alumni of the Senior Executive Programme at the London Business School (1997), and the Advanced Management Programme at the Harvard Business School (2002).

DATO' PADUKA (DR.) IR. HJ. KEIZRUL BIN ABDULLAH *(Cont'd)*

INDEPENDENT NON-EXECUTIVE DIRECTOR

In recognition of his contribution to the engineering profession, he was awarded the Institution of Engineers, Malaysia Award for Contribution to the Engineering Profession in Malaysia, and at the international level, the ASEAN Federation of Engineering Organisation Engineering Achievement Award and the International Society of Paddy and Water Environment International Award. For his services to the nation, he has been conferred Datukships from the Federal Government and the State Governments of Penang, Kelantan and Perlis.

KEK CHIN WU

INDEPENDENT NON-EXECUTIVE DIRECTOR

Kek Chin Wu, a Malaysian aged 44, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 24 October 2009. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee. He graduated from the Association of Chartered Certified Accountants ("ACCA") UK, with a professional degree in accounting and he is currently a Fellow Member of ACCA UK.

He has over 20 years of experience in the fields of auditing, corporate finance and business advisory services. He commenced his career in the field of auditing in BDO Binder Malaysia in 1993 before moving on to join Price Waterhouse in 1995 where he gained experience in auditing various industries.

He then joined Bumiputra Merchant Bankers Berhad in 1997 where he provided advisory services to various public listed companies. He later served as the Corporate Finance Manager of Paracorp Berhad, a company listed on the Main Board of Bursa Securities, from 1998 to 1999 where he was involved in the planning and execution of corporate exercises. He is currently the Managing Director of Paragon Advisory Sdn Bhd, a consulting firm which provides business advisory services, and Insage (MSC) Sdn Bhd which is an information technology company that develops fundamental investment analysis tools and online investor relations websites.

DIRECTORS' PROFILE
(Cont'd)

CHUA KEE YAT @ KOO KEE YAT

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chua Kee Yat @ Koo Kee Yat, a Singaporean aged 61, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 24 October 2009. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee.

He is a senior member of The Institution of Engineers, Singapore. He graduated from the University of Singapore (now the National University of Singapore) in 1977 with a Bachelor Degree in Engineering (Mechanical).

Upon graduation, he served his national service with Singapore Armed Forces from 1977 to 1979 and continued as Naval Engineering Officer and later as Defence Engineering Scientific Officer in Republic of Singapore Navy until 1989. He joined MTU Asia Pte Ltd in 1989 as Head of Application Engineering in Sales and Application Department overseeing the diesel engines sales and business development in marine sector within the company and providing the operations support to the Agents/Distributors in the Asia region. He was responsible for the operations of MTU Singapore Pte Ltd in 2002 to 2003 before posted to The People's Republic of China as Head of Greater China Operations in 2004 to 2006. During this period, a new factory was constructed while the operations were further developed with the establishment of in-country sales and service network. In 2006, he was engaged by Draka Cableteq Asia Pacific Holding Pte Ltd, as President for Greater China Operations, responsible for setting up a new production factory and growth of sales and operations of Draka China Operations in Suzhou. He is currently the Director at Luerssen Marine Technology Pte Ltd.

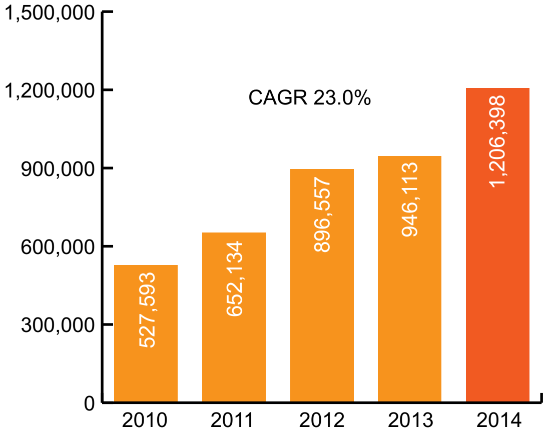
Notes to Directors' Profile:

1. *Pang Tin @ Pang Yon Tin is the father of Pang Khang Hau. Save as disclosed, none of the directors have any family relationship with any other director and/or major shareholder of the Company.*

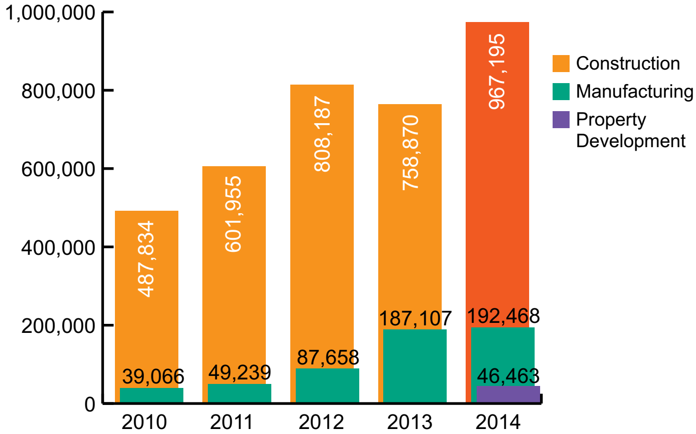
2. *Save for Pang Tin @ Pang Yon Tin , and Pang Khang Hau, who have interest in recurrent related party transactions as disclosed under Note 31 to the financial statements contained in this Annual Report, none of the directors have any conflict of interest with the Company.*

3. *None of the directors have been convicted of any offences within the past ten (10) years other than traffic offences, if any.*

GROUP FINANCIAL HIGHLIGHTS

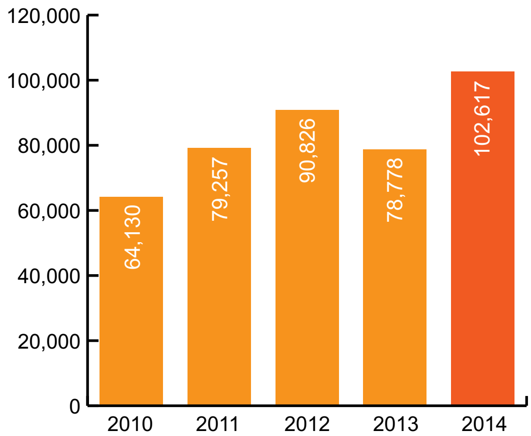


Revenue (RM'000)

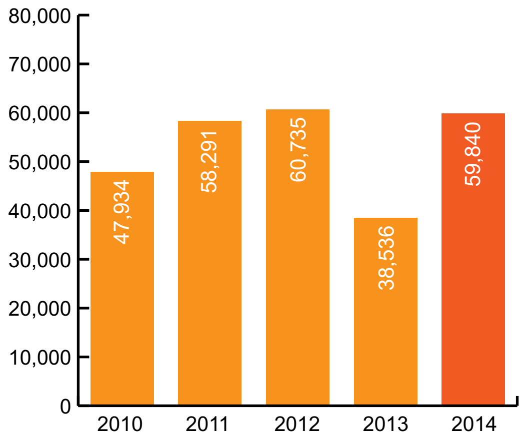


Revenue by Segment (RM'000)

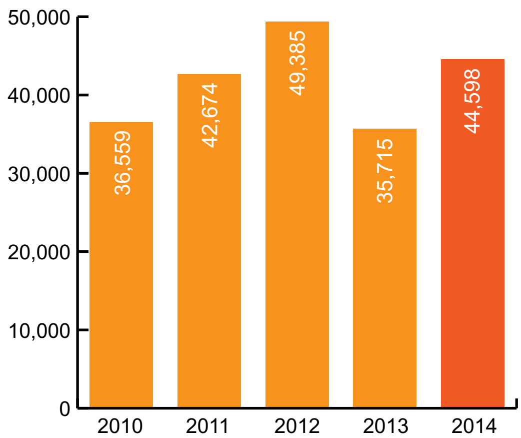
Revenue derived from investment activities in year 2010 to 2014 were negligible and could not be shown on chart



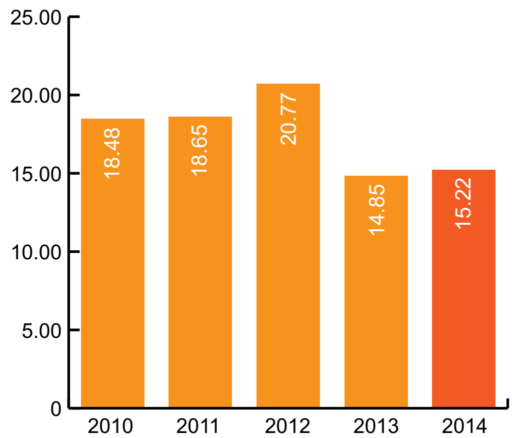
Gross Profit (RM'000)



Profit Before Tax (RM'000)



Profit After Tax (RM'000)



Earnings Per Share (Sen)

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors ("the Board"), I am pleased to present the Annual Report of Kimlun Corporation Berhad ("Company") for the financial year ended 31 December 2014 ("FY2014").

CORPORATE PROFILE

The Company together with its subsidiaries (collectively "the Group") is a one-stop engineering and construction services provider with the expertise to undertake projects from the conceptual stage to design and build until completion of the projects. The Group has established itself as an integrated Industrial Building System ("IBS") builder since 2009. The Group's IBS expertise encompasses not only the technical design and implementation of IBS engineering techniques. The Group's IBS strength also lies in the support of an in-house pre-cast concrete division that is able to deliver the IBS pre-cast concrete products crucial for any IBS project implementation.

The Group has expanded over the past 30 years with proven track record and project management skills in handling a wide range of construction and infrastructure projects. It ventured into property development in 2011 and acquired parcels of vacant land in Cyberjaya and Shah Alam, Negeri Selangor, and 99-years lease over 2 plots of land in Medini Iskandar Malaysia, Johor, for property development. At this juncture, the Group's property venture focuses more towards developing smaller parcels of development land with a quicker turnaround time rather than undertaking massive township development projects with long gestation period.

RECENT CORPORATE DEVELOPMENT

Completion of Rights Issue

The Company completed its Rights Issue with Warrants which entailed an issuance of 60.11 million new ordinary shares of RM0.50 each ("Rights Share(s)") on the basis of one Rights Share for every four ordinary shares held together with 60.11 million free detachable warrants ("Warrant(s)") during the year.

The gross proceeds raised of RM66.12 million had been fully utilised to meet working capital requirements of the Group and defray the expenses in relation to the Rights Issue with Warrants

Land Disposal

The Group regularly evaluates its land bank portfolio and conducts assessment on the development potential of its land bank. Kimlun Land Sdn Bhd, a subsidiary of the Company completed its disposal of agriculture land with an aggregate land area of approximately 17.27 hectares in Nilai, Negeri Sembilan for RM46.46 million during the year ("Disposal"). The Disposal generated an estimated after tax gains of RM10.77 million. From the total sales proceeds, an amount of RM18.80 million was used to repay bank borrowings, and the balance was used for general working capital and payment of incidental costs incurred in relation to the Disposal.

The Disposal is in line with the Group's strategy to forgo land bank that may need longer-than-expected gestation period in order to capitalise on alternative business opportunities which may arise from time to time.

FINANCIAL REVIEW^

Revenue and Profitability

For FY2014, the Group achieved a record high revenue of RM1,206.40 million, which was 27.5% higher compared to RM946.11 million registered in the financial year ended 31 December 2013 ("FY2013"). The Group's revenue grew commendably over the past few years, from RM527.59 million in the financial year ended 31 December 2010 to RM1,206.40 million in FY2014, registering a compounded annual growth rate of 23.0% per annum.

The increase in revenue in FY2014 was attributable to a higher revenue contribution from all the business divisions. Construction and manufacturing divisions collectively contributed approximately 96% of the Group's revenue in FY2014, with the remaining balance contributed by property development and investment activities.

The Group achieved gross profit margin of 8.5% in FY2014, approximate the level achieved in FY2013. On the back of higher revenue earned, gross profit of the

CHAIRMAN'S STATEMENT
(Cont'd)

Group increased by 30.3% in FY2014 compared to FY2013. Selling and administrative expenses, and finance costs increased in line with the Group's increasing business activities. Whereas, the Group's joint venture company which is involved in property development began to contribute positively to the Group in FY2014 with a profit contribution of RM4.69 million on the back of further progress of the SOHO and offices property development project known as Cyber Bistari (Hyve) in Cyberjaya, Selangor. On the back of higher gross profit earned and share of profit of joint venture company, the Group achieved profit before taxation and profit after taxation of RM59.84 million and RM44.60 million respectively in FY2014, which was 55.3% and 24.9% higher compared to FY2013, respectively. Relatively lower growth rate was achieved in profit after taxation compared to profit before taxation due to lower provision for taxation in FY2013 on recognition of a large amount of tax incentives arose from capital expenditures incurred in expanding production capacity.

Construction Division*

The construction division achieved a higher revenue of RM973.99 million in FY2014 compared to a revenue of RM760.11 million in FY2013. The improvement in construction revenue was mainly due to a greater amount of balance orders in hand carried forward from FY2013 for execution in FY2014 vis-à-vis the amount of balance order in hand carried forward from FY2012 for execution in FY2013.

Gross profit margin reduced marginally from 6.1% in FY2013 to 5.7% in FY2014 mainly due to the execution of more projects involving the construction of high-rise buildings which generally entail more specialised contractors and clients' nominated sub-contractors services ("SCNSC"). The Group earns a lower margin on works under the scope of SCNSC. On the back of higher revenue earned, gross profit increased by 18.8% to RM55.20 million in FY2014.

Manufacturing Division*

The concrete product manufacturing division registered a 3.3% growth in revenue in FY2014, after achieving a 108% growth in revenue in FY2013. The improvement in revenue was mainly due to the increase in revenue from the supply of segmental box girders ("SBG") to Klang Valley Mass Rapid Transit system ("KVMRT") projects.

Gross profit margin reduced marginally from 16.5% in FY2013 to 16.0% in FY2014 mainly due to higher depreciation in relation to capital expenditures incurred on production plants, and larger proportion of the revenue being contributed by the lower margins KVMRT SBG and tunnel lining segment ("TLS") supply contracts.

Property Development Division*

The property development division achieved a revenue and gross profit of RM46.46 million and RM15.44 million respectively in FY2014, arose from the Disposal. Whereas, the Group's share of profit of the joint venture company amounted to RM4.69 million in FY2014.

Financial Position

Shareholders' funds of the Group increased from RM299.10 million as at 31 December 2013 to RM400.52 million as at 31 December 2014. The Group's net assets per share increased from RM1.24 as at 31 December 2013 to RM1.33 as at 31 December 2014.

The total debt to total equity ratio decreased from 0.7 times as at 31 December 2013 to 0.40 times as at 31 December 2014. The improvement was mainly attributable to the increase in equity following the completion of the Rights Issue with Warrants, and repayment of bank borrowing with the proceeds from the Disposal.

With the cash balance conserved of RM84.67 million against a total debt of RM161.02 million, the net debt to total equity ratio was 0.19 times as at 31 December 2014.

Cashflow

The Group registered net cash inflow from operating activities and financing activities of RM74.77 million and RM13.20 million respectively in FY2014, mainly due to faster collection from customers and the proceeds from the Disposal, and the proceeds from Rights Issue with Warrants, respectively.

The Group experienced an investing cash outflow of RM18.14 million in FY2014 mainly due to capital expenditures incurred for the purchase of plant and equipment.

REWARD TO SHAREHOLDERS – DIVIDEND

While the Company does not adopt a formal dividend policy, the Company has been declaring dividends within a range from 23% to 30% of the profit attributable to owners of the Company for the past 4 financial years. In respect of FY2014, the Board recommends a final single tier dividend of 3.8 sen per share, subject to the approval of the shareholders at the forthcoming Annual General Meeting. The recommended dividend represents a pay-out ratio of approximately 25% of FY2014's profit attributable to owners of the Company.

PROSPECTS AND OUTLOOK

The Board is consciously positive of the Group's performance in 2015 on the back of estimated construction and manufacturing balance order book of approximately RM1.19 billion and RM0.23 billion respectively as at 31 December 2014. The sizable balance order book together with the estimated unbilled property sales value of RM100 million from the Hyve on a 75% take-up rate provides a good earnings visibility to the Group. The Board is optimistic that the construction sector of Malaysia and Singapore will continue to be vibrant in 2015, thus, order book replenishment prospects remain encouraging.

CHAIRMAN'S STATEMENT
(Cont'd)

However, the key challenges and risks for the Group include unexpected economic downturn amidst low crude oil price and depreciation of Ringgit against other foreign currencies, unfavourable raw material price movements, unexpected problems or delays in the execution of projects, and softening of property market.

Malaysian Construction Sector

The Malaysian construction sector is projected to grow at 10.7% in 2015 (2014: 12.7%) supported by the commencement of some oil & gas related projects such as the Refinery and Petrochemical Integrated Development as well as ongoing transportation related infrastructure projects. Meanwhile, the residential subsector is expected to remain strong in view of the increased demand for housing, particularly from the middle-income group, and the Malaysian Government's continuous support for home ownership. Demand for affordable housing will remain favourable amid several Government initiatives such as 1Malaysia Housing Programme ("PR1MA"), Rumah Idaman Rakyat and 1Malaysia Civil Servant Housing (PPA1M). The non-residential subsector is expected to remain stable supported by encouraging demand for industrial and commercial buildings.

Amongst the few major medium to long term projects to be rolled out under the Tenth Malaysia Plan ("10MP") and Economic Transformation Programme ("ETP") which may benefit the Group include:

(a) the construction of the KVMRT with a total length of about 150 km, and Light Rail Transit Line 3 ("LRT Line 3")

The KVMRT is expected to comprise three separate lines serving a 20 km radius footprint around the Kuala Lumpur city centre. All three lines are envisaged to be operational by 2020. The first of the three lines, the Sungai Buloh - Kajang line ("SBK line") is presently under construction. The second line has been approved by the federal government, and project delivery partner has been appointed for the implementation of the second line.

In relation to the SBK line, SPC Industries Sdn Bhd ("SPC"), a subsidiary of the Company was appointed as the designated supplier for the supply of SBG to certain packages for RM223 million, and won a sales order for the supply of TLS for RM48.48 million.

The LRT Line 3 of 36 km in length linking Bandar Utama in Petaling Jaya and Klang is expected to be operational by 2020. Prasarana Malaysia Bhd is expected to start dishing out major work packages from the second half of 2015.

With the track record gained in the SBK line and Singapore MRT projects, SPC is in a good position to compete for sales order from the second and third lines of KVMRT, as well as LRT Line 3.

(b) the construction of affordable houses

In response to the strong demand for affordable housing, the Malaysian Government targets to construct one million units of affordable houses, including 500,000 units by PR1MA, and 100,000 units by PPA1M in the next five years. The Board believes that most, if not all of these projects will be constructed using IBS construction method having regards to the Malaysian Government's policy that the content of IBS components in every new government project is to be increased to no less than 70% with effect from 31 October 2008, save for certain exceptions ("70% IBS Content Policy"). Being one of the few contractors with IBS design capabilities backed by pre-cast concrete manufacturing plant, the Group is in a favourable position to take advantage on the roll out of these projects.

In addition, the vibrant development in Iskandar Malaysia and rolling out of PETRONAS's Refinery and Petrochemical Integrated Development ("RAPID") project in South Eastern Johor are expected to create further demand for infrastructure and building construction services in Johor, the home base of the Group.

Iskandar Malaysia ("IM")

Iskandar Malaysia ("IM") has entered into the second growth phase to expand further in building various attractions and establishments over the period from 2011 to 2015 after most of the key basic infrastructures and foundation were completed during its first phase of development which spanned from 2006 to 2010. The Iskandar Regional Development Authority (IRDA) stated that IM would require a total investment of RM383 billion over the 20 years period from 2006 to 2025. From 2006 until end 2014, the total cumulative committed investments amounted to RM158 billion.

CHAIRMAN'S STATEMENT
(Cont'd)

Over the years, several iconic projects and establishments were completed or are progressing well in various parts of IM. Amongst others are Kota Iskandar - the administration centre of Johor state government; Legoland Malaysia Theme Park, Legoland Theme Hotel and Mall of Medini; Puteri Harbour Waterfront Development which include world-class marinas at Puteri Harbour, and Family Indoor Theme Park; Iskandar Educity; Afiat Healthpark; and Pinewood Iskandar Malaysia Studios, an entertainment and animation filming center. The private sector developers, including the Nusajaya master developer, UEM Sunrise Bhd Group, have also followed suit to develop various types of residential, commercial and industrial projects within IM.

Moving forward, the population-pulling tourism, leisure and education sectors are expected to be further enhanced with several catalytic projects which are set to come on stream including the Motorsports City, Raffles University, Management Development Institute of Singapore and University of Reading. Other upcoming high profile catalyst projects that are under various development stages or are set to come on stream include Medini medical facilities hub and the second phase of Kota Iskandar development.

In addition, the Rapid Transit System Link connecting Johor Bahru and Singapore by 2018, and the High Speed Rail connecting Kuala Lumpur and Singapore by 2020 which are under planning stages are expected to boost the connectivity of IM upon completion, thus benefitting the region's growth and development greatly.

Approximately 70 to 80% of construction contracts secured by the Group are in IM and were secured from a diversified clientele, majority of whom are long term customers of the Group. Due to massive launching of mixed-use and higher end high-rise residential properties in IM by various developers in the past few years, IM began to experience oversupply of such properties in certain hot spot areas in 2014. This has resulted in some developers scaling back and slowing down on their launches of such properties in IM hotspot areas. However, the Board remains positive of our order book replenishment prospects as some of these developers started to shift their focus to landed properties, industrial parks or affordable homes developments, to diversify away from the congested mixed-use and higher end high-rise residential property market segment, or moving out to suburbs such as Senai and Kulai, which continue to see healthy demand for housing.

The Group's on-going construction projects within IM include the construction of service apartments, affordable apartments, offices, factories and infrastructure for a diversified clientele including UEM Sunrise Bhd Group, SP Setia Bhd Group, United Malayan Land Bhd Group and IOI Properties Bhd Group.

Industrialised Building System

The Group has witnessed an increase in demand for IBS construction method and pre-cast building components consequential upon the following developments affecting the construction sector:

(a) the Malaysian Government's 70% IBS Content Policy;

(b) the shortage in the supply of foreign labour consequential upon the tightening of foreign labour policy by the Malaysian government, affecting in particular construction projects which adopts labour intensive conventional construction method; and

(c) the private sector is more receptive to the IBS construction method due to the shorter construction period and lesser reliance of foreign labour.

The variety of construction jobs undertake by the Group demonstrates the capability of the Group to fulfil various construction requirements of different types and phases of development.

The dynamism within IM presents tremendous opportunities for the Group over the next decade, especially in the residential and commercial sub-sectors which are expected to expand further due to stronger demand for housing and commercial space in Southern Johor.

Being one of the pioneer contractors with IBS design capabilities, backed by pre-cast concrete manufacturing plants and proven track record of completed IBS projects, the Group is well positioned to reap greater opportunities arising from the above stated developments in the construction industry.

The Group believes that the demand for IBS construction method and pre-cast building components will further increase with the Construction Industry Development Board ("CIDB") rolling out its IBS Roadmap 2011 – 2015 aiming to increase the content of IBS components in private sector projects

CHAIRMAN'S STATEMENT
(Cont'd)

to at least 50% by 2015. One of CIDB's strategies to achieve the targeted utilisation rate is working closely with property development approving authorities, such as Kuala Lumpur City Hall, Petaling Jaya City Council and IRDA for the imposition of the requirement on property project owners to show that their projects have at least 50% IBS content upon submission of their development plan to the authorities for approval.

Since the Group began introducing the IBS building construction method in 2009, it has secured building construction contracts with a total cumulative value of approximately RM1.1 billion as at 31 December 2014, from both the public and private sectors for the construction of schools, apartments and semi-detached houses using the IBS construction method.

Singapore Construction Sector

Singapore's construction demand for 2015 is expected to remain strong and is projected to reach between SGD 29 billion to SGD 36 billion, given a sustained pipeline of public sector projects. This follows an exceptionally strong performance in 2014 where the total construction demand set a new record of SGD 37.7 billion, fuelled by a higher volume of institutional and civil engineering construction contracts. Such projects include Tampines Town Hub project and the award of various major contracts for the construction of Thomson-East Coast MRT Line as well as land preparation works for the upcoming Changi Airport development.

For 2016 and 2017, the average construction demand is expected to be sustained between SGD 27 billion to SGD 36 billion per annum, in view of mega public sector infrastructure projects required to meet the long-term needs of Singapore.

SPC, with a strong track record in supplying various pre-cast concrete products to Singapore, may benefit from the roll out of the above projects.

SPC is one of the few suppliers of TLS to the Singapore MRT projects since 2006. It secured approximately 50% and 45% of the total TLS orders of the on-going 42 km MRT Downtown Line and 35 km extra-high-voltage underground power transmission network, respectively. In relation to the upcoming 30 km MRT Thomson Line, SPC has secured three TLS sales contracts with an aggregate value of SGD43.45 million, and is bidding for further TLS sales orders from the Thomson Line.

According to the Singapore Land Transport Master Plan, the Singapore government targets to extent its rail network to 360 km by 2030. There will be three new MRT lines with a total route length of 91km, and extension of a total route length of 8 km to existing lines to be built by 2030.

The Singapore government plans to carry out Phase 2 of its underground water superhighway for used water management, the Deep Tunnel Sewerage System (DTSS). Phase 2 of the DTSS is currently undergoing a preliminary design and feasibility study.

The construction of DTTS Phase 2 which comprises a 30 km long of tunnel and 70 km of link sewers is expected to begin in 2016, and complete in 2024.

The expansion of the rail network and DTSS Phase 2 present business opportunities for the Group's to bid for TLS and jacking pipes sales orders till 2030.

The increase in construction activities will have spill-over effects on the building and construction material industries, where the Group will bid for the supply of SBG, TLS, jacking pipes, precast sleepers, pre-cast concrete building components, etc, to MRT and non MRT projects in Singapore and Malaysia.

Property Development Ventures

The Group launched its first property development project, the Hyve, which comprises 804 units of freehold SOHO and offices within the central business district of Cyberjaya, Selangor, in 2013. The estimated gross development value of the Hyve is RM235 million and the development is expected to be fully completed by end 2015. As at 31 December 2014, the Hyve achieved a take-up rate of 75% and was 42% completed. The estimated unbilled sales value of RM100 million as at 31 December 2014, coupled with further sales of unsold units thereafter provide a good earnings visibility to our property development division.

The Group launched another property development project, Taman Puteri, which comprises 131 units of various types of landed properties in Pekan Nenas, Johor in March 2015. The estimated gross development value of this development is RM50 million and it is expected to be fully completed by end 2016.

In addition, the Group has entered into agreements to acquire some land bank in strategic locations for future development, including:

Location / Land Area	Acquisition Price (RM)	Type of Land Usage / Plan Development
Medini Iskandar Malaysia, Johor / 5.31 acres	31.06 million	Two 99-years leases ("Medini Lease") on two contiguous parcels of freehold commercial land respectively ("Medini Land") / A combination of SOHO and retails properties
Seksyen U10 Shah Alam / 8.87 acres	28.98 million	Forty one 99-years leasehold vacant detached lots approved for bungalow development ("U10 Land")

The Medini Land is located in Medini North of Medini Iskandar, within the Nusajaya flagship zone of IM. Medini North covers a land area of 570 acres and the planned developments in Medini North include theme parks, retail promenade, hotels, residential townships, a tertiary hospital and international schools.

The Group plans to launch a combination of approximately 800 units of SOHO and retails properties for sale on the Medini Land in two phases, namely Opus Medini Phase 1 and Phase 2. The Group obtained the building plan approval on Opus Medini Phase 1 in the first quarter of 2015 and it is in the midst of preparing the necessary for the application of advertising permit. Subject to market sentiment, the Group targets to launch Opus Medini Phase 1 in the last quarter of 2015.

The U10 Land is located next to Bukit Cherakah Forest Reserve and surrounded by other established housing development projects, such as Bukit Jelutong, Sunway Kayangan and Cahaya SPK. It is approximately 5 km away from the entrance to Guthrie Corridor Expressway that links to major highways. Development planning will commence after the completion of the acquisition of U10 Land.

The acquisition of 1 of the Medini Lease and U10 Land are pending completion. The Group intends to fund the purchase consideration and the development expenditure of Medini Land and U10 Land by internally generated funds and bank borrowings.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend my heartfelt gratitude to our shareholders, bankers, customers, business partners and regulatory authorities for their continued support, guidance and assistance extended to the Group. The Board would like to express its appreciation to the management and employees of the Group for their hard work and dedication.

Pang Tin @ Pang Yon Tin
Chairman

^: The Group adopted the new Financial Reporting Standard 11 Joint Arrangement in FY2014, resulting in the Group's investment in Posh Atlantic Sdn. Bhd. being classified as a joint venture, and the financial statements for FY2013 being restated accordingly for comparison purpose. The commentary is based on the relevant restated financial figures.

*: The segmental revenue stated in the commentary in relation to the respective segment was inclusive of inter-segment revenue.

主席文告

敬爱的股东，

本人谨代表金轮企业有限公司（“本公司”）提呈截至2014年12月31日财政年（“2014财政年”）的年度报告。

公司简介

本公司以及其子公司(“本集团”)提供一站式的工程及建筑服务。本集团具备提供建设方案，设计，施工直到项目竣工的能力。本集团也涉足于工业化建筑系统（“IBS”），在这方面拥有的专业知识范围涵盖IBS的设计与工程技术的执行。此外，本集团的预制混泥土产品业务部具备为IBS工程提供主要的预制混凝土产品的能力。

本集团在过去30年不断的成长以及累积了处理范围广泛的建筑与基建工程项目的经验与技术。为多元化业务，本集团在2011年下旬进军产业发展领域，相续在雪兰莪州收购空地以及在柔佛州Iskandar Malaysia租赁两片土地为期99年，以供产业发展。本集团在现阶段专注于发展周转期较短的小型发展地段。

企业最新进展

完成发行附加股

为了筹集资金充作本集团的营运资本，本公司进行了一项发行附加股配凭单的企业活动；即以每4股普通股配售1股附加股及配送1免费凭单方式，发出六千零一十一万股新股，以及六千零一十一万张凭单。

本公司成功集资六千六百一十二万令吉。集资所得已应用为营运资本，以及支付发行附加股与凭单的开销。

脱售土地

本集团经常评估本身拥有的地库和有关地段的发展潜能。本公司旗下的Kimlun Land Sdn Bhd以四千六百四十六万令吉脱售位于森美兰州汝来总面积将近17.27公顷的农业地(“农业地脱售”)。该脱售行动为本集团带来大约一千零七十七万令吉的税后盈利。部分脱售农业地所得的资金被用于偿还银行贷款,余者供营运资本以及支付脱售行动的费用。

该脱售符合本集团的策略方针，将那些孕育期比预期中更长久的土地脱售，以便能把握其他不时冒现的商业机会。

财务回顾^

营业额和盈利

本集团在2014财政年中取得十二亿零六百四十万令吉的破纪录营业额，比较2013财政年的九亿四千六百一十一万令吉，成长幅度高达27.5%。本集团在过去数年的营业额取得显著成长，从2010财政年的五亿二千七百五十九万令吉增长至2014财政年的十二亿零六百四十万令吉，复合年均增长率达到23.0%。

2014财政年的收益增加，归功于所有业务部的更高贡献。建筑业务与制造业务联合贡献96%的集团营业额，其余来自产业发展与投资活动。

本集团在2014财政年的毛利赚幅达8.5%，与2013财政年不相上下。受益于更高营业额, 本集团在2014财政年的毛利按年增长了30.3%。随着业务活动的增加, 2014财政年的销售与行政开销，以及融资成本皆上涨。本集团涉及房产发展的联营公司，已在2014财政年开始作出正面贡献。随著其在雪州賽城的SOHO与辦公室房产发展计划--Cyber Bistari (Hyve) 的工程进展, 该联营公司的盈利贡献达四百六十九万令吉。基于毛利的增长与及联营公司的盈利贡献，本集团在2014财政年的税前盈利与税后盈利各达五千九百八十四万令吉以及四千四百六十万令吉，按年涨幅各为55.3%以及24.9%。税后盈利的涨幅比税前盈利低，因本集团在2013年获得可观的资本开销税务奖励。

建筑业*

建筑业务在2014财政年的营业额成长至九亿七千三百九十九万令吉。建筑业务在2014财政年取得更高营业额主要是因为相较于2013财政年，2014财政年进行较多于前个财政年度所承接且未竣工的建筑工程。

2014财政年的毛利赚幅从2013财政年的6.1%，小幅减少至5.7%，主要是因為执行更多涉及高楼建筑的工程。这通常需要更多的专业承包商与客户指定副承包商服务（“SCNSC”）。本集团在SCNSC的工作范围下仅能取得较低赚幅。无论如何，随著更高的营业额，建筑业务在2014财政年的毛利上升18.8%，至五千五百二十万令吉。

主席文告

(续)

制造业*

混泥土产品制造业务部在2014财政年的收益增长3.3%，主要是因为供应给巴生谷捷运系统（KVMRT）计划的阶段性箱桥（“SBG”）的营业额提高。2014财政年的毛利赚幅从2013财政年的16.5%，小幅下滑至16.0%，主要受新厂房折旧，以及KVMRT的SBG和隧道衬砌（“TLS”）供应合约的较低赚幅所致。

产业发展*

农业地脱售为2014财政年带来四千六百四十六万令吉的营业额及一千五百四十四万令吉的毛利。而本集团的联营公司则貢献四百六十九万令吉的盈利。

财务状况

本集团股东基金从2013年12月31日的二亿九千九百一十万令吉，增加至2014年12月31日的四亿零五十二万令吉。本集团每股净资产从2013年12月31日的1.24令吉，提高至2014年12月31日的1.33令吉。

总负债对总股本比率从2013年12月31日的0.70倍，减少至2014年12月31日的0.40倍，主要因为本公司完成了附加股与凭单发行，并使用农业地脱售所获资金來償还银行贷款。

对比八千四百六十七万令吉的现金储备，以及一亿六千一百零二万令吉的总债务，本集团截至2014年12月31日的净债务对总股本比率为0.19倍。

现金流动

本集团在2014财政年营运活动以及融资活动的净现金流入各为七千四百七十七万万令吉以及一千三百二十万令吉，主要归功于客戶付钱更快，脱售农业地所获资金，以及通过发行附加股与凭单所筹集的资金。本集团在2014财政年的投资现金外流为一千八百一十四万令吉，主要为购买器材与机械的资本开销。

股东回馈—股息

虽然本公司没有实行正规的股息政策，本公司在过去4个财政年的派息率都介于集团净利的23%至30%。董事局建议，2014财政年派发每股3.8仙的终期单层股息，惟需在来临的股东常年大会上获得股东批准。该终期单层股息，代表着2014财政年派息率为集团净利的25%。

前景与展望

董事局预见，2015年对本集团而言将是平稳的一年，主要在于截至2014年12月31日的建筑与制造订单额分别为十一亿九千万令吉以及二亿三千万令吉。这庞大的合约订单，加上the Hyve项目75%认购率所带来的大约一亿令吉的未入账产业销售，将为本集团提供良好的盈利前景。董事局对马来西亚和新加坡的建筑领域在2015年的发展维持乐观。因此，本集团接下来的合约订单前景仍将令人鼓舞。

本集团面对的主要挑战和风险则包括了意想不到的经济衰退，国际原油价格下挫，令吉兑换率走软，不利的原料价格走势，劳工供应短缺，工程执行出现延误与不确定性，以及产业市场走势趋软等。

马来西亚建筑领域

马来西亚建筑领域在2015年料将以10.7%的速度成长(2014年:12.7%)，主要是由运输与油气领域相关的土木工程项目持续扶持该领域的成长。与此同时，房产领域料将持续強稳，因中等收入阶级对房屋需求稳定，以及大马政府继续支持房屋拥有计划，例如一個大马房屋计划(PR1MA)以及一個大马公务员房屋(PPA1M) 计划。非房产领域也料将维持稳定，因工业与商业产业需求仍然乐观。

建筑领域料将受惠于经济转型计划（ETP）与第十大马计划（10MP）下多项建筑工程的实行。本集团有望在中期至长期内受惠于以下第十大马计划以及经济转型计划所推出的项目：

(a) 总长度达150公里的KVMRT 及轻快铁(LRT) 第三条路线

KVMRT含括三条涵盖吉隆坡市中心20公里半径范围的路线。所有路线预计可在2020年投入运作。首条路线，即由双溪毛糯至加影路线(“SBK路线”)目前正处于施工阶段。第二条路线已获联邦政府批准，而计划递交夥伴也已经被委任。

本公司的子公司-SPC Industries私人有限公司(SPC) 经受委任为指定供应商为SBK路线的部份配套供应SBG。该供应期长达40个月的供应合约总值二亿二千三百万令吉。SPC也取得为期24个月总值四千八百四十八万令吉的TLS供应订单。

长度达36公里的LRT 第三条路线，将连接八打灵的Bandar Utama至巴生，并在2020年投入运作。大马国家基建公司料在2015年下半年开始颁发工程配套。

以SPC在 SBK路线及新加坡捷运的良好记录，SPC将在竞投KVMRT第二与第三条路线，以及LRT第三条路线的潜在订单上居于有利的地位。

(b) 建设可负担房屋

鉴于可负担房屋的需求增加，政府希望在未来五年内兴建一百万间的可负担房屋，包括五十万间一個大马房屋单位（PR1MA)以及十万间一個大马公务员单位(PPA1M)。董事局相信，上述大部份计划将使用IBS建筑系统，因为马来西亚政府政策阐明，从2008年10月31日起，每一项新政府计划都必须使用至少70%的IBS组件，某些异案除外(70%IBS含量政策)。作为一家拥有IBS设计能力以及拥有生产预制混凝土产品工厂的少数建筑商之一，本集团已经处在良好位置，从这些计划中受惠。

此外，Iskandar Malaysia经济特区的蓬勃发展以及国家石油在柔佛南部推行的石油提炼和石化综合发展（RAPID）计划，料将进一步提高柔佛对基建与建筑服务的需求，而本集团的大本营正是坐落在柔佛。

Iskandar Malaysia（“IM”）

随着IM经济特区在2006年至2010年专注完成兴建大部份主要基本建设和基础后，IM已步入第二成长阶段（2011年至2015年），即进一步发展旅游景点和各种设施。依斯干达区发展局（IRDA）指出，IM从2006年至2025年的20年期间将需总值三千八百三十亿令吉的总投资额。而从2006年至2014年杪，该区累积的总投资额为一千五百八十亿令吉。

过去数年，多项标志性项目已竣工或仍在如火如荼发展中。当中包括Kota Iskandar – 柔佛州政府的新行政中心，乐高大马主题公园，乐高主题酒店，Medini广场，公主港海滨发展项目与家庭室内主题公园，Iskandar教育城，Afiat保健城以及电影动画与影片工作室Pinewood Iskandar Malaysia Studios等等；私人产业发展商如努莎再也主要发展商—UEM阳光集团，也顺势在IM开始住宅、商业及工业发展计划。

展望未来，带动人口的旅游业、休闲业与教育领域料将进一步加强，当中的数项催化计划包括即将登场的赛车运动旅游（摩多城）、莱佛士大学、新加坡管理发展学院和里丁大学。其他备受瞩目的计划包括Medini医疗与保健旅游设施与第二阶段的Kota Iskandar发展项目。

此外，两条仍处在布署阶段的交通系统，即预计于2018年完成的衔接新山与新加坡的捷运系统，以及于2020年通贯吉隆坡与新加坡的高速铁路，除了将在竣工后加强IM的对外连系，也利惠于区域内成长和发展。

本集团大约70%至80%的建筑合约是來自IM，客户群多元化，大部份更是本集团的长期客戶。有鉴于过去几年各发展商在IM推出多项高档高楼住宅房产，IM部份热点地区在2014年开始面对供多于求的现象。这也导致部份发展商开始放慢推出这类产业的新计划。尽管如此，董事局对本集团的订单前景维持正面，因部份发展商已经把焦点转移至有地房产，工业园或可负担房屋发展，或把发展焦点转移至仍看到健康需求的市郊如士乃和古来。

本集团目前在IM进行中的建筑计划包括为UEM阳光集团，实达集团，联马置地以及IOI产业集团建设服务式公寓，可负担公寓，办公室，厂房以及基建工作。這也展現本集团承接各类型建築工作的能力。

IM的兴旺动力，将在未来的10年为本集团带来庞大的商机，尤其是在住宅及商业楼宇附属领域方面的商机，因此领域预料将因为柔佛南部的强大需求而进一步成长。

工业化建筑系统（“IBS”）

本集团意识到IBS建筑模式以及预制混凝土建筑组件的需求正在提高，主要的导因为:

(a) 马来西亚政府的至少70%IBS含量政策。
(b) 马来西亚政府收紧外劳政策，无可避免地将打击外劳供应量，并影响部份建筑计划，尤其是那些高度依赖外劳以及传统建筑模式的计划。
(c) 有鉴于此建筑模式能缩短建筑时间和减少对外劳的依赖，私人领域对IBS建筑模式的接受程度有所改善。

本集团是少数拥有IBS建筑系统设计能力，预制混凝土制造工厂、也持有良好工程完成记录的承建商之一。这些优势有利于本集团竞标更多的工程计划。

本集团相信，市场对IBS建筑模式和预制混凝土组件的需求会随着建筑业发展局(CIDB)意欲在2015年将私人领域的项目采用的IBS组件提升至不少于50%而提高。CIDB的其中一个达标策略是与批准产业发展项目的有关当局，例如吉隆坡市政局，八打灵市议会以及Iskandar区域发展局密切合作以规定发展商在呈交发展计划给有关当局时，必须遵守发展项目运用至少50%IBS组件的规定。

自从本集团在2009年开始推出IBS建筑模式后，截至2014年12月31日，本集团已经从公共及私人领域赢取大约十一亿令吉的学校、公寓及半独立洋房建筑工程合约。

新加坡建筑领域

新加坡在2015年的建筑需求料将维持强劲，预计达到二百九十亿至三百六十亿新元之间。此领域在2014年取得标青的表现，建筑工程总需求量达到三百七十七亿新元的历史性新高，归功于基建项目的建筑需求。该些计划包括淡滨尼城镇中心计划及 Thomson捷运路线。

至于2016年与2017年，年均建筑需求则料将维持在二百七十亿至三百六十亿新元之间，受惠于大型的公共领域基建计划。

在供应各种预制混凝土产品给新加坡方面拥有强稳记录的SPC，将有可能从以上计划受惠。自2006年起，SPC是少数向新加坡捷运提供TLS的供应商之一。SPC已从目前正在施工的长达42公里的新加坡捷运市中心路线计划，与及长达35公里的电缆隧道项目中，分别获得约50%与45%的TLS总订单。在即将展开的全长30公里的Thomson捷运路线，SPC已经赢取三项总值四千三百四十五万新元的TLS合约，并竞标Thomson捷运路线的其他TLS销售订单。

主席文告

(续)

根据新加坡陆路交通大蓝图，新加坡政府设下在2030年将铁道网络路线双倍增长至360公里的目标。该大蓝图显示，新加坡将新增三条总长度为91公里的铁路，以及延长三条现有铁路8公里。

止外，新加坡政府计划落实第二阶段的污水处理隧道系统(DTSS)。DTSS第二階段目前已经处于初步设计与考察阶段。DTSS第二阶段涉及建筑30公里的隧道以及70公里的下水道，预计在2016年开工，2024年竣工。

新加坡铁路网络的扩张以及DTSS第二階段，为本集团制造业务部带来直至2030年的商机。

建筑行业的逢勃发展，将为建筑材料领域带来强大的需求。而本集团的稳固根基和良好记录，有利于集团竞标为大马和新加坡的捷运计划与非捷运计划供应SBG, TLS, 推进管，预制混凝土建筑组件等。

产业发展

本集团在2013年正式推出the Hyve这项结合804个住家办公室（SOHO）与办公室单位的产业项目。是项位于雪州Cyberjaya商业中心的产业项目，毛发展总值预计为二亿三千五百万令吉。截至2014年12月31日止，该项目已获得约75%的认购率，工程進度达42%，预计在2015年尾完工。基于未入入账销售总值多达一亿令吉，再加上未售出单位的潜在销量，产业发展将为本集团提供良好的盈利前景。

本集团在2015年3月推出一項在柔佛州Pekan Nenas 的产业发展计划，称Taman Puteri。该发展包括131间的有地房产单位，毛发展总值为五千万令吉。该发展料在2016年竣工。

本集团也达成了协议收购或租赁下列的策略地段，作为未来发展用途：

地点/面积	收购价格（令吉）	土地用途/发展计划
柔佛Medini Iskandar Malaysia/5.31英亩	三千一百零六万	两片99年租赁期的商业地段/发展SOHO与零售单位
雪州Shah Alam U10区/8.87英亩	两千八百九十八万	41片99年租赁期的空置地段/发展独立式洋房

Medini地段位于Medini Iskandar的Medini北部，地属IM的努莎再也旗舰区内。Medini北部占地570英亩，已开发的及计划中的发展项目包括主题公园、零售广场、酒店、住宅城镇、医院和国际学校。

本集团将在该地段推出约800个结合SOHO与零售单位的产业项目，并分为两个阶段发展，即Opus Medini第一期与第二期。Opus Medini第一期发展计划已在2015年首季获得有关当局的批准，并正在准备申请广告许可证。若产业市场情绪良好，本集团希望在2015年末季推出Opus Medini第一期发展计划。

U10地段与Bukit Cherakah森林保护区毗邻，附近其他已开发产业项目包括Bukit Jelutong，Sunway Kayangan与Cahaya SPK。该地段距离牙直利大道的入口处约5公里。发展计划将在完成收购U10地段后才展开。

其中一片Medini 地段的租赁以及U10地段的收购目前仍未完成。本集团有意透过内部融资与银行贷款來完成是项租赁以及收购。

致谢

我谨代表董事会，衷心感谢我们的股东、来往银行、客户、业务伙伴以及有关监管当局对本集团的持续支持，指导以及协助。董事会谨借此机会感谢本集团的管理层以及员工的辛勤工作以及奉献精神。

彭廷

主席

^:　本集团在2014财政年採用新财务报告准则11联合协议，导致本集团在Posh Atlantic私人有限公司的投资被列为联营，而2013财政年的财务报表也因此被重新排列以方便作比较。有关财务表现的评注是基于被重新排列的财务数字。

*:　有关各分部的评注中所述的分部收入包括分部间的收入。

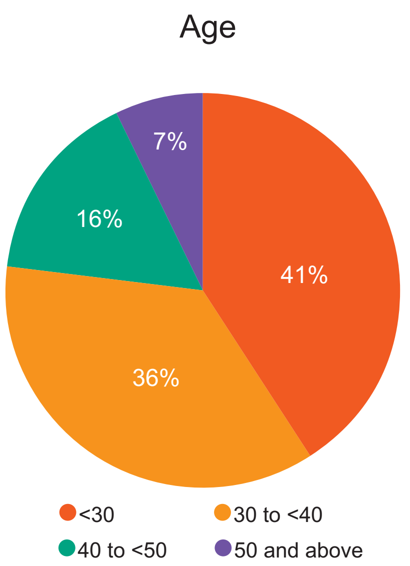
CORPORATE SOCIAL RESPONSIBILITY STATEMENT

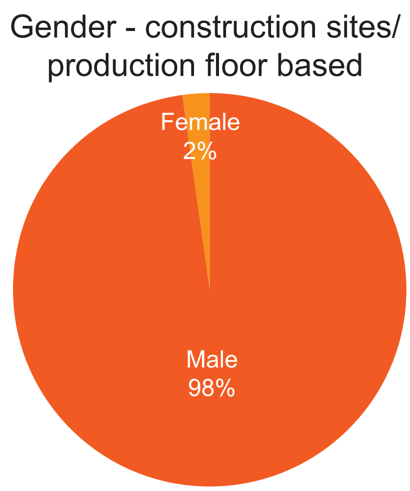
Corporate social responsibility has formed part of the core values that Kimlun Corporation Berhad will always uphold while conducting itself as a responsible business entity. We are always mindful in contributing back to the local community where we derive our economic benefits. We recognise the essential needs to safeguard the welfare of our employees and to contribute to the community where our Group operates in. In line with these core fundamental values, we always strive to seek a balance between our social responsibilities and our obligations to maximise value for our shareholders.

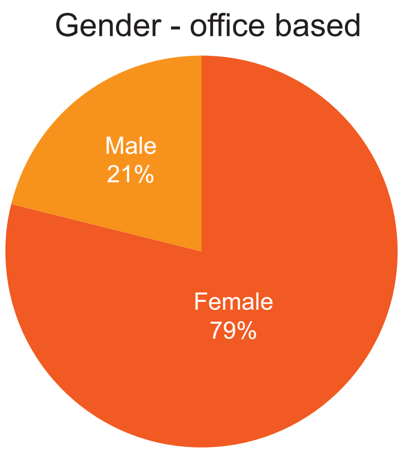
Welfare of Employees

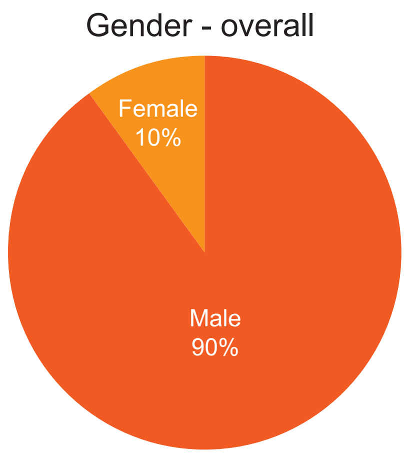
One of the greatest assets in any successful business is its employees and their role in driving the business forward. We practice equal employment opportunity and there are no barriers to employment or development in our Group by reason of an individual's gender, race, religion and age. The recruitment or promotion of a candidate is dependent on our organisational needs, the candidate's skills, experience, core competencies and other qualities.

The Group's workforce statistics as at 31 December 2014 are as follows:

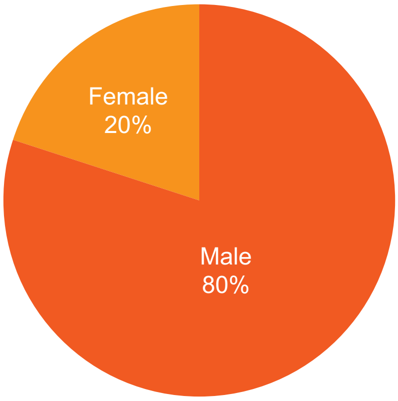




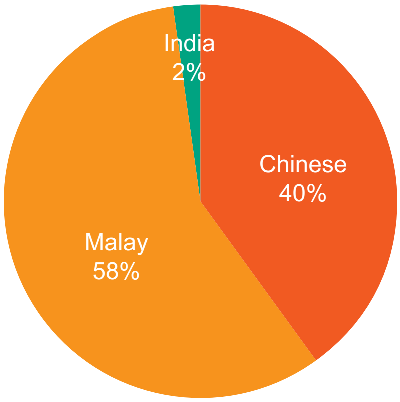




Gender - managerial position



Ethnicity



We continuously undertake concerted efforts to groom our employees towards realising their fullest potential. During the year, we arranged numerous customised internal and external training programs in relation to our core businesses in order to improve our employees' technical knowhow.

Safety and quality continues to be a priority in our operations. Occupational health and safety not only contributes to corporate goals but also plays a part in the social and ethical role of the organisation. We inculcate the culture of safety, health and environmental consciousness in all areas of operations, and provide and maintain safe systems of work, make arrangements for ensuring the safe use, handling, storage and transport of equipment and substances, as well as provide necessary information, instruction, training and supervision to all employees.

Various courses in relation to occupational health and safety, and quality management system were conducted during the year to ensure a safe working environment, and that a systematic and efficient construction and production process was upheld.

For the year under review, we spent approximately RM262,000 for staff training and development.

Contribution to Community

We also serve the community to improve the quality of the lives of the less fortunate. During the year, we supported numerous organisations and causes, either directly or in conjunction with other enterprises, mainly via monetary contribution and sponsorship. In terms of charitable contributions to society, we had allocated and spent approximately RM132,000. Amongst the charitable bodies and events that we had supported were Eco World Foundation, Mah Sing Foundation, Pusat Kebajikan Kalvari Johor Bahru, Dana Tabung Kumpulan Wang Amanah Pelajar Miskin (KWAPM) and Tabung Amal Persatuan Orang Cacat Johor Bahru.

We participated in various local government agencies' initiatives to build a caring society with united and harmonious living environment. We have supported the Tabung Kabajikan, Pendidikan Dan Warga Emas Persatuan Bekas Polis Malaysia, Pelajaran Anak-Anak Persatuan Veteran Bomba and Penyelamat Hari Bomba 2014 during the year.

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

The Board of Directors ("the Board") is accountable and responsible for the performance and affairs of Kimlun Corporation Berhad ("the Company"), including practising a high level of good governance. All Board members are expected to show good stewardship and act in a professional manner, as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

Set out below is the manner in which the Group has applied the principles of good corporate governance and practice, in accordance to the Principles and Recommendations of the Malaysian Code on Corporate Governance 2012 (the "MCCG 2012").

BOARD OF DIRECTORS AND ITS COMMITTEE

The Board adopted a Board Charter which sets out the authority, role, responsibilities, membership and operation of the Board. The Board reviews the Board Charter from time to time and makes any necessary amendments to ensure it complies with relevant laws, regulations and practices, and remain relevant and effective in the light of the Board's objectives.

The Board Charter is accessible at www.kimlun.com.

Authority

The Board derives its authority to act from the Memorandum and Articles of Association ("AA") of the Company and the law and regulations governing companies in Malaysia.

Board Composition

The Board consists of qualified individuals with diverse set of skills, experience and knowledge necessary to govern the Company. The composition and size of the Board is such that it facilitates the decision making of the Company.

The AA of the Company provides for a minimum of three (3) directors and a maximum of ten (10) directors. In compliance with the requirement of Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), there shall be at least two (2) or one-third (1/3), whichever is higher, of the Board members who are Independent Directors.

The Independent Non-Executive Directors provide objective and independent views and judgement in decision-making processes of the Board covering issues of strategy, performance and risks. The presence of the Independent Non-Executive Directors fulfills a pivotal role in corporate governance accountability and ensures the interests of all shareholders are indeed taken into account by the Board.

The tenure of an Independent Director shall not exceed a cumulative term of nine years. However, upon completion of the nine years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Director is to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval.

On boardroom diversity, the current composition of the Board is diverse in terms of skills, experiences, gender, age and nationality. The Board is supportive of the gender boardroom diversity recommended by MCCG 2012 as the Board currently has a female member. Underpinning the Company's boardroom gender diversity is the commitment to ensure that all Directors are appointed on merit, in line with the standards as set out in Para 2.20A of the MMLR. The Board through the Nomination Committee ("NC") will review the proportion of the female to male board members during the annual assessment of the Directors' performance taking into consideration the appropriate skills, experience and characteristics required in the context of the needs of the Group. At the subsidiary companies level, the ratio of female director to male directors, who are not a member of the Board is 33%.

The Board does not consider it necessary to nominate a Senior Independent Non-Executive Director to whom concerns may be conveyed. All members of the Board have demonstrated that they are always available to members and stakeholders. All issues can be openly discussed during Board meetings.

The composition and size of the Board are reviewed from time to time to ensure its appropriateness.

Appointment

The appointment of a new Director is a matter for consideration and decision by the full Board. The NC is responsible for proposing and recommending any potential New Director taking into consideration inter-alia the current and future needs of the Group and the credential of the potential Director.

Prior to his appointment, the potential Director will be briefed on the Company's vision and mission, its philosophy and nature of business, the corporate strategy and the expectations of the Company concerning input from Directors.

Election and re-election

Pursuant to Article 93 of the Company's AA, Directors appointed during the year by the Board shall hold office until the next AGM and shall then be eligible for re-election. In accordance with Article 86 of the AA, at least one-third (1/3) of the Directors shall retire from office at every AGM. All Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

Pursuant to Section 129 of the Companies Act, 1965 ("the Act"), Directors who are over the age of seventy (70) years are required to retire from office at every AGM and may offer themselves for re-appointment and to hold office until the next AGM.

Independence of Director

The Board only considers Directors to be independent where they are independent of management and free from any business or other relationship that could materially interfere with or could reasonably be perceived to interfere with the exercise of their unfettered and independent judgement.

The NC reviews the independence of each Independent Non-Executive Director annually or whenever necessary, in light of information relevant to this assessment as disclosed by each Independent Non-Executive Director to the Board.

New Directorship

While the Board allows its Directors to accept appointments to other boards, the Directors are required to discuss with the Chairman and the Chief Executive Officer ("CEO") before accepting the new appointment and to indicate the time expected to be spent on the new appointment.

Role of Board

The Board's role is to represent and serve the interests of the shareholders. It is primarily responsible for overseeing and supervising the management of the business affairs of the Group.

The responsibilities of the Board include:

(a) Reviewing and adopting strategic plans for the Group;
(b) Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
(c) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
(d) Succession planning;
(e) Developing and implementing an investor relation programme or shareholder communication policy for the Company; and
(f) Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines

Matters which shall be reserved for decision by the Board, supported by any recommendation as may be made from time to time by the Board Committees (as appropriate) include:

(a) Approval of corporate plans and programmes;
(b) Approval of annual budgets;
(c) Approval of new ventures;
(d) Approval of material acquisitions and disposals of undertakings and properties; and
(e) Approval of the annual financial statements and interim reports

The Board delegates responsibility for the day-to-day operation of the Group's business to the Executive Directors and recognizes its responsibility for ensuring that the Group operates within a framework of prudent and effective control.

Chairman and Chief Executive Officer ("CEO")

The roles and responsibilities of the Chairman and the CEO are clearly defined and segregated to ensure a balance of power and authority such that no one individual has unfettered power of decision. The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role.

The responsibilities of the Chairman include:

(a) leading the Board in its responsibilities for the business and affairs of the Company and its oversight of management;
(b) overseeing the Board in the effective discharge of its supervisory role;
(c) ensuring the integrity and effectiveness of the governance process of the Board;
(d) facilitating the effective contribution of all Directors and ensuring constructive relations be maintained between the Board and management; and
(e) ensuring that there is regular and effective evaluation of the Board's performance

The CEO is responsible for implementing the policies and decisions of the Board, overseeing day-to-day operations as well as development and implementation of business and corporate strategies and plans.

The Board acknowledges the recommendations by the MCCG 2012 that:

(a) the Chairman must be a Non-Executive Director; and
(b) where the Chairman is not an Independent Director, the Board must comprise a majority of Independent Directors

As the Chairman is an Executive Director, the Board will assess the impact of the recommendations on the composition of the Board, and the approaches available to adopt the recommendations of MCCG 2012 taking into consideration the appropriate skills, experience and characteristics required for the position.

The size and composition of the current Board is well balanced with a good and appropriate mix of knowledge, skills, attributes and core competencies. The Board which currently comprises 8 Directors, of whom 3 are Independent Non-Executive Directors, and 5 are Executive Directors has been able to discharge its duties professionally and effectively, uphold good governance standards in their conduct and that of the Board. The Independent Directors are able to exercise strong independent judgement and provide balance to the Board with their unbiased and independent views and advice and judgement to all Board deliberations. The Executive Chairman has demonstrated strong commitment and judgement in overseeing the management function, looking after the best interest of all shareholders and ensuring that contributions by all Directors were forthcoming on matters being deliberated and that no particular Board member dominated in any of the discussions. This ensures the balance of power and authority within the Board.

All the Independent Non-Executive Directors fulfill the criteria of independence as defined in the MMLR and they impartially provide check and balance to the Board. None of the Independent Director has served on the Board for more than nine (9) years.

Board Committees

The Board, in discharging its fiduciary duties, may from time to time establish Committees as it considers necessary to assist it in carrying out its responsibilities.

The Board has established (3) Board Committees, namely Audit Committee ("AC"), NC and Remuneration Committee ("RC"), each entrusted with specific tasks and operates within clearly defined terms of reference approved by the Board. The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings and such reports or minutes will be included in the Board papers.

The respective committees' terms of reference are available for reference at the Company's website at http://www.kimlun.com.

a. **Audit Committee**

The members of the AC as well as the duties and responsibilities as reflected in the terms of reference of the AC are set out on pages 37 to 39 of this Annual Report.

b. **Remuneration Committee**

The current composition of the RC comprises:

Name	Designation	Directorship
Sim Tian Liang	Chairman	Chief Executive Officer and Executive Director
Kek Chin Wu	Member	Independent Non-Executive Director
Chua Kee Yat @ Koo Kee Yat	Member	Independent Non-Executive Director

The RC shall review and recommend to the Board the remuneration of the Executive Directors.

The remuneration packages of Non-Executive Directors shall be determined by the Board as a whole. The Director concerned shall abstain from any discussion on his/her individual remuneration.

During the FY2014, one meeting was held and attended by all members.

c. **Nomination Committee**

The current composition of the NC is as follows:

Name	Designation	Directorship
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	Chairman	Independent Non-Executive Director
Kek Chin Wu	Member	Independent Non-Executive Director
Chua Kee Yat @ Koo Kee Yat	Member	Independent Non-Executive Director

During the FY2014, one meeting was held and attended by all members.

Board Meetings and Attendance

The Board shall meet at least five times a year. In exceptional circumstances, additional meetings may be convened. During Board meetings, the CEO and members of the Management team, will table and present reports for the Board's consideration, deliberation and direction.

Directors are required to inform the Board of conflicts or potential conflicts of interest they may have in relation to particular items of business transacted by the Group or the Company. The interested Directors should abstain themselves from discussion or decisions on matters in which they have a conflicting interest.

The Chairman of the AC, RC and NC would inform the Directors at Board meeting of any salient matters noted by the Committee and which require the Board's notice, direction or approval.

Agenda, board papers and any other documents are made available in advance to the Board to facilitate well-informed Board deliberation and decision-making. In addition, members of the Management are frequently invited to the Board meetings to explain and clarify the items tabled to the Board.

All proceedings of the Board meetings are minuted.

During FY2014, six (6) Board meetings were held. Details of attendance at the Board Meeting are as follows:

Directors	Number of Meetings Held During Director's Tenure In Office	Number of Meetings Attended	Percentage of Attendance
Pang Tin @ Pang Yon Tin	6	6	100%
Sim Tian Liang	6	6	100%
Pang Khang Hau	6	6	100%
Chin Lian Hing	6	6	100%
Yam Tai Fong	6	6	100%
Phang Piow @ Pang Choo Ing (Retired on 19 June 2014)	3	3	100%
Kek Chin Wu	6	6	100%
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	6	4	66.67%
Chua Kee Yat @ Koo Kee Yat	6	6	100%

Access to Information and Independent Professional Advice

All Directors, whether as a full Board or in their individual capacity have access to all information of the Group on a timely basis in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities. In exercising their duties, the Directors have access to the advice and services of the Company Secretary and are also entitled to obtain professional opinions or advice from external consultants when the need arises.

The Company Secretary's appointments and resignations are subject to Board approval.

Directors' Remuneration

The Board, as a whole, will determine the level of remuneration paid to its Directors, taking into consideration the recommendation of the RC.

The level and make-up of remuneration should be effective and sufficient enough to:-

- attract and retain the Directors needed to run the Group successfully; and
- motivate and create incentives for Directors to perform at their best;

Executive Directors will receive no fees but will be paid as full-time employees of the Company. The level of remuneration of the Executive Directors takes into consideration the Directors' contribution and commitment to the Company, the performance of the Group and the compensation levels for comparable positions among other similar Malaysian public listed companies.

In the case of Non-Executive Directors, the level of remuneration should reflect the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned. Non-Executive Directors will be paid a basic fee as ordinary remuneration and they will also be paid a sum based on their responsibilities in Board committees and for their attendances at the meetings. The fee is subject to the approval of the shareholders.

No Board member, whether executive or non-executive, will be involved in deciding his own remuneration.

The aggregate remuneration of Directors received from the Company and subsidiary companies for FY2014 are as follows:

	Executive Directors RM	Non-Executive Directors RM
Fees	-	212,400
Salaries, Bonuses & EPF	3,666,915	25,425
Allowances	60,000	17,010
Estimated monetary value of benefits-in-kind	83,895	-

The number of Directors of the Company whose total remuneration falls within the following bands is as follows:-

Range of remuneration	Executive Directors	Non-Executive Directors
0 - RM50,000	-	-
RM50,001 – RM100,000	-	4
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	-	-
RM250,001 – RM300,000	-	-
RM300,001 – RM350,000	-	-
RM350,001 – RM400,000	-	-
RM400,001 – RM450,000	-	-
RN450,001 – RM500,000	-	-
RM500,001 – RM550,000	-	-
RM550,001 – RM600,000	-	-
RN600,001 – RM650,000	-	-
RM650,001 – RM700,000	-	-
RM700,001 – RM750,000	2	-
RM750,001 – RM800,000	3	

Board Evaluation and Performance

The NC evaluates the performance of the Board as a whole on an annual basis.

This shall take the form of a questionnaire to be completed by each of the members of the NC. The NC, upon discussion of the results, will present the findings to the Board.

The Board Committees shall also regularly be reviewed by the Board to ascertain their performance and effectiveness.

Directors' Training

In addition to the Mandatory Accreditation Programme as required by the Bursa Securities, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning. This will enable Directors to effectively discharge duties and sustain active participation in the Board deliberations.

The Board shall assess the training needs of the Directors from time to time.

STATEMENT ON CORPORATE GOVERNANCE
(Cont'd)

During FY2014, the Directors of the Company had attended the following training/seminar/conference:-

Director	Training/Seminar/Conference	Date
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	• Risk Management & Internal Control Workshop for Audit Committee	3 June 2014
Sim Tian Liang	• Construction Industry Payment and Adjudication Act Talk	31 May 2014
	• 6th Malaysian Construction Summit 2014 - "Malaysian Construction in 2020 – The Road Ahead"	19 September 2014
Chin Lian Hing	• Goods and Services Tax for Property and Construction Sector	4-5 September 2014
Yam Tai Fong	• Goods and Services Tax for Property and Construction Sector	26-27 June 2014
	• Goods and Services Tax – Impact & Treatment on Construction Industry	30 September 2014
Pang Khang Hau	• Basic Concept in Construction Productivity Enhancement	19 August 2014
Kek Chin Wu	• Nominating Committee Programme	16-17 June 2014
	• Goods and Services Tax Training and Awareness Programme	26 June 2014
Pang Tin @ Pang Yon Tin	• Role Analysis Program	19 March 2014
Chua Kee Yat @ Koo Kee Yat	• Nominating Committee Programme	16 October 2014

COMPANY SECRETARIES

The Company Secretary plays an important advisory role and is a source of information and advice to the Board and Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and Group.

The Board shall ensure that the Company Secretaries remain competent to fulfill the function for which they have been appointed. In this respect, the appointment and removal of the Company Secretaries are matters for the Board to consider as a whole.

The specific responsibilities of the Company Secretaries are as follows:-

(a) advise the Board and Management on governance issues;
(b) ensure compliance of listing and related statutory obligations;
(c) attend Board, Committees and general meetings, and ensure the proper recording of minutes;
(d) ensure proper upkeep of statutory registers and records;
(e) assist the Chairman in the preparation for and conduct of meetings; and
(f) assist in the induction of new directors, and continuously update the Board on changes to Listing Requirements, other related legislations and regulations

DISCLOSURE POLICY, INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

The Board shall place great importance in ensuring the high standards of transparency and accountability in its communication to shareholders, analysts and the public. The shareholders shall be informed of all material matters affecting the Company and Group.

The channels of communication, amongst others, are as follows:-

(a) timely announcements made to Bursa Securities, which includes quarterly financial results, material contracts awarded, changes in the composition of the Group and any other material information that may affect investors' decision making;
(b) conducts dialogues with financial analysts from time to time as a means of effective communication that enables the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests;
(c) The Company's website which provides easy access to corporate information pertaining to the Company and its activities and is continuously updated

The Annual General Meeting ("AGM") is the principal forum for dialogue with shareholders. At each AGM, a presentation is given by the CEO to explain the Group's strategy, performance and major developments to shareholders. The Board also encourages shareholders to participate in the question and answer session at the AGM.

The Board is mindful on the importance of maintaining a proper corporate disclosure procedures with the aim to provide shareholders and investors with comprehensive, accurate and quality information on a timely basis. Personnel and working team for preparing the disclosure will conduct due diligence and proper verification, as well as coordinate the efficient disclosure of material information to the investing public. The Company also ensures that confidential information is handled properly by Directors, employees and relevant parties to avoid leakage and improper use of such information.

The Board acknowledges the recommendation by the MCCG 2012 that the Board should encourage poll voting for substantive resolutions. However, no poll voting was conducted in the last AGM as the Board was of the view that with the level of shareholders' attendance in the last AGM, voting by way of a show of hands continues to be efficient. The Board will evaluate the feasibility of carrying out electronic polling at its general meetings in future.

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Company dispatches its notice of AGM to shareholders more than 21-days before the AGM, in advance of the notice period as required under the Companies Act, 1965 and MMLR. The additional time given to shareholders allows them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.

The Company allows a member to appoint a proxy who may be a member of the Company. If the proxy is not a member of the Company, he/she need not be an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia. The Company has also removed the limit on the number of proxies to be appointed by an exempt authorised nominee with shares in the Company for Omnibus account to allow greater participation of beneficial owners of shares at general meetings of the Company. The AA of the Company further accord proxies the same rights as members to speak at the general meeting. Essentially, a corporate representative, proxy or attorney is entitled to attend, speak and vote both on a show of hands and on a poll as if they were a member of the Company.

The AGM will be the principal forum for dialogue with individual shareholders, as it provides shareholders the opportunity to ask questions about the resolutions being proposed or about the Group's operations in general. The Share Registrar is available to attend to matters relating to shareholders' interests. The CEO conducts presentation on the performance of the Group during the AGM and encourages the shareholders to enquire about the Group's performance.

Extraordinary General Meetings ("EGM") are held as and when required. When an EGM is held to obtain shareholders' approval on certain business or corporate proposals, comprehensive circulars to shareholders will be sent within prescribed deadlines in accordance with regulatory and statutory provisions.

The Board will put substantive resolutions such as related party transactions if any, to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution. The Chairman also informs shareholders of their right to demand a poll vote at the commencement of the general meeting.

STATEMENT ON CORPORATE GOVERNANCE
(Cont'd)

CODE OF CONDUCT

The Directors, officers and employees of the Group are required to observe the Company's Corporate Code of Conduct. The core areas of conduct under the Code include the following:-

(a) conflict of interest;
(b) confidential information;
(c) fair dealing;
(d) protection of assets;
(e) knowledge and information;
(f) employment practices; and
(g) reporting of illegal and unethical behavior

The Board will review the Code regularly to ensure that it continues to remain relevant and appropriate. The Code is made available for reference in the Company's website.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a balanced, clear and meaningful assessment of the Group's financial position and prospects in presenting the annual financial statements and quarterly reports as well as announcement to Bursa Securities. The Board is assisted by the AC in reviewing the Group's financial reporting processes and accuracy of its financial results, and scrutinising information for disclosure to ensure compliance with applicable approved accounting standards in Malaysia and the provisions of the Act.

Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls to safeguard shareholders' investment and the Group's assets. However, the Board recognises that such system is structured to manage rather than eliminate the possibility of encountering risk of failure to achieve corporate objectives.

The Statement on Risk Management and Internal Control is set out on page 40 of the Annual Report providing an overview of the state of internal controls, risk management framework and internal audit function within the Group.

Relationship with Auditors

The Company has established a formal, transparent and appropriate relationship with the Company's auditors, both internal and external. From time to time, the auditors will highlight to the AC and the Board matters that require the Board's attention.

The AC meets with the external auditors at least twice a year without the presence of Executive Directors and management to discuss their audit plan and audit findings. The AC reviews with the external auditors the annual audited financial statements before recommending them to the Board for its approval.

WHISTLEBLOWING POLICY

The Board is committed to achieving and maintaining the highest standards of integrity, openness, probity and accountability in the conduct of its businesses and operations. It aspires to conduct its affairs in an ethical, responsible and transparent manner.

Whistle Blowing is a specific means by which an individual, whether employee or otherwise, can report or disclose through established channels, concerns about unethical behavior, malpractices, illegal acts or failure to comply with regulatory requirements that is taking place / has taken place / may take place in the future, without fear of reprisal or victimization, in a responsible and effective manner.

The policy addresses the following areas:

- Policy Statement
- Scope of Policy
- Reporting Procedure;
- Investigation Procedure; and
- Protection and Confidentiality

The Policy also provides the contact details of the Chairman of AC, should the reporting individual is in doubt of the Management's independence and objectivity on the concerns raised.

ADDITIONAL COMPLIANCE INFORMATION PURSUANT TO MAIN MARKET LISTING REQUIREMENTS of BURSA MALAYSIA SECURITIES BERHAD

Status of Utilisation of Gross Proceeds from Corporate Proposals

Rights Issue of 60,112,500 New Ordinary Shares of RM0.50 Each at an Issue Price of RM1.10 per Rights Share together with 60,112,500 Warrants ("Rights Issue with Warrants")
As at 16 April 2015, the gross proceeds of RM66.12 million received from the Rights Issue with Warrants which was completed on 19 March 2014 had been fully utilised as planned.

Share Buy-Backs

The details of shares repurchased during FY2014 are as follows:-

Month	No of Shares purchased	Purchase Price Per share (RM) Highest	Lowest	Average	Total consideration (RM)**
December	10,000	1.21	1.21	1.21	12,189

**: including transaction costs.

No treasury shares was resold or cancelled during FY2014. As at 31 December 2014, the Company held 10,000 treasury shares.

Options, Warrants or Convertible Securities Exercised
There was no exercise of convertible securities during FY2014.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")
The Company did not sponsor any ADR or GDR programme during FY2014.

Sanctions and/or Penalties
The Company and its subsidiaries, Directors and management have not been imposed with any sanctions and/or penalties by any relevant regulatory bodies during FY2014.

Non-Audit Fees
During FY2014, non-audit fees incurred for services rendered to the Company and/or its subsidiaries by the Company's external auditors, or a firm affiliated to the external auditors were approximately RM42,900.

Variation in Results
There was no material variance between the audited results for FY2014 and the unaudited results previously announced by the Company.

No profit estimates, forecast or projection was announced or published by the Group.

STATEMENT ON CORPORATE GOVERNANCE
(Cont'd)

Profit Guarantee
The Company did not receive any profit guarantee during FY2014.

Material Contracts
Save as disclosed under Note 31 to the financial statements contained in this Annual Report , there were no material contracts including contracts relating to any loans entered into by the Company and its subsidiaries involving Directors and major shareholders' interest, either still subsisting at the end of FY2014 or entered into since the end of the previous financial year.

Recurrent Related Party Transactions of Revenue and Trading Nature ("RRPT")

The Company had at the 5th AGM of the Company held on 19 June 2014 obtained shareholders' mandate for the Group to enter into RRPT, which are necessary for its day-to-day operations and are in the ordinary course of business with related parties. The shareholders' mandate shall lapse at the conclusion of the Company's forthcoming AGM. The Company intends to seek a renewal of the shareholders' mandate for the RRPT at the Company's forthcoming AGM.

The details of the mandated RRPTs transacted during FY2014 are as follows:

Subsidiaries involved	Transacting Parties	Categories of transactions	Value transacted RM'000	Interested Directors and Major Shareholders
Kimlun Sdn Bhd ("KLSB")	Scudai Development Sdn Bhd ("SD")	Provision of construction services by KLSB to SD for construction of buildings and infrastructure	76,154	Pang Tin @ Pang Yon Tin^, his spouse and children collectively hold 90% interest in SD. Pang Khang Hau* holds 7.5% interest in SD. Phang Piow @ Pang Choo Ing# and Pang Chew Ngo# are also deemed interested by virtue of their family relationship to Pang Tin @ Pang Yon Tin. Phin Sdn Bhd ("Phin") is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin∞ pursuant to Section 6A of the Act.
KLSB, SPC Industries Sdn Bhd ("SPC"), I-Buildtech Solutions Pte. Ltd ("IBT")	Sri Pulai Granite Quarry Sdn Bhd ("Sri Pulai")	Purchase of quarry products and consumable materials from Sri Pulai	9,922	Pang Tin @ Pang Yon Tin^ and Phang Piow @ Pang Choo Ing# each hold 45% interest in Sri Pulai. Pang Khang Hau* and Pang Chew Ngo# are also deemed interested by virtue of their family relationship to Pang Tin @ Pang Yon Tin and Phang Piow @ Pang Choo Ing. Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin∞ pursuant to Section 6A of the Act.
KLSB	Sri Pulai	Renting of premises from Sri Pulai	30	- As above -

Subsidiaries involved	Transacting Parties	Categories of transactions	Value transacted RM'000	Interested Directors and Major Shareholders
KLSB, SPC	JB Enterprise Sdn Bhd ("JBE")	Renting of premises from JBE	11	Pang Tin @ Pang Yon Tin^ and his spouse collectively hold 100% interest in JBE. Phang Piow @ Pang Choo Ing#, Pang Khang Hau* and Pang Chew Ngo# are also deemed interested by virtue of their family relationship to Pang Tin @ Pang Yon Tin. Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin∞ pursuant to Section 6A of the Act.
SPC	Sri Pulai Realty Sdn Bhd ("SPR")	Renting of premises from SPR	277	Phang Piow @ Pang Choo Ing#, his spouse and his children collectively hold 100% interest in SPR. Pang Tin @ Pang Yon Tin^ and Pang Chew Ngo# are deemed interested by virtue of their family relationship with Phang Piow@ Pang Choo Ing. Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin∞ pursuant to Section 6A of the Act.
KLSB	SPR	Renting of premises from SPR	38	- As above -
SPC	Properties Watch Sdn Bhd ("PWSB")	Renting of premises from PWSB	558	Pang Tin @ Pang Yon Tin^ and his spouse collectively hold 100% interest in PWSB. Phang Piow @ Pang Choo Ing#, Pang Khang Hau* and Pang Chew Ngo# are also deemed interested by virtue of their family relationship to Pang Tin @ Pang Yon Tin. Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin∞ pursuant to Section 6A of the Act.

STATEMENT ON CORPORATE GOVERNANCE
(Cont'd)

Subsidiaries involved	Transacting Parties	Categories of transactions	Value transacted RM'000	Interested Directors and Major Shareholders
SPC	Mi Lun Woodworks Sdn Bhd ("MLW")	Provision of landscaping & maintenance service by MLW to SPC.	11	Pang Tin @ Pang Yon Tin^ and his spouse collectively hold 100% interest in MLW. Phang Piow @ Pang Choo Ing#, Pang Khang Hau* and Pang Chew Ngo# are also deemed interested by virtue of their family relationship to Pang Tin @ Pang Yon Tin. Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin∞ pursuant to Section 6A of the Act.
SPC	Eng Hock Quarry Sdn Bhd ("Eng Hock")	Renting of premises from Eng Hock	55	Pang Tin @ Pang Yon Tin^ and Phang Piow @ Pang Choo Ing# each hold 47.5% interest in Eng Hock. Pang Khang Hau* and Pang Chew Ngo# are also deemed interested by virtue of their family relationship to Pang Tin @ Pang Yon Tin and Phang Piow @ Pang Choo Ing. Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin∞ pursuant to Section 6A of the Act.

^ Our Director and Major Shareholder
* Our Director and shareholder
# Our shareholder and a Director of one of our subsidiary companies
∞ Our Major Shareholder

The details of the renewal of the shareholders' mandate to be sought would be furnished in the Circular to Shareholders dated 26 May 2015 together with this Annual Report.

The details of the RRPTs transacted during FY2014 are disclosed in Note 31 to the financial statements contained in this Annual Report.

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

The members of the Audit Committee comprise of:-

1. **Kek Chin Wu**
   Chairman / Independent Non-Executive Director

2. **Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah**
   Member / Independent Non-Executive Director

3. **Chua Kee Yat @ Koo Kee Yat**
   Member / Independent Non-Executive Director

The members of the Audit Committee consist solely Independent Non-Executive Directors. All members of the Audit Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company. The Board must review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether the Audit Committee has carried out its duties in accordance with its terms of reference. All members shall be financially literate and at least one member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and experience as approved by Bursa Malaysia.

ATTENDANCE OF MEETINGS

During the financial year ended 31 December 2014, the Audit Committee met five (5) times. The meeting attendance of the Audit Committee members is as follows:

Name of Directors	Number of Meetings Held During Director's Tenure in Office	Attendance	Percentage of Attendance
Kek Chin Wu	5	5	100%
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	5	4	80%
Chua Kee Yat @ Koo Kee Yat	5	5	100%

SUMMARY OF TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The main duties and responsibilities of the Audit Committee shall be:-

(1) to consider the appointment of the external auditors, the audit fee and any question of resignation or dismissal;

(2) to discuss with the external auditors the nature and scope of the audit before the audit commences;

(3) to review the quarterly and year-end financial statements of the Board, focusing particularly on:-

   (a) any change in accounting policies and practices;
   (b) significant adjustments arising from the audits;
   (c) the going concern assumption; and
   (d) compliance with accounting standards and other legal requirements.

(4) 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);

(5) to review the external auditors' management letter and management's responses;

(6) to establish policies and procedures to access the suitability and independence of external auditors;

(7) to assess the suitability and independence of the external auditors;

(8) to do the following, in relation to the internal audit function:-

- (a) review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- (b) 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;
- (c) review any appraisal or assessment of the performance of the internal audit function;
- (d) approve any appointment or termination of senior staff members of the internal audit function if the function is undertaken in-house; and
- (e) take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning if the function is undertaken in-house.

(9) to consider any related-party transactions that may arise within the Group;

(10) to consider the major findings of internal investigations and management's response;

(11) to review the adequacy and effectiveness of risk management, internal control and governance systems put in place in the Group, and to evaluate the systems with the external auditors; and

(12) to consider other matters as defined by the Board.

In performing of its duties and responsibilities, the Audit Committee shall:-

(1) have the authority to investigate any matter within its terms of reference;

(2) have the resources which are required to perform its duties;

(3) have full and unrestricted access to any information pertaining to the Group;

(4) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

(5) be able to obtain independent professional or other advice at the expense of the Company and to invite outsiders with relevant experience and expertise to attend the Audit Committee meetings (if required) and to brief the Audit Committee; and

(6) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the Audit Committee met five times. In line with the terms of reference of the Committee, the following activities were carried out by the Audit Committee during the financial year ended 31 December 2014 in discharging its functions:

(a) Reviewed the external auditors' scope of work and their audit plan;

(b) Reviewed and discussed with the external auditors the results of their audit, the audit report and internal control recommendations in respect of internal control weaknesses noted in the course of their audit;

(c) Met with the external auditors and the internal auditors three times during the year without the presence of any executive Board member and employees of the Group;

(d) Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;

(e) Reviewed and deliberated on internal audit reports tabled during the year, the audit recommendations made and Management's response to these recommendations;

(f) Monitored the implementation of recommendations by Management on outstanding internal audit issues to ensure that all key risks and control weaknesses are being properly addressed;

(g) Reviewed the quarterly unaudited financial results and recommended for the Board's approval;

(h) Reviewed the audited financial statements and Annual Report before recommending for the Board's approval;

(i) Reviewed the related party transactions on a quarterly basis and also the internal audit report to ascertain that the review procedures established to monitor the related party transactions have been complied with;

(j) Reviewed the Company's compliance with the Listing Requirements of Bursa Securities for the Main Market and the applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board;

(k) Reviewed the application of corporate governance principles and the extent of the Group's compliance with the best practices set out under the Malaysian Code on Corporate Governance;

(l) Reviewed the terms of reference of the Audit Committee and recommend any amendments, where necessary to the Board for approval; and

(m) Assessed the suitability and independence of the external auditors.

SUMMARY OF ACTIVITIES OF INTERNAL AUDIT FUNCTION

The Company has outsourced its internal audit function to a professional service firm. The internal audit function has been mandated to continually assess and monitor the Group's system of internal control.

During the financial year, the Internal Auditors carried out internal audit reviews to assess the adequacy and integrity of the system of internal control as established by Management, so as to provide reasonable assurance that:-

- the system of internal control continues to operate satisfactorily and effectively;
- assets and resources are safeguarded;
- integrity of records and information is protected;
- internal policies, procedures and standards are adhered to; and
- applicable rules and regulations are complied with.

The scope of work, as approved by the Audit Committee, was essentially based on the risk profiles of individual business units in the Group, where areas of higher risk were included for internal audit. The internal audit covered key operational, financial and compliance controls, including the risk management process deployed by Management. Audit findings and areas of concern that need improvements were highlighted in the internal audit reports and reviewed at the Audit Committee meetings. During the Board meetings, the Chairman of the Audit Committee briefed the Board on audit matters and the minutes of the Audit Committee meetings were noted by the Board.

This statement is made in accordance with the resolution of the Board of Directors dated 28 April 2015.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is committed to maintaining a sound system of risk management and internal control in the Group to safeguard shareholders' investments and the Group's assets. The Board is pleased to provide the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control of the Group for the financial year ended 31 December 2014 ("FY2014") under review, in accordance with paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). For the purpose of this Statement, the Group comprises the holding company and its subsidiaries.

RESPONSIBILITIES OF THE BOARD

The Board acknowledges the importance of maintaining effective and sound system of risk management and internal control, covering all its financial and operating activities, to safeguard shareholders' investments and the Group's assets. Accordingly, the Board affirms its responsibility for the Group's system of risk management and internal controls and its commitment to review its effectiveness, adequacy and integrity to ensure implementation of an appropriate system to effectively and continuously identify, evaluate and manage principal risks of the Group and to mitigate the effects of the principal risks on achieving the Group's business objectives.

The Board continually reviews the system to ensure that it provides a reasonable but not absolute assurance against material misstatement of financial information and records, or against financial losses or fraud. The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

The Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

The Board has taken the necessary steps to ensure that appropriate systems are in place for the assets of the Group to be adequately safeguarded through the prevention and detection of fraud and other irregularities and material misstatements. The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective.

RISK MANAGEMENT FRAMEWORK

The Board has overall accountability for ensuring that risks are effectively managed across the Group, and on behalf of the Board, the Audit Committee reviews the effectiveness of the Group's risk management process.

During the financial year ended 31 December 2014, the Group operates within an enterprise risk management framework. A Risk Management Committee ("RMC") that comprises Executive Directors of the Company and appointed key management personnel has been established to assume the following functions:

a) To oversee the risk management activities of the Group. The RMC supports the Board in fulfilling its responsibility for identifying significant risks and ensuring the implementation of appropriate systems to manage the overall risk exposure of the Group; and

b) To review and recommend the Group risk management policies and strategies for the Board's approval.

The main functions and duties of the RMC include, but are not limited to:

(i) Provides oversight, direction and counsel to the Group risk management process which includes:

- Evaluating and identifying new risks;
- Reviewing and updating the Risk Register and ensuring that significant risks are being responded to appropriately; and
- Monitoring the Group risk exposures and ensuring the implementation of management action plans to mitigate significant risks identified

(ii) Evaluates the effectiveness of the risk management processes and support system to identify, assess, monitor and manage the Group's key risks;

(iii) Meets with senior management on a semi-annual basis to discuss and deliberate on the significant risks affecting the Group within the context of the business objectives and strategy;

(iv) Establish Group risk management guidelines and policies and ensure implementation of the objectives outlined therein and compliance thereto;

(v) Recommends for the Board's approval the Group risk management policies, strategies and risk tolerance levels, and any proposed changes thereto;

(vi) Reviews significant investment proposals

A risk management report is to be tabled for Audit Committee and Board discussion annually or at shorter interval where necessary. The report identifies principal risks affecting or are likely to affect the Group, and the appropriate systems or actions to manage the risks.

The key risks and some of the control measures are set out below:

Risk Area	Risk Management Process
Strategic Risks	• Feasibility studies on new ventures • Engagement of consultant advisory services, where necessary
Operational Risk	• Organization structure outlining the lines of responsibilities and authorities for planning, executing, controlling and monitoring the business operations • Periodic operational review meetings attended by the Executive Directors, heads of department and key management staff to consider financial and operational risks and issues of the Group as well as any management proposal • Monitoring of actual performance against annual budget by the Executive Directors • Formalised whistle blowing policy, code of conduct and written policies and procedures on major processes to ensure compliance with internal control systems and relevant laws and regulations • Appointment of staff based on the required level of qualification, experience and competency
Credit Risk and Liquidity Risk	• Background check of prospective customers prior to accepting any engagement from such parties • Close monitoring of collection by the finance department with weekly update to the senior management as to collection received and incidence of delay • Timely follow up with the customers on overdue payment • Avoid over concentration of sales and credit exposure to any customer to prevent over-dependence on any customer • Actively monitor the Group's banking facilities to ensure the facilities are sufficient to meet the Group's working capital requirement

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(Cont'd)

Risk Area	Risk Management Process
Market Risk	• Established quality control procedures and guidelines to ensure quality services and products to customers • Nurture close relationship with customers, sub-contractors and suppliers • Establish wide range of services and products to diversify product risks and reduce reliance on any particular services or products for revenue • Focus in more technical demanding products and services to create a market niche or speciality • Diversify base of customers, sub-contractors and suppliers
Human Resource	• Succession planning in human resources • Competitive remuneration packages to attract talent • Appropriate training and development to nurture and groom existing staff force • Internship program for university students to identify potential talent that the Group can employ

INTERNAL CONTROL

The Group has established an organisation structure outlining the lines of responsibilities and authorities for planning, executing, controlling and monitoring the business operations aligned to business and operations requirements which supports the maintenance of a strong control environment. It has extended the responsibilities of the Audit Committee of the Board to include the assessment of internal controls through the Internal Audit function.

Other key elements of the system of internal control of the Group are as follows:-

- The Board established a hierarchical organisation structure with proper segregation of duties for key functions of the operations of the Group;
- Delegation of authority including authorisation limits at various levels of management and those requiring the Board's approval are clearly defined to ensure accountability and responsibility;
- Formation of committee to evaluate and approve related party project tenders;
- Appointment of staff is based on the required level of qualification, experience and competency to fulfil their responsibilities. Training and development is provided for selected staff to further enhance their skill and capability;
- There is an annual budgeting process. The Board reviews the actual performance against budget;
- Regular and comprehensive information are provided to the Board for monitoring and tracking of performance of the Group;
- Periodic operational review meetings are held and attended by the Executive Directors, heads of department and key management staff to consider financial and operational issues of the Group as well as any management proposal;
- Formalised whistle blowing policy, code of conduct and written policies and procedures on major processes are in place to ensure compliance with internal control systems and relevant laws and regulations;
- ISO 9001:2008 Quality Management System has been implemented for certain subsidiaries of the Company. Annual surveillance audits are conducted by a certification body to provide assurance of compliance with ISO 9001:2008; and
- Adequate insurance coverage and physical safeguarding of major assets are in place to guard against any mishap that may result in material losses to the Group.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to a professional service firm. The internal audit function has been mandated to continually assess and monitor the Group's system of internal control. The total cost paid or payable by the Group to the professional service firm amounted to RM45,000 for FY2014.

The internal audit function adopts a risk-based approach and prepares its audit strategy and plans based on the risk profiles of individual business unit of the Group. These plans are updated periodically and approved by the Audit Committee.The monitoring, review and reporting arrangements undertaken by the Internal Auditor gives reasonable assurance that the internal controls embedded within the major business processes of the Group are appropriate to the Group's operations to adequately manage the key risks of the Group.

The key elements of the Group's Internal Audit Function are described below:

1. Prepare a detailed Audit Plan based on a risk-based methodology with the scope and frequency of the internal audit activities for the Audit Committee's approval.

2. Carry out all activities to conduct the audits in an effective, professional and timely manner.

3. Report to the Management upon completion of each audit on any significant control lapses and/or deficiencies noted from the reviews for their verification and corrective action plan.

4. Report to the Audit Committee on all significant non-compliance, internal control weaknesses and agreed actions taken by Management to resolve the audit issues identified.

WEAKNESSES IN INTERNAL CONTROLS WHICH RESULTED IN MATERIAL LOSSES

There were no major weaknesses in internal controls which resulted in material losses during the financial year under review until the date of approval of this Statement.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control and reported to the Board that nothing has come to their attention that causes them to believe the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the Group's internal control system.
This statement is made in accordance with the resolution of the Board dated 28 April 2015.

STATEMENT ON DIRECTORS' RESPONSIBILITY

The Directors acknowledged their responsibilities as required by the Companies Act, 1965 to prepare the financial statements for each financial year so as to give a true and fair view of the state of affairs of the Group and the Company as at end of the financial year and of the results and cash flow of the Group and the Company for the financial year then ended.

In the preparation of the financial statements, the Directors have:

- adopted appropriate accounting policies and apply them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that applicable approved accounting standards have been complied with; and
- ensured the financial statement have been prepared on a going concern basis.

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

This statement on Directors' responsibility is made in accordance with the resolution of the Board of Directors dated 28 April 2015.

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DIRECTORS' REPORT

Directors' report

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

Principal activities

The principal activity of the Company is investment holding.

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

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

Results

	Group RM	Company RM
Profit net of tax, representing profit attributable to owners of Company	44,598,137	9,287,861

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

Dividend

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

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

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

Directors

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

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

Directors' benefits

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

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

Directors' interests

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

(a) Shares in the Company

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

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

(b) Warrants in the Company

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

Issue of shares

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

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

Issue of warrants

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

Purchase of treasury shares

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

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

Other statutory information

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

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

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

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

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

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

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

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

Other statutory information (Cont'd)

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

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

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

(f) In the opinion of the directors:

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

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

Significant events

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

Auditors

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

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

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

STATEMENT BY DIRECTORS

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

We, Pang Tin @ Pang Yon Tin and Sim Tian Liang, being two of the directors of Kimlun Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 53 to 111 are drawn up in accordance with Financial Reporting Standards and the Companies Act,1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended.

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

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

Pang Tin @ Pang Yon Tin

Sim Tian Liang

STATUTORY DECLARATION

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

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

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

Before me,

INDEPENDENT AUDITORS' REPORT

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

Report on the financial statements

We have audited the financial statements of Kimlun Corporation Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 53 to 111.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

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

Report of other legal and regulatory requirement

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

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

Other matters

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

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

Ernst & Young
AF 0039
Chartered Accountants

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

Johor Bahru, Malaysia

Date: 28 April 2015

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended
31 December 2014

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

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014
(Cont'd)

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

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

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

STATEMENTS OF CHANGES IN EQUITY

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

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

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

STATEMENTS OF CHANGES IN EQUITY

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

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

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

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

STATEMENTS OF CASH FLOW

For the financial year ended 31 December 2014

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

STATEMENTS OF CASH FLOW

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

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

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

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 principal place of business of the Company is located at Suite 19.06, Level 19, Johor Bahru City Square, 106 - 108, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor Darul Ta'zim.

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

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

2.2 Changes in accounting policies

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

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

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

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

2.3 Standards and interpretations issued but not yet effective

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

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

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

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

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

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

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

The amendments clarify that:

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

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

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

Amendments to FRS 127: Equity Method in Separate Financial Statements

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

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

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

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

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

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

FRS 9 Financial Instruments

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

Malaysian Financial Reporting Standards (MFRS Framework)

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

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

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

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

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

2.4 Current versus non-current classification

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

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

All other assets are classified as non-current.

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

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

A liability is current when:

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

All other liabilities are classified as non-current.

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

2.5 Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

2.5 Fair value measurement (Cont'd)

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

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

2.6 Basis of consolidation

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

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

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

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

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

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

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

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

(iii) Rights arising from other contractual arrangements; and

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

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

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

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

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

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

2.6 Basis of consolidation (Cont'd)

Business combinations

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

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

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

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

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

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

2.7 Subsidiaries

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

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

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

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

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

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

2.8 Investment in joint venture

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

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

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

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

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

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

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

2.9 Foreign currency

(a) Functional and presentation currency

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

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

2.9 Foreign currency (Cont'd)

(b) Foreign currency transactions

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

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

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

(c) Foreign operation

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

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

	2014 RM	2013 RM
Singapore Dollar	2.6448	2.5934

2.10 Property, plant and equipment

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

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

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

2.10 Property, plant and equipment (Cont'd)

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

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

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

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

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

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

2.11 Investment properties

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

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

2.12 Properties held for sale

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

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

2.13 Impairment of non-financial assets

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

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

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

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

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

Impairment losses are recognised in profit or loss.

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

2.14 Financial assets

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

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

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

Loans and receivables

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

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

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

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

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

2.15 Impairment of financial assets

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

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

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

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

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

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

(b) Unquoted and other investments carried at cost

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

2.16 Cash and cash equivalents

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

2.17 Construction contracts

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

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

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

2.17 Construction contracts (Cont'd)

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

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

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

2.18 Land held for property development and property development costs

(a) Land held for property development

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

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

(b) Property development costs

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

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

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

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

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

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

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

2.19 Inventories

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

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

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

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

2.20 Provisions

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

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

2.21 Financial liabilities

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

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

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

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

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

(b) Other financial liabilities

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

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

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

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

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

2.21 Financial liabilities (Cont'd)

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

2.22 Borrowing costs

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

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

2.23 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

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

2.24 Leases

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

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

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

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

2.25 Revenue

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

(a) Construction contracts

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

(b) Sale of goods

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

(c) Sales of properties

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

(d) Interest income

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

(e) Rental income

Rental income is recognised on accrual basis.

(f) Dividend income

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

2.26 Income taxes

(a) Current tax

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

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

(b) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

2.26 Income taxes (Cont'd)

(b) Deferred tax (Cont'd)

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

2.27 Segment reporting

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

2.28 Share capital and share issuance expenses

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

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

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

2.29 Contingencies

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

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

3. Significant accounting judgements and estimates

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

3.1 Judgements made in applying accounting policies

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

3.2 Key sources of estimation uncertainty

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

(a) Useful lives of property, plant and equipment

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

(b) Revenue recognition

(i) Construction and property development revenue

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

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

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

3.2 Key sources of estimation uncertainty (Cont'd)

(b) Revenue recognition (Cont'd)

(ii) Contract manufacturing revenue

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

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

(c) Income taxes

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

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

(d) Impairment of loans and receivables

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

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

(e) Deferred tax assets

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

4. Revenue

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

5. Other operating income

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

6. Finance costs

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

7. Profit before tax

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

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

8. Employee benefits expenses

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

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

9. Directors' remuneration

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

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

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

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

10. Income tax expense

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

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

Reconciliation between tax expense and accounting profit

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

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

10. Income tax expense (Cont'd)

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

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

11. Earnings per share

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

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

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

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

12. Property, plant and equipment

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

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

Assets held under the name of a joint venture company

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

Assets held under finance leases

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

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

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

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

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

13. Investment properties

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

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

14. Other investments

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

15. Investment in subsidiaries

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

Details of the subsdiaries are as follows:

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

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

Allotment of shares

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

16. Investment in a joint venture

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

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

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

(i) Summarised statement of financial position

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

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

(ii) Summarised statements of comprehensive income

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

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

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

17. Properties held for sale

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

18. Property development costs

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

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

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

19. Inventories

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

20. Trade and other receivables

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

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

Trade receivables

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

20. Trade and other receivables (Cont'd)

Ageing analysis of trade receivables

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

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

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

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

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

Receivables that are impaired

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

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

20. Trade and other receivables (Cont'd)

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

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

Related party balances

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

21. Other current assets

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

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

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

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

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

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

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

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

23. Cash and bank balances

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

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

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

23. Cash and bank balances (Cont'd)

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

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

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

24. Loans and borrowings

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

24. Loans and borrowings (Cont'd)

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

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

Obligations under finance leases

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

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

The interest rate at the reporting date were as follows:

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

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

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

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

(c) Corporate guarantee by the Company.

25. Trade and other payables

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

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

(a) Trade payables

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

(b) Other payables

These amounts are non-interest bearing.

(c) Amount due to a subsidiary company

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

26. Other liabilities

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

27. Deferred taxation

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

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

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

28. Share capital, share premium and treasury shares

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

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

(a) Share capital

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

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

(b) Treasury shares

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

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

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

29. Retained earnings

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

30. Other reserves

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

(a) Foreign currency translation reserve

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

(b) Warrant reserve

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

31. Related party disclosures

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

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

Companies related to certain directors

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

31. Related party disclosures (Cont'd)

Compensation of key management personnel

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

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

32. Commitments

(a) Capital commitments

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

(b) Operating lease commitment - as lessee

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

(c) Finance lease commitments

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

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

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

32. Commitments (Cont'd)

(c) Finance lease commitments (Cont'd)

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

33. Fair value

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

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

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

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

33. Fair value

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

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

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

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

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

Guarantees

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

34. Financial risk management objectives and policies

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

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

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

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For cash and bank balances, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company minimise and monitor its credit risk by strictly limiting the Group's and Company's associations to business partners with high credit worthiness. Receivable balances are monitored on an ongoing basis.

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

(a) Credit risk (Cont'd)

Exposure to credit risk

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

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

Credit risk concentration profile

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

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

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

(b) Liquidity risk

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

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

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

(b) Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities

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

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

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

(b) Liquidity risk (Cont'd)

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

(c) Interest rate risk

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

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

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

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

(d) Foreign currency risk

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

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

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

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

35. Restatement

FRS 11 Joint Arrangement ("FRS 11")

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

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

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

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

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

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

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

35. Restatement

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

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

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

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

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

35. Restatement

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

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

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

36. Capital management

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

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

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

37. Segment Information

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

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

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

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

37. Segment Information (Cont'd)

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

38. Dividends

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

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

39. Significant events during the financial year

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

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

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

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

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

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

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

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

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

- Admission to the official list of Bursa Securities and the listing of and quotation for the Warrants to be issued pursuant to the Rights Issue with Warrants;

- Listing of the Rights Shares to be issued pursuant to the Rights Issue with Warrants; and

- Listing of the new Kimlun Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities

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

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

40. Authorisation of financial statements for issue

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

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

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

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

ANALYSIS OF SHAREHOLDINGS

As at 30 April 2015

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

Distribution of Shareholdings (As per Record of Depositors)

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

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

Substantial Shareholders
(As per Register of Substantial Shareholders)

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

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

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

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

ANALYSIS OF SHAREHOLDINGS

As at 30 April 2015 (Cont'd)

Thirty Largest Shareholders (As per Record of Depositors)

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

ANALYSIS OF SHAREHOLDINGS

As at 30 April 2015 (Cont'd)

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

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

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

ANALYSIS OF WARRANT HOLDINGS

As At 30 April 2015

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

Distribution of Warrant Holdings (As per Record of Depositors)

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

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

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

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

Note :-

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

ANALYSIS OF WARRANT HOLDINGS

As At 30 April 2015 (Cont'd)

Thirty Largest Warrant holders (As per Record of Depositors)

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

ANALYSIS OF WARRANT HOLDINGS

As At 30 April 2015 (Cont'd)

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

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

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

LIST OF PROPERTIES

Held by the Group as at 31 December 2014

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

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

NOTICE OF SIXTH ANNUAL GENERAL MEETING

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

AGENDA

Ordinary Business

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

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

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

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

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

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

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

Special Business

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

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

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

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

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

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

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

whichever is earlier;

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

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

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

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

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

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

NOTICE OF SIXTH ANNUAL GENERAL MEETING

(Cont'd)

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

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

whichever is earlier;

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

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

By Order of the Board

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

Company Secretaries
Kuala Lumpur

26 May 2015

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

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

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

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

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

BY ORDER OF THE BOARD

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

Company Secretaries
Kuala Lumpur

26 May 2015

NOTES:-

1. **Appointment of Proxy**

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

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

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

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

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

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

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

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

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

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

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

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

NOTICE OF SIXTH ANNUAL GENERAL MEETING
(Cont'd)

4. **Explanatory Notes on Special Business**

(i) Resolution 8 – Authority to Issue Shares

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

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

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

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

(ii) Resolution 9 – RRPT Mandates

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

(iii) Resolution 10 – SBB Mandate

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

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

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

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

KIMLUN

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

PROXY FORM

CDS Account No.	
No. of Shares held:	

I/ We ______________________________________ NRIC (old and new) / Company No. ______________
(FULL NAME IN BLOCK CAPITALS)
of ____
(FULL ADDRESS)
____

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

__________________________________ NRIC No. (old and new)______________________________
(FULL NAME IN BLOCK CAPITALS)
of ____
(FULL ADDRESS)
____

or failing *him/ her ______________________________ NRIC No. (old and new) ______________________
(FULL NAME IN BLOCK CAPITALS)
of ____
(FULL ADDRESS)
____

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

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

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

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

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

** Strike out whichever is not desired.*

Notes:
(a) A member entitled to attend and vote at the Meeting is entitled to appoint proxy(ies) (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
(b) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's Seal or under the hand of an officer or attorney duly authorised.
(c) A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meetings, and that appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
(d) Where a member of the Company is an authorised nominee as defined under the Securities industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
(e) Where a member of the company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
(f) Where the authorised nominee or an exempt authorised nominee appoints more than one proxy, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
(g) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the share registrar of the Company at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
(h) Only the members whose names appear on the Record of Depositors as at 15 June 2015 shall be entitled to attend and vote at this meeting or appoint proxy (proxies) to attend and vote on their behalf.

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AFFIX
STAMP
HERE

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

2nd fold here

www.kimlun.com