CREST BUILDER HOLDINGS BERHAD

(573382-P)

ANNUAL REPORT 2014

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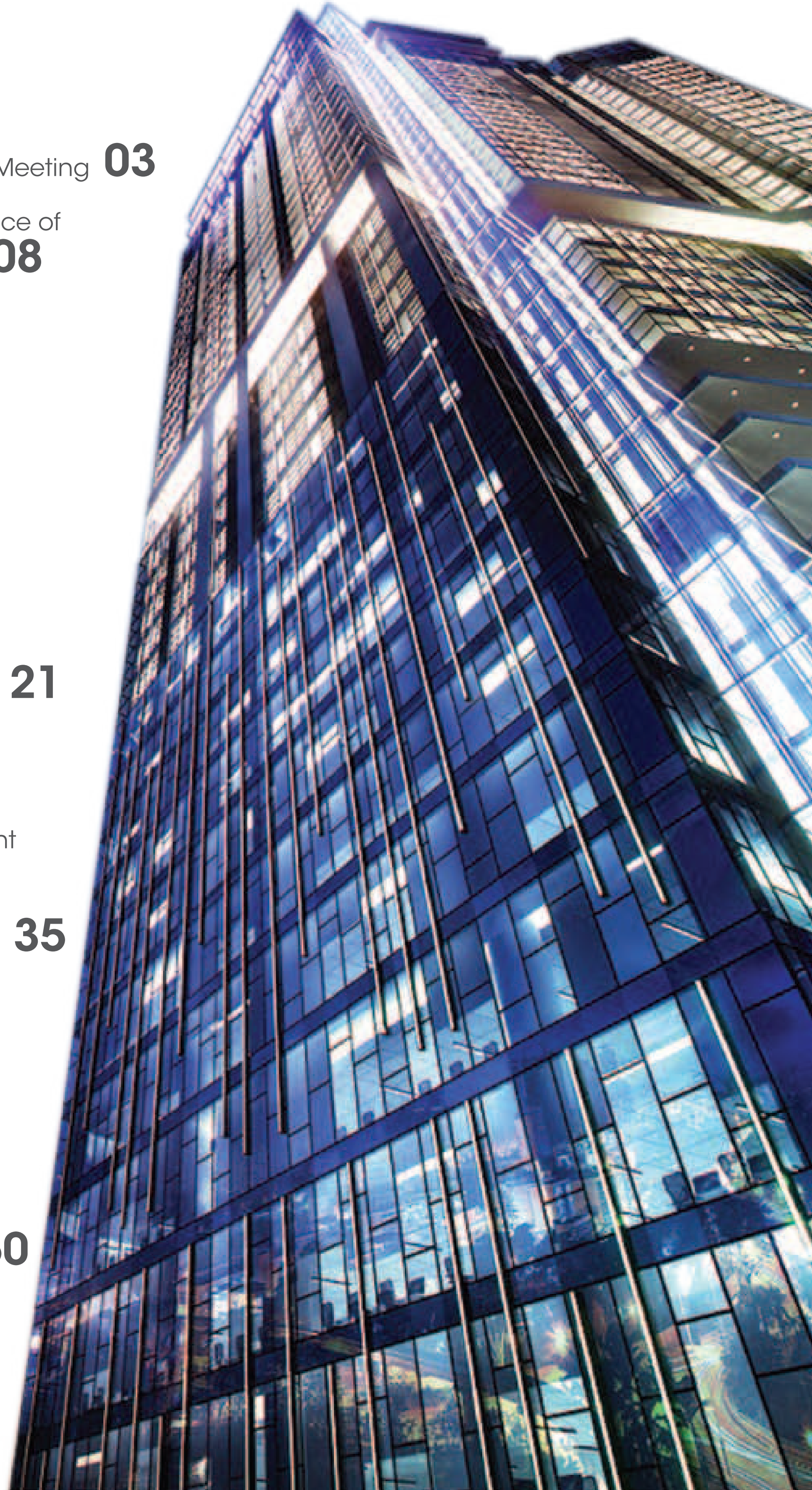


CORPORATE PROFILE

BRINGING A VISION TO REALITY

CBHB was incorporated in Malaysia under the Companies Act, 1965 on 9th March 2002 as a public limited company. CBHB is principally an investment holding company and had successfully undertaken a Corporate and Debt Restructuring Scheme which involved taking over the listing status of MGR Corporation Berhad. CBHB was listed on the Main Board of Bursa Malaysia on 12th June 2003.

The CBHB Group was founded in 1985 by Mr Yong Soon Chow. What started out as a small timer of less than 10 staffs has grown to a strong corporation of over 500 staffs under its stable. Over the past 30 years, the CBHB group has carved a strong foothold in the local construction industry. With in-depth industry experience, the CBHB group has a proven track record in the sector – especially in the commercial, residential and institutional building construction. The Group counts top branded developers and international property players amongst its clientele.

With a good blend of experience and vibrant protégés in its management team, the CBHB group has moved along the supply chain and diversified beyond purely construction into other construction-related activities, such as property development, M&E services and project management – and most recently, upon completion of our RM300million maiden development 3 Two Square, the Group has also diversified into property management as well as car park management.

In the past decade, the Group has also completed various developments, including the new UNITAR Campus at Tierra Crest, and a series of residential and commercial projects, Alam Idaman, Avenue Crest and Alam Sanjung in Shah Alam. The Group has also completed the PFI-financed UiTM Tapah in Perak.

With the vision to be the 'Preferred' organization of choice by the partners and customers, the Group aspires to achieve distinction in the industry through prudent cost management, highest standards of quality and complete customer satisfaction.

NOTICE OF 13TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 13th annual general meeting will be

held Venue	Sime Darby Convention Centre 1A, Jalan Bukit Kiara 1 60000 Kuala Lumpur
Day, date and time	Wednesday, 24 June 2015 at 10.00 a.m.

AGENDA

Ordinary business

1. Laying of audited accounts

To receive and adopt the duly audited accounts consisting of the consolidated statement of comprehensive income, the consolidated statement of financial position, the reports of the Directors and auditors for the financial year ended 31 December 2014, in compliance with Section 169(1) and Section 174(1) of the Companies Act, 1965 ("Act") respectively. ***Resolution 1***

2. Declaration of dividend

THAT the payment for a first and final single tier dividend of 3.75 Sen per ordinary share in respect of the financial year ended 31.12.2014 be hereby approved. ***Resolution 2***

3. Election of director

THAT re-election of the Non-Executive Chairman, Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah who retires in accordance with Article 80 of the Company's Articles of Association, be hereby approved. ***Resolution 3***

4. Election of director

THAT re-election of the Executive Director, Madam Koh Hua Lan who retires in accordance with Article 80 of the Company's Articles of Association, be hereby approved. ***Resolution 4***

5. Appointment of auditors

THAT the appointment of Messrs Baker Tilly Monteiro Heng, Chartered Accountants, as the auditors in accordance with Article 57 of the Company's Articles of Association and pursuant to Section 172(2) of the Act for the ensuing financial year ending 31 December 2015 be confirmed and that the directors be authorised to fix the remuneration of the auditors pursuant to Section 172(16)(a) of the Act, be hereby approved. ***Resolution 5***

Special business

6. Approval for payment of directors' fees

THAT the payment of RM198,000 as directors' fee for the year ended 31 December 2014 (2013 : RM198,000) in accordance with Article 88 of the Company's Articles of Association be hereby approved. ***Resolution 6***

NOTICE OF 13TH ANNUAL GENERAL MEETING [Continued]

7. **Authority for issue of shares pursuant to Section 132D of the Act.**

    THAT pursuant to Section 132D of the Act and subject to the approval of all relevant authorities being obtained, the Directors be 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 and paid up capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next annual general meeting be hereby approved. ***Resolution 7***

8. **Proposed renewal of shareholders' mandate for existing recurrent related party transactions of a revenue or trading nature and mandate for additional recurrent related party transactions of a revenue or trading nature**

    THAT the shareholders' mandate granted by the shareholders of the Company on 25 June 2014 pursuant to paragraph 10.09 of the Listing Requirements of the Bursa Malaysia Securities Berhad, authorizing the Company and its subsidiaries (the "CBHB Group"), to enter into the Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the CBHB Group's day-to-day operations as set out in paragraph 4.2 of the Circular to Shareholders dated 28 May 2015 ("Circular") with the related parties mentioned therein, be and is hereby renewed and THAT approval be and is hereby given to the Company to enter into additional Recurrent Related Party Transactions of a revenue or trading nature with the related parties mentioned therein, provided that:- ***Resolution 8***

    (i) the transactions are in the ordinary course of business and on normal commercial 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

    (ii) the disclosure of the breakdown aggregate value of the transactions conducted during a financial year will be disclosed in the annual report for the said financial year based on the following information:-

        i. the type of the Recurrent Related Party Transactions made;

        ii. the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationship with the Company.

    AND THAT the authority conferred by such renewed and granted mandate shall continue to be in force until:-

    (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which the Proposal is approved, at which time it will lapse, unless by a resolution passed at the AGM, the mandate is again renewed; and

    (ii) revoked or varied by resolution passed by the shareholders in general meeting,

    whichever is the earlier;

    AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposal.

NOTICE OF 13TH ANNUAL GENERAL MEETING [Continued]

9. Proposed renewal of share buy-back authority of up to ten percent (10%) of the issued and paid-up share capital

Resolution 9

THAT subject to the Companies Act, 1965 ("the Act"), rules and regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association ("Articles") and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares comprised in the Company's issued and paid-up ordinary share capital, such purchases to be made through Bursa Securities subject further to the following:-

(i) the aggregate number of ordinary shares of RM1.00 each in CBHB ("CBHB Shares") which may be purchased or held by the Company shall not exceed ten per cent (10%) of the issued and paid-up ordinary share capital of the Company ("Proposed Share Buy-Back"), subject to the restriction that the issued and paid-up ordinary share capital of CBHB does not fall below the minimum share capital requirements of the Listing Requirements of Bursa Securities ("Listing Requirements") applicable to a company listed on the Main Board of Bursa Securities and that the listed issuer continues to maintain a shareholding spread that is in compliance with the requirements of the Listing Requirements after the share purchase;

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing the CBHB Shares under the Proposed Share Buy-Back shall not exceed the retained profits and/or share premium account of the Company for the time being which stood at RM24,611,249 and RM3,875,012 respectively as at 31 December 2014 based on the latest audited financial statements of CBHB for the financial year ended 31 December 2014;

(iii) the authority conferred by this resolution to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this ordinary resolution and will continue to be in force until;

i. the conclusion of the next annual general meeting ("AGM") of the Company at which such resolution was passed at the which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or

ii. the expiration of the period within the next AGM of the Company after that date is required by law to be held; or

iii. the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company of the CBHB Shares before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and

(iv) upon completion of the purchase(s) of the CBHB Shares by the Company, the Directors of the Company be and are hereby authorised to retain the CBHB Shares so purchased as treasury shares, which may be distributed as dividends to shareholders, cancel and/or resold on Bursa Securities, in the 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 13TH ANNUAL GENERAL MEETING [Continued]

AND THAT the Directors of the Company be and hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the said Directors may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of CBHB Shares.

10. Appointment of Director pursuant to Section 129(6) of the Act

THAT, approval be and is hereby granted for the appointment of Mr. Keong Choon Keat who had attained the age of over seventy, as Director and to hold office until the conclusion of the next annual general meeting, pursuant to Section 129(6) of the Act. ***Resolution 10***

11. Continuing in Office as Independent Non-Executive Directors

11.1 **THAT**, approval be and is hereby given to Mr. Keong Choon Keat who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company. ***Resolution 11***

11.2 **THAT**, approval be and is hereby given to Encik Mohd. Khasan Bin Ahmad who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company. ***Resolution 12***

11.3 **THAT**, approval be and is hereby given to Mr. Kam Yong Kan who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company. ***Resolution 13***

NOTICE OF 13TH ANNUAL GENERAL MEETING [Continued]

NOTICE OF DIVIDEND ENTITLEMENT

Further NOTICE is hereby given that a first and final single tier dividend 3.75 Sen per ordinary share in respect of the financial year ended 31 December 2014 if approved by shareholders, will be paid on 30 July 2015 to depositors registered in the Record of Depositors at the close of business on 2 July 2015.

A depositor shall qualify for entitlement only in respect of:

(a) share transferred into the depositor's securities account before 4:00 noon on 2 July 2015 in respect of ordinary transfers; and

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

By order of the Board

Company Secretaries
Heng Chiang Pooh FCIS (MAICSA 7009923)
Chiam Han Twee FCIS (MAICSA 7009910)

Dated : 28 May, 2015

Notes :-

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote on in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and Section 149(1)(b) of the Companies Act, 1965 shall not apply.*

2. *Shareholders' attention is hereby drawn to the Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities.*

3. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*

4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of a officer or attorney duly authorised.*

5. *The instrument appointing a proxy must be deposited at No. 14-2, Jalan 4A/27A, Section 2, Wangsa Maju, 53300 Kuala Lumpur not less than 48 hours before the time set for holding for the meeting or any adjournment thereof.*

6. *In respect to the deposited securities, only members whose name appear in the Record of Depositors on 18 June 2015 shall be eligible to attend the meeting or to appoint proxy to attend and/or vote on his behalf.*

STATEMENT ACCOMPANYING NOTICE OF 13TH ANNUAL GENERAL MEETING

1. ORDINARY BUSINESS – RESOLUTION 2

The Directors now recommend a first and final single tier dividend of 3.75 Sen (RM0.0375) per each ordinary share held in respect of the financial year ended 31 December 2014.

2. ORDINARY BUSINESS – RESOLUTION 3 & 4

The particulars of the retiring Directors who are standing for re-election are set out in the relevant pages of the Annual Report as follows :-

Name of Directors	Directors' Profile	Directors' Shareholdings
Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah	Page 13	Page 154
Koh Hua Lan	Page 13	Page 154

Details of Directors' attendance at Board Meetings are set out in the Statement on Corporate Governance on Page 26 of the Annual Report.

3. SPECIAL BUSINESS – RESOLUTION 6

This authorisation by the general meeting would enable the payment of directors' remuneration in accordance with Article 88 of the Company's Articles of Association as follows:-

Article 88 Directors' Remuneration

The Directors shall be paid by way of remuneration for their services such fixed sums (if any) as shall from time to time be determined by the company in general meeting, and such remuneration shall be divided among the Directors in such proportion and manner as the Directors may determine. Provided always that:-

(a) fees payable to Directors who hold no executive office in the company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;

(b) salaries payable to Directors who do hold an executive office in the Company may not include a commission on or percentage of turnover;

(c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and

(d) any fee paid to an Alternate Director shall be such as agreed between himself and the Director nominating him shall be paid out of the remuneration of the latter.

4. SPECIAL BUSINESS – RESOLUTION 7

The Company had during its 12th Annual General Meeting held on 24 June 2014, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965. The Company did not issue any shares pursuant to the said mandate.

This Proposed Resolution No. 7 which is an Ordinary Resolution, if passed, will grant a renewed general mandate which will provide flexibility for the Company and will empower the Directors to allot and issue new shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the purpose of funding current and/or future investment projects, working capital, and/or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will be valid until the conclusion of the next annual general meeting.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company shall make an announcement in respect thereof.

STATEMENT ACCOMPANYING NOTICE OF 13TH ANNUAL GENERAL MEETING [Continued]

5. SPECIAL BUSINESS – RESOLUTION 8

The Proposed Shareholders' Mandate, if approved by the shareholders of the Company, and the renewal thereof on an annual basis, will eliminate the need by the Company to announce and/or convene separate general meetings from time to time to seek shareholders' approval for the Group to enter into the Recurrent Related Party Transactions with Farima Sdn Bhd. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without however compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group. Further information can be obtained in Part A of the accompanying circular dated 28 May 2015.

6. SPECIAL BUSINESS – RESOLUTION 9

The Proposed Share buy-back of up to ten percent (10%) of the issued and paid-up share capital, if approved by the shareholders of the Company, will enable the Company to make purchases of ordinary shares comprised in the Company's issued and paid-up ordinary share capital. Further information can be obtained in Part B of the accompanying circular dated 28 May 2015.

7. SPECIAL BUSINESS – RESOLUTION 10

APPOINTMENT OF DIRECTOR PURSUANT TO SECTION 129(6) OF THE ACT

The office of a director of a public company or of a subsidiary of a public company shall become vacant at the conclusion of the annual general meeting commencing next after he attains the age of seventy years or if he has attained the age of seventy years before the commencement of this Act at the conclusion of the annual general meeting commencing next after the commencement of this Act. Notwithstanding anything in this section a person of or over the age of seventy years may by a resolution of which no shorter notice than that required to be given to the members of the company of an annual general meeting has been duly given, passed by a majority of not less than three-fourths of such members of the company as being entitled so to do vote in person or, where proxies are allowed, by proxy, at a general meeting of that company, be appointed or reappointed as a director of that company to hold office until the next annual general meeting of the company or be authorized to continue in office as a director until the next annual general meeting of the company.

The resolution if passed, will enable Mr Keong Choon Keat to continue office as Independent Non-Executive Director of the Company until the conclusion of the next annual general meeting.

8. SPECIAL BUSINESS – RESOLUTION 11, 12 & 13

Pursuant to the Malaysian Code on Corporate Governance 2012, the Board of Directors has via the Nomination Committee assessed the Independence of Mr. Keong Choon Keat, Encik Mohd Khasan Bin Ahmad and Mr. Kam Yong Kan who each has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

(i) each of them fulfills the criteria of an Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
(ii) each of them is familiar with the Company's business operations as each has been with the Company for more than 9 years;
(iii) each of them has devoted sufficient time and attention to his responsibilities as an Independent Non-Executive Director of the Company; and
(iv) each of them has exercised due care during his tenure as an Independent Director of the Company and carried out his duty in the interest of the Company and shareholders.

The proposed Resolutions 11, 12 and 13, if passed, will enable Mr. Keong Choon Keat, Encik Mohd Khasan Bin Ahmad and Mr. Kam Yong Kan to continue in office as Independent Non-Executive Directors.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah
Non-Executive Chairman

Yong Soon Chow
Managing Director

Koh Hua Lan (f)
Executive Director

Yong Shang Ming
Executive Director

Keong Choon Keat
Senior Independent Non-Executive Director

Mohd Khasan bin Ahmad
Independent Non-Executive Director

Kam Yong Kan
Independent Non-Executive Director

Yong Tiok Keng (f)
Executive Director, Alternate to Koh Hua Lan

AUDIT COMMITTEE

Mohd Khasan bin Ahmad, Chairman
Keong Choon Keat
Kam Yong Kan

REMUNERATION COMMITTEE

Yong Soon Chow, Chairman
Keong Choon Keat
Mohd Khasan bin Ahmad

NOMINATION COMMITTEE

Kam Yong Kan, Chairman
Keong Choon Keat
Mohd Khasan bin Ahmad

OPTION COMMITTEE

Keong Choon Keat, Chairman
Kam Yong Kan
Yong Soon Chow

COMPANY SECRETARIES

Heng Chiang Pooh FCIS (MAICSA 7009923)
Chiam Han Twee FCIS (MAICSA 7009910)

REGISTERED OFFICE

No. 14-2, Jalan 4A/27A
Section 2, Wangsa Maju
53300 Kuala Lumpur
Tel : 03-4149 8128
Fax : 03-4142 3128

PRINCIPAL PLACE OF BUSINESS

Penthouse, The Crest
3 Two Square
No. 2, Jalan 19/1
46300 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7841 6000
Fax : 03-7841 6088
Email : corporate@crestbuilder.com.my

SHARE REGISTRAR

ShareWorks Sdn Bhd
No. 10-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Tel : 03-6201 1120
Fax : 03-6201 3121

AUDITORS

Baker Tilly Monteiro Heng
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Malaysia
Tel : 03 - 2297 1000
Fax : 03 - 2282 9980

PRINCIPAL BANKERS

Hong Leong Bank Berhad
AmBank Berhad
CIMB Bank Berhad
Malayan Banking Berhad
Bank Islam Malaysia Berhad

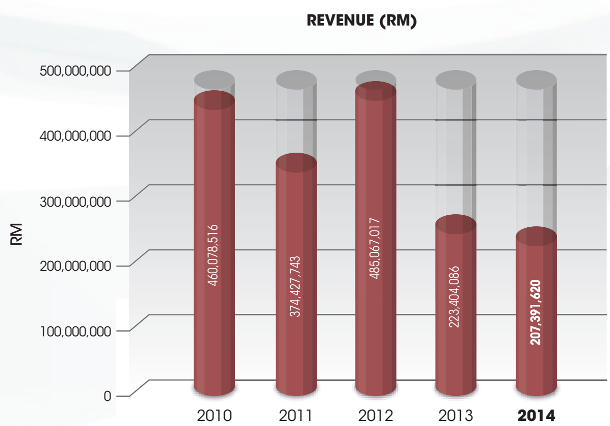
STOCK EXCHANGE LISTING

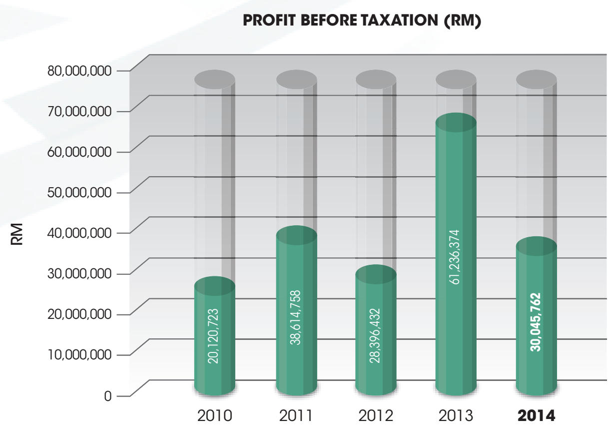
Bursa Malaysia Securities Berhad - Main Market
Sector : Construction

FINANCIAL HIGHLIGHTS

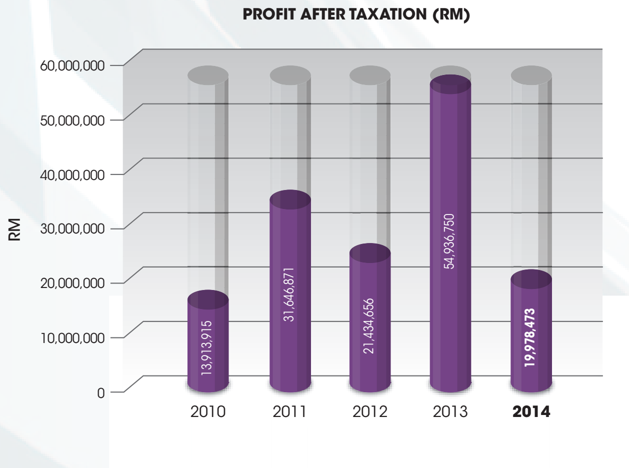
Financial Year End	2010 RM	2011 RM	2012 RM	2013 RM	2014 RM
Revenue	460,078,516	374,427,743	485,067,017	223,404,086	**207,391,620**
Profit Before Taxation	20,120,723	38,614,758	28,396,432	61,236,374	**30,045,762**
Profit After Taxation *[Pre-acquisition loss/(profit)]*	13,913,915	31,646,871	21,434,656	54,936,750	**19,978,473**
Profit attributable to Owners of the Company *[after deduction/(addition) of pre-acquisition profit/(loss)]*	13,938,701	32,655,480	21,789,677	48,766,759	**20,756,458**
Total Equity Attributable to Owners of the Company	240,823,111	269,763,027	300,066,930	365,769,210	**385,176,664**
Net Assets Per Share (RM)	1.94	2.17	2.17	2.27	**2.33**
Total Number of Shares	124,089,450	124,089,450	138,010,450	160,868,175	**165,043,105**
Basic Earnings per Share (sen)	11.23	26.32	16.72	32.60	**12.79**
Diluted Earnings per Share *(after full conversion of ICULS, RCULS and Warrants)*	11.23	26.32	16.72	30.99	**11.78**
Gross Dividend (%)	4.0	5.0	5.0	3.75*	**3.75***

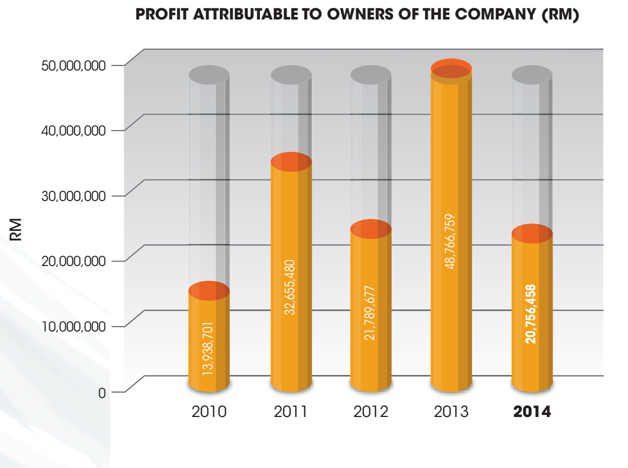
** Single Tier Dividend*

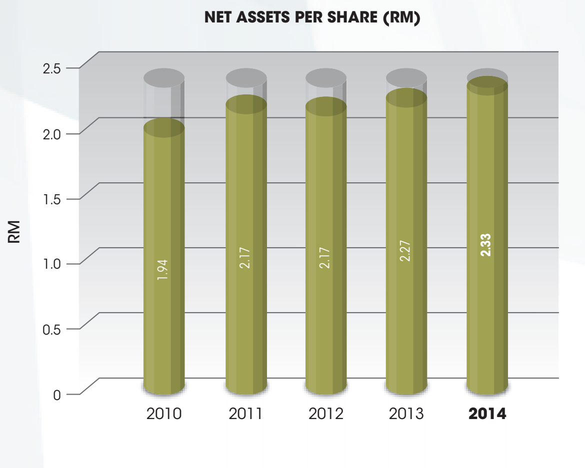


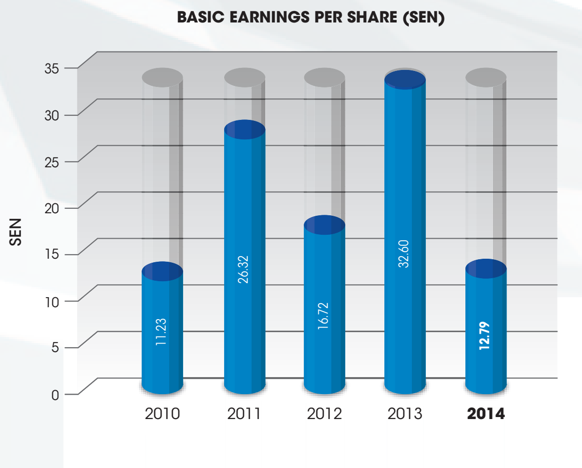


FINANCIAL HIGHLIGHTS [Continued]









DIRECTOR'S PROFILE

TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH * *[Non-Executive Chairman]*, aged 59, was appointed to the Board on 26 February 2003 as Executive Chairman and he was re-designated as the Non-Executive Chairman with effect from 1 March 2005. Tengku Dato' Sulaiman Shah has over 30 years of experience in the construction, printing, advertising, freight industries and health products. He was appointed the "Orang Besar Istana" in the year 1996 with the bestowed title of "Tengku Setia". In the following year, he was also conferred "Dato Di Raja Selangor". In the year 2007, he was awarded "Dato Sultan Sharafuddin Idris Shah" (D.S.I.S). He is primarily responsible for the orderly conduct and working of the Board and the public relation and communication affairs of the Group. He attended all of the five (5) Board meetings held during the financial year ended 31 December 2014.

YONG SOON CHOW *[Managing Director]*, aged 63, was appointed to the Board on 26 February 2003. Mr Yong is the co-founder of Crest Builder Sdn Bhd and is the driving force behind the Group. Mr Yong started his career as an engineer with Jabatan Kerja Raya from 1977 to 1981. In year 1983, he formed Crest Builder Sdn Bhd and has successfully turned it into a profitable concern. Over the years, he has accumulated invaluable experience and in depth knowledge of civil engineering and construction industry in general from on the job training. He is responsible for the overall business operations and the implementation of policies and strategies of the Group. He attended all of the five (5) Board meetings held during the financial year ended 31 December 2014.

KOH HUA LAN (F) * *[Executive Director]*, aged 63, was appointed to the Board on 26 February 2003. Madam Koh is a co-founder of Crest Builder Sdn Bhd and she has more than 30 years of experience in financial and administration management. She is principally responsible for the administration, human resource and management support services of the Group. She attended all of the five (5) Board meetings held during the financial year ended 31 December 2014.

YONG SHANG MING *[Executive Director]*, aged 32 was appointed to the Board on 31 January 2008. He graduated from City University, London with a Honours Degree in Civil Engineering. He joined the Group in June 2003 as the Special Assistant to the Group Managing Director. He is involved in the project procurement and implementation as well as the business development ventures of the Group. He is also involved in the project planning, development and marketing operations of the Group's property development projects. He attended all of the five (5) Board meetings held during the financial year ended 31 December 2014.

KEONG CHOON KEAT *[Senior Independent Non-Executive Director]*, aged 70, was appointed to the Board on 25 February 2003 and is a member of the Audit Committee. He is a member of the Malaysian Institute of Accountants and a Fellow Member of the Institute of Chartered Accountants in England and Wales. He was attached to Bristol Myers & Company Ltd. in England as an Accountant in 1968. He then left and joined Malaysian Tobacco Company Berhad as an Accountant in 1969. From 1974 to 1999 he was attached to UMW Holdings Bhd where he held various management positions in the group before being promoted to the position of an Executive Director in 1988. Upon retirement in 1999, he joined a consultancy firm providing outplacement and career management consultancy services in Malaysia. He also serves on the Board of Chin Teck Plantations Berhad, Negeri Sembilan Oil Palms Berhad and UniAsia General Insurance Berhad. He attended all of the five (5) Board meetings held during the financial year ended 31 December 2014.

MOHD KHASAN BIN AHMAD *[Independent Non-Executive Director]*, aged 54, was appointed to the Board on 25 February 2003 and is the Chairman of the Audit Committee. He graduated from Universiti Teknologi MARA with a degree in Accountancy. He is a member of the Malaysian Institute of Accountants. He served in Bank Negara Malaysia for a period of about 7 years, the last 2 years of which he was seconded to the then Capital Issues Committee as its Principal Assistant Secretary. Subsequently, he joined the Securities Commission for a period of about 6 years and his last capacity was as an Assistant Manager in its Issues and Investment Division. During the tenure of his above appointments, he was involved in various corporate exercises ranging from initial public offerings, mergers and acquisitions, reverse take-overs, issuance of bonds and other capital raising exercises. He then joined the private sector in 1997 and held various senior management positions. He is also the Director of Ta Win Holdings Berhad, Farm Best Berhad and Homeritz Corporation Berhad. He attended four (4) out of the five (5) Board meetings held during the financial year ended 31 December 2014.

DIRECTOR'S PROFILE [Continued]

KAM YONG KAN *[Independent Non-Executive Director]*, aged 56, was appointed to the Board on 26 February 2003 and also a member of the Audit Committee. He is an ex-fellow member of the Association of Chartered Certified Accountants, United Kingdom, an ex-member of the Malaysian Institute of Accountants and an Associate member of the Malaysian Institute of Taxation. He has over 25 years experiences in audit, finance, corporate finance, tax and treasury functions in property related industries. He was attached to a listed property group from 1991 to 2000 and held the position of a Finance Director during the last 4 years of his tenure in the property group. He attended all of the five (5) Board meetings held during the financial year ended 31 December 2014.

YONG TIOK KENG (F) *[Executive Director, Alternate to Koh Hua Lan (f)]*, aged 36, was appointed to the Board on 25 May 2009. She holds a B. Sc in Accounting & Finance from London School of Economics in 2001. She has over 14 years of experience in the fields of accounting and corporate finance activities and she is currently the Corporate Affairs Manager of CBHB. She is principally responsible for the Corporate Affairs and financial policies of the Group. She attended all of the five (5) Board meetings held during the financial year ended 31 December 2014.

Further information

All the Directors are Malaysian.

Except for certain recurrent related party transaction of revenue nature or trading nature which are necessary for the day to day operation of the Group and for which Tengku Dato Sulaiman Shah Bin Tengku Abdul Jalil Shah is deemed to be interested as disclosed in page 32.

Yong Soon Chow and Koh Hua Lan are husband and wife. Yong Shang Ming is the son to Yong Soon Chow and Koh Hua Lan. Yong Tiok Keng is the daughter to Yong Soon Chow and Koh Hua Lan. Saved as disclosed herein, there are no family relationships between the Directors and/or major shareholders of the Company, or any personal interest or conflict of interest in any business arrangement involving the Group.

The securities holdings of the Directors are disclosed on page 154. By virtue of their interest in shares of the Company and under Section 6A of the Companies Act 1965, Yong Soon Chow and Koh Hua Lan are deemed to be interested in the shares of all the subsidiaries to the extent the Company has an interest.

None of the Directors has been convicted of any offence within the past ten years other than traffic offences if any.

Note :

* *Indicates Directors who retire according to the Articles of Association of the Company and are eligible to offer themselves for re-election.*

CHAIRMAN'S STATEMENT

Hijauan Residensi, Shah Alam

As Group Chairman of Crest Builder Holdings Berhad ("CBHB" or the "Group"), it gives me great pleasure to present to you the Annual Report and Financial Statements of the Group and the Company for the financial year ended 31 December 2014. ("FY2014")

The challenging economic environment in Malaysia continued to persist through the financial year of 2014 from 2013. During the course of 2014 there were high levels of speculation for both the property and construction market and that was largely due to the agonizing wait of the implementation of the Goods and Services Tax ("GST") in Malaysia. This factor alone had caused a huge fraction of the Malaysian population to put up a cautious front on their spending and/or buying habits throughout the year. On the larger and global economic front, the pressing oil and crude oil prices contributed to market weakness across the region. The combination of these overcasting market factors affected not only the confidence of the consumer markets but also the investors market.

In spite of these negative speculations and dreary activities, the Malaysian economy still held up a positive front with a growth rate of 6%, which comes in higher than the 4.7% growth that was registered for 2013. According to reports, in light of the GST implementation and speculations of a slowdown due to the public being cautions leading up the launch of the GST, the property transactions and value were surprisingly stable in 2014.

At Crest Builder, we continued to weather the external storm and FY2014 was business as usual delivering a full-year financial performance with revenue of RM207.39 million and a profit after tax ("PAT") of RM19.98 million.

Construction is the pioneer business of CBHB and it remains a core operation of the Group. During FY2014, CBHB continued bidding for strategic construction works and maintained its focus in replenishing the construction order book to ensure that we maintain the momentum of our growth in line with our objectives. The Groups tendering efforts secured two (2) construction projects with a total contract value of RM153.88 million from Naza Engineering & Construction Sdn. Bhd. and Gelanggang Harapan Construction Sdn. Bhd. This additional construction order book is expected to start contributing to the Group's profit in FY2015.

DIVIDEND

In maintaining our continued efforts in creating value for our shareholders, for FY2014 the Board is recommending a first and final single tier dividend of 3.75% per share in respect of the financial year ended 31 December 2014. This recommendation will be brought forth at this Annual General Meeting for shareholders approval.

Latitud 8, Dang Wangi, Kuala Lumpur

CHAIRMAN'S STATEMENT [Continued]

MARKET OUTLOOK AND FUTURE PROSPECTS

According to market reports, the Malaysian economic will remain positive for 2015 with a expected GDP of 4.5% - 5.5%, low unemployment rate and its strong ability to attract foreign direct investors. Supported by various statistics, the market has a huge demand in affordable home priced at RM500,000 and below, a market is further assisted by government initiatives to support first time buyers. We believe that CBHB is well positioned to capitalize on this market demand with its Batu Tiga (Shah Alam) development project that provides a good selection of affordable residential units.

Sky Lounge @ Latitude 8, Dang Wangi, Kuala Lumpur

CBHB will continue to seek, leverage and capitalize on opportunities arising from the Tenth Malaysia Plan and advancing infrastructure projects that are laid out to be implemented under the Economic Transformation Programme ("ETP"). The extensive plans and progress for the Mass Rapid Transport (MRT) and Light Rapid Transport (LRT) lines are expected to increase various project opportunities in the construction and property development industry moving forward.

Latitude 8, Dang Wangi, Kuala Lumpur

APPRECIATION

On behalf of the Board of Directors, I would like to express our heart-felt thanks to all our customers, vendors, suppliers, consultants, associates, bankers and business partners for their continued business, support, loyalty, advice, cooperation and trust. Most importantly, to one of the most important and valued assets of our Group, our management and staff – I wish to take this opportunity to express our gratitude and appreciation for your continued hard work and commitment to the CBHB.

To our valued Shareholders and the Board of Directors, I thank you for your endless support, confidence and trust in us. We will continue to work hard in the creation and preservation of shareholders value in the Group.

MANAGEMENT REVIEW

TTDI Ascencia, Kuala Lumpur

Crest Builder Holdings Berhad ("CBHB" or the "Group") is primarily involved in construction works, construction related activities and property development. The Group is a registered Class A Contractor with the Ministry of Entrepreneurial Development and a Category G7 with the Construction Industry Development Board. These registrations qualify CBHB to tender and carry out all categories of both government and private construction contracts. The Group is armed with the necessary expertise and capability to cover various areas of construction-related services including property development, property management, M&E services, project management and car park management.

The construction business of the Group focuses on the infrastructure and building works of residential developments, healthcare amenities, infrastructure, leisure amenities, educational facilities and commercial developments. In regards to our infrastructure works, we provide a comprehensive service that includes design, construction, final completion and maintenance of roads, bridges and other basic facilities.

Our property development is comprehensively supported by our construction division in providing CBHB with an integrated operation benefit under one roof. Equipped with our own in-house team of expertise, we are involved in all aspects of the real estate business, from planning submission to the completion of interior furnishing of our own developments.

Over the years, we have focused on building the expertise and capacity of our people to help us drive and achieve our growth objectives that has escalated our position as a premier player in the industry.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2014, the Group has reported a twelve-month revenue of RM207.39 million as compared to RM223.40 million in its previous financial year ended 31 December 2013 ("FY2013"). The Group delivered twelve-month profit after tax ("PAT") of RM19.98 million, translating to basic earnings per share of 12.8 sen. The Group's PAT performance decreased by RM34.96 million for FY2014 as compared to the Group's FY2013 when it reported a PAT of RM54.94 million.

The decrease in PAT is partially due to the increase in the Group's administrative expenses and finance cost amounting to RM11.9 million which is resulted from the issuance of the Sukuk Murabahah by our subsidiary company, Unitapah Sdn. Bhd.

MANAGEMENT REVIEW [Continued]

Construction

CBHB's construction division delivered a full-year revenue and profit before tax ("PBT") of RM98.26 million and RM53.62 million respectively. The decrease in our financial performance for FY2014 as compared to it's previous financial year was largely due to the once-off cost that was incurred for the UiTM Tapah project.

Property Development

CBHB's property development reported a full-year revenue of RM92.98 million as compared to RM45.92 million for its previous financial year. The divisions PBT for FY2014 of RM31.34 million also presented an increase of 108.2% as compared to RM15.05 million reported for FY2013. The increase in profits were mainly due to the higher margins recognized for its development projects namely Alam Sanjung and Avenue Crest during the financial year under review.

Investment

The Groups investment reported a revenue and PBT of RM16.15 million and RM39.79 million respectively for FY2014. The increase in profits for this division for FY2014 is due to the changes in fair value gain of the Group's investment properties tabulated in the financial year under review.

Alam Sanjung, Shah Alam

CORPORATE ACTIVITIES

On the 31 July 2014, a First and Final Single-Tier Dividend of 3.75 Sen per ordinary share was paid out to our shareholders in respect of the financial year ended 31 December 2013.

On the 12 December 2014, Unitapah Sdn Bhd, a subsidiary of the Group was empowered to undertake the issuance of Islamic Securities based on the Shariah principles of Murabahah via a Tawarruq arrangement ("Sukuk Murabahah") by way of a one-time issuance of RM510 million in nominal value an in tranches with tenure of up to 19.5 years. The Sukuk Murabahah is rated AA2, which provides the Group with lower interest rates compared to the previous financing facility.

The proceeds from the issuance is to refinance existing borrowings of the subsidiary company, repayment of its outstanding balances related to construction works and the balance is utilized for general corporate purposes within Shariah-complaint. Having the avenue of this refinancing exercise together with the completion of the UiTM Tapah concession the management expects the Group to deliver better margins moving forward.

PROJECT DEVELOPMENTS

During the year, we had secured two (2) construction projects with a total contract value of RM153.88 million. The first contract was secured in February 2014 and was awarded by Naza Engineering & Construction Sdn. Bhd. The contract is for the construction for super-structure works of a tower of 36 storey serviced apartments, off Jalan Damansara, Kuala Lumpur with a contract sum of RM63.88 million. The project is expected to be completed by the first quarter of year 2016.

MANAGEMENT REVIEW [Continued]

The second contract was awarded by Gelanggang Harapan Construction Sdn. Bhd. in November 2014 with a contract sum of RM90.0 million. The contract is for the construction for super-structure works of an office building on Persiaran Barat, Seksyen 52, Petaling Jaya. The project under this contract is expected to be completed by the second half of the financial year 2016.

During the year, the Group had launched its property gallery and sales office located at CBHB's headquarters at The Crest in 3 Two Square, Petaling Jaya. The Group's new property gallery measuring over 8,000 sq. ft. is currently showcasing its residential development sitting on a land area measuring 26 acres in Batu Tiga, Shah Alam. The development with a total Gross Development Value ("GDV") of over RM900 million has been capturing strong market response and demands with a fraction of its development offering affordable housing that are being highly sought after in the Malaysia's current property market.

INDUSTRY PROSPECTS AND OUTLOOK

Moving forward, the management will focus in executing its property development portfolio in hand with a total GDV of RM3.4 billion currently. Simultaneously, CBHB will continue to seek for potential project opportunities to add to its property development portfolio to maintain its drive in delivering optimum growth. The management maintains its business strategy in seeking for potential development areas and land banks amidst mature areas where there is ready infrastructure and population to capitalize on. In this era, homebuyers are not just looking for a home but are looking for a home that encompasses lifestyle and convenience, hence an area of ready amenities and infrastructure would maximize one's investment value. The Group's designs and plans of mix-development projects ensure that integrates seamless lifestyle needs and demands that best serves the market.

CBHB is continuously bidding for strategic construction and property development projects to ensure that we maintain the momentum of our growth.

Alam Sanjung, Shah Alam

Despite speculations of property market slowdown in Malaysia, there is still a sturdy growing demand for both residential and commercial properties. According to reports, the residential property market continued to drive the property market accounting for 64.4% and 50.4% of the volume and value respectively. In 2014, property transactions and value remained to be on the up trend in spite of the public being cautious leading up to the implementation of the Goods and Services Tax ("GST").

On-going National initiatives and projects such as the ETP Programme, NKEA, The Greater KL Programme and the Tenth Malaysia Plan are driving increasing investments in infrastructure developments and greater city development projects. Malaysia's ETP Programme is expected to spend over RM100 billion over the next few years in developing and advancing the railway infrastructure and buildings in KL City. As a result of the advancing infrastructure the city developments – these development impact will spill over to other sectors, especially the property sector. As a advanced construction and property development company, we believe that CBSB is well positioned to capitalize on the arising project opportunities in this expanding industry.

CORPORATE STRUCTURE

CREST BUILDER HOLDINGS BERHAD
(573382-P)
Investment Holding

- 100% **CREST BUILDER SDN BHD** 110330-K *Construction*
  - 100% **CRESTLAND DEVELOPMENT SDN BHD** 316852-A *Property Investment*
  - 51% **LANDASAN BAYU SDN BHD** 978758-T *Property Development*
- 100% **CBTECH (M) SDN BHD** 508386-M *Mechanical & Electrical Engineering Services*
- 100% **3 TWO SQUARE SDN BHD** 617273-X *Property Investment*
- 100% **CB LAND SDN BHD** 658719-D *Property Development*
- 100% **NEPFIELD SDN BHD** 592256-M *Property Development*
- 100% **VERTICAL SUCCESS SDN BHD** 691623-V *Property Investment*
- 100% **CRESTLAND PROJECT MANAGEMENT SDN BHD** 659478-V *Project Management*
- 100% **CREST BUILDER INTERNATIONAL SDN BHD** 644441-T *Investment Holding*
  - 51% **UNITAPAH SDN BHD** 846665-X *Concession holder*
  - 51% **INTAN SEKITAR SDN BHD** 985063-T *Property Development*
- 100% **DAMANSARA ONE SDN BHD** 669184-V *Property Development*

REPORT OF THE AUDIT COMMITTEE

COMPOSITION AND MEMBERS

The current Audit Committee comprises three (3) members of the Board who are all Independent Non-Executive Directors. All the Independent Non-Executive Directors, Mohd Khasan Bin Ahmad, Keong Choon Keat and Kam Yong Kan are members of the Malaysian Institute of Accountants. Below are the members of the Audit Committee during the financial year:-

Directors		Status
1.	Mohd Khasan Bin Ahmad - Chairman	Independent Non-Executive Director
2.	Keong Choon Keat	Senior Independent Non-Executive Director
3.	Kam Yong Kan	Independent Non-Executive Director

TERMS OF REFERENCE

The Audit Committee is governed by the following terms of reference:-

1. Composition

(i) The Committee shall be appointed by the Board from amongst the Directors excluding Alternate Directors; shall consist of not less than three members, all current members are independant non-executive Directors; and at least one member of the audit committee:-

(a) must be a member of the Malaysian Institute of Accountants; or

(b) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:

(aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or

(bb) he must be a member of one of the associations of accountants specified in Part 11 of the 1st Schedule of the Accountants Act 1967.

(c) fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad or approved by the Securities Commission

The Chairman shall be an independent non-executive Director elected by the members of the Committee.

(ii) In the event of any vacancy in the Committee resulting in the non-compliance of paragraph (i) above, the Board must fill the vacancy within 3 months.

(iii) The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

2. Authority

The Committee is granted the authority to investigate any activity of the Company and its subsidiaries within its terms of reference, and all employees are directed to co-operate as requested by members of the Committee. The Committee is empowered to obtain independent professional or other advice and retain persons having special competence as necessary to assist the Committee in fulfilling its responsibility.

REPORT OF THE AUDIT COMMITTEE [Continued]

TERMS OF REFERENCE (Continued)

3. Responsibility

The Committee is to serve as a focal point for communication between non-Committee Directors, the external auditors, internal auditors and the Management on matters in connection with financial accounting, reporting and controls. The Committee is to assist the Board in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and all subsidiaries and the sufficiency of auditing relative thereto. It is to be the Board's principal agent in assuring the independence of the Company's external auditors, the integrity of the management and the adequacy of disclosures to shareholders.

If the Committee is of the view that a matter reported to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements, the Committee shall promptly report such matter to the Exchange.

4. Functions

The functions of the Committee are as follows:-

(i) review with the external auditors, their audit plan;

(ii) review with the external auditors, their evaluation of the system of internal controls;

(iii) review with the external auditors, their audit report;

(iv) review the assistance given by the Company's officers to the external auditors;

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

(vi) review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(vii) review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:

   (a) changes in or implementation of major accounting policy changes;
   (b) significant and unusual events;
   (c) significant adjustments arising from the audit;
   (d) compliance with accounting standards and other legal requirements;
   (e) compliance with Bursa Malaysia Securities Berhad; and
   (f) the going concern assumption.

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

(ix) consider the nomination, appointment and re-appointment of external auditors; their audit fees; and any questions on resignation or removal; and

(x) review the allocation of options during the year under the Company's Employees Share Option Scheme ("ESOS") to ensure that it is in accordance with the criteria determined by the Option Committee and in compliance with the ESOS by-laws.

REPORT OF THE AUDIT COMMITTEE [Continued]

TERMS OF REFERENCE (Continued)

5. Meetings

(i) The Committee is to meet at least four times a year and as many times as the Committee deems necessary.

(ii) In order to form a quorum for any meeting of the Committee, two (2) of the members must be present and all present must be Non-Executive Directors and majority must be Independent Directors.

(iii) The meetings and proceedings of the Committee are governed by the provisions of the Articles of Association of the Company regulating the meetings and proceedings of the Board so far as the same are applicable.

(iv) The director/person responsible for the financial management of the parent company and the head of internal audit shall normally attend meetings of the Committee. The presence of a representative of the external auditors will be requested if required.

(v) Upon request by the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters the external auditors believe should be brought to the attention of the Directors or members of the Company.

(vi) At least twice a year, the Committee shall meet with the external auditors without the presence of other directors, and employees of the listed issuer whenever deemed necessary.

6. Secretary and minutes

The secretary of the Committee shall be the Company Secretary. Minutes of each meeting are to be prepared and sent to the Committee members, and the Company's Directors who are not members of the Committee.

MEETINGS

The Audit Committee convened five (5) meetings in respect for financial year ended 31 December 2014. The attendance for the meetings were as follows:-

Members	No. of Meetings Attended	No. of Meetings Held During Tenure
1. Mohd Khasan Bin Ahmad - Chairman	4	5
2. Keong Choon Keat	5	5
3. Kam Yong Kan	5	5

REPORT OF THE AUDIT COMMITTEE [Continued]

SUMMARY OF ACTIVITIES

For the financial year under review, the Audit Committee carried out its duties as set out in the terms of reference. The Committee convened five (5) meetings to review the following:-

- The annual financial statements prior to submission to the Board of Directors for consideration and approval;
- The unaudited Quarterly Financial Results for four quarters in year 2014 for the release to the Bursa Malaysia Securities Berhad;
- The Recurrent Related Party Transactions and Related Party Transactions of the Company;
- The Statement of Corporate Governance and Internal Control Statement for disclosure in Annual Report year 2013;
- Review of the internal audit report for financial year 2013 & 2014 including internal controls; and implementation of recommendations;
- The internal and external audit planning memorandums and programmes of the Internal and External Auditors for the following year as well as the recommendation of their respective fees to the Board;
- Consider and recommend to the Board of Directors the appointment of external and internal auditors;
- The recommendations by the external auditors in respect of control weaknesses noted during the course of their audit; and
- The allocation of options under the Company's ESOS scheme to ensure its compliance with By-laws.

The meetings were appropriately structured through the use of agendas and meeting papers, which were distributed to members with sufficient notification.

INTERNAL AUDIT FUNCTION

The Company has an out-sourcing arrangement with an independent professional firm to provide internal audit services which assists the Audit Committee in the discharge of its functions. The Internal Auditor is to provide independent and objective reports on the organization's management records, accounting policies and controls directly to the Audit Committee. Such audits/reviews also ensure instituted controls are appropriate and are effectively applied to achieve acceptable risks exposures.

During the financial year, the Internal Auditor conducted independent reviews and evaluated risk exposures relating to the Group's governance, operations and information system as follows:-

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets;
- Compliance with policies and procedures, laws, regulations and contracts i.e. reasonably ensuring conformity and adherence to these matters.

The Internal Auditor also established follow-up audits/reviews to monitor and to ensure that internal audit's recommendations have been effectively implemented. Reports, including where relevant, action plans agreed with the operational level management, are circulated to Senior Management and are tabled at the Audit Committee Meeting. Internal audit fees of RM65,000 was paid to the outsourced internal auditors for the financial year ended 31 December 2014.

During the financial year, the internal audit activities have been carried out according to the internal audit plan which has been approved by the Audit Committee.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors remains committed to achieving and maintaining the highest standards of corporate governance throughout the Group. The Board views corporate governance as synonymous with four key concepts; namely transparency, accountability, integrity as well as corporate performance.

Measures and efforts have and shall be taken to ensure as far as practicable the adoption and implementation of the Principles and Recommendations set out in the Malaysian Code on Corporate Governance ("the Code") and in the Main Market Listing Requirements ("MMLR") of the Bursa Malaysia Securities Berhad ("Bursa Securities").

Set out below is a description of how the Group has applied the Principles of the Code and how the Board of Directors has complied with the Recommendations set out in the Code throughout the financial year ended 31 December 2014.

SECTION A - BOARD OF DIRECTORS

The Board

The Group recognizes the important role played by the Board of Directors in the stewardship of its direction and operations and ultimately the enhancement of long term shareholder value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, acquisition and divestment policy, approval of major capital expenditure projects and significant financial matters. The schedule ensures that the governance of the Group is in its hands.

Duties and Responsibilities of the Board

The responsibilities of the Board of Directors of the Company are as follows:-

- Reviewing and adopting a strategic plan for the Company which will enhance the future growth of the Company;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Identifying principal risks of the business and ensure the implementation of appropriate systems to manage these risks;
- Succession Planning;
- Overseeing the development and implementation of shareholder communications policy for the Company; and
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines

Board Balance & Independence Of Directors

As at the date of this statement the Board has seven (7) members, comprising four (4) Non-Executive Directors, three (3) Executive Directors and one (1) Alternate Director. Three (3) of the eight (8) Directors are Independent Non-Executive Directors. A brief profile of each Director is presented on pages 13 and 14 of this Annual Report.

There is a clear division of responsibility between the Chairman and the Managing Director of the Group in order to provide for balance of power and authority. The Chairman is responsible for ensuring the Board effectiveness and conduct whilst the Managing Director has an overall responsibility over the operating units, organizational effectiveness and implementation of the Board's policies and decisions.

All the Independent Non-Executive Directors are independent of Management and are free from any business or other relationship that could materially interfere with the exercise of their independent judgment. They have the calibre to ensure that the strategies proposed by the Management are fully deliberated and examined in the long-term interest of the Group, as well as shareholders, employees and customers.

STATEMENT ON CORPORATE GOVERNANCE [Continued]

SECTION A - BOARD OF DIRECTORS (Continued)

Board Balance & Independence Of Directors (Continued)

One of the recommendations of the Code states that the tenure of an independent director should not exceed a cumulative term of 9 years. However, the Nomination Committee and the Board have upon their annual assessment, concluded that each of the 3 Independent Non-Executive Directors, Mr Keong Choon Keat, Encik Mohd Khasan Bin Ahmad and Mr Kam Yong Kan continue to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them continues to fulfill the definition of independence as set out in the MMLR. The length of their service on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interest of Crest Builder Holdings Berhad

Directors' Code of Conduct

The Directors observe a code of ethics in accordance with the code of conduct expected of Directors in the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

Board Meetings

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year, the Board met on five (5) occasions, where it deliberated upon and considered a variety of matters including the Group's financial results, major investments and strategic decisions, the business direction of the Group and corporate governance matters.

Details of the attendance of the Directors at the Board Meetings are as follows:

Directors		Number of meetings attended
(i)	Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah	5/5
(ii)	Yong Soon Chow	5/5
(iii)	Koh Hua Lan	5/5
(v)	Yong Shang Ming	5/5
(vi)	Keong Choon Keat	5/5
(vii)	Mohd Khasan Bin Ahmad	4/5
(viii)	Kam Yong Kan	5/5
(ix)	Yong Tiok Keng (Alternate to Koh Hua Lan)	5/5

Where a potential of conflict arise in the Group's investment, projects or any transactions involving Director's interest, such Director is required to declare his interest and abstain from further discussion and the decision making process.

SECTION A - BOARD OF DIRECTORS (Continued)

Board Committees

Where appropriate, matters have been delegated to Board Committees, all of which have written constitutions and terms of reference to assist the Board in discharging its duties and responsibilities. The Board will then receive the reports of their proceedings and deliberations in its scheduled Board meetings.

(i) Audit Committee

The Audit Committee whose composition meets the revised Listing Requirements of Bursa Malaysia Securities Berhad, i.e. All members are Non-Executive Directors and at least one member is a qualified accountant. The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities relating to accounting and reporting practices of the Group. The Audit Committee Report is set out on page 21. The Audit Committee is empowered to obtain external professional advice and to invite outsiders with relevant experience to attend its meeting when necessary.

(ii) Nomination Committee

The Nomination Committee has been charged with identifying and recommending new nominees to the Board as well as committees of the Board of Crest Builder Holdings Berhad. However, the Board makes all decisions on appointments after considering the recommendations of the Committee.

The Committee periodically reviews the required mix of skills, experience and other qualities including core competencies which Non-Executive Directors should bring to the Board.

The members of the Nomination Committee, all of whom are Independent Non-Executive Directors are as follows:

(i) Kam Yong Kan (Chairman)
(ii) Keong Choon Keat
(iii) Mohd Khasan bin Ahmad

During the financial year, two (2) meetings was held and was attended by all members of the Nomination Committee.

(iii) Remuneration Committee

The Remuneration Committee is responsible for developing the Group's remuneration policy and determining the remuneration packages of the Executive Directors of the Group. The Remuneration Committee proposes, subject to the approval of the Board, the remuneration and terms and conditions of service and the remuneration to be paid to each Director for his services as a member of the Board as well as Committee of the Board.

The members of the Remuneration Committee are as follows:

(i) Yong Soon Chow (Chairman)
(ii) Keong Choon Keat
(iii) Mohd Khasan bin Ahmad

During the financial year, one (1) meeting was held and was attended by all members of the Remuneration Committee.

STATEMENT ON CORPORATE GOVERNANCE [Continued]

SECTION A - BOARD OF DIRECTORS (Continued)

Board Committees (Continued)

(iv) Option Committee

The Option Committee was established on 15 March 2007. The Option Committee was established to administer the Group's Employee Share Option Scheme ("ESOS") in accordance with the By-Laws of the ESOS and in such manner as it shall deem fit and, with such powers and duties as are conferred upon it by the Board of Directors.

The members of the Option Committee are as follows:

(i) Keong Choon Keat (Chairman)
(ii) Kam Yong Kan
(iii) Yong Soon Chow

During the financial year, one (1) meeting was held and was attended by all members of the Option Committee

Supply of Information

All scheduled meetings held during the financial year were preceded with a formal agenda issued by the Company Secretary in consultation with the Chairman and the Managing Director. The agenda for each meeting was accompanied by the minutes of preceding meetings of the Board and Board Committees, reports on Group financial performance, industry trends, business plans and proposals, quarterly result announcements and other relevant information. The Board papers are comprehensive and encompass all material aspects of the matters being considered, enabling the Board to look at both quantitative and qualitative factors so that informed decisions are made.

All Directors have access to the advice and services of the Company Secretary. Directors are informed and aware that they may take independent professional advice, if necessary and appropriate in furtherance of their duties, at the expense of the Group.

Appointments and Re-elections to the Board

The Nomination Committee is responsible for making recommendations for any appointments to the Board. In making these recommendations, the Nomination Committee considers the required mix of skills and experience which the Directors should bring to the Board.

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to re-election by rotation by shareholders at the first opportunity after their appointments. The Articles also provide that at least 1/3 of the remaining Directors be subject to re-election by rotation at each Annual General Meeting, provided that all Directors including the Managing Director shall retire from office at least once every three years but shall be eligible for re-election.

Directors Training

All the Directors of the Company have attended the Mandatory Accredition Programme (MAP) prescribed by Bursa Securities for directors of public listed companies.

The Board encourages Directors to participate in ongoing education, as well as participation in accredited director education programmes.

SECTION A - BOARD OF DIRECTORS (Continued)

Directors Training (Continued)

During the financial year 2014, all Directors had attended various training programmes, conferences, seminars and workshops which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors. The Directors had attended/participated in one or more of the following training programmes/conferences/seminars/workshops in 2014:

- 2014 MSB Roundtable on Financial Reporting
- Goods and Services Tax
- Corporate Governance Guide : Towards Boardroom Excellence
- Malaysia Economic Monitor
- MBAM Construction Industry Payment and Adjudication Act Talk
- 6th Malaysian Construction Summit 2014
- Understand GST and Its impact to your business
- Ernst & Young In-House Training in relations Goods and Services Tax
- Share Capital AT No Par Value, Share Buybacks and redeemable preference shares : Accounting Implications

The Directors are also kept informed of the various requirements and updates issued by regulatory authorities.

SECTION B - DIRECTORS' REMUNERATION

The objective of the Group's Remuneration Policy is to attract and retain the Directors required to lead and control the group effectively. Generally, the remuneration of each Director reflects the level of responsibility and commitment that goes with the Board Committee membership. In the case of Executive Directors, the component parts of the remuneration are structured so as to link rewards to individual and the Group performance.

The Remuneration Committee shall recommend to the Board the framework of the Executive Directors' remuneration and the remuneration package for each Executive Director of the Group. The Remuneration Committee also reviews and recommends for the Board's approval all other Director's fees.

Disclosure

The Board has considered disclosure of details of the remuneration of each Director. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' Remuneration are appropriately served by the "band disclosure" as required by the Listing Requirements.

The remuneration/fees received by the Directors (including Alternate Director) from the Group for the financial year ended 31 December 2014 as follows:

Salary Band	Executive Director (Number of Directors)	Non-Executive Director (Number of Directors)
Less than 100,000	–	4
300,001 to 400,000	2	–
400,000 to 500,000	1	–
1,000,000 to 1,100,000	1	–

STATEMENT ON CORPORATE GOVERNANCE [Continued]

SECTION B - DIRECTORS' REMUNERATION (Continued)

Disclosure (Continued)

Aggregate remuneration of Directors is categorized into appropriate components:

	Directors' Fees (RM)	Salaries and/or Other Emoluments (RM)	Total (RM)
Executive Directors	–	2,779,413	2,779,413
Non-Executive Directors	198,000	–	198,000
Total	198,000	2,779,413	2,977,413

SECTION C - SHAREHOLDERS

Dialogue between the Company and Investors

The Group values communication with its shareholders and investors and does this through the Annual Report, Annual General Meeting and Corporate Announcements. All enquiries made are normally dealt with as promptly as practicable.

The Company also holds briefings with research analysts, fund managers and investors to explain the Group's strategies, performance and major developments and the Board plans to conduct regular dialogues with institutional investors, fund managers and analysts with the aim of fostering mutual understanding of the Group's objectives.

The Annual General Meeting

The Company has used the Annual General Meeting as a forum of communication with its shareholders. The Board encourages participation from shareholders by having a question and answer session during the Annual General Meeting whereby the Directors are available to discuss aspects of the Group's performance and its business activities. Each item of special business included in the notice of the meeting is accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman declares the number of proxies received, both for and against each separate resolution, where appropriate.

SECTION D - ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of results to shareholders as well as the Chairman's statement in the Annual Report.

The Directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. All accounting standards which the Board considers to be applicable have been complied with.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

SECTION D - ACCOUNTABILITY AND AUDIT (Continued)

Internal Control

The Board of Directors acknowledges responsibility for maintaining a sound system of internal control and for reviewing its adequacy and integrity. The system of internal control is designed to safeguard the shareholders' investments and the Group's assets, by its nature can only manage rather than eliminate risk of failure to achieve business objectives and inherently can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board of Directors regard risk management as an integral part of the business operations. During the year, managers in the Group have attended a series of briefings on risk management which were facilitated by external consultants to raise the level of knowledge of risk management amongst managers to enhance their understanding of the risks which potentially affect the achievement of their respective operating unit's business objectives.

Information on the Group's internal control is presented in the Statement on Risk Management and Internal Control laid out on pages 33 to 34 of this Annual Report.

Relationship with Auditors

Through the Audit Committee, the Group has established a transparent and appropriate relationship with the Group's auditors, both external and internal, in seeking professional advice and ensuring compliance with the accounting standards in Malaysia. In relation to the Financial Statement, the role of the Audit Committee in relation to the external auditors are contained in the Audit Committee Report set out on pages 21 to 24 of this Annual Report.

ADDITIONAL COMPLIANCE INFORMATION

In conformance with Bursa Securities Listing Requirements, the following information is provided:

1. Utilisation of Proceeds

The Company did not implement any fund raising proposal, whether involving the issue of securities or otherwise during the financial year.

2. Share Buy-Back

The Company did not have Shares Buy-Back for the financial year ended 31 December 2014.

As at 31 December 2014, 1,137,000 shares were held as treasury shares. There were no resale or cancellation of treasury shares made during the financial year

3. Exercise of Options, Warrants or Convertible Securities

During the financial year ended 31 December 2014, 1,168,600 options were exercised in relation to the Employees Share Option Scheme.

There was conversion of Warrant B during the financial year amounting to 3,006,330 warrants.

4. American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

The Company did not sponsor any ADR or GDR Programme during financial year.

STATEMENT ON CORPORATE GOVERNANCE [Continued]

ADDITIONAL COMPLIANCE INFORMATION (Continued)

5. Imposition of Sanctions/Penalties

There were no sanctions/penalties imposed on the Company and/or its subsidiaries, Directors or management arising from any significant breach of rules/guidelines/legislations by the relevant regulatory authorities.

6. Non-Audit Fees

Non-audit fees amounting to RM42,700 were paid to the external auditors for the financial year ended 31 December 2014.

7. Profit Estimate, Forecast or Projection

The Company did not release any profit estimate, forecast or projection during the financial year.

8. Profit Guarantee

There was no profit guarantee given by the Company during the financial year.

9. Material Contracts (Recurrent Related Party Transactions)

Save as disclosed hereunder, there were no material contracts entered into by the Company and its subsidiaries which involved Directors' and Major Shareholders' interests during the financial year.

Recurrent Related Party Transactions

Related Party	Contracting Party	Nature of Transaction	Transacted Value for Financial Year Ended 31.12.2014 (RM)
Grandland Corporation Sdn Bhd (person connected to YSC & KHL)	Crest Builder Sdn Bhd	Office rental	18,550
Grandland Corporation Sdn Bhd (person connected to YSC & KHL)	Unitapah Sdn Bhd	Office rental	18,000
Grandland Corporation Sdn Bhd (person connected to YSC & KHL)	3 Two Square Sdn Bhd	Office rental	60,000
Farima Sdn Bhd (person connected to TDSS)	Crest Builder Sdn Bhd	Award of contract	nil

10. Revaluation Policy

The revaluation policy on landed properties of the Company and its subsidiaries is disclosed in Note 2.3.3 to the Financial Statements.

11. Variation in Results

There was no significant variation in results (differ by 10% or more) from any profit estimation/ forecast / projection/unaudited result announced.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

THE BOARD'S RESPONSIBILITIES

In relation to internal control, pursuant to the requirements under the Malaysian Code of Corporate Governance for companies listed on Bursa Malaysia Securities Berhad ["Bursa Malaysia"], the Board of Directors ("the Board") acknowledges their responsibility under the Bursa Malaysia Listing Requirements to:

- Identify principal risks and ensure implementation of appropriate control measures to manage the risk.
- Review the adequacy and integrity of the internal control system and management information systems and systems for compliance with applicable laws, regulations, rules, directives and guidelines.

It should be noted that an internal control system is designed to manage risks rather than eliminate them, and can provide only reasonable but not absolute assurance against any material misstatement or loss.

The Board confirms that there is an ongoing risk management process established to identify, evaluate, and manage significant risks to effectively mitigate the risks that may impede the achievement of Crest Builder Group of Companies ("the Group") business and corporate objectives. The Board reviews the process on a regular basis to ensure proper management of risk and measures are taken to mitigate any weaknesses in the control environment.

RISK MANAGEMENT FRAMEWORK

The enterprise risk management framework prevalent in the Group was set up in 2003 with the assistance of a professional firm of consultants. The formalisation of the enterprise risk management framework involved developing the risk profile where principal business risks, which could affect the achievement of the strategic business objective of the Group, are systematically identified, evaluated and mitigated.

A risk management committee was formalised in 2006. The committee is dedicated to meet its obligations and fiduciary responsibilities to stakeholders of the Group. It is actively reviewing the framework to enhance the identification, evaluation and communication of the overall risk process to ensure critical risks (present and potential) are managed systematically and communicated to the Board on a timely basis. The committee also would ensure the framework is relevant and adaptive to changes in the business environment from time to time.

INTERNAL CONTROL

The Board through the Audit Committee and Management Committee reviews and monitors, as an on-going process, the adequacy and integrity of the internal control.

Audit Committee

The Audit Committee received reports from the internal and external auditors on a regular basis. The Group has an out-sourcing arrangement with an independent professional firm in relation to its internal audit function. The internal audit function adopts a risk-based approach which focuses on the principal risks affecting the key business processes of the Group. Periodic scheduled internal audit visits have been carried out in accordance with the approved internal audit plan.

The internal audit function is responsible for undertaking regular and systematic review of the internal controls to provide the Audit Committee and the Board with sufficient assurance that the systems of internal control are effective in addressing the risks identified. On a half yearly basis, internal auditors submit audit reports and plan status for review and approval by the Audit Committee. Included in the reports are recommended corrective measures on risks identified, if any, for implementation by the Management.

As required by paragraph 15.23 of Bursa Securities Listing Requirements, the External Auditors have conducted a limited assurance engagement on this Statement on Risk Management and Internal Control. Their limited assurance engagement was performed in accordance with ISAE3000, *Assurance Engagement other than Audits or Review of Historical Financial Information* and Recommended Practice Guide ("RPG") 5, *Guidance for Auditors on the Review of Directors' Statement on Internal Control included in the Annual Report*.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL [Continued]

INTERNAL CONTROL (Continued)

Audit Committee (Continued)

Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is not prepared, in all material aspects, in accordance with disclosure required by paragraphs 41 and 42 of the Statement of Risk Management and Internal Controls: Guidance for Directors of Listed Issuers to be set out, nor is factually inaccurate. RPG 5 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control system.

Management Committee

The Management Committee oversees the day-to-day operations and conduct of the Group's businesses. Scheduled meetings are held at operational and management levels to identify, discuss and resolve business and operational issues. These include scheduled management meetings at Group and individual subsidiary levels, project managers meetings and site meetings. Minutes of these meetings and management reports are escalated to the relevant Executive Directors on a timely basis. Periodic meetings are held as part of an ongoing process to review and assess the adequacy and effectiveness of the Group's risk management and controls and to ensure that any shortcomings identified are addressed on a timely basis.

Other Features of the Group's System of Internal Control

Other features of the Group's system of internal control include the following:
: Quality Policy and Quality Objectives which clearly outlined the Group's direction
: Clear organisation structure with delineated reporting lines
: Clearly defined objectives and term of reference of the various Committees established by the Board
: Frequent visits to the job sites by Executive Directors and Senior Management
: Process and procedures in accordance with the requirements of MS ISO 9001:2008 certification
: Staff Handbook available for reference
: Project Budget and controls

REVIEW

The Board has received assurance from Managing Director and Head of Finance that the Group's risk management and internal control system are operating adequately and effectively.

For the financial year under review, the Board is satisfied with the adequacy and effectiveness of the risk management, and the review and monitoring of the internal control system gives reasonable assurance that the internal controls in place are adequate. Where exceptions were noted, they were not material in the context of this report and corrective actions have been taken.

The Board recognises that the Group operates in a dynamic business environment and that the Group's internal control system must be responsive to changes in the business environment and continuously evolves to support its business objectives. The review of all control procedures were continuously carried out throughout the period under review to ensure an effective and efficient system of internal control. The Board remains committed towards continuous improvements and enhancements of its system of internal control and will, when necessary, put in place action plans to ensure that there is increased certainty of the achievement of business objectives, thus enhancing shareholders' value.

This Statement is made in accordance with the resolution of the Board of Directors dated 20 May 2015.

CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors of Crest Builder Holdings Berhad acknowledges the significance of Corporate Social Responsibilities (“CSR”)

Encouraged by the success of the CSR initiatives in the previous year, the Group continues to strengthen its commitment in CSR this year.

COMMUNITY ENGAGEMENT

The Group continue to focus and remain committed through various CSR initiatives

The Group steps forward and serves the community in which it operates and strives to make positive contribution to the community particularly in helping the underprivileged and the less fortunate.

The Group continue to lend support in terms of financial assistance to the following charitable bodies such as National Kidney Foundation of Malaysia, Pusat Penjagaan Kanak-Kanak Cacat Taman Megah, Dana Pembangunan Insan OKU Penglihatan, Persatuan Damai Orang Kurang Upaya Malaysia and PIBG Bukit Mewah.

The Group have also been taking in students from various universities and colleges to undergo practical trainings. In year 2014, students from the following institutions completed their respected trainings with the Group:-

- Kolej University Tunku Abdul Rahman (6 students)
- Taylor’s University (2 students)
- Politeknik Sultan Azlan Shah (1 student)
- Politeknik Sultan Haji Ahmad Shah (1 student)
- Monash University (1 student)
- Consist College (1 student)

WORKPLACE DEVELOPMENT

The Group recognises the importance of equipping its management and staff with the right skills and knowledge in order to perform their duties professionally. The Group continued to provide employees with the necessary training and development by attending seminar, courses offered by professional bodies including subjects in Construction Technology, Construction Management, Finance and Accounting, Management, and Marketing.

The Group continue to maintain a safe and healthy working environment for all employees and workers through various measures. The Construction division has adopted and adheres strictly to the guidelines on public safety and health at construction sites issued by the Department of Occupational Safety and Health. The Construction division are also MS ISO 14001:2004, BS OHSAS 18001:2007 and MS 1722 : Part 1 :2005 certified.

ENVIRONMENTAL SUSTAINABILITY

As a construction player in the country, the Group’s activities are often be subjected to adverse environmental impact. The Group is mindful of the direct impact our businesses have on environment. Various environmental best practices and preservation initiatives are continually being introduced and carried out at our project sites. Through the adoption of internationally recognized construction methodology and practices, the Group continues to operate in a responsible manner by optimizing our resources and reducing the generation of waste.

CORPORATE SOCIAL RESPONSIBILITY [Continued]

STATEMENT ON DIRECTORS' RESPONSIBILITY

As required under the Companies Act, 1965 ("Act"), the Directors of Crest Builder Holdings Berhad have made a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company for the financial year ended 31 December 2014.

In the process of preparing these financial statements, the Directors have reviewed the accounting policies and practices to ensure that they were consistently applied throughout the year. In cases where judgement and estimates were made, they were based on reasonableness and prudence.

Additionally, the Directors have relied on the system of internal controls to ensure that the information generated for the preparation of the financial statements from the underlying accounting records is accurate and reliable.

This statement is made in accordance with a resolution of the Board of Directors dated 20 May 2015.

financial statements

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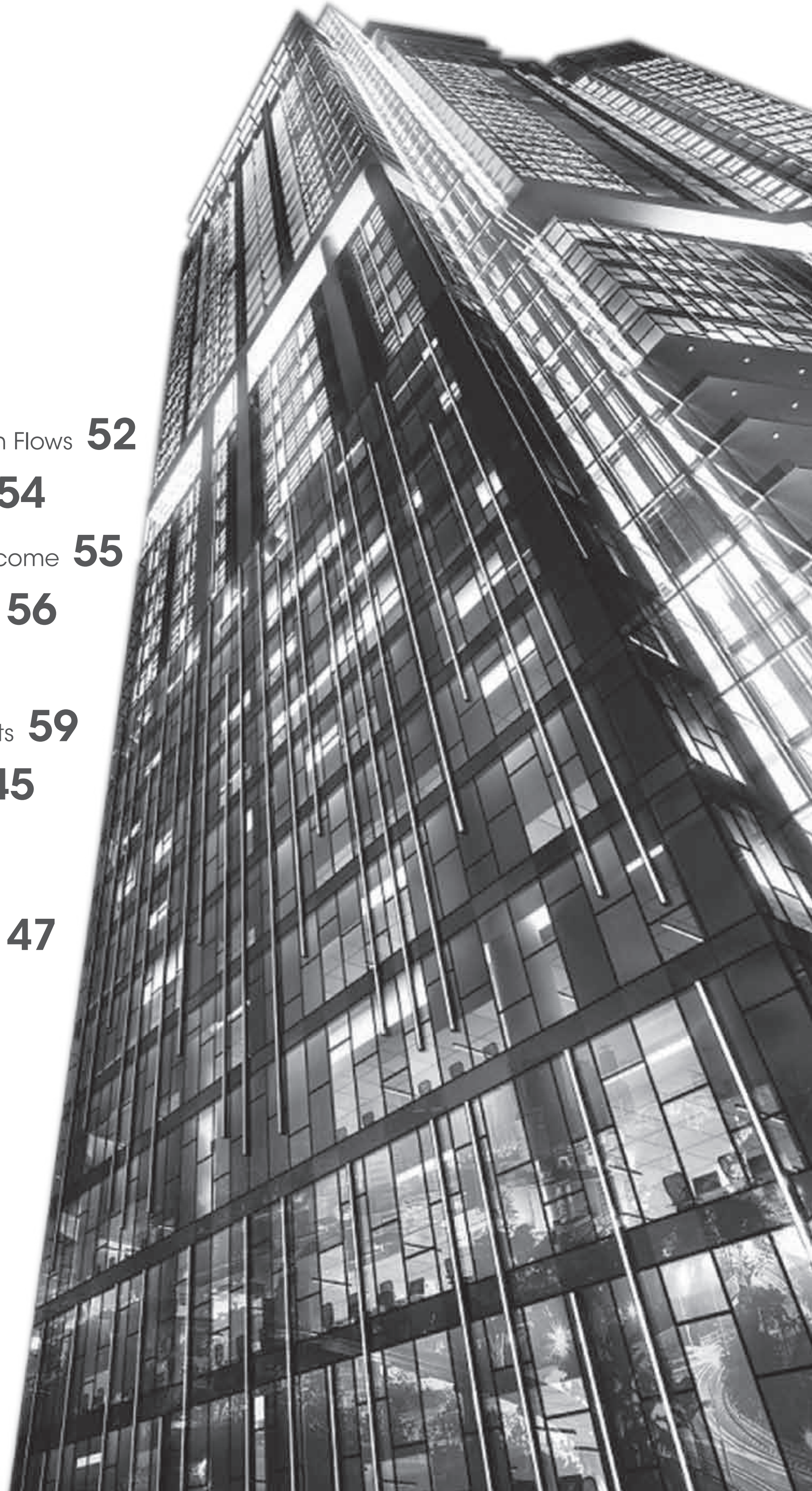

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged as an investment holding company. The principal activities of the subsidiary companies are as disclosed in Note 6 to the financial statements.

There has been no significant change in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Net profit for the financial year	19,978,473	8,326,694
Other comprehensive income, net of taxation	–	–
Total comprehensive income for the financial year	19,978,473	8,326,694
Attributable to:-		
Owners of the Company	20,756,458	8,326,694
Non-controlling interests	(777,985)	–
	19,978,473	8,326,694

DIVIDENDS

Since the end of the previous financial year, the Company paid a single tier first and final dividend of 3.75 sen per ordinary share amounting to RM6,138,409/- in respect of financial year ended 31 December 2013 on 31 July 2014.

At the forthcoming Annual General Meeting, a single tier first and final dividend of 3.75 sen per ordinary share on 163,906,105 ordinary shares (the outstanding issued and paid-up share capital of the Company with voting rights as at 31 December 2014, pending any conversion of warrants, exercise of employee share option scheme and repurchase of shares by the Company subsequent to 31 December 2014) of RM1/- each amounting to RM6,146,479/- in respect of the current financial year ended 31 December 2014 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 the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the financial year have been disclosed in the financial statements.

DIRECTORS' REPORT [Continued]

BAD AND DOUBTFUL DEBTS

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 to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts, or the amount of the allowance for impairment losses on receivables, in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

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 to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

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

(ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial year.

In the opinion of the directors, no contingent liabilities or other liabilities of the Group and of the Company 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 substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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 and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up ordinary share capital of the Company has been increased from RM160,868,175/- to RM165,043,105/- by way of allotments as follows:-

a) 1,147,000 new ordinary shares of RM1.00 each for cash pursuant to the Employees' Share Option Scheme ("ESOS") of the Company at an exercise price of RM1.00 per share;

b) 21,600 new ordinary shares of RM1.00 each for cash pursuant to the Employees' Share Option Scheme ("ESOS") of the Company at an exercise price of RM1.40 per share; and

c) 3,006,330 new ordinary shares of RM1.00 each for cash pursuant to the Warrants B of the Company at an exercise price of RM1.00 per share.

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

The Company did not issue any debentures during the financial year.

TREASURY SHARES

As at 31 December 2014, the Group held 1,137,000 (2013: 1,137,000) of the Company's shares.

There were no repurchased of shares of the Company in the current financial year.

In previous financial year, the Company repurchased 412,500 of its issued ordinary shares from the open market on Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The average price paid for the shares repurchased was approximately RM0.83 per share including transaction costs.

The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of Companies Act, 1965. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended. None of the treasury shares repurchased has been sold or cancelled as at 31 December 2013 and 31 December 2014.

WARRANTS 2012/2015 ("WARRANTS B")

On 18 October 2012, the Company issued a bonus issue of 41,331,912 warrants which entitled shareholders on the basis of three (3) Warrants B for every ten (10) existing shares held on the entitlement date.

3,006,330 Warrants B were converted into ordinary shares during the financial year.

As at 31 December 2014, the total number of Warrants B which remains unconverted amounted to 38,324,682 units.

Details of the Warrants B are disclosed in Note 21 to the financial statements.

There were no exercise of warrant since the end of the financial year.

DIRECTORS' REPORT [Continued]

EMPLOYEE SHARE OPTION SCHEME

On 14 March 2007, approval was granted by the shareholders at the Extraordinary General Meeting held for the establishment of the Crest Builder Holdings Berhad Employee Share Option Scheme ("CBHB – ESOS"). The CBHB – ESOS is governed by the By-laws approved by the shareholders at the Extraordinary General Meeting. The CBHB – ESOS was implemented on 19 April 2007 and is to be in force for a period of five (5) years and expiring on 18 April 2012.

On 16 April 2012, the Company announced the extension of CBHB – ESOS which is expired on 18 April 2012 for another five (5) years until 18 April 2017. The extension is in accordance with the terms of the ESOS By-Laws.

The ESOS Committee appointed by the Board of Directors to administer the CBHB – ESOS, may from time to time grant options to eligible employees of the Group to subscribe for new ordinary shares in the Company.

On 18 April 2014, the ESOS Committee has made the decision to grant 5,616,000 additional Options under the existing CBHB – ESOS; at an exercise price of RM1.40 each. The Options granted can be exercised over three (3) years from the date of ESOS granted but not later than 18 April 2017.

The salient features of the ESOS are as follows:-

(a) the total number of shares to be offered shall not exceed in aggregate 15% of the issued and fully paid-up share capital of the Company at any point of offer during the duration of the CBHB – ESOS;

(b) eligible persons for the CBHB – ESOS are full time confirmed employees of the Group who have been employed for a period of at least six (6) months, and directors of the Group who have been appointed for a period of at least three (3) months and the entitlement have been approved by the shareholders of the Company in general meeting;

(c) subject to paragraph (d) below, no option shall be granted for less than 100 shares;

(d) in the event of any alteration in the capital structure of the Company except for certain exemptions, adjustments will be made to the option price and/or the number of shares in respect of options granted but not exercised, such that the grantee will be entitled to the same proportion of the issued and paid-up share capital of the Company prior to the event giving rise to such alteration;

(e) the price at which the grantee is entitled to subscribe for each new ordinary share shall be the higher of the following:-

    (i) at a discount of not more than 10% from the weighted average market price of the ordinary shares for the 5 market days as shown in the daily official list issued by the Bursa Malaysia Securities Berhad immediately preceding the date of offer; or

    (ii) the par value of the ordinary shares; and

(f) the option granted may be exercised at any time within a period of five (5) years from 19 April 2007. On 16 April 2012, the option has further extended for another five (5) years upon the initial expiry date.

EMPLOYEE SHARE OPTION SCHEME (Continued)

Information in respect of the number of share options granted under CBHB – ESOS is as follows:-

	Number of share options 2014	2013
At 1 January	3,099,000	6,701,000
Granted	5,616,000	442,000
Exercised	(1,168,600)	(2,855,000)
Lapsed	(490,000)	(1,189,000)
At 31 December	7,056,400	3,099,000

The movements of options under unissued new ordinary shares of RM1/- each of the Company granted under CBHB – ESOS during the financial year are as follows:-

		Number of share options				
Date of offer	**Option price**	**1.1.2014**	**Granted**	**Exercised**	**Lapsed**	**31.12.2014**
19.4.2007	RM1.00	669,000	–	(171,000)	(30,000)	468,000
19.4.2009	RM1.00	347,000	–	(4,000)	(77,000)	266,000
19.4.2012	RM1.00	2,077,000	–	(966,000)	(228,000)	883,000
18.4.2013	RM1.00	6,000	–	(6,000)	–	–
18.4.2014	RM1.40	–	5,616,000	(21,600)	(155,000)	5,439,400

The Company has been granted exemption by the Companies Commissions of Malaysia from having to disclose the names of option holders who have been granted options to subscribe for less than 115,000 ordinary shares of RM1/- each, other than directors, as required by Section 169(11) of the Companies Act, 1965 in Malaysia.

Other than the directors whose interests are disclosed separately in the Directors' Interests, the names of options holders granted options to subscribe for 115,000 or more ordinary shares of RM1/- each are as disclosed in Note 17 to the financial statements.

There were no exercise of ESOS since the end of the financial year.

DIRECTORS

The directors in office since the date of the last report are:-

Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah
Yong Soon Chow
Koh Hua Lan
Yong Shang Ming
Keong Choon Keat
Mohd Khasan Bin Ahmad
Kam Yong Kan
Yong Tiok Keng (Alternate to Koh Hua Lan)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those directors who held office at the end of the financial year in shares, options and warrants of the Company during the financial year ended 31 December 2014 are as follows:-

		Number of ordinary shares of RM1/- each			
		At 1.1.2014	**Bought**	**Sold**	**At 31.12.2014**
The Company					
Crest Builder Holdings Berhad					
Direct interests					
Yong Soon Chow		44,500,000	3,000,000	–	47,500,000
Koh Hua Lan		5,725,500	–	–	5,725,500
Yong Shang Ming		2,550,000	–	–	2,550,000
Yong Tiok Keng*		500,000	–	–	500,000
Keong Choon Keat		250,000	–	–	250,000
Kam Yong Kan		–	100,000	–	100,000
Indirect interest					
Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah	(a)	6,807,939	–	–	6,807,939
Yong Soon Chow	(b)	11,440,808	30,000	–	11,470,808
Keong Choon Keat	(c)	80,000	–	–	80,000

	Number of options over ordinary shares of RM1/- each			
	At 1.1.2014	**Granted**	**Exercised**	**At 31.12.2014**
The Company				
Crest Builder Holdings Berhad				
Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah	200,000	–	–	200,000
Yong Soon Chow	–	1,000,000	–	1,000,000
Koh Hua Lan	–	500,000	–	500,000
Yong Shang Ming	–	500,000	–	500,000
Yong Tiok Keng*	–	500,000	–	500,000
Keong Choon Keat	–	100,000	–	100,000
Mohd Khasan Bin Ahmad	100,000	–	–	100,000
Kam Yong Kan	100,000	100,000	(100,000)	100,000

DIRECTORS' INTERESTS (Continued)

		Number of Warrants B			
		At 1.1.2014	Bought	Sold	At 31.12.2014
The Company					
Crest Builder Holdings Berhad					
Direct interest					
Yong Soon Chow		13,259,400	–	(3,500,000)	9,759,400
Koh Hua Lan		1,333,650	–	–	1,333,650
Yong Shang Ming		315,000	–	–	315,000
Yong Tiok Keng*		150,000	–	–	150,000
Keong Choon Keat		812,500	–	–	812,500
Indirect interest					
Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah	(a)	2,042,381	–	–	2,042,381
Yong Soon Chow	(b)	2,598,242	–	–	2,598,242
Keong Choon Keat	(c)	442,000	60,000	–	502,000

(a) Held by a company in which the Director has interest
(b) Held by spouse and dependent
(c) Held by spouse
* *Alternate to Koh Hua Lan*

By virtue of his interest in the shares of the Company and pursuant to Section 6A of the Companies Act, 1965 in Malaysia, Yong Soon Chow is also deemed interested in the shares of all the subsidiary companies to the extent the Company has an interest.

Other than as disclosed above, the other directors in office at the end of the financial year had no interest in the shares, options over ordinary shares and warrants of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in Note 34 to the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for as disclosed in Note 37 to the financial statements.

Neither during nor at the end of the financial year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted pursuant to the ESOS and warrants.

DIRECTORS' REPORT [Continued]

SIGNIFICANT EVENTS

The significant events are disclosed in Note 42 to the financial statements.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

On behalf of the Board,

TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH
Director

YONG SOON CHOW
Director

Kuala Lumpur

Date: 22 April 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2014

	Note	2014 RM	2013 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	10,178,347	11,481,989
Investment properties	5	299,300,000	249,200,000
Golf club membership	7	54,000	54,000
Goodwill	8	33,604,364	33,604,364
Operating financial asset	9	285,325,465	349,578,077
Deferred tax assets	10	13,620,783	9,902,986
Trade receivables	11	7,951,798	14,342,847
Total non-current assets		650,034,757	668,164,263
Current assets			
Property development costs	12	80,914,899	90,468,090
Inventories	13	21,411,230	5,680,334
Operating financial asset	9	45,058,362	–
Trade and other receivables	11	240,792,801	192,478,091
Amount due from contract customers	14	72,352,677	86,833,771
Tax recoverable		4,005,277	2,436,933
Fixed deposits placed with licensed banks and short term investment with financial institution	16	95,380,783	9,764,371
Cash and bank balances		62,992,891	2,856,513
Total current assets		622,908,920	390,518,103
TOTAL ASSETS		1,272,943,677	1,058,682,366

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION as at 31 December 2014 [Continued]

	Note	2014 RM	2013 RM
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	17	165,043,105	160,868,175
Share premium	18	3,875,012	3,735,372
Treasury shares	19	(937,928)	(937,928)
Reserves	20	217,196,475	202,103,591
Shareholders' funds		385,176,664	365,769,210
Non-controlling interests		4,578,653	5,356,638
Total equity		389,755,317	371,125,848
Non-current liabilities			
Term loans	22	71,364,158	351,103,278
Sukuk Murabahah	23	471,206,212	–
Hire purchase payables	24	191,213	470,940
Deferred tax liabilities	10	7,229,377	4,057,156
Trade payables	25	10,192,065	19,529,474
Total non-current liabilities		560,183,025	375,160,848
Current liabilities			
Trade and other payables	25	198,568,381	184,211,724
Amount due to contract customers	14	404,809	873,201
Hire purchase payables	24	266,644	378,030
Other bank borrowings	26	121,392,642	124,312,603
Tax payable		2,372,859	2,620,112
Total current liabilities		323,005,335	312,395,670
TOTAL LIABILITIES		883,188,360	687,556,518
TOTAL EQUITY AND LIABILITIES		1,272,943,677	1,058,682,366

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the financial year ended 31 December 2014

	Note	2014 RM	2013 RM
Revenue	27	207,391,620	223,404,086
Cost of sales	28	(145,008,853)	(186,656,418)
Gross profit		62,382,767	36,747,668
Other operating income		31,562,136	65,451,338
Administrative expenses		(30,811,571)	(21,510,712)
Profit from operations		63,133,332	80,688,294
Finance costs	29	(33,087,570)	(19,451,920)
Profit before taxation	30	30,045,762	61,236,374
Taxation	31	(10,067,289)	(6,299,624)
Profit after taxation		19,978,473	54,936,750
Other comprehensive income, net of taxation		–	–
Total comprehensive income for the financial year		19,978,473	54,936,750
Profit after taxation attributable to:-			
Owners of the Company		20,756,458	48,766,759
Non-controlling interests		(777,985)	6,169,991
		19,978,473	54,936,750
Total comprehensive income attributable to:-			
Owners of the Company		20,756,458	48,766,759
Non-controlling interests		(777,985)	6,169,991
		19,978,473	54,936,750
Earnings per share (sen)	32		
- basic		12.79	32.60
- diluted		11.78	30.99

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2014

		Attributable to Owners of the Parent								
				Non-Distributable			Distributable			
	Note	Share capital RM	Treasury shares RM	Share premium RM	Capital reserves RM	Share option reserves RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 January 2013		138,010,450	(594,230)	–	4,419,677	24,044	158,206,989	300,066,930	(813,353)	299,253,577
Total comprehensive income for the financial year		–	–	–	–	–	48,766,759	48,766,759	6,169,991	54,936,750
Transactions with owners:-										
Dividends on ordinary shares	33	–	–	–	–	–	(5,936,058)	(5,936,058)	–	(5,936,058)
Exercise of warrants 2003/2013	20	20,001,825	–	3,355,084	(4,025,542)	–	670,458	20,001,825	–	20,001,825
Exercise of Warrants B	17	900	–	–	–	–	–	900	–	900
Exercise of employee share options	17, 34	2,855,000	–	380,288	–	(119,092)	–	3,116,196	–	3,116,196
Options granted under ESOS	34	–	–	–	–	96,356	–	96,356	–	96,356
Shares buy back	19	–	(343,698)	–	–	–	–	(343,698)	–	(343,698)
Total transaction with owners		22,857,725	(343,698)	3,735,372	(4,025,542)	(22,736)	(5,265,600)	16,935,521	–	16,935,521
At 31 December 2013		160,868,175	(937,928)	3,735,372	394,135	1,308	201,708,148	365,769,210	5,356,638	371,125,848

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2014
[Continued]

		Attributable to Owners of the Parent								
				Non-Distributable			Distributable			
	Note	Share capital RM	Treasury shares RM	Share premium RM	Capital reserves RM	Share option reserves RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 January 2014		160,868,175	(937,928)	3,735,372	394,135	1,308	201,708,148	365,769,210	5,356,638	371,125,848
Total comprehensive income for the financial year		–	–	–	–	–	20,756,458	20,756,458	(777,985)	19,978,473
Transactions with owners:-										
Dividends on ordinary shares	33	–	–	–	–	–	(6,138,409)	(6,138,409)	–	(6,138,409)
Exercise of Warrants B	17	3,006,330	–	–	–	–	–	3,006,330	–	3,006,330
Exercise of employee share options	17, 34	1,168,600	–	139,640	–	(7,354)	–	1,300,886	–	1,300,886
Options granted under ESOS	34	–	–	–	–	482,189	–	482,189	–	482,189
Total transaction with owners		4,174,930	–	139,640	–	474,835	(6,138,409)	(1,349,004)	–	(1,349,004)
At 31 December 2014		165,043,105	(937,928)	3,875,012	394,135	476,143	216,326,197	385,176,664	4,578,653	389,755,317

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2014

	Note	2014 RM	2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES:-			
Profit before taxation		30,045,762	61,236,374
Adjustments for:-			
Allowance for impairment loss on trade receivables		160,075	–
Change in fair value of investment properties		(28,377,468)	(60,915,275)
Depreciation of property, plant and equipment		2,510,199	3,266,712
Effect of accretion of interest from the discounting of trade payables		51,520	21,039
Effect of unwinding of interest from the discounting of trade receivables		(192,913)	(251,618)
Gain on disposal of property, plant and equipment		(262,739)	(702,459)
Interest expense		33,087,570	19,451,920
Interest income		(238,377)	(401,903)
Share options expenses	34	605,835	357,552
Operating profit before working capital changes		37,389,464	22,062,342
Changes in working capital:-			
Operating financial asset		19,194,250	(85,031,953)
Property development costs		9,553,191	(33,833,624)
Inventories		(15,730,896)	393,576
Trade and other receivables		(44,350,059)	30,917,137
Accrued billings in respect of property development		2,459,236	(2,459,236)
Amount due from contract customers		14,481,094	10,703,326
Trade and other payables		(13,747,345)	(59,221,542)
Progress billings in respect of property development		18,715,073	(2,103,193)
Amount due to contract customers		(468,392)	(718,877)
Cash generated from/(used in) operations		27,495,616	(119,292,044)
Tax paid		(12,732,788)	(9,580,807)
Tax refunded		304,326	63,528
Net Operating Cash Flows		15,067,154	(128,809,323)

CONSOLIDATED STATEMENT OF CASH FLOWS
for the financial year ended 31 December 2014
[Continued]

	Note	2014 RM	2013 RM
CASH FLOWS FROM INVESTING ACTIVITIES:-			
Increase in investment properties		(21,722,532)	(19,835,484)
Interest received		238,377	401,903
Proceeds from disposal of property, plant and equipment		610,500	913,320
Purchase of property, plant and equipment	4	(1,274,318)	(1,321,621)
Net Investing Cash Flows		(22,147,973)	(19,841,882)
CASH FLOWS FROM FINANCING ACTIVITIES:-			
Dividends paid	33	(6,138,409)	(5,936,058)
Interest paid		(33,087,570)	(19,451,920)
Fixed deposit pledged		(738)	–
Loan drawdown		–	121,296,665
Proceeds from:-			
- exercise of employee share options		1,177,240	2,855,000
- exercise of warrants 2003/2013	17	–	20,001,825
- exercise of warrants B	21	3,006,330	900
- issuance of sukuk murabahah		471,206,212	–
Purchase of treasury shares	19	–	(343,698)
Repayments of term loans		(285,493,446)	–
Repayments of hire purchases payables		(671,113)	(1,664,546)
Net drawdown/(repayments) of other bank borrowings		19,004,188	(3,536,012)
Net Financing Cash Flows		169,002,694	113,222,156
NET CHANGE IN CASH AND CASH EQUIVALENTS		161,921,875	(35,429,049)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		(23,014,388)	12,414,661
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		138,907,487	(23,014,388)
ANALYSIS OF CASH AND CASH EQUIVALENTS:-			
Short term investment with financial institution	16	70,173,196	63,433
Fixed deposits placed with licensed banks	16	25,207,587	9,700,938
Cash and bank balances		62,992,891	2,856,513
		158,373,674	12,620,884
Bank overdrafts		(16,676,093)	(32,845,916)
Fixed deposits pledged with licensed banks		(2,790,094)	(2,789,356)
		138,907,487	(23,014,388)

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

STATEMENT OF FINANCIAL POSITION
as at 31 December 2014

	Note	2014 RM	2013 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	–	–
Investment in subsidiary companies	6	95,765,270	95,765,270
Total non-current assets		95,765,270	95,765,270
Current assets			
Amount due from subsidiary companies	15	135,051,446	142,728,010
Prepayments		15,000	4,750
Tax recoverable		949,401	949,401
Fixed deposits placed with licensed bank and short term investment with financial institution	16	32,812,189	2,766,000
Cash and bank balances		102,923	82,155
Total current assets		168,930,959	146,530,316
TOTAL ASSETS		264,696,229	242,295,586
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	17	165,043,105	160,868,175
Share premium	18	3,875,012	3,735,372
Treasury shares	19	(937,928)	(937,928)
Reserves	20	25,481,527	22,818,407
Total equity		193,461,716	186,484,026
Non-current liability			
Term loan	22	34,138,000	42,850,000
Current liabilities			
Other payables and accruals	25	227,861	249,121
Amount due to a subsidiary company	15	26,581,194	–
Other bank borrowings	26	10,287,458	12,712,439
Total current liabilities		37,096,513	12,961,560
TOTAL LIABILITIES		71,234,513	55,811,560
TOTAL EQUITY AND LIABILITIES		264,696,229	242,295,586

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

STATEMENT OF COMPREHENSIVE INCOME
for the financial year ended 31 December 2014

	Note	2014 RM	2013 RM
Revenue	27	14,817,380	15,213,947
Cost of sales		–	–
Gross profit		14,817,380	15,213,947
Administrative expenses		(1,555,679)	(1,138,503)
Profit from operations		13,261,701	14,075,444
Finance costs	29	(4,137,860)	(4,720,226)
Profit before taxation	30	9,123,841	9,355,218
Taxation	31	(797,147)	(2,551,389)
Profit after taxation		8,326,694	6,803,829
Other comprehensive income, net of taxation		–	–
Total comprehensive income for the financial year		8,326,694	6,803,829

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

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2014

		Attributable to Owners of the Parent						
			Non-Distributable				Distributable	
	Note	Share capital RM	Treasury shares RM	Share premium RM	Capital reserves RM	Share option reserves RM	Retained earnings RM	Total equity RM
At 1 January 2013		138,010,450	(594,230)	–	4,419,677	24,044	20,884,735	162,744,676
Total comprehensive income for the financial year		–	–	–	–	–	6,803,829	6,803,829
Transactions with owners:-								
Dividends on ordinary shares	33	–	–	–	–	–	(5,936,058)	(5,936,058)
Exercise of warrants 2003/2013	20	20,001,825	–	3,355,084	(4,025,542)	–	670,458	20,001,825
Exercise of Warrants B	17	900	–	–	–	–	–	900
Exercise of employee share options	17, 34	2,855,000	–	380,288	–	(119,092)	–	3,116,196
Options granted under ESOS	34	–	–	–	–	96,356	–	96,356
Shares buy back	19	–	(343,698)	–	–	–	–	(343,698)
Total transactions with owners		22,857,725	(343,698)	3,735,372	(4,025,542)	(22,736)	(5,265,600)	16,935,521
At 31 December 2013		160,868,175	(937,928)	3,735,372	394,135	1,308	22,422,964	186,484,026
At 1 January 2014		160,868,175	(937,928)	3,735,372	394,135	1,308	22,422,964	186,484,026
Total comprehensive income for the financial year		–	–	–	–	–	8,326,694	8,326,694
Transactions with owners:-								
Dividends on ordinary shares	33	–	–	–	–	–	(6,138,409)	(6,138,409)
Exercise of Warrants B	17	3,006,330	–	–	–	–	–	3,006,330
Exercise of employee share options	17, 34	1,168,600	–	139,640	–	(7,354)	–	1,300,886
Options granted under ESOS	34	–	–	–	–	482,189	–	482,189
Total transactions with owners		4,174,930	–	139,640	–	474,835	(6,138,409)	(1,349,004)
At 31 December 2014		165,043,105	(937,928)	3,875,012	394,135	476,143	24,611,249	193,461,716

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

STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2014

	Note	2014 RM	2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES:-			
Profit before taxation		9,123,841	9,355,218
Adjustments for:-			
Depreciation of property, plant and equipment		–	965
Dividend income		(11,000,000)	(10,000,000)
Interest expense		4,137,860	4,720,226
Interest income		(3,817,380)	(5,213,947)
Share options expenses	34	605,835	357,552
Operating loss before working capital changes		(949,844)	(779,986)
Changes in working capital:-			
Receivables		(10,250)	(4,750)
Payables		(21,260)	(1,487,712)
Cash used in operations		(981,354)	(2,272,448)
Tax (paid)/refunded		(797,147)	62,519
Net Operating Cash Flows		(1,778,501)	(2,209,929)
CASH FLOWS FROM INVESTING ACTIVITIES:-			
Dividends received		11,000,000	7,500,000
Interest received		3,817,380	5,213,947
Increase in amount due from subsidiary companies		–	(17,698,158)
Net Investing Cash Flows		14,817,380	(4,984,211)
CASH FLOWS FROM FINANCING ACTIVITIES:-			
Dividends paid	33	(6,138,409)	(5,936,058)
Interest paid		(4,137,860)	(4,720,226)
Repayments of term loans		(8,762,955)	(8,772,316)
Proceeds from:-			
- exercise of employee share options		1,177,240	2,855,000
- exercise of warrants 2003/2013	17	–	20,001,825
- exercise of Warrants B	21	3,006,330	900
Purchase of treasury shares		–	(343,698)
Net increase in amount due to subsidiary companies		34,257,758	–
Net Financing Cash Flows		19,402,104	3,085,427

STATEMENT OF CASH FLOWS
for the financial year ended 31 December 2014 [Continued]

	Note	2014 RM	2013 RM
NET CHANGE IN CASH AND CASH EQUIVALENTS		32,440,983	(4,108,713)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		(3,556,126)	552,587
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		28,884,857	(3,556,126)
ANALYSIS OF CASH AND CASH EQUIVALENTS:-			
Short term investment with financial institution	16	30,046,189	–
Fixed deposits placed with licensed bank	16	2,766,000	2,766,000
Cash and bank balances		102,923	82,155
		32,915,112	2,848,155
Bank overdraft		(1,264,255)	(3,638,281)
Fixed deposits pledged with licensed banks		(2,766,000)	(2,766,000)
		28,884,857	(3,556,126)

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is principally engaged as an investment holding company. The principal activities of the subsidiary companies are as disclosed in Note 6 to the financial statements.

There has been no significant change in the nature of these principal activities during the financial year.

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

The registered office of the Company is located at 14-2, Jalan 4A/27A, Section 2, Wangsa Maju, 53300 Kuala Lumpur.

The principal place of business of the Company is located at Penthouse, The Crest, 3 Two Square, No. 2, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan.

The financial statements are expressed in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 April 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

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

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

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

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int")

2.2.1 Adoption of Amendments/Improvements to FRSs and New IC Int

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

<u>Amendments/Improvements to FRSs</u>

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

<u>New IC Int</u>

IC Int 21	Levies

NOTES TO THE
FINANCIAL STATEMENTS
[Continued]

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

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

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

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

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

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

Amendments to FRS 132 Financial Instruments: Presentation

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

Amendments to FRS 136 Impairment of Assets

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

Amendments to FRS 139 Financial Instruments: Recognition and Measurement

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

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

IC Int 21 Levies

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

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

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

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

A brief discussion on the above significant new FRSs and amendments/improvements to FRSs are summarised below.

NOTES TO THE
FINANCIAL STATEMENTS
[Continued]

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

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

FRS 9 Financial Instruments

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

<u>Classification and measurement</u>

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

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

<u>Impairment</u>

FRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

<u>Hedge accounting</u>

FRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

Amendments to FRS 1 First-time Adoption of Financial Reporting Standards

Amendments to FRS 1 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

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

Amendments to FRS 2 Share-based Payment

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

Amendments to FRS 3 Business Combinations

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

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

Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to FRS 5 introduces specific guidance when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vise versa), or when held-for-distribution is discontinued.

Amendments to FRS 7 Financial Instruments: Disclosures

Amendments to FRS 7 provides additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of FRS 7.

The Amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to FRS 7) to condensed interim financial statements.

Amendments to FRS 8 Operating Segments

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

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

NOTES TO THE FINANCIAL STATEMENTS [Continued]

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

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

Amendments to FRS 11 Joint Arrangements

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

Amendments to FRS 13 Fair Value Measurement

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

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

Amendments to FRS 101 Presentation of Financial Statements

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

Amendments to FRS 116 Property, Plant and Equipment

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

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

Amendments to FRS 119 Employee Benefits

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

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

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

In addition, the Amendments clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to FRS 124 Related Party Disclosures

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

Amendments to FRS 127 Separate Financial Statements

Amendments to FRS 127 allows a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to FRS 138 Intangible Assets

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

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

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

NOTES TO THE
FINANCIAL STATEMENTS
[Continued]

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

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

Amendments to FRS 140 Investment Property

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

Amendments to FRS 10 Consolidated Financial Statements and FRS 128 Investments in Associates and Joint Ventures

These Amendments address an acknowledged inconsistency between the requirements in FRS 10 and those in FRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

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

Amendments to FRS 10 Consolidated Financial Statements, FRS 12 Disclosures of Interests in Other Entities and FRS 128 Investments in Associates and Joint Ventures

These Amendments addresses the following issues that have arisen in the application of the consolidation exception for investment entities:-

- Exemption from presenting consolidated financial statements:- the Amendments clarifies that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

- Consolidation of intermediate investment entities:- the Amendments clarifies that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

- Policy choice for equity accounting for investments in associates and joint ventures:- the Amendments allows a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

2.2.3 MASB Approved Accounting Standards, MFRSs

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

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Int 15 *Agreements for the Construction of Real Estate* ("Transitioning Entities"). The Transitioning Entities are given an option to defer the adoption of MFRSs Framework and shall apply the MFRSs framework for annual periods beginning on or after 1 January 2017. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework. As such, the Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework for financial year ended 31 December 2017. The main effects arising from the transition to the MFRSs Framework are discussed below.

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

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

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

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

NOTES TO THE
FINANCIAL STATEMENTS
[Continued]

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

2.2.3 MASB Approved Accounting Standards, MFRSs (Continued)

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The Group is currently assessing the impact of the adoption of this standard.

Amendments to MFRS 141 Agriculture

MFRS 141 requires a biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except where the fair value cannot be measured reliably. MFRS 141 also requires agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Gains or losses arising on initial recognition of a biological asset and the agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in the profit or loss for the period in which it arises.

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

Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture

With the Amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies

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

2.3.1 Basis of Consolidation

(i) Subsidiary Companies

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date the control commences until the date that control is ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at costs less any impairment losses, unless the investment is classified as held for sale or distribution. The costs of investment including transaction costs.

(ii) Business Combination

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

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

Acquisitions of subsidiary companies are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in the other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, and equity instruments issued, plus any cost directly attributable to the business combination.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary company's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.3.6. Any excess of the Group's share in the net fair value of the acquired subsidiary company's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquirera are reassessed on acquisition date unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.1 Basis of Consolidation (Continued)

(ii) Business Combination (Continued)

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

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

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

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

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

(iii) Non-controlling Interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary company not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary company are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.2 Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

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

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

Building-in-progress is stated at cost unless in the opinion of the Directors there is a permanent diminution in value. In which case, provision will be made. Depreciation on building-in-progress commences when the asset is ready for its intended use.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. The depreciable amount is determined after deducting the residual value. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	2%
Equipment, furniture and fittings	10 – 20%
Light equipment	20%
Motor vehicles	20%
Plant and machinery	20%

The residual values, useful life and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.3 Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Alternatively, the fair value of the investment properties are performed by using discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

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

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

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

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.3.2 up to the date of change in use.

2.3.4 Leases

(i) As lessee

Finance lease, 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 asset or, if lower, at the present value of the minimum leased payments. Any incidental 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, are charged as expenses in the periods in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.4 Leases (Continued)

(i) As lessee (Continued)

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

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

(ii) As lessor

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

2.3.5 Other Investment

Other investments are stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3.15.

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

2.3.6 Goodwill

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

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

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

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

NOTES TO THE
FINANCIAL STATEMENTS
[Continued]

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.7 Impairment of Non-financial Assets

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill that has an indefinite useful life, the recoverable amount is estimated at the end of each reporting period or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the date of acquisition, allocated to each of the Group's CGUs, or group of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

The recoverable amount of an asset is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows 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 considered impaired and 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.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the assets are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss of an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised for asset in prior years. The reversal is recognised in profit or loss, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is treated as a revaluation increase.

2.3.8 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. Cost includes cost of land and attributable development expenditures.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.8 Land Held for Property Development (Continued)

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

2.3.9 Operating Financial Asset

The Group constructs or upgrade infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. These arrangements may include infrastructure used in public-to-private service concession arrangement for its entire concession period.

The financial asset model is used when the Group has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services.

In the financial asset model, the amount due from the grantor meets the definition of a receivable which is measured at fair value. It is subsequently measured at amortised cost. The amount initially recognised plus the interest income on that amount is calculated using the effective interest method.

2.3.10 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.

When 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 the profit or loss over billings to purchasers is classified as accrued billings in respect of property development costs and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as advance billings in respect of property development costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.11 Construction Contracts

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

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

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

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

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

2.3.12 Inventories

Inventories comprising properties held for sale are valued at the lower of cost and net realisable value.

Cost of unsold completed properties comprises costs associated with the acquisition of land, direct construction costs and appropriate proportions of common cost.

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

2.3.13 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.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.13 Financial Assets (Continued)

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

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

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

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

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

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investment

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

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

NOTES TO THE
FINANCIAL STATEMENTS
[Continued]

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.13 Financial Assets (Continued)

(iii) Held-to-maturity investment (Continued)

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

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

(iv) Available-for-sale financial assets

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

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

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

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

A financial asset is derecognised where the contractual right to receive cash flows from the financial asset has expired or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.14 Cash and Cash Equivalents

Cash and cash equivalents comprise bank balances, cash on hand, demand deposits (other than deposits pledged with financial institutions), bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts which are repayable on demand that forms as integral part of the Group's cash management.

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

2.3.15 Impairment of Financial Assets

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.15 Impairment of Financial Assets (Continued)

(ii) Unquoted equity securities carried at cost

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

(iii) Available-for-sale financial assets

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

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

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

2.3.16 Financial Liabilities

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.16 Financial Liabilities (Continued)

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and 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 classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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

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

2.3.17 Financial Guarantee Contracts

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

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

2.3.18 Provisions for Liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS [Continued]

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.19 Equity Instruments

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 liabilities in the period in which they are declared.

2.3.20 Treasury Shares

When shares of the Company, that have been cancelled, recognised as equity are reacquired, the amount of the consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When the treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.3.21 Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and to the Company as well as the amount of the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:-

(i) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.3.11.

Construction revenue in respect of service under the concession arrangements are recognised in accordance with FRS111 Construction Contracts.

(ii) Property development

Revenue from sale of development properties is accounted for by the stage of completion method as described in Note 2.3.10.

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

(iii) Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease.

(iv) Services

Revenue is recognised net of discount upon the rendering of services.

(v) Interest income

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.21 Revenue Recognition (Continued)

(vi) Dividend income

Dividend income is recognised in profit or loss when the right to receive payment is established.

(vii) Car park income

Car park income is recognised for rental of car park spaces.

(viii) Sale of land and completed unsold properties

Revenue from sale of land and completed unsold properties are measured at the fair value of the consideration receivable and are recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

(ix) Maintenance revenue

Revenue from maintenance works is recognised based on monthly fixed fee and recognised when earned over the term of the concession.

2.3.22 Employee Benefits

(i) Short term employee benefits

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

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, Employees Provident Fund (“EPF”). Such contributions are recognised as an expense in profit or loss as incurred.

(iii) Employee share option scheme

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.22 Employee Benefits (Continued)

(iii) Employee share option scheme (Continued)

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

2.3.23 Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

The effective interest expense accrued arising from the loan obtained to finance the concession arrangement is recognised in profit or loss based on the effective interest method.

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

2.3.24 Income Taxes

(i) Current tax

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.24 Income Taxes (Continued)

(ii) Deferred tax

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS [Continued]

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.24 Income Taxes (Continued)

(ii) Deferred tax (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the financial 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 end of 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.

2.3.25 Earnings Per Share

The Group presents basic and diluted earnings per share data for its ordinary shares (“EPS”).

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

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

2.3.26 Contingent Liabilities

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

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

2.3.27 Operating Segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. An operating segment’s operating results are reviewed regularly by the chief operating decision maker, which is the Group Executive Committee, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.28 Fair Value Measurements

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

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

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

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

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

Level 3: unobservable inputs for the asset or liability.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Depreciation of Property, Plant and Equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

3.2 Impairment of Goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating unit to which goodwill has been allocated. The value-in-use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

The carrying amount of goodwill at the end of the reporting period is RM33,604,364/- (2013: RM33,604,364/-). Details of the impairment assessment are disclosed in Note 8 to the financial statements.

3.3 Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses 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.

3.4 Construction Contracts and Property Development

The Group recognises construction contracts and property development revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction contracts and property development costs incurred for the work performed to date bear to the estimated total construction contracts and property development costs respectively. Significant judgement is required in determining the stage of completion, the extent of the construction costs and property development costs incurred, the estimated total construction contracts and property development revenue and costs, as well as the recoverability of the construction contracts and development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

3.5 Impairment of Loans and Receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loan and receivables at the end of the reporting period is disclosed in Note 39 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

3.6 Employee Share Options

The Group and the Company measure the cost of equity-settled transactions with employees by reference to the fair value of the employee share options at the date at which they are granted. Judgement is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. Management is also required to use judgement in determining the most appropriate inputs to the valuation model including volatility and dividend yield. The assumptions and model used are disclosed in Note 17 to the financial statements.

3.7 Income Taxes

Judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for taxation. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3.8 Construction Revenue Recognition in relation to Concession Arrangement

In accordance with IC Interpretation 12 Service Concession Arrangements, revenue associated with construction work under the concession arrangements are recognised and measure in accordance with FRS 111 Construction Contracts using the percentage of completion method. Revenue generated from the construction work is measured at the fair value of the consideration received or receivable using the effective interest method. In order to determine the construction revenue to be recognised during the financial year, the directors of the Company is required to use judgement in determining the stage of completion, the estimated total construction costs, effective interest rates, as well as the recoverability of the construction contracts.

3.9 Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. Significant judgement is required in determining fair value which may be derived based on different valuation method. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The Group engaged independent valuation specialists to determine fair value as at 31 December 2014.

4. PROPERTY, PLANT AND EQUIPMENT

Group 2014	Freehold land RM	Buildings RM	Equipment, furniture and fittings RM	Light equipment RM	Motor vehicles RM	Plant and machinery RM	Total RM
Cost							
At 1 January 2014	3,049,653	3,957,798	5,345,992	5,754,404	6,713,052	18,385,964	43,206,863
Additions	–	–	871,808	–	682,510	–	1,554,318
Disposals	–	–	–	–	(2,043,429)	(205,000)	(2,248,429)
At 31 December 2014	3,049,653	3,957,798	6,217,800	5,754,404	5,352,133	18,180,964	42,512,752
Accumulated depreciation							
At 1 January 2014	–	454,593	4,347,258	5,593,174	5,533,966	15,795,883	31,724,874
Depreciation for the financial year	–	79,140	290,668	38,555	407,046	1,694,790	2,510,199
Disposals	–	–	–	–	(1,695,668)	(205,000)	(1,900,668)
At 31 December 2014	–	533,733	4,637,926	5,631,729	4,245,344	17,285,673	32,334,405
Net book value at 31 December 2014	3,049,653	3,424,065	1,579,874	122,675	1,106,789	895,291	10,178,347

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group 2013	Freehold land RM	Buildings RM	Equipment, furniture and fittings RM	Light equipment RM	Motor vehicles RM	Plant and machinery RM	Buildings-in-progress RM	Total RM
Cost								
At 1 January 2013	3,049,653	2,077,798	4,845,190	5,754,404	8,779,674	18,635,964	1,188,400	44,331,083
Additions	–	–	500,802	–	639,219	–	691,600	1,831,621
Disposals	–	–	–	–	(2,705,841)	(250,000)	–	(2,955,841)
Reclassification	–	1,880,000	–	–	–	–	(1,880,000)	–
At 31 December 2013	3,049,653	3,957,798	5,345,992	5,754,404	6,713,052	18,385,964	–	43,206,863
Accumulated depreciation								
At 1 January 2013	–	413,053	4,083,331	5,507,269	7,289,957	13,909,532	–	31,203,142
Depreciation for the financial year	–	41,540	263,927	85,905	738,989	2,136,351	–	3,266,712
Disposals	–	–	–	–	(2,494,980)	(250,000)	–	(2,744,980)
At 31 December 2013	–	454,593	4,347,258	5,593,174	5,533,966	15,795,883	–	31,724,874
Net book value at 31 December 2013	3,049,653	3,503,205	998,734	161,230	1,179,086	2,590,081	–	11,481,989

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company **2014**	**Equipment, furniture and fittings** **RM**
Cost	
At 1 January 2014	14,465
Additions/Disposals	–
At 31 December 2014	14,465
Accumulated depreciation	
At 1 January 2014	14,465
Depreciation for the financial year	–
Disposals	–
At 31 December 2014	14,465
Net book value at 31 December 2014	–
2013	
Cost	
At 1 January 2013	14,465
Additions/Disposals	–
At 31 December 2013	14,465
Accumulated depreciation	
At 1 January 2013	13,500
Depreciation for the financial year	965
Disposals	–
At 31 December 2013	14,465
Net book value at 31 December 2013	–

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM1,554,318/- (2013: RM1,831,621/-) of which RM280,000/- (2013: RM510,000/-) were acquired by means of hire purchase arrangements. Cash payments of RM1,274,318/- (2013: RM1,321,621/-) were used to acquire the property, plant and equipment.

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

	Group	
	2014	**2013**
	RM	**RM**
Motor vehicles	774,597	996,098
Plant and machinery	–	238,000
	774,597	1,234,098

The leased assets are pledged as security for the hire purchase liabilities.

(c) Land and buildings with an aggregate carrying value of RM6,473,718/- (2013: RM6,552,858/-) is freehold.

5. INVESTMENT PROPERTIES

	Group	
	2014	**2013**
	RM	**RM**
At 1 January	249,200,000	168,449,241
Additions	–	19,835,484
Transfer from property development costs	21,722,532	–
Change in fair value recognised in profit or loss	28,377,468	60,915,275
At 31 December	299,300,000	249,200,000
Represented by:-		
Investment properties, at fair value as at 31 December	299,300,000	249,200,000
Rental income from investment properties	16,285,328	11,229,166
Direct operating expenses on income generating investment properties	(6,313,782)	(6,835,790)

(a) Investment properties with an aggregate carrying value of RM124,500,000/- (2013: RM115,900,000/-) are held under lease terms and have unexpired lease period of more than 50 years.

The remaining investment properties amounted to RM174,800,000/- (2013: RM133,300,000/-) are freehold.

NOTES TO THE FINANCIAL STATEMENTS [Continued]

5. INVESTMENT PROPERTIES (Continued)

(b) The investment properties are stated at fair value, which has been determined based on valuations at the end of the reporting period. Valuations are performed by accredited valuers as at 31 December 2014 and 2013. The fair value of the properties has been determined using the comparison approach and investment approach depending on the nature of the property.

(c) All the investment properties of the Group are pledged for credit facilities granted to the Group as disclosed in Note 22 and Note 26 to the financial statements.

(d) Fair value of investment properties are categorised as follows:-

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2014				
Group				
Office, retails and shoplot	–	–	299,300,000	299,300,000
2013				
Group				
Office, retails and shoplot	–	–	249,200,000	249,200,000

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant inputs used in the valuation models.

Property category	Valuation technique	Significant inputs	By the accredited valuers
Office, retails and shoplot	Investment method	- Estimated average rental rate per square feet per month	RM2 - RM4
		- Estimated price per parking bay	RM25,000
		- Estimated outgoings per square feet per month	RM0.07
		- Term yield	6%
	Comparison method	The comparison method entails analysing recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in location, visibility, size, tenure, etc.	

5. INVESTMENT PROPERTIES (Continued)

The estimated fair value would increase/(decrease) if:-

- Estimated average rental rate per square feet per month were higher/(lower)
- Estimated price per parking bay were higher/(lower)
- Estimated outgoings per square feet per month lower/(higher)
- Term yield rate lower/(higher)

Comparison method

The comparison method compares sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Investment method

The investment method entails determining the net annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by suitable rate of return consistent with the type and quality of the investment to arrive of the market value of the subject property. The most significant input into this valuation approach is the estimate rental yield of similar properties.

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation company provides the fair value of the Group's investment property portfolio annually. Changes in Level 3 values are analysed by the management annually after obtaining valuation report from the independent property valuers,

Policy on transfer between levels

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

Transfer between Level 1 and Level 2

There is no transfer between Level 1 and 2 fair values during the financial year.

NOTES TO THE FINANCIAL STATEMENTS [Continued]

6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2014 RM	2013 RM
Unquoted shares - at cost	95,765,270	95,765,270

The details of the subsidiary companies, all of which are incorporated in Malaysia are as follows:-

Name of company	2014 %	2013 %	Principal activities
Held by the Company			
3 Two Square Sdn. Bhd.	100	100	Property investment and property development
CB Land Sdn. Bhd.	100	100	Property investment and property development
CBTech (M) Sdn. Bhd.	100	100	Mechanical and electrical engineering services
Crest Builder International Sdn. Bhd.	100	100	Investment holding
Crest Builder Sdn. Bhd.	100	100	Construction
Crestland Project Management Sdn. Bhd.	100	100	Project management
Damansara One Sdn. Bhd.	100	100	Property investment and property development
Nepfield Sdn. Bhd.	100	100	Property investment and property development
Vertical Success Sdn. Bhd.	100	100	Property investment and property development
Held through Crest Builder Sdn. Bhd.			
Crestland Development Sdn. Bhd.	100	100	Property investment and property development
Landasan Bayu Sdn. Bhd.	51	51	Property investment and property development
Held through Crest Builder International Sdn. Bhd.			
Unitapah Sdn. Bhd.	51	51	Concession holder
Intan Sekitar Sdn. Bhd.	51	51	Property investment and property development

6. INVESTMENT IN SUBSIDIARY COMPANIES (Continued)

Non-controlling Interests in Subsidiary Companies

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

2014	Unitapah Sdn. Bhd.	Other individually immaterial subsidiary companies	Total RM
NCI percentage of ownership interest and voting interest	**49%**		
Carrying amount of NCI (RM)	4,500,981	77,672	4,578,653
Loss allocated to NCI (RM)	(770,597)	(7,388)	(777,985)

Summarised financial information before intra-group elimination:-

	Unitapah Sdn. Bhd. RM
As at 31 December 2014	
Non-current assets	285,334,080
Current assets	250,830,476
Non-current liabilities	(520,695,045)
Current liabilities	(2,283,837)
Net assets	13,185,674
Financial year ended 31 December 2014	
Revenue	69,094,310
Loss for the financial year	(1,572,648)
Total comprehensive loss	(1,572,648)
Cash flows from operating activities	(20,104,656)
Cash flows from investing activities	390,606
Cash flows from financing activities	99,516,424
Net increase in cash and cash equivalents	79,802,374
Dividends paid to NCI	–

6. INVESTMENT IN SUBSIDIARY COMPANIES (Continued)

Non-controlling Interests in Subsidiary Companies (Continued)

		2013	
NCI percentage of ownership interest and voting interest	**Unitapah Sdn. Bhd. 49%**	**Other individually immaterial subsidiary companies**	**Total RM**
Carrying amount of NCI (RM)	5,271,578	85,060	5,356,638
Profit/(loss) allocated to NCI (RM)	6,177,147	(7,156)	6,169,991

Summarised financial information before intra-group elimination:-

	Unitapah Sdn. Bhd. RM
As at 31 December 2013	
Non-current assets	316,826,926
Current assets	400,777
Non-current liabilities	(257,424,951)
Current liabilities	(45,044,430)
Net assets	14,758,322
Financial year ended 31 December 2013	
Revenue	119,539,685
Profit for the financial year	12,606,424
Total comprehensive income	12,606,424
Cash flows from operating activities	(93,266,936)
Cash flows from investing activities	3,486
Cash flows from financing activities	93,285,032
Net increase in cash and cash equivalents	21,582
Dividends paid to NCI	–

NOTES TO THE
FINANCIAL STATEMENTS
[Continued]

7. GOLF CLUB MEMBERSHIP

	Group 2014 RM	Group 2013 RM
At cost		
At 1 January/31 December	54,000	54,000
Less:		
Accumulated impairment losses		
At 1 January/31 December	–	–
	54,000	54,000

8. GOODWILL

	Group 2014 RM	Group 2013 RM
At 1 January/31 December	33,604,364	33,604,364

(a) Impairment test for goodwill

Goodwill is arising from business combination has been allocated to the Group's CGUs identified according to the business segments as follows:-

	Construction RM	Investment holding RM	Property development RM	Total RM
At 1 January/31 December	33,550,094	32,988	21,282	33,604,364

8. GOODWILL (Continued)

(b) Key assumptions used in value-in-use calculations

The goodwill allocated to investment holding and property development segments are not significant in comparison with the Group's total carrying amount of goodwill.

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial forecasts approved by the director for the next three (3) years. Cash flows beyond the next one (1) year are extrapolated using the growth rates as stated below. The key assumptions used for value-in-use calculations are:-

	2014		2013	
	Discount rate %	Growth rate %	Discount rate %	Growth rate %
Construction	7	10	6	10

The following describes each key assumption on which the director has based its cash flows projections for the purposes of impairment testing of goodwill:-

(i) Discount rate – based on the weighted average cost of capital of the Group
(ii) Growth rate – consistent with the long term average growth rate of the Group

(c) Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the construction and property development units, the directors believe that no reasonably possible change in any of the above key assumptions would have caused the carrying values of the units to materially exceed their recoverable amounts.

9. OPERATING FINANCIAL ASSET

The Group had entered into a concession agreement with the Government of Malaysia and Universiti Teknologi Mara ("UiTM") on 4 May 2010 to design, develop, construct of the Facilities and Infrastructure and the maintenance works for a period of 23 years comprising 3 years of construction works and 20 years of maintenance works. Upon expiry of the concession period, the Group is required to handover the Facilities and Infrastructure at no cost to UiTM in a well maintained condition, fair wear and tear.

	Group	
	2014	**2013**
	RM	**RM**
- Non-current	285,325,465	349,578,077
- Current	45,058,362	–
	330,383,827	349,578,077

The operating financial asset represents the concession arrangement for UiTM project which carries interest rates ranging at 4.66% to 6.47% (2013: 6.30%) per annum.

10. DEFERRED TAX ASSETS/ (LIABILITIES)

	Group	
	2014	**2013**
	RM	**RM**
Deferred tax assets		
At 1 January	9,902,986	2,146,925
Recognised in profit or loss	3,717,797	7,756,061
At 31 December	13,620,783	9,902,986
Deferred tax liabilities		
At 1 January	(4,057,156)	(304,855)
Recognised in profit or loss	(3,172,221)	(3,752,301)
At 31 December	(7,229,377)	(4,057,156)

The recognition of the deferred tax assets of the Group are dependent on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences. The evidence used to support this recognition is the directors' budget, which shows that it is probable that the deferred tax assets would be realised in future years.

10. DEFERRED TAX ASSETS/ (LIABILITIES) (Continued)

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

Group	At 1 January 2013 RM	Recognised in the profit or loss RM	At 31 December 2013 RM	Recognised in the profit or loss RM	At 31 December 2014 RM
Deferred tax assets					
Property development	1,917,178	7,985,809	9,902,987	3,563,300	13,466,287
Property, plant and equipment	–	–	–	286,100	286,100
Unabsorbed capital allowances	20,922	7,359	28,281	126,216	154,497
Unutilised tax losses	2,484,825	(2,484,825)	–	1,354,972	1,354,972
	4,422,925	5,508,343	9,931,268	5,330,588	15,261,856
Deferred tax liabilities					
Property, plant and equipment	314,663	(20,996)	293,667	(293,667)	–
Investment properties	–	–	–	4,998,645	4,998,645
Operating financial asset	2,266,192	1,525,579	3,791,771	80,034	3,871,805
	2,580,855	1,504,583	4,085,438	4,785,012	8,870,450
	1,842,070	4,003,760	5,845,830	545,576	6,391,406

Presented after appropriate offsetting:-

	Group 2014 RM	2013 RM
Deferred tax assets	13,620,783	9,902,986
Deferred tax liabilities	(7,229,377)	(4,057,156)
At 31 December	6,391,406	5,845,830

11. TRADE AND OTHER RECEIVABLES

	Group 2014 RM	2013 RM
Non-current		
Trade receivables		
Retentions sums	7,951,798	14,342,847
Current		
Trade receivables		
Trade receivables	154,255,211	129,986,756
Accrued billings in respect of property development	36,968	2,496,204
Retentions sums	34,270,180	41,443,305
	188,562,359	173,926,265
Less: Allowance for impairment	(2,157,550)	(1,997,475)
Trade receivables, net (Note 11(a))	186,404,809	171,928,790
Other receivables		
Other receivables	46,073,315	4,788,176
Less: Allowance for impairment	(487,821)	(487,821)
Other receivables, net	45,585,494	4,300,355
Advances made to trade payables	6,465,713	11,111,835
Deposits	2,079,159	2,358,853
Prepayments	257,626	2,778,258
Total other receivables, net (Note 11(b))	54,387,992	20,549,301
Total trade and other receivables	248,744,599	206,820,938

NOTES TO THE FINANCIAL STATEMENTS [Continued]

11. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables

The Group's normal trade credit terms ranges from 14 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables of the Group is an amount of RM23,819,551/- (2013: RM24,542,761/-) due from a company which a director has interest.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables (excluded accrued billings) are as follows:-

	Group	
	2014 RM	**2013 RM**
Neither past due nor impaired	93,525,342	80,668,634
Past due but not impaired		
1 to 30 days past due but not impaired	11,156,125	9,024,760
31 to 60 days past due but not impaired	10,920,607	18,015,384
61 to 90 days past due but not impaired	4,606,783	2,587,529
91 to 120 days past due but not impaired	74,110,782	73,479,126
	100,794,297	103,106,799
Impaired	2,157,550	1,997,475
	196,477,189	185,772,908

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are credit worthy 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.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM100,794,297/- (2013: RM103,106,799/-) that are past due at the end of the reporting period but not impaired because there have been no significant changes in credit quality of the debtors and the amounts are still considered recoverable. The Group does not hold any collateral or credit enhancements over these balances.

11. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables (Continued)

Trade receivables that are impaired

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

	Group	
	2014 **RM**	**2013** **RM**
Individually impaired		
Trade receivables	2,157,550	1,997,475
Less: Allowance for impairment	(2,157,550)	(1,997,475)
	–	–

The movement in allowance for impairment is as follows:-

	Group	
	2014 **RM**	**2013** **RM**
At 1 January	1,997,475	1,997,475
Additions	160,075	–
At 31 December	2,157,550	1,997,475

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

(b) Other receivables

Included in other receivables of the Group are amounts of RM44,149,000/- (2013: RM539,000/-) due from non-controlling shareholders which are unsecured, interest free and repayable on demand.

Other receivables that are impaired

At the end of the reporting period, the Group has provided an allowance of RM487,821/- (2013: RM487,821/-) for impairment of the other receivables. These other receivables are in significant financial difficulties and have defaulted on payments. These other receivables are not secured by any collateral or credit enhancements.

There has been no movement in the allowance account for the financial year ended 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS [Continued]

12. PROPERTY DEVELOPMENT COSTS

Included in development costs incurred during the financial year is interest and rental expense capitalised of RM1,467,171/- and RM36,000/- (2013:RM808,253/- and RMNil).

The freehold land is pledged as security for credit facilities for the Group as disclosed in Note 22 and Note 26 to the financial statements.

	Group 2014 RM	Group 2013 RM
Freehold lands, at cost		
At 1 January	24,508,085	24,508,085
Less: Reversal of completed project	(717,265)	–
Unsold units transfer to inventories	(548,050)	–
Transfer to investment properties	(872,798)	–
At 31 December	22,369,972	24,508,085
Development costs		
At 1 January	148,933,536	96,806,386
Costs incurred during the financial year	56,000,753	52,127,150
Less: Reversal of completed project	(32,590,743)	–
Unsold units transfer to inventories	(19,533,239)	–
Transfer to investment properties	(20,849,734)	–
At 31 December	131,960,573	148,933,536
Property development costs at 31 December	154,330,545	173,441,621
Accumulated costs recognised in profit or loss		
At 1 January	(82,973,531)	(64,680,005)
Recognised during the financial year	(17,686,950)	(18,293,526)
Reversal of completed project	27,244,835	–
At 31 December	(73,415,646)	(82,973,531)
Net carrying amount as at 31 December	80,914,899	90,468,090

13. INVENTORIES

	Group 2014 RM	Group 2013 RM
At cost		
Completed development properties	21,411,230	5,680,334

The Group's cost of inventories recognised as an expense during the year in the Group amounted to RM4,350,393/- (2013: RM393,576/-).

14. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	Group 2014 RM	Group 2013 RM
Aggregate construction contract costs incurred to-date	1,661,166,332	1,625,519,637
Add: Attributable profits	65,783,471	79,012,719
	1,726,949,803	1,704,532,356
Less: Progress billings	(1,655,001,935)	(1,618,571,786)
	71,947,868	85,960,570
Represented by gross amounts:-		
- due from contract customers	72,352,677	86,833,771
- due to contract customers	(404,809)	(873,201)
	71,947,868	85,960,570

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

	Group 2014 RM	Group 2013 RM
Hire of plant and machineries	256,485	1,665,957
Depreciation of property, plant and equipment	855,661	1,481,235
Rental of premises	222,160	276,260

15. AMOUNT DUE FROM SUBSIDIARY COMPANIES

The amount due from subsidiary companies are unsecured, interest free except for an amount of RM42,721,558/- (2013: RM69,677,902/-) which bears an effective interest rate of 8.1% (2013: 8.1%) per annum and repayable on demand by cash or in kind.

16. FIXED DEPOSITS PLACED WITH LICENSED BANKS AND SHORT TERM INVESTMENT WITH FINANCIAL INSTITUTION

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Fixed deposits placed with licensed banks	25,207,587	9,700,938	2,766,000	2,766,000
Short term investment with financial institution	70,173,196	63,433	30,046,189	–
	95,380,783	9,764,371	32,812,189	2,766,000

The fixed deposits placed with licensed banks of the Group and of the Company earn interest rates of 1.75% to 3.76% (2013: 1.75% to 3.26%) and 1.75% (2013: 1.75%) per annum respectively.

Included in fixed deposits of the Group and of the Company amounting to RM2,790,094/- (2013: RM2,789,356/-), which is pledged for the purpose as a debt service reserve for term loan of the Company and guarantees for performance bonds issued in favour of third parties in respect of projects undertaken by a subsidiary company.

The short term investment of the Group and of the Company are in respect of investment in unquoted trust fund and earns interest at effective interest rate of 3.51% to 3.76% (2013: 3.00%) and 3.51% (2013: Nil) per annum.

17. SHARE CAPITAL

	Group and Company			
	2014		2013	
	Number of Shares Unit	RM	Number of Shares Unit	RM
Ordinary shares of RM1/- each				
Authorised:-				
At the beginning/end of the financial year	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid:-				
At 1 January	160,868,175	160,868,175	138,010,450	138,010,450
Issuance of shares:-				
- exercise of ESOS	1,168,600	1,168,600	2,855,000	2,855,000
- exercise of Warrants 2003/2013	–	–	20,001,825	20,001,825
- exercise of Warrants B	3,006,330	3,006,330	900	900
At 31 December	165,043,105	165,043,105	160,868,175	160,868,175

CBHB – ESOS

Information in respect of the number of share options granted under the CBHB – ESOS is as follows:-

	Number of share options	
	2014	2013
At 1 January	3,099,000	6,701,000
Granted	5,616,000	442,000
Exercised	(1,168,600)	(2,855,000)
Lapsed	(490,000)	(1,189,000)
At 31 December	7,056,400	3,099,000

NOTES TO THE FINANCIAL STATEMENTS [Continued]

17. SHARE CAPITAL (Continued)

CBHB – ESOS (Continued)

The movements of options over unissued new ordinary shares of RM1/- each of the Company granted under the CBHB – ESOS during the financial year are as follows:-

Date of offer	Option price	Number of share options 1.1.2014	Granted	Exercised	Lapsed	31.12.2014
19.4.2007	RM1.00	669,000	–	(171,000)	(30,000)	468,000
19.4.2009	RM1.00	347,000	–	(4,000)	(77,000)	266,000
19.4.2012	RM1.00	2,077,000	–	(966,000)	(228,000)	883,000
18.4.2013	RM1.00	6,000	–	(6,000)	–	–
18.4.2014	RM1.40	–	5,616,000	(21,600)	(155,000)	5,439,400

The ESOS, which is expired on 18 April 2012 has been granted with the extension for another five (5) years until 18 April 2017.

On 18 April 2014, the ESOS Committee has made the decision to grant 5,616,000 additional Options under the existing CBHB – ESOS; at an exercise price of RM1.40 each. The Options granted can be exercised over three (3) years from the date of ESOS granted but not later than 18 April 2017.

The weighted average share price at the date of the options exercised during the financial year was RM1.50. The exercise prices for options outstanding at the end of the financial year was RM1.00 and RM1.40 (2013: RM1.00).

Fair value of share options granted during the financial year are as follows:-

The fair value of share options granted during the financial year was estimated using the Black Scholes model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:-

	19 April 2014	19 April 2013
Fair value of share granted (RM)	0.280	0.218
Share price (RM)	1.550	1.020
Exercised price (RM)	1.400	1.000
Expected volatility (%)	19.31%	35.94%
Expected life (years)	3	4
Risk free rate (%)	3.30%	3.00%
Expected dividend yield (%)	2.42%	4.90%

The expected life of share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other feature of the option was incorporated into the measurement of fair value.

17. SHARE CAPITAL (Continued)

CBHB – ESOS (Continued)

Other than the directors whose interests are disclosed separately in the Directors' Report, the eligible employees of the Group whose share options entitlements are equal to or more than 115,000 share options in the Company pursuant to the CBHB – ESOS are as follows:-

	Number of options over ordinary shares of RM1/- each				
	1.1.2014	**Granted**	**Exercised**	**Lapsed**	**31.12.2014**
Goh Sin Huat	65,000	85,000	(35,000)	–	115,000
Khoo Kheng Kiat	400,000	–	–	–	400,000
Lim Swee Peng	115,000	35,000	(35,000)	–	115,000
Teh Hock Hua	420,000	300,000	(220,000)	–	500,000
Yong Tiok Chin	75,000	125,000	–	–	200,000

There were no exercise of ESOS since the end of the financial year.

18. SHARE PREMIUM

	Group and Company	
	2014	**2013**
	RM	**RM**
At 1 January	3,735,372	–
Exercise of Warrants 2003/2013	–	3,355,084
Exercise of ESOS	139,640	380,288
At 31 December	3,875,012	3,735,372

Share premium of the Group and of the Company arose from exercise of Warrant 2003/2013 and ESOS.

19. TREASURY SHARES

	Group and Company	
	2014	**2013**
	RM	**RM**
At 1 January	937,928	594,230
Shares repurchased during the financial year	–	343,698
At 31 December	937,928	937,928

As at 31 December 2014, the Group held 1,137,000 (2013: 1,137,000) of the Company's shares.

There were no repurchased of shares of the Company in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS [Continued]

19. TREASURY SHARES (Continued)

In previous financial year, the Company repurchased 412,500 of its issued ordinary shares from the open market on Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The average price paid for the shares repurchased was approximately RM0.83 per share including transaction costs.

The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of Companies Act, 1965. The Company has the right to reissue these shares at later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended. None of the treasury shares repurchased has been sold or cancelled as at 31 December 2013 and 31 December 2014.

20. RESERVES

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Non-distributable				
Capital reserves				
At 1 January	394,135	4,419,677	394,135	4,419,677
Exercise of Warrants 2003/2013	–	(4,025,542)	–	(4,025,542)
At 31 December	394,135	394,135	394,135	394,135
Share option reserves				
At 1 January	1,308	24,044	1,308	24,044
Options granted under ESOS	482,189	96,356	482,189	96,356
Exercise of ESOS	(7,354)	(119,092)	(7,354)	(119,092)
At 31 December	476,143	1,308	476,143	1,308
	870,278	395,443	870,278	395,443
Distributable				
Retained earnings	216,326,197	201,708,148	24,611,249	22,422,964
Total reserves	217,196,475	202,103,591	25,481,527	22,818,407

(a) Capital reserves

Capital reserves of the Group and of the Company arose from issuance of warrants as disclosed in Note 21 to the financial statements in prior years.

(b) Share option reserves

The share option reserves represents the equity-settled share options granted to employees. This reserve is made-up of the cumulative value of services received from employees recorded on grant share options.

(c) Retained earnings

The entire retained earnings of the Company as at 31 December 2014 may be distributed as dividend under the single tier system.

NOTES TO THE
FINANCIAL STATEMENTS
[Continued]

21. WARRANTS

WARRANTS 2012/2015 ("WARRANTS B")

The Warrants B represents a bonus issue of 41,331,912 warrants to the entitled shareholders on the basis of three (3) warrants for every ten (10) existing shares held on the entitlement date.

The Warrants are convertible into fully paid-up ordinary shares of RM1/- each in the Company at any time on or before 29 October 2015 at the rate of RM1/- cash per warrant subject to the terms and conditions set out in the Deed Poll. Warrants not exercised during the period will thereafter lapse and cease to be valid for any purpose.

3,006,330 Warrants B were converted into ordinary shares during the financial year.

As at 31 December 2014, 38,324,682 warrants remain unconverted.

There were no exercise of warrant since the end of the financial year.

22. TERM LOANS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current (Note 26)				
- not later than one year	26,930,502	32,684,828	9,023,203	9,074,158
Non-current				
- later than one year but not later than two years	16,283,424	52,000,423	8,712,000	8,712,000
- later than two years but not later than five years	48,140,272	114,524,457	25,426,000	26,136,000
- more than five years	6,940,462	184,578,398	–	8,002,000
	71,364,158	351,103,278	34,138,000	42,850,000
	98,294,660	383,788,106	43,161,203	51,924,158

The term loans of the Group and of the Company are denominated in Ringgit Malaysia.

The interest rates of term loans of the Group and of the Company are ranging from 5.95% to 8.35% (2013: 5.95% to 8.10%) and 8.35% (2013: 8.10%) per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS [Continued]

22. TERM LOANS (Continued)

The secured term loans, together with the other bank borrowings of the Group and of the Company as disclosed in Note 26 to the financial statements to the Group and to the Company are secured by way of:-

(a) loan agreement, third party first legal charge over the leasehold land and building, third party Deed of Assignment of rental proceeds and Debt Service Reserve Account of the investment property of the Group as disclosed in Note 5 to the financial statements;

(b) legal charged and assignment of all rights, title, interest, benefits, performance bonds, guarantees, security deposits, all liquidated damages payable to certain subsidiary companies, present and future rights in respect of the designated account and all policies of insurances/takaful as well as over the subsidiary company's revenue and profit reserve accounts, first party, fixed and floating legal charge on the present and future assets, undertakings and all other properties of certain subsidiary companies;

(c) third party and first legal charge over a development land captured in property development costs of the Group as disclosed in and Note 12 to the financial statements;

(d) first party first legal charge over the freehold land and a limited debenture by way of fixed and floating charge over the investment property of the Group as disclosed in Note 5 to the financial statements;

(e) assignment by way of charge over all the rents and other monies payables, interest, title, rights remedies and benefits under the tenancies executed and/or to be executed as well as to all insurance and first legal charge over the rental/car park proceeds account to be opened and maintained by the subsidiary company on the investment property as disclosed in Note 5 to the financial statements; and

(f) corporate guarantee provided by the Company, certain subsidiary companies and the non-controlling shareholders.

23. SUKUK MURABAHAH

On 12 December 2014, Unitapah Sdn. Bhd. issued a SUKUK facility based on the Shariah principles of Murabahah via a Tawarruq arrangement ("SUKUK Murabahah") of RM510 million in nominal value. The tenure of the SUKUK ranges from 1 to 19.5 years with profit rates of 4.66% to 6.47%.

	Group	
	2014 RM	**2013 RM**
Current		
- not later than one year	–	–
Non-current		
- later than one year but not later than two years	29,507,440	–
- later than two years but not later than five years	101,232,054	–
- more than five years	340,466,718	–
	471,206,212	–
	471,206,212	–

23. SUKUK MURABAHAH (Continued)

The SUKUK Murabahah is secured by the followings:-

(i) Debenture evidencing a fixed and floating charge over the Company's present and future assets;

(ii) First ranking charge and assignment of the Designated Accounts and the credit balances therein; and

(iii) First ranking assignment of takaful policies, if any, in relation to the Concession Agreement with the Security Trustee designated as loss payee/mortgagee.

24. HIRE PURCHASE PAYABLES

Hire purchase facilities bear interest rates ranging from 3.70% to 5.34% (2013: 2.45% to 3.86%) per annum.

	Group	
	2014 RM	**2013 RM**
Minimum hire purchase payables:-		
- not later than one year	283,414	415,564
- later than one year but not later than five years	198,930	510,052
	482,344	925,616
Less:		
Future finance charges	(24,487)	(76,646)
Present value of hire purchase payables	457,857	848,970
Represented by:-		
Current		
- not later than one year	266,644	378,030
Non-current		
- later than one year but not later than five years	191,213	470,940
	457,857	848,970

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Non-current				
Trade payables				
Retention sums	10,192,065	19,529,474	–	–
Current				
Trade payables				
Trade payables	108,254,738	128,212,843	–	–
Progress billings in respect of property development	18,715,073	–	–	–
Retention sums	45,805,101	31,389,114	–	–
Total trade payables	172,774,912	159,601,957	–	–
Other payables				
Other payables	11,095,785	9,435,650	3,861	27,121
Deposits received	5,382,396	5,573,204	–	–
Accruals	9,315,288	9,600,913	224,000	222,000
Total other payables	25,793,469	24,609,767	227,861	249,121
Total trade and other payables	208,760,446	203,741,198	227,861	249,121

(a) Trade payables

The Group's normal trade credit terms granted ranges from 30 to 60 days.

(b) Other payables

Included in accruals of the Group are:-

(i) an amount of RM1,688,458/- (2013: RM574,104/-) which represents accruals in respect of development costs for a development project closed off during the current financial year; and

(ii) an amount of RM4,359,258/- (2013: RM6,955,330/-) which represents accruals in respect of construction costs on investment properties.

26. OTHER BANK BORROWINGS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current				
Secured				
Bankers' acceptances	10,243,700	16,781,859	–	–
Term loans (Note 22)	26,930,502	32,684,828	9,023,203	9,074,158
Revolving credit	67,542,347	42,000,000	–	–
	104,716,549	91,466,687	9,023,203	9,074,158
Secured				
Bank overdrafts	16,676,093	32,845,916	1,264,255	3,638,281
	121,392,642	124,312,603	10,287,458	12,712,439

The bank borrowings of the Group and of the Company are denominated in Ringgit Malaysia and bear interest rates ranging from 3.88% to 10.35% (2013: 3.24% to 8.10%) and 8.35% (2013: 8.10%) per annum for the Group and for the Company respectively.

The securities for the other bank borrowings are disclosed in Note 22 to the financial statements.

27. REVENUE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Construction revenue	89,585,196	166,237,687	–	–
Sales of development/ completed properties	92,886,485	45,918,213	–	–
Rental income from investment properties	16,152,438	11,198,036	–	–
Interest income	96,982	50,150	3,817,380	5,213,947
Dividend income	–	–	11,000,000	10,000,000
Maintenance income	8,670,519	–	–	–
	207,391,620	223,404,086	14,817,380	15,213,947

28. COST OF SALES

	Group	
	2014 RM	2013 RM
Costs of construction contracts	121,012,975	161,138,379
Costs of development/completed properties sold	17,686,950	18,687,103
Costs of maintenance of investment properties	6,308,928	6,830,936
	145,008,853	186,656,418

29. FINANCE COSTS

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Bank overdraft interest	2,178,791	1,401,004	206,709	131,638
Bankers' acceptance interest	673,654	807,178	–	–
Hire purchase interest	60,186	159,463	–	–
Revolving credit interest	2,357,810	402,027	–	–
Term loan interest	27,817,129	16,682,248	3,931,151	4,588,588
	33,087,570	19,451,920	4,137,860	4,720,226

30. PROFIT BEFORE TAXATION

Profit before taxation is arrived:-

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
After charging:-				
Allowance for impairment loss on trade receivables	160,075	–	–	–
Auditors' remuneration				
- statutory audit				
- current year	155,000	146,900	26,000	24,000
- prior year	10,400	(100)	1,000	-
- non-statutory audit	15,000	15,000	8,000	8,000
Depreciation of property, plant and equipment (Note 4)	2,510,199	3,266,712	–	965
Direct operating expenses on income generating investment properties	6,313,782	6,835,790	–	–
Effect of unwinding of interest from the discounting of trade payables	51,520	73,290	–	–
Employee benefits expenses (Note 34)	17,417,932	14,694,279	803,835	555,552
Hire of plant and machineries	260,635	1,665,957	–	–
Rental expense	2,929,377	1,190,647	–	–
And crediting:-				
Change in fair value of investment properties (Note 5)	28,377,468	60,915,275	–	–
Effect of FRS139 on trade payables	–	52,251	–	–
Effect of accretion of interest from the discounting of trade receivables	192,913	251,618	–	–
Gain on disposal of property, plant and equipment	262,739	702,459	–	–
Interest income	238,377	401,903	–	–
Rental income	16,355,028	11,229,166	–	–

NOTES TO THE
FINANCIAL STATEMENTS
[Continued]

31. TAXATION

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Income tax				
- current year	9,412,251	10,241,010	–	2,551,389
- prior years	1,200,614	62,374	797,147	–
	10,612,865	10,303,384	797,147	2,551,389
Deferred tax				
- current year	(287,312)	(4,003,760)	–	–
- prior years	(258,264)	–	–	–
	(545,576)	(4,003,760)	–	–
	10,067,289	6,299,624	797,147	2,551,389

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

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

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Profit before taxation	30,045,762	61,236,374	9,123,841	9,355,218
Tax at applicable statutory tax rate of 25%	7,511,441	15,309,094	2,280,960	2,338,805
Tax effects arising from:-				
- non-taxable income	(4,835,037)	(15,532,185)	(2,750,000)	–
- non-deductible expenses	1,527,330	6,460,341	469,040	212,584
- under accrual in prior years	942,350	62,374	797,147	–
- Adjustment for changes in rate of Real Property Gain Tax	4,998,645	–	–	–
- different tax rate	(77,440)	–	–	–
	10,067,289	6,299,624	797,147	2,551,389

NOTES TO THE FINANCIAL STATEMENTS [Continued]

32. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, adjusted for treasury shares held.

	Group	
	2014	**2013**
	RM	**RM**
Net profit attributable to owners of the parent	20,756,458	48,766,759
Number of shares in issue as of 1 January	159,731,175	138,010,450
Effects of:-		
- shares buy back	–	(1,127,816)
- exercise of ESOS	762,118	1,103,570
- exercise of Warrants 2003/2013	–	11,587,072
- exercise of Warrants B	1,784,865	344
Weighted average number of ordinary shares in issue	162,278,158	149,573,620
Basic earnings per share (sen)	12.79	32.60

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, the profit for the financial year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the treasury shares held, for the effects of dilutive potential ordinary shares from exercise of ESOS and conversion of warrants. The adjusted weighted average number of ordinary shares is the weighted average number of ordinary shares in issue during the financial year, adjusted for treasury shares held and plus the weighted average number of ordinary shares which would be issued on the full conversion of the outstanding ESOS and warrants into ordinary shares. The ESOS and warrants are deemed to have been converted into ordinary shares at the date of issue of the ESOS and warrants. No adjustment is made to the net profit for the calculation.

32. EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share (Continued)

	Group	
	2014 RM	2013 RM
Profit attributable to owners of the parent (RM)	20,756,458	48,766,759
Weighted average number of ordinary shares in issue	162,278,158	149,573,620
Adjustment for ESOS	1,209,561	544,879
Adjustment for assumed conversion of warrants	12,689,741	7,266,991
Adjusted weighted average number of ordinary shares in issue and issuable	176,177,460	157,385,490
Diluted earnings per share (sen)	11.78	30.99

33. DIVIDENDS ON ORDINARY SHARES

	Group and Company	
	2014 RM	2013 RM
First and final 3.75 sen single tier dividend in respect of financial year ended 31 December 2013	6,138,409	–
First and final dividend of 5 sen less income tax at 25% in respect of financial year ended 31 December 2012	–	5,936,058
	6,138,409	5,936,058

At the forthcoming Annual General Meeting, a single tier first and final dividend of 3.75 sen per ordinary share on 163,906,105 ordinary shares (the outstanding issued and paid-up share capital of the Company with voting rights as at 31 December 2014, pending any conversion of warrants, exercise of employee share option scheme and repurchase of shares by the Company subsequent to 31 December 2014) of RM1/- each amounting to RM6,146,479/- in respect of the current financial year ended 31 December 2014 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 the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS [Continued]

34. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Salaries, bonus, overtime and allowances	14,592,336	12,663,981	198,000	198,000
Defined contribution plan ("EPF")	1,705,452	1,488,433	–	–
Share options expenses	605,835	357,552	605,835	357,552
Other staff related expenses	514,309	184,313	–	–
	17,417,932	14,694,279	803,835	555,552

Included in employee benefits expenses are Directors' remuneration as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Executive Directors (including alternate director)				
- Salaries and other emoluments (including estimated monetary value of benefits-in-kind)	2,779,413	1,667,752	–	–
	2,779,413	1,667,752	–	–
Non-Executive Directors				
- Fees	198,000	198,000	198,000	198,000
Total Directors' remuneration	2,977,413	1,865,752	198,000	198,000

34. EMPLOYEE BENEFITS EXPENSES (Continued)

The number of Directors of the Group whose total remuneration are analysed into bands of RM100,000/- is as follows:-

	Number of Directors 2014	2013
<u>Executive Directors (including alternate director)</u>		
RM200,001/- to RM300,000/-	–	3
RM300,001/- to RM400,000/-	2	–
RM400,001/- to RM500,000/-	1	–
RM800,001/- to RM900,000/-	–	1
RM1,000,001/- to RM1,100,000/-	1	–
	4	4
<u>Non-Executive Directors</u>		
Less than RM100,000/-	4	4
Total	8	8

35. OPERATING LEASE ARRANGEMENTS

(a) The Group as lessee

The Group has entered into several tenancy agreements for the rental of premises, resulting in future rental commitments which may, subject to certain terms in the agreements, be revised accordingly or upon its maturity based on prevailing market rates.

The Group also leases various premises under cancellable operating lease agreements. The Group is required to give a one-month notice for the termination of those agreements.

	Group 2014 RM	2013 RM
Not later than one year	36,000	–
Later than one year and not later than five years	72,000	–
	108,000	–

(b) The Group as lessor

The Group has entered into non-cancellable operating lease agreements on its investment properties portfolio. These leases have remaining non-cancellable lease terms of between one to three years.

35. OPERATING LEASE ARRANGEMENTS (Continued)

(b) The Group as lessor (Continued)

The future minimum lease payments receivable under non-cancellable operating lease contracted for as at the end of the reporting period but not recognised as receivables are as follows:-

	Group	
	2014 RM	2013 RM
Not later than one year	11,326,125	11,716,617
Later than one year and not later than five years	36,271,511	37,745,346
More than five years	19,049,198	25,718,935
	66,646,834	75,180,898

36. FINANCIAL GUARANTEES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Guarantees given to financial institution in respect of facilities granted to subsidiary companies	–	–	466,203,000	739,010,035
Guarantees issued in favour of third parties	25,546,166	20,314,441	–	–

37. RELATED PARTY TRANSACTIONS

(a) Identification of Related Parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

In general, related parties of the Group include:-

(i) Subsidiary companies;
(ii) A company in which directors of the Company have interest;
(iii) A corporate shareholder of a subsidiary company; and
(iv) Key management personnel, comprise persons (including the directors of the Company) who have the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

37. RELATED PARTY TRANSACTIONS (Continued)

(b) Significant related party transactions

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Transactions with:-				
Subsidiaries				
Dividends received/receivable	–	–	11,000,000	10,000,000
Interest income received/receivable	–	–	3,720,398	5,163,797
Companies in which Directors of the Company have interest				
Rental received/receivable	24,000	24,000	–	–
Rental paid/payable	(96,550)	(96,000)	–	–

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Note 11(a), Note 15 and Note 25 to the financial statements.

(c) Key management personnel remuneration

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Directors of the Company and subsdiary companies				
Short-term employment benefits (including estimated benefits-in-kind)	2,349,234	2,215,931	–	–
Post employement benefits	69,227	102,756	–	–
	2,418,461	2,318,687	–	–

NOTES TO THE FINANCIAL STATEMENTS [Continued]

37. RELATED PARTY TRANSACTIONS (Continued)

(c) Key management personnel remuneration (Continued)

Executive Directors of the Group and of the Company (included alternate director) and other members of key management have been granted the following number of options under CBHB – ESOS:-

	Group and Company	
	2014	2013
	RM	RM
At 1 January	400,000	1,000,000
Granted	2,700,000	–
Exercised	(100,000)	(180,000)
Lapsed	–	(420,000)
At 31 December	3,000,000	400,000

38. SEGMENT REPORTING

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

Measurement of reportable segments

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

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

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

There are varying levels of integration among Investment holding segment with Construction segment and Property development segments. This integration includes rental of properties, corporate support and provision of construction, mechanical and electrical engineering service. Inter-segment pricing is determined on a negotiated basis.

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

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

38. SEGMENT REPORTING (Continued)

Business segments

For management purposes, the Group is organised into business units based on their products and services provided. The Group is organised into three (3) main business segments as follows:-

(i) Construction – general construction, mechanical and electrical engineering services;

(ii) Investment holding – investment in shares, properties and other investment activities; and

(iii) Property development – development of residential and commercial properties.

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. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Geographical segments

No information is prepared on the geographical segment as the Group principally operates within Malaysia.

38. SEGMENT REPORTING (Continued)

2014	Construction RM	Investment holding RM	Property development RM	Eliminations RM	Note	Group RM
Revenue						
External customer	98,255,715	16,153,320	92,982,585	–		207,391,620
Inter-segment revenue	122,175,264	14,979,508	–	(137,154,772)	(b)	–
Total revenue	220,430,979	31,132,828	92,982,585	(137,154,772)		207,391,620
Results						
Segment results	23,813,653	22,163,415	31,584,259	(40,030,470)	(a)	37,530,857
Depreciation of property, plant and equipment	(2,318,128)	(136,355)	(55,716)	–		(2,510,199)
Allowance for impairment loss on trade receivables	–	(160,075)	–	–		(160,075)
Gain on disposal of property, plant and equipment	262,739	–	–	–		262,739
Share options expenses	–	(605,835)	–	–		(605,835)
Changes in fair value of investment properties	100,000	19,000,000	(222,062)	9,499,530	(a)	28,377,468
Finance costs	(28,105,030)	(10,196,934)	–	5,214,394	(a)	(33,087,570)
Interest income	3,453,061	5,503	30,563	(3,250,750)	(a)	238,377
Tax expense	436,712	(6,189,640)	(7,877,661)	3,563,300	(a)	(10,067,289)
Consolidated profit after taxation						19,978,473
Capital expenditures:-						
Addition to property, plant and equipment	545,344	49,740	959,234	–		1,554,318
Addition to investment properties	–	–	31,222,062	(9,499,530)	(a)	21,722,532
Addition to property development costs	–	–	56,000,753	–		56,000,753
	545,344	49,740	88,182,049	(9,499,530)		79,277,603

38. SEGMENT REPORTING (Continued)

2014	Construction RM	Investment holding RM	Property development RM	Eliminations RM	Note	Group RM
Assets						
Segment assets	901,491,772	655,385,062	191,904,343	(527,121,924)	(c)	1,221,659,253
Other investments	54,000	–	–	–		54,000
Goodwill	33,550,094	32,988	21,282	–		33,604,364
Deferred tax assets	154,497	–	–	13,466,286	(a)	13,620,783
Tax recoverable	2,895,876	1,109,401	–	–		4,005,277
Total assets	938,146,239	656,527,451	191,925,625	(513,655,638)		1,272,943,677
Liabilities						
Segment liabilities	698,761,795	213,582,411	114,517,974	(346,490,713)	(d)	680,371,467
Borrowings	45,803,122	122,268,984	25,142,551	–		193,214,657
Deferred tax liabilities	2,519,083	4,684,761	25,533	–		7,229,377
Tax payable	–	125,124	2,247,735	–		2,372,859
Total liabilities	747,084,000	340,661,280	141,933,793	(346,490,713)		883,188,360

NOTES TO THE
FINANCIAL STATEMENTS
[Continued]

38. SEGMENT REPORTING (Continued)

2013	Construction RM	Investment holding RM	Property development RM	Eliminations RM	Note	Group RM
Revenue						
External customer	259,930,671	11,248,186	45,918,213	(93,692,984)	(a)	223,404,086
Inter-segment revenue	126,745,710	15,163,797	–	(141,909,507)	(b)	–
Total revenue	386,676,381	26,411,983	45,918,213	(235,602,491)		223,404,086
Results						
Segment results	56,324,223	15,533,984	15,061,783	(64,282,162)	(a)	22,637,828
Depreciation of property, plant and equipment	(3,094,151)	(149,007)	(23,554)	–		(3,266,712)
Changes in fair value of investment properties	–	21,615,049	–	39,300,226	(a)	60,915,275
Finance costs	(14,566,248)	(7,706,581)	–	2,820,909	(a)	(19,451,920)
Interest income	386,090	1,848	13,965	–		401,903
Tax expense	(9,837,737)	(3,104,405)	(3,843,290)	10,485,808	(a)	(6,299,624)
Consolidated profit after taxation						54,936,750
Capital expenditures:-						
Addition to property, plant and equipment	1,408,878	417,623	5,120	–		1,831,621
Addition to investment properties	–	51,032,720	–	(31,197,236)	(a)	19,835,484
Addition to property development costs	–	–	58,121,888	(5,994,738)	(a)	52,127,150

38. SEGMENT REPORTING (Continued)

2013	Construction RM	Investment holding RM	Property development RM	Eliminations RM	Note	Group RM
Assets						
Segment assets	742,814,574	498,791,490	130,750,260	(359,672,241)	(c)	1,012,684,083
Other investments	54,000	–	–	–		54,000
Goodwill	33,550,094	32,988	21,282	–		33,604,364
Deferred tax assets	–	–	–	9,902,986	(a)	9,902,986
Tax recoverable	1,171,709	1,265,224	–	–		2,436,933
Total assets	777,590,377	500,089,702	130,771,542	(349,769,255)		1,058,682,366
Liabilities						
Segment liabilities	302,281,816	65,949,458	77,991,453	(241,608,328)	(d)	204,614,399
Borrowings	320,066,566	138,218,196	17,980,089	–		476,264,851
Deferred tax liabilities	3,964,100	86,186	6,870	–		4,057,156
Tax payable	1,358,663	768	1,260,681	–		2,620,112
Total liabilities	627,671,145	204,254,608	97,239,093	(241,608,328)		687,556,518

NOTES TO THE FINANCIAL STATEMENTS [Continued]

38. SEGMENT REPORTING (Continued)

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

(a) Inter-segment transactions are eliminated on consolidation;

(b) Inter-segment revenue are eliminated on consolidation;

(c) Inter-segment assets are eliminated on consolidation; and

(d) Inter-segment liabilities are eliminated on consolidation.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below:-

(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 exposure to credit risk primarily arises from its operating financial asset, trade and other receivables while the Company's exposure to credit risk primarily arises from amount due from subsidiary companies. The maximum risk associated with recognised financial assets is the carrying amounts as presented in the consolidated statement of financial position and statement of financial position respectively.

Credit risk of the Group is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by strictly limiting the Group's association to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments whilst the Company has significant exposure and major concentration of credit risk relating to amount due from subsidiary companies.

The Group and the Company manage its debt maturity portfolio, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities of a reasonable level to their overall debt position.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit Risk (Continued)

(i) Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired are disclosed in Note 11 to the financial statements. Fixed deposits placed with licensed banks are placed with reputable licensed financial institutions.

(ii) Financial assets that are past due but not impaired

Information regarding trade receivables that are past due but not impaired is disclosed in Note 11 to the financial statements.

(iii) Inter-company balances

The Company provides advances to subsidiary companies. The maximum exposure to credit risk is represented by its carrying amounts as disclosed in Note 15 in the statement of financial position as at the end of the financial year.

As at the end of the reporting period, there was no indication that the advances to subsidiary companies are not recoverable. The Company does not specifically monitor the ageing of the advances to subsidiary companies.

(iv) Financial guarantees

The Company provides secured corporate guarantees to banks in respect of banking facilities granted to subsidiary companies and bank guarantees in favour of third parties.

As at the end of the reporting period, the fair value of the financial guarantees is negligible as the probability of the financial guarantees being called upon is remote due to the outstanding borrowings in the subsidiary companies are adequately secured by assets as disclosed in Note 5 and Note 12 respectively. Should the subsidiary companies default any loan repayments, the proceeds from the realisation of these assets together with the corporate guarantee by the Company will be able to satisfy the outstanding debts. At the end of the reporting period, it was not probable that the counterparty to the financial guarantee contract will claim under the contract. Consequently, the fair value for the corporate guarantee is RMNil.

(b) Liquidity Risk

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

The Group and the Company manage its operating cash flows by maintaining sufficient level of cash to meet its working capital requirements and availability of funding through an adequate amount of credit facilities.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity Risk (Continued)

Analysis of financial instruments by remaining contractual maturities

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

Group 2014	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within one year RM	One to five years RM	Over five years RM
Financial liabilities					
Trade and other payables*	190,045,373	190,045,373	179,853,308	10,192,065	–
Hire purchase payables	457,857	482,344	283,414	198,930	–
Other bank borrowings	94,462,140	95,735,789	95,735,789	–	–
Term loans	98,294,660	98,294,660	26,930,502	64,423,696	6,940,462
Sukuk Murabahah	471,206,212	510,000,000	–	120,000,000	390,000,000
	854,466,242	894,558,166	302,803,013	194,814,691	396,940,462
2013					
Financial liabilities					
Trade and other payables	203,741,198	203,741,198	184,211,724	19,529,474	–
Hire purchase payables	848,970	925,616	415,564	510,052	–
Other bank borrowings	91,627,775	92,726,216	92,726,216	–	–
Term loans	383,788,106	517,197,390	33,580,171	211,893,515	271,723,704
	680,006,049	814,590,420	310,933,675	231,933,041	271,723,704

* *Exclude progress billings in respect of property development*

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity Risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

Company 2014	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within one year RM	One to five years RM	Over five years RM
Financial liabilities					
Other payables and accruals	227,861	227,861	227,861	–	–
Term loan	43,161,203	43,161,203	9,023,203	34,138,000	–
Bank overdraft	1,264,255	1,264,255	1,264,255	–	–
Amount due to a subsidiary company	26,581,194	26,581,194	26,581,194	–	–
	71,234,513	71,234,513	37,096,513	34,138,000	–
2013					
Financial liabilities					
Other payables and accruals	249,121	249,121	249,121	–	–
Term loan	51,924,158	51,924,158	9,074,158	34,848,000	8,002,000
Bank Overdraft	3,638,281	3,638,281	3,638,281	–	–
	55,811,560	55,811,560	12,961,560	34,848,000	8,002,000

(c) Interest Rate Risk

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

The Group's and the Company's primary interest rate risk relate to interest-bearing financial instruments which include hire purchase payables, bank overdrafts, other bank borrowings and term loans. The investments in financial assets are mainly short-term in nature and have been mostly placed in fixed deposits which yield better returns than cash at bank.

The Group and the Company manage their interest rate exposure by maintaining a prudent mix of fixed and floating rates borrowings. The Group and the Company actively review their debt portfolio, taking into account the investment holding period and nature of their assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes. As at 31 December 2014, the Group and the Company have not entered into any hedging instruments arrangement to minimise their exposure to interest rate volatility.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Interest Rate Risk (Continued)

Sensitivity analysis for interest rate risk

If the interest rate had been 50 basis point higher/lower and all other variables held constant, the Group's profit and the Company's profit for the financial year ended 31 December 2014 would decrease/increase by RM2,710,548/- and RM12,950/- respectively as a result of exposure to floating rate borrowings.

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

Group 2014	Effective Interest Rate %	Within 1 Year RM	1 - 5 Years RM	> 5 Years RM	Total RM
Financial asset					
Fixed deposits placed with licensed banks and short term investment in financial institution	1.75 - 3.76	95,380,783	–	–	95,380,783
Financial liabilities					
Hire purchase payables	3.70 - 5.34	266,644	191,213	–	457,857
Term loans	5.95 - 8.35	26,930,502	64,423,696	6,940,462	98,294,660
Sukuk Murabahah	4.66 - 6.47	29,507,440	101,232,054	340,466,718	471,206,212
Other bank borrowings	3.88 - 10.35	94,462,140	–	–	94,462,140
2013					
Financial asset					
Fixed deposits placed with licensed banks and short term investment in financial institution	1.75 - 3.26	9,764,371	–	–	9,764,371
Financial liabilities					
Hire purchase payables	2.45 - 3.86	378,030	470,940	–	848,970
Term loans	5.95 - 8.10	32,684,828	166,524,880	184,578,398	383,788,106
Other bank borrowings	3.24 - 8.10	91,627,775	–	–	91,627,775

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Interest Rate Risk (Continued)

Company 2014	Effective Interest Rate %	Within 1 Year RM	1 - 5 Years RM	> 5 Years RM	Total RM
Financial asset					
Fixed deposits placed with licensed banks and short term investment in financial institution	1.75 - 3.51	32,812,189	–	–	32,812,189
Financial liabilities					
Term loans	8.35	9,023,203	34,138,000	–	43,161,203
Bank overdraft	8.35	1,264,255	–	–	1,264,255
2013					
Financial asset					
Fixed deposits placed with licensed banks and short term investment in financial institution	1.75	2,766,000	–	–	2,766,000
Financial liabilities					
Term loans	8.10	9,074,158	34,848,000	8,002,000	51,924,158
Bank overdraft	8.10	3,638,281	–	–	3,638,281

NOTES TO THE
FINANCIAL STATEMENTS
[Continued]

40. FINANCIAL INSTRUMENTS

(a) Classification of Financial Instruments

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

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

Group 2014	Loans and receivables RM	Fair value through profit or loss RM	Financial liabilities at amortised cost RM	Total RM
Financial assets				
Operating financial asset	330,383,827	–	–	330,383,827
Trade and other receivables*	248,486,973	–	–	248,486,973
Amount due from contract customer	72,352,677	–	–	72,352,677
Fixed deposits placed with licensed banks and short term investment with financial institution	25,207,587	70,173,196	–	95,380,783
Cash and bank balances	62,992,891	–	–	62,992,891
Total carrying amount	739,423,955	70,173,196	–	809,597,151
Financial liabilities				
Trade and other payables**	–	–	190,045,373	190,045,373
Hire purchase payables	–	–	457,857	457,857
Other bank borrowings	–	–	94,462,140	94,462,140
Term loans	–	–	98,294,660	98,294,660
Sukuk Murabahah	–	–	471,206,212	471,206,212
Total carrying amount	–	–	854,466,242	854,466,242

* *exclude prepayment*
** *exclude progress billings in respect of property development*

40. FINANCIAL INSTRUMENTS (Continued)

(a) Classification of Financial Instruments (Continued)

Group 2013	Loans and receivables RM	Fair value through profit or loss RM	Financial liabilities at amortised cost RM	Total RM
Financial assets				
Operating financial asset	349,578,077	–	–	349,578,077
Trade and other receivables*	204,042,680	–	–	204,042,680
Amount due from contract customers	86,833,771	–	–	86,833,771
Fixed deposits placed with licensed banks and short term investment with financial institution	9,700,938	63,433	–	9,764,371
Cash and bank balances	2,856,513	–	–	2,856,513
Total carrying amount	653,011,979	63,433	-	653,075,412
Financial liabilities				
Trade and other payables	–	–	203,741,198	203,741,198
Hire purchase payables	–	–	848,970	848,970
Other bank borrowings	–	–	91,627,775	91,627,775
Term loans	–	–	383,788,106	383,788,106
Total carrying amount	–	–	680,006,049	680,006,049

* *exclude prepayment*

NOTES TO THE FINANCIAL STATEMENTS [Continued]

40. FINANCIAL INSTRUMENTS (Continued)

(a) Classification of Financial Instruments (Continued)

Company 2014	Loans and receivables RM	Fair value through profit or loss RM	Financial liabilities at amortised cost RM	Total RM
Financial assets				
Amount due from subsidiary companies	135,051,446	–	–	135,051,446
Fixed deposits placed with licensed banks and short term investment with financial institution	2,766,000	30,046,189	–	32,812,189
Cash and bank balances	102,923	–	–	102,923
Total carrying amount	137,920,369	30,046,189	–	167,966,558
Financial liabilities				
Other payables and accruals	–	–	227,861	227,861
Term loan	–	–	43,161,203	43,161,203
Bank overdraft	–	–	1,264,255	1,264,255
Amount due to a subsidiary company	–	–	26,581,194	26,581,194
Total carrying amount	–	–	71,234,513	71,234,513
2013				
Financial assets				
Amount due from subsidiary companies	142,728,010	–	–	142,728,010
Fixed deposits placed with licensed banks	2,766,000	–	–	2,766,000
Cash and bank balances	82,155	–	–	82,155
Total carrying amount	145,576,165	–	–	145,576,165
Financial liabilities				
Other payables and accruals	–	–	249,121	249,121
Term loan	–	–	51,924,158	51,924,158
Bank overdraft	–	–	3,638,281	3,638,281
Total carrying amount	–	–	55,811,560	55,811,560

40. FINANCIAL INSTRUMENTS (Continued)

(b) Fair Values Measurement

Determination of Fair Value

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

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

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

Fair Values Hierarchy

Policy on transfer between levels

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

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

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

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

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

Transfer between Level 1 and Level 2

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

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

40. FINANCIAL INSTRUMENTS (Continued)

(b) Fair Values of Financial Instruments (Continued)

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

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
Group										
2014										
Financial assets										
Operating financial asset	–	–	–	–	–	–	330,383,827	330,383,827	330,383,827	330,383,827
Short term investment with financial institution	70,173,196	–	–	70,173,196	–	–	–	–	70,173,196	70,173,196
	70,173,196	–	–	70,173,196	–	–	330,383,827	330,383,827	400,557,023	400,557,023
2013										
Financial assets										
Operating financial asset	–	–	–	–	–	–	349,578,077	349,578,077	349,578,077	349,578,077
Short term investment with financial institution	63,433	–	–	63,433	–	–	–	–	63,433	63,433
	63,433	–	–	63,433	–	–	349,578,077	349,578,077	349,641,510	349,641,510

40. FINANCIAL INSTRUMENTS (Continued)

Financial instruments not carried at fair value

Type	Valuation technique	Significant unobservable data	Inter-relationship between significant unobservable inputs and fair value measurement
Operating financial asset	Discounted cash flows	Not applicable	Not applicable

Valuation processes applied by the Group for Level 3 fair value

The Group has an established control framework in respect to the measurement of fair values of financial instruments. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurement, including Level 3 fair values, and reports directly to the Executive of Finance. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

41. CAPITAL MANAGEMENT

The Group and the Company manage their capital structure and make adjustment to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Company and its subsidiary companies may adjust the dividend payment to the shareholders, return capital to shareholders or issue new shares.

The Group and the Company are not subject to any externally imposed capital requirements.

The Group and the Company monitor capital using a gearing ratio, which is net debts divided by total capital plus net debts. Net debts comprise hire purchase payables, bank overdrafts, other bank borrowing and term loans less cash and bank balances whilst total capital is the shareholders' funds of the Group and of the Company.

41. CAPITAL MANAGEMENT (Continued)

The gearing ratio for the Group and for the Company as at 31 December 2014 and 2013 are as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Borrowings				
Hire purchase payables	457,857	848,970	–	–
Bank overdrafts	16,676,093	32,845,916	1,264,255	3,638,281
Term loans	98,294,660	383,788,106	43,161,203	51,924,158
Other bank borrowing	548,992,259	58,781,859	–	–
	664,420,869	476,264,851	44,425,458	55,562,439
Less:				
Cash and bank balances	(62,992,891)	(2,856,513)	(102,923)	(81,255)
Net debt	601,427,978	473,408,338	44,322,535	55,481,184
Equity	389,755,317	371,125,848	193,461,716	186,484,026
Total equity plus net debt	991,183,295	844,534,186	237,784,251	241,965,210
Debt-to-equity ratio	0.61	0.56	0.19	0.23

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

42. SIGNIFICANT EVENTS

(a) Significant Event During the Financial Year

On 12 December 2014, the subsidiary of the Company, Unitapah Sdn. Bhd. issued a SUKUK facility based on the Shariah principles of Murabahah via a Tawarruq arrangement ("SUKUK Murabahah") of RM510 million in nominal value.

(b) Significant Subsequent Event

On 18 March 2015, the Company announced that its wholly owned subsidiary, Crest Builder Sdn. Bhd. has been awarded a contract by UDA Holdings Berhad for the Construction of Super-structure Works of a 30 storey serviced apartments with 1 level podium and 8 levels of car parks on Lot 3347 & Lot 3348, Seksyen 41, Jalan Sultan Ismail, Kuala Lumpur, Wilayah Persekutuan for a contract sum of RM197,821,175/-.

SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

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

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profits or losses of the Group and of the Company as at 31 December are as follows:-

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Total retained earnings:				
- realised	137,275,385	135,636,752	24,611,249	22,422,964
- unrealised	92,276,823	76,416,607	–	–
	229,552,208	212,053,359	24,611,249	22,422,964
Less:				
Consolidation adjustments	13,226,011	10,345,211	–	–
Total retained earnings	216,326,197	201,708,148	24,611,249	22,422,964

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

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

STATEMENT BY DIRECTORS

We, **TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH** and **YONG SOON CHOW**, being two of the directors of **CREST BUILDER HOLDINGS BERHAD**, state that, in the opinion of the directors, the financial statements set out on pages 47 to 144 are drawn up in accordance with the 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 financial year then ended.

The supplementary information set out on page 145 have been prepared in accordance with the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH
Director

YONG SOON CHOW
Director

Kuala Lumpur

Date: 22 April 2015

STATUTORY DECLARATION

I, **GOH SIN HUAT**, being the officer primarily responsible for the financial management of **CREST BUILDER HOLDINGS BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 47 to 144 and the supplementary information set out on page 145 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, l960.

GOH SIN HUAT
Officer

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 22 April 2015.

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
to the members of Crest Builders Holdings Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Crest Builder Holdings 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 financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 47 to 144.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

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

(c) Our audit reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT [Continued]

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in page 145 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Tan Ban Tatt
No. 3099/03/16 (J)
Chartered Accountant

Kuala Lumpur

Date: 22 April 2015

LIST OF TOP TEN
PROPERTIES BY VALUE

Location	Tenure	Approx. Area / Built-up	Description	Year of Expiry	Net Book Value @ 31.12.14 (RM)	Approx. age of building (years)	Date of Valuation / Acquisition
Tierra Crest Jalan SS6/3, 47301 Petaling Jaya, Selangor Darul Ehsan	Freehold	280,549 sq ft	A Commercial Complex - 2 Blocks of Office Building & parking bays	–	140,000,000	2	2014
The Crest, 3 Two Square, No. 2, Jalan 19/1, Petaling Jaya, 46300 Selangor Darul Ehsan	Leasehold	150,522 sq ft	16 storey office block & parking bays	2105	123,500,000	8	2014
Avenue Crest, No. 2A Jalan Jubli Perak, 22/1 Seksyen 22 46300 Shah Alam	Freehold	29,210 sq ft	Retail Lots & Car Parks	–	31,000,000	1	2014
No. Hakmilik 0244869, Lot No. 0034701, Mukim Damansara, Daerah Petaling, Selangor Darul Ehsan	Freehold	7.14 acres	Residential Land	–	7,547,626	–	2005
GM 1059 Lot No.1863 Mukim Batu, Daerah Kuala Lumpur	Freehold	2.93 acres	Cultivation Land	–	6,200,000	–	2004
No. 28 & 30, Jalan SS 24/13, Taman Megah, 47301 Petaling Jaya, Selangor Darul Ehsan	Freehold	12,939 sq ft	2 units of 3-storey shop office/office	–	3,438,662	18	2002
H.S. (D) 46981, Lot No. 11073, Mukim Sg. Buloh, Daerah Petaling, Negeri Selangor.	Freehold	9,612 sq ft	3 storey shop office/office	–	3,800,000	14	2013
No. Hakmilik 0244871, Lot No. 0034703, Mukim Damansara, Daerah Petaling, Selangor Darul Ehsan	Freehold	3.82 acres	Commercial Land	–	2,871,611	–	2005
Setia Sky Residences. KL Unit No. A-23-1 & A-35-1 Alia Tower, Lot 54, Seksyen 42, Title No. Geran. 71996	Freehold	174 sq metres	2 units of service apartments	–	1,842,400	2	2010
Q.T. (R) 2006, L.O. No. PJ 63/59, Town of Petaling Jaya, District of Kuala Lumpur, State of Selangor	Leasehold	5,520 sq ft	Bungalow	2058	920,000	14	2007

ANALYSIS OF SHAREHOLDINGS
as at 15 May 2015

Authorised Share Capital	:	RM500,000,000.00 divided into 500,000,000 ordinary shares of RM1.00 each
Issued and Paid-up Capital	:	RM168,452,905.00
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting rights	:	One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 15 MAY 2015

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	2,204	34.16	107,811	0.06
100 to 1,000	2,120	32.86	787,448	0.47
1,001 to 10,000	1,475	22.86	7,274,115	4.32
10,001 to 100,000	546	8.46	18,227,163	10.82
100,001 to less than 5% of issued shares	106	1.64	80,085,560	47.54
5% and above of issued shares	1	0.02	61,970,808	36.79
Total	**6,452**	**100.00**	**168,452,905**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS AT 15 MAY 2015
(In accordance with the Register maintained pursuant to Section 69L of the Companies Act, 1965)

	Direct Interest		Indirect Interest	
Name	No. of Shares	%	No. of Shares	%
SC Yong Holdings Sdn Bhd	61,970,808	36.79%	–	–

THIRTY LARGEST SHAREHOLDERS AS AT 15 MAY 2015
(without aggregating securities from different securities accounts belonging to the same person)

No.	Name of Shareholders	No. of Shares	%
1	SC Yong Holdings Sdn Bhd	61,970,808	36.79
2	Koperasi Permodalan Felda Malaysia Berhad	5,100,000	3.03
3	Lembaga Tabung Angkatan Tentera	4,855,600	2.88
4	Pertiwi Positif Sdn Bhd	4,807,939	2.85
5	Amanahraya Trustees Berhad Public Smallcap Fund	3,064,200	1.82
6	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Han Weng	3,012,000	1.79
7	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Non Par 1)	2,927,900	1.74
8	Mercsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Len Min Sin	2,740,000	1.63
9	Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt An For Philip Capital Management Sdn Bhd	2,444,000	1.45
10	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pertiwi Positif Sdn Bhd	2,000,000	1.19

ANALYSIS OF SHAREHOLDINGS [Continued]

THIRTY LARGEST SHAREHOLDERS AS AT 15 MAY 2015 (Continued)
(without aggregating securities from different securities accounts belonging to the same person)

No.	Name of Shareholders	No. of Shares	%
11	Tekad Maju Sdn Bhd	2,000,000	1.19
12	Lim Khuan Eng	1,885,600	1.12
13	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Khoo Ter Kern @ Stanley Khoo	1,882,100	1.12
14	Amanahraya Trustees Berhad Public Strategic Smallcap fund	1,841,800	1.09
15	Amanahraya Trustees Berhad Public Ittikal Sequel Fund	1,802,900	1.07
16	Koperasi Permodalan Felda Malaysia Berhad	1,720,000	1.02
17	Hong Leong Assurance Berhad As Beneficial Owner (Unitlinked BCF)	1,700,000	1.01
18	Hong Leong Assurance Berhad As Beneficial Owner (Life Par)	1,600,000	0.95
19	Warisan Harta Sabah Sdn Bhd	1,555,700	0.92
20	Hong Leong Assurance Berhad As Beneficial Owner (S'holders Npar)	1,500,000	0.89
21	Beh Eng Par	1,500,000	0.89
22	Koperasi Permodalan Felda Malaysia Berhad	1,164,000	0.69
23	Cimsec Nominees (Tempatan) Sdn Bhd CIMB For General Technology Sdn Bhd	1,160,000	0.69
24	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LEEF)	1,140,000	0.68
25	Crest Builder Holdings Berhad Share Buy-Back Account	1,137,000	0.67
26	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad For RHB-OSK Dynamic Fund (200188)	1,083,000	0.64
27	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LPF)	1,073,700	0.64
28	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LBF)	868,000	0.52
29	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chow Soong Ming	830,000	0.49
30	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa	806,400	0.48
		121,172,647	**71.93**

ANALYSIS OF SHAREHOLDINGS [Continued]

ANALYSIS BY SIZE OF WARRANTHOLDINGS (WARRANTS 2012/2015) AS AT 15 MAY 2015

Size of Holdings	No. of Warrant Holders	%	No. of Warrants	%
Less than 100	3,946	68.40	106,440	0.30
100 to 1,000	1,010	17.51	406,928	1.17
1,001 to 10,000	545	9.45	2,095,065	6.00
10,001 to 100,000	226	3.92	7,985,776	22.87
100,001 to less than 5% of issued warrants	39	0.68	11,536,923	33.04
5% and above of issued warrants	3	0.05	12,783,750	36.61
Total	**5,769**	**100.00**	**34,914,882**	**100.00**

THIRTY LARGEST WARRANTHOLDERS AS AT 15 MAY 2015

(without aggregating securities from different securities accounts belonging to the same person)

No.	Name of Shareholders	No. of Warrants	%
1	Maybank Nominees (Asing) Sdn Bhd Pledged Securities Account For San Tuan Sam	5,783,750	16.57
2	Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Takrif Jaya Sdn Bhd	3,500,000	10.02
3	SC Yong Holdings Sdn Bhd	3,500,000	10.02
4	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pertiwi Positif Sdn Bhd	1,500,000	4.30
5	Koh Hua Lan	1,333,650	3.82
6	Yong Tiok Chin	797,492	2.28
7	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lee Mik Sen	630,100	1.80
8	Pertiwi Positif Sdn Bhd	542,381	1.55
9	Keong Choon Keat	512,500	1.47
10	Ho Kam Fah	502,000	1.44
11	Cimsec Nominees (Tempatan) Sdn Bhd CIMB For General Technology Sdn Bhd	329,370	0.94
12	Yong Shang Ming	321,000	0.92
13	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chow Soong Ming	320,690	0.92
14	Yong Soon Chow	259,400	0.74
15	Lim Khuan Eng	254,400	0.73

ANALYSIS OF SHAREHOLDINGS [Continued]

THIRTY LARGEST WARRANTHOLDERS AS AT 15 MAY 2015 (Continued)
(without aggregating securities from different securities accounts belonging to the same person)

No.	Name of Shareholders	No. of Warrants	%
16	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank For Yeo Ann Seck	253,000	0.72
17	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Seow Foong Wei	240,000	0.69
18	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chick Kuan Leong	207,900	0.60
19	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Bee Hock	202,000	0.58
20	Ang Yiu Tee	198,000	0.57
21	Chong Sue Fay	190,000	0.54
22	Tan Sock Leng	173,300	0.50
23	Wong Mei Wan	172,000	0.49
24	Tee Kim Hong	167,000	0.48
25	Beh Eng Par	155,000	0.44
26	Wong Siew Foong	154,000	0.44
27	Ang Yiu Tee	150,100	0.43
28	Yong Tiok Keng	150,000	0.43
29	Toh Cheok	150,000	0.43
30	Chow Soong Ming	148,640	0.43
		22,797,673	65.30

ANALYSIS OF SHAREHOLDINGS [Continued]

STATEMENT OF DIRECTORS' INTERESTS IN SHARES AND WARRANTS IN THE COMPANY
AS AT 15 MAY 2015

DIRECTORS' SHAREHOLDINGS
(In accordance with the Register maintained pursuant to Section 134 of the Companies Act, 1965)

Name	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%
Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah	–	–	6,807,939	4.04%
Yong Soon Chow	–	–	61,970,808	36.79%
Koh Hua Lan	–	–	–	–
Yong Shang Ming	–	–	–	–
Keong Choon Keat	500,000	0.30%	80,000	0.05%
Mohd Khasan bin Ahmad	–	–	–	–
Kam Yong Kan	100,000	0.06%	–	–
Yong Tiok Keng	–	–	–	–

DIRECTORS' WARRANTHOLDINGS - WARRANTS 2012/2015
(In accordance with the Register maintained pursuant to Section 134 of the Companies Act, 1965)

Name	Direct Interest No. of Warrants	%	Indirect Interest No. of Warrants	%
Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah	–	–	2,042,381	5.85%
Yong Soon Chow	259,400	0.74%	2,604,242	7.46%
Koh Hua Lan	1,333,650	3.82%	–	–
Yong Shang Ming	321,000	0.92%	–	–
Keong Choon Keat	512,500	1.47%	502,000	1.44%
Mohd Khasan bin Ahmad	–	–	–	–
Kam Yong Kan	–	–	–	–
Yong Tiok Keng	150,000	0.43%	–	–

CREST BUILDER HOLDINGS BERHAD

(573382-P)

PROXY FORM

No. of Ordinary Shares Held	

I/We ....

NRIC No. .... /Passport No. ....

of ....

being a member/members of the abovenamed Company hereby appoint

....[holding shares] ....

of..

NRIC No. .... /Passport No. ....

And/or failing him/her

....[holding shares] ....

of..

NRIC No. .... /Passport No. ....

as *my/our proxy to vote for *me/us and on *my/our behalf at the 13th Annual General Meeting of the Company, to be held at Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 24 June, 2015 at 10:00 a.m. or at any adjournment thereof.

Ordinary business		For	Against
1.	To lay the reports of the directors, auditors and the financial statements for the year ended 31 December 2014.		
2.	To declare a final single tier dividend of 3.75 sen for the financial year ended 31 December 2014.		
3.	To re-elect the Non-Executive Chairman, Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah.		
4.	To re-elect the Executive Director, Koh Hua Lan.		
5.	To appoint Messrs Baker Tilly Monteiro Heng, Chartered Accountants, as auditors for the ensuing financial year ending 31 December 2015 and authorise the fixing of their remuneration by directors.		
Special business		**For**	**Against**
6.	To approve payment of directors' remunerations for the year ended 31 December 2014 in accordance with Article 88 of the Company's Articles of Association.		
7.	To empower the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965 and in compliance with the Listing Requirements of Bursa Securities		
8.	To approve the recurrent related party transactions of a revenue or trading nature and which are necessary for the day-to-day operations up to the next annual general meeting		
9.	To approve the mandate for share buy-back		
10.	To appoint Mr. Keong Choon Keat who attained the age of over seventy		
11.	To re-elect Mr. Keong Choon Keat as Independent Director		
12.	To re-elect En.Mohd Khasan Bin Ahmad as Independent Director		
13.	To re-elect Mr. Kam Yong Kan as Independent Director		

Please indicate with a cross [x] in the box provided, how you wish to cast your votes. If no specific instruction as to voting is given, the proxy may vote or abstain at his discretion.

....
Signature of member

Dated:

Notes:-

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote on in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and Section 149(1)(b) of the Companies Act, 1965 shall not apply.*
2. *Shareholders' attention is hereby drawn to the Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities.*
3. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of a officer or attorney duly authorised.*
5. *The instrument appointing a proxy must be deposited at No. 14-2, Jalan 4A/27A, Section 2, Wangsa Maju, 53300 Kuala Lumpur not less than 48 hours before the time set for holding for the meeting or any adjournment thereof.*
6. *In respect to the deposited securities, only members whose name appear in the Record of Depository on 18 June 2015 shall be eligible to attend the meeting or to appoint proxy to attend and/or vote on his behalf.*

Common seal affixed in the presence of

Director *Director/Secretary*

....

Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE COMPANY SECRETARY
***CREST BUILDER HOLDINGS BERHAD** (573382-P)*
NO. 14-2, JALAN 4A/27A,
SECTION 2, WANGSA MAJU,
53300 KUALA LUMPUR.

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CREST BUILDER HOLDINGS BERHAD
(573382-P)

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46300 Petaling Jaya,
Selangor Darul Ehsan, Malaysia

Tel : 03-7841 6000
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