MULPHA

Annual Report 2014

Corporate Profile

ABOUT MULPHA INTERNATIONAL BHD

Mulpha International Bhd ("Mulpha") invests in the infrastructure, hospitality and real estate sectors. The Group is committed to long-term value creation with its focus on high-end property development and investment, retirement, healthcare, infrastructure and civil construction. It invests in some of the fastest-growing and most vibrant economies in the region, including Malaysia, Indonesia, Philippines, India, Australia and the United Kingdom.

In Malaysia, Mulpha holds strategic stakes in Mudajaya Group Berhad and Mulpha Land Berhad, and is the developer of the award winning 1,765-acre Leisure Farm in Iskandar Malaysia.

It is Malaysia's largest real estate investor and developer in Australia. Assets in Australia include the world renowned, resort-styled Sanctuary Cove, the Norwest Business Park Sydney, as well as the ultra-luxury private island One&Only Hayman Great Barrier Reef. Mulpha holds a strategic stake in the Aveo Group, Australia's largest owner, operator and manager of retirement communities.

In the UK, Mulpha's investment is in the London Marriott Grosvenor Square, a landmark hotel in the heart of London's famous West End.

Listed on the Main Market of Bursa Malaysia Securities Berhad, Mulpha's total assets are in excess of RM4.7 billion, with shareholders' funds in excess of RM2.4 billion.

www.mulpha.com.my

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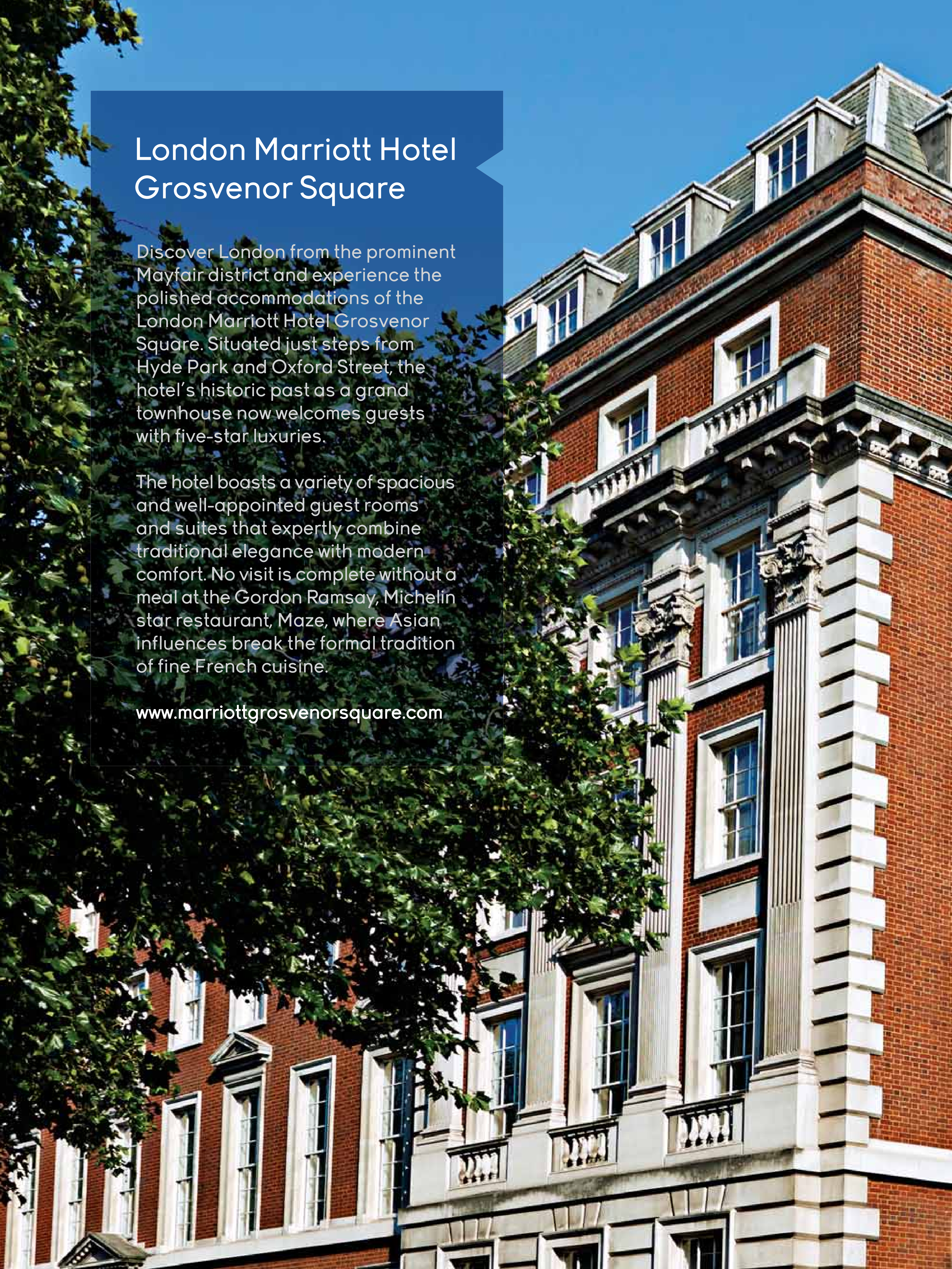


London Marriott Hotel Grosvenor Square

Discover London from the prominent Mayfair district and experience the polished accommodations of the London Marriott Hotel Grosvenor Square. Situated just steps from Hyde Park and Oxford Street, the hotel's historic past as a grand townhouse now welcomes guests with five-star luxuries.

The hotel boasts a variety of spacious and well-appointed guest rooms and suites that expertly combine traditional elegance with modern comfort. No visit is complete without a meal at the Gordon Ramsay, Michelin star restaurant, Maze, where Asian influences break the formal tradition of fine French cuisine.

www.marriottgrosvenorsquare.com

The 377 hectare Norwest Business Park is a thriving business community in the heart of Sydney's CBD.

Corporate Information

BOARD OF DIRECTORS

Non-Independent Executive Chairman
Lee Seng Huang

Non-Independent Executive Director
Law Chin Wat

Independent Non-Executive Directors
Kong Wah Sang
Chew Hoy Ping
Dato' Lim Say Chong
Dato' Yusli Bin Mohamed Yusoff
Loong Caesar

Non-Independent Non-Executive Director
Chung Tze Hien

AUDIT COMMITTEE

Chew Hoy Ping *(Chairman)*
Kong Wah Sang
Dato' Lim Say Chong

NOMINATION COMMITTEE

Kong Wah Sang *(Chairman)*
Chew Hoy Ping
Loong Caesar

REMUNERATION COMMITTEE

Dato' Yusli Bin Mohamed Yusoff *(Chairman)*
Kong Wah Sang
Chung Tze Hien

RISK MANAGEMENT COMMITTEE

Law Chin Wat *(Chairman)*
Lee Eng Leong
Winson Chow
David Choa Der Huey

COMPANY SECRETARIES

Lee Eng Leong (MIA 7313)
Lee Suan Choo (MAICSA 7017562)

REGISTERED OFFICE

PH2, Menara Mudajaya
No. 12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel No : (603) 7718 6288
Fax No : (603) 7718 6363

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel No : (603) 7849 0777
Fax No : (603) 7841 8151/52

AUDITORS

KPMG
Chartered Accountants

PRINCIPAL BANKERS

AmBank (M) Berhad
CIMB Bank Berhad
Deutsche Bank AG
OCBC Banking Group
United Overseas Bank (Malaysia) Bhd
UBS AG
Westpac Banking Corporation

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : MULPHA
Stock Code : 3905

WEBSITE ADDRESS

www.mulpha.com.my

INVESTOR RELATIONS

Email : irmulpha@mulpha.com.my
Tel No : (603) 7718 6368 / (603) 7718 6266

Awards & Achievements 2014

BIMBADGEN ESTATE

Savour Australia Restaurant and Catering HOSTPLUS Awards of Excellence 2014
National - Tourism Restaurant
Northern NSW - Restaurant of the Year
Hunter / Central Coast - Best Restaurant in a Winery

Qantas Link Hunter Central Coast Tourism Awards 2014
Silver Winner

Australian Gourment Traveller Wine List of the Year
One Glass 2011 -2014

JAMES HALLIDAY FIVE-STAR WINERY 2014

2014 Sydney Royal Wine Show
GOLD - Bimbadgen Signature 2012 Chardonnay

2014 New Zealand International Wine Show
GOLD - Regions 2011 Botrytis Semillon

2014 Hunter Valley Wine Show
TOP GOLD - Estate 2013 Semillon

2014 NSW Small Winemakers Wine Show
GOLD - Signature 2009 (Palmers Lane) Semillon

2014 Hunter Valley Boutique Winemakers Show
TROPHY - Estate NV Fortified Verdelho
GOLD - Signature 2009 (Palmers Lane) Semillon

2014 Rutherglen Wine Show
TOP GOLD - Regions 2012 Cabernet Sauvignon Merlot
GOLD - Estate 2014 Vermentino

2014 NSW Wine Show
TROPHY - Estate 2014 Vermentino
GOLD - Signature 2013 Semillon

2014 Royal Melbourne Wine Show
GOLD - Signature 2014 Semillon

2014 Australia Alternative Varieties Wine Show
SILVER - Estate 2014 Viognier

2014 Dan Murphy's National Wine Show
GOLD - Regions 2012 Cabernet Sauvignon Merlot

Bimbadgen's range of award-winning wines

ONE&ONLY HAYMAN ISLAND

Elite Traveler July 2014
Top 101 Suites in the World – included the Three Bedroom Owner's Penthouse

Wish Magazine August 2014
Best Australian Hotel – Travel Top 50

World Spa & Travel Magazine – 100 List
Editorial Choice of Best Hotels Worldwide, under the category of Beach Hotels

DestinAsia October 2014
The Luxe List – Best new hotels and resorts in Asia Pacific

World Travel Awards October 2014
Australia's Leading Resort

Traveller.com.au October 2014
Australia Top 10 most indulgent Spa treatments

CNN December 2014
23 Amazing Hotels that opened in 2014

INTERCONTINENTAL SYDNEY

World Travel Awards:
2014 Australia's Leading Hotel
2014 Australasia's Leading Business Hotel

TAA:
Outstanding Achievement in Training Workplace Health and Safety Hotel of the Year
Andy Goonesekera of the Intercontinental Sydney was inducted into the TAA (NSW) Hall of Fame.

SANCTUARY COVE

2014 Queensland Architecture Award - Commercial Architecture
Sanctuary Cove Golf Club by Cox Rayner Architects

MULPHA NORWEST

UDIA (Urban Development Institute of Australia) – Best Residential Development
Central Park, The Lakes, Norwest – High Commendation 2014

The stunning view from the InterContinental Sydney.

Financial Calendar

ANNOUNCEMENT OF QUARTERLY RESULTS

29 MAY 2014
Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2014

28 AUGUST 2014
Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2014

28 NOVEMBER 2014
Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2014

27 FEBRUARY 2015
Announcement of the unaudited consolidated results for the 4th quarter and financial year ended 31 December 2014

ANNUAL REPORT & ANNUAL GENERAL MEETING

29 MAY 2015
Notice of 41st Annual General Meeting and issuance of Annual Report 2014

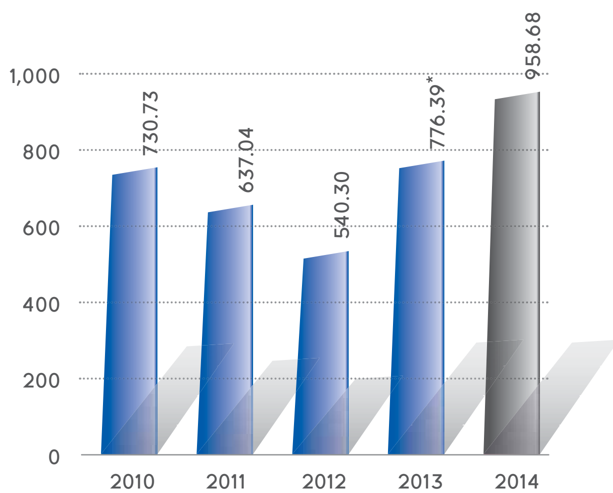
25 JUNE 2015
41st Annual General Meeting

Group's 5-Year Financial Highlights

	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000
Assets					
Non-Current Assets	3,205,704	2,788,996	2,922,191	3,409,079	3,374,900
Current Assets	1,490,370	1,469,086	1,130,003	1,171,933	1,138,704
Total Assets	4,696,074	4,258,082	4,052,194	4,581,012	4,513,604
Equity and Liabilities					
Capital and Reserves					
Share Capital	1,177,957	1,177,957	1,177,957	1,177,957	1,177,957
Reserves	1,181,256	1,107,454	1,309,329	1,826,939	1,639,197
Equity attributable to Owners of the Company	2,359,213	2,285,411	2,487,286	3,004,896	2,817,154
Non-Controlling Interests	44,346	52,130	34,926	98,957	97,516
Total Equity	2,403,559	2,337,541	2,522,212	3,103,853	2,914,670
Liabilities					
Non-Current Liabilities	810,318	832,135	843,056	304,429	1,165,716
Current Liabilities	1,482,197	1,088,406	686,926	1,172,730	433,218
Total Liabilities	2,292,515	1,920,541	1,529,982	1,477,159	1,598,934
Total Equity and Liabilities	4,696,074	4,258,082	4,052,194	4,581,012	4,513,604
Group Results					
Profit/(Loss) before Taxation	141,463	(43,451)	(461,987)	179,255	90,615
Taxation	(16,904)	15,692	(11,868)	(3,074)	21,898
Profit/(Loss) after Taxation	124,559	(27,759)	(473,855)	176,181	112,513
Non-Controlling Interests	(411)	(4,497)	(1,108)	2,745	(412)
Net Profit/(Loss) attributable to Owners of the Company	124,148	(32,256)	(474,963)	178,926	112,101
Selected Ratios					
Earnings/(Loss) Per Share (Sen)	5.82	(1.49)	(20.84)	7.67	5.32
Net Assets Per Share (RM)	1.11	1.07	1.13	1.30	1.20

Group's 5-Year Financial Highlights

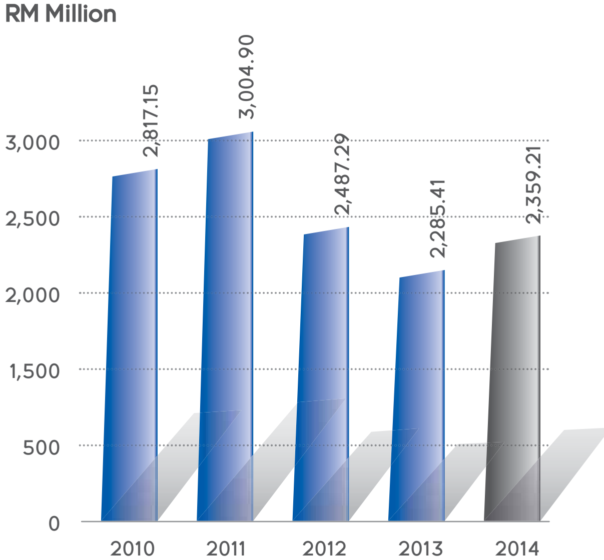
REVENUE



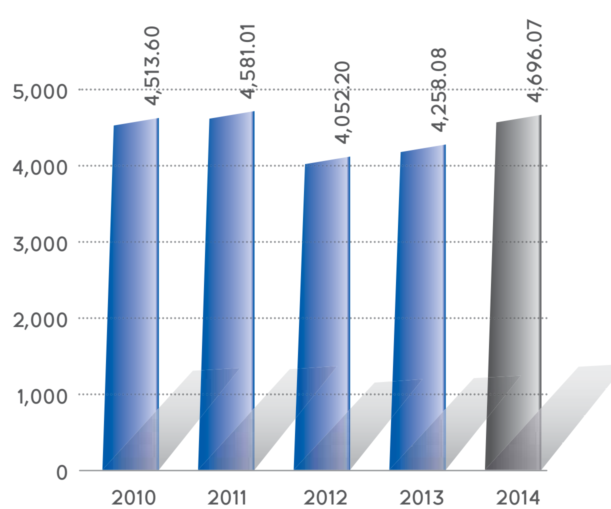
* Restated due to discontinued operations.

PROFIT/(LOSS) BEFORE TAX

SHAREHOLDERS' FUNDS



TOTAL ASSETS



Leisure Farm, Iskandar Malaysia

Leisure Farm is one of Iskandar Malaysia's most prestigious gated developments and has garnered multiple international awards since its establishment in 1991 including the FIABCI Malaysia Best Master Plan Development in 2005.

Nestled within an idyllic setting of pristine landscape and canal waterways are seven landed precincts and four strata schemes spread over 1,765 acres of lush verdant land. The first double gated and guarded residential development in Iskandar Malaysia, Leisure Farm offers its international community of residents and visitors a safe and secure living environment.

www.leisurefarm.com.my

Profile of Board of Directors

Lee Seng Huang
Non-Independent
Executive Chairman
Malaysian

Law Chin Wat
Non-Independent
Executive Director
Malaysian

Kong Wah Sang
Independent
Non-Executive Director
Malaysian

Chew Hoy Ping
Independent
Non-Executive Director
Malaysian

Profile of Board of Directors

Dato' Lim Say Chong
Independent
Non-Executive Director
Malaysian

Dato' Yusli Bin Mohamed Yusoff
Independent
Non-Executive Director
Malaysian

Loong Caesar
Independent
Non-Executive Director
Malaysian

Chung Tze Hien
Non-Independent
Non-Executive Director
Malaysian

1

Mr Lee, aged 40, was educated at the University of Sydney in Australia and has wide ranging financial services and real estate investment experience in the Asian region. He is currently the Executive Chairman of Mulpha Australia Limited (a wholly-owned subsidiary of the Company) and the Non-Executive Chairman of Aveo Group, a leading retirement group listed on the Australian Securities Exchange.

Mr Lee is also the Non-Executive Director of Mudajaya Group Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad. Mr Lee is a trustee of Lee and Lee Trust, a discretionary trust owning a controlling interest in Allied Group Limited, through its interest in Allied Properties (HK) Limited. Both Allied Group Limited and Allied Properties (HK) Limited are companies listed on The Stock Exchange of Hong Kong Limited.

Mr Lee was appointed to the Board as Executive Chairman on 15 December 2003.

Mr Lee has no directorships in other public companies in Malaysia apart from Mudajaya Group Berhad and Mulpha Land Berhad.

2

Mr Law, aged 63, graduated with a Master of Business Administration (MBA) Degree from University of East Asia, Macau in 1986. He has previously held directorships and has been involved in many local and overseas companies, dealing in varied businesses including property development and construction, timber, portfolio investments and trading. Prior to this, he has held senior financial management positions in public listed companies after having worked and gained broad experience in finance, auditing and taxation in a major international accounting firm for several years. Currently, he is also a Director of 2 public companies in Singapore and Hong Kong.

Mr Law was appointed to the Board as Executive Director on 11 September 2000 and he also serves as Chairman of the Risk Management Committee.

Mr Law has no directorships in other public companies in Malaysia.

3

Mr Kong, aged 56, graduated with a Bachelor of Economics Degree from Monash University in Melbourne, Australia and is a member of CPA Australia. He has broad experience in accounting, finance, management consulting and information technology. He is presently the Adviser of a management consulting firm.

Mr Kong was appointed to the Board on 21 November 2002 and he also serves as Chairman of the Nomination Committee as well as a member of the Audit and Remuneration Committees.

Mr Kong has no directorships in other public companies.

4

Mr Chew, aged 57, is a member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA).

Mr Chew began his career at Messrs Price Waterhouse (subsequently known as PricewaterhouseCoopers or PwC) in 1976 and served in various capacities in the firm for almost 30 years, and was admitted as a Partner of the firm in 1990. Whilst at PwC, he covered a wide range of professional service areas including business advisory, corporate restructuring and recovery as well as corporate finance. He also held several leadership roles including the Asia Pacific Chairman of Financial Advisory Services and was the Malaysian firm's Risk Management & Independence Leader, its Deputy Chairman of the Governance Board and a member of its Country Management Team. Mr Chew was seconded to the Houston, Texas office (1982-1984) for overseas work experience and personal development and later to Bank Negara Malaysia (1986-1988) for about a year and a half. In 2005, he became the Chief Financial Officer for Southern Bank Berhad ("SBB") and left in mid-2006 when SBB was acquired by Bumiputra Commerce Holdings Berhad (now known as CIMB).

Mr Chew was appointed to the Board on 16 May 2007 and he also serves as Chairman of the Audit Committee as well as a member of the Nomination Committee. He is also a member of the Audit Committee of Mulpha Australia Limited, a wholly-owned subsidiary of the Company.

Mr Chew has no directorships in other public companies apart from Malaysia Smelting Corporation Berhad, Carlsberg Brewery Malaysia Berhad and Mudajaya Group Berhad. He is also on the Board of Trustees of the Worldwide Fund for Nature in Malaysia.

NOTES:

1. Family Relationship with Director and/or Major Shareholder

Mr Lee Seng Huang, the Executive Chairman and major shareholder of the Company, is the son of Madam Yong Pit Chin, a major shareholder of the Company.

Save as disclosed above, none of the other Directors has any family relationship with any director and/or major shareholder of the Company.

2. Conflict of Interest

None of the Directors has any conflict of interest with the Company.

5

Dato' Lim, aged 74, obtained a Bachelor of Arts with honours in Economics from University of Malaya and a Masters in Business Administration from University of British Columbia, Canada. He also attended an Advanced Management Programme at Harvard Business School, Boston, USA.

Dato' Lim worked with the Imperial Chemical Industries (ICI) PLC's Group of Companies in Malaysia and abroad for 30 years, during which time he served on the Board of several companies within the Group in Malaysia and South East Asia. He later became the Managing Director of ICI (Malaysia) Group for 5 years. He was also the Group Managing Director of Chemical Company of Malaysia Bhd from 1989 to 2004.

Dato' Lim was appointed to the Board on 6 August 2007 and he also serves as a member of the Audit Committee.

Dato' Lim has no directorships in other public companies apart from serving as the Chairman of Carlsberg Brewery Malaysia Berhad.

6

Dato' Yusli, aged 56, graduated with a Bachelor of Economics Degree from University of Essex, England and is a member of the Institute of Chartered Accountants in England & Wales, Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants as well as an Honorary Member of the Institute of Internal Auditors Malaysia.

Dato' Yusli began his career with Peat Marwick Mitchell & Co. in London and has since held various key positions in a number of public listed and private companies in Malaysia, providing him with experience in property and infrastructure development, telecommunications, engineering, merchant banking and stockbroking. He was the Chief Executive Officer and Executive Director of Bursa Malaysia Berhad from 10 April 2004 to 31 March 2011.

Dato' Yusli was appointed to the Board on 13 July 2011 and he also serves as Chairman of the Remuneration Committee.

Dato' Yusli has no directorships in other public companies apart from Mudajaya Group Berhad, YTL Power International Berhad, AirAsia X Berhad, Westports Holdings Berhad, Pelaburan MARA Berhad, Australasia Resources & Minerals Berhad and Malaysian Institute of Corporate Governance.

7

Mr Loong, aged 55, was trained at Raffles Institution, Singapore, London School of Economics and Political Science (LSE) and Caius College, Cambridge University. He was admitted as a Barrister of the Middle Temple, London in 1983 and as an Advocate and Solicitor of the High Court of Malaya in 1985. In 1994, he was admitted as an Advocate and Solicitor of the Supreme Court of Singapore.

Mr Loong is a Senior Advocate and Solicitor practising at Raslan Loong. He is a corporate and commercial lawyer with extensive experience in all areas of corporate and commercial law including mergers and acquisitions, investment funds, capital markets, securities, listings, public offerings, corporate banking, structured finance, power and corporate restructuring. He is a Director and Exco member of the EU-Malaysia Chamber of Commerce and Industry (EUMCCI) and Malaysia-Australia Business Council (MABC).

Mr Loong was appointed to the Board on 13 July 2011 and he also serves as a member of the Nomination Committee.

Mr Loong has no directorships in other public companies apart from EU-Malaysia Chamber of Commerce and Industry and Malaysia-Australia Business Council.

8

Mr Chung, aged 64, graduated with a Commerce Degree from University of Otago, New Zealand and later qualified as an Associate Member of the Institute of Chartered Accountants of New Zealand, and Institute of Chartered Secretaries and Administrators of United Kingdom. He is also a member of the Malaysian Institute of Accountants.

Mr Chung was appointed as the Chief Executive Officer and Director of the Company on 27 February 2001 and has helmed the position for almost 12 years until his retirement on 31 January 2013. He was subsequently redesignated as Non-Independent Non-Executive Director on 1 February 2013. Prior to joining the Company, Mr Chung worked for and held senior managerial positions in several public listed companies in Hong Kong, Singapore and Malaysia involving a variety of industries and businesses.

Mr Chung serves as a member of the Remuneration Committee.

Mr Chung has no directorships in other public companies.

3. Conviction for Offences

None of the Directors has any conviction for offences within the past 10 years other than traffic offences, if any.

4. Attendance of Board Meetings

The attendance of the Directors at Board Meetings held during the financial year ended 31 December 2014 is disclosed in the Statement on Corporate Governance.

One&Only Hayman Island

One&Only Hayman Island presents astonishing natural beauty, restorative peace, indulgence and adventure. Australia's most iconic private island resort which opened in July 2014 is located off the coast of Queensland, nestled at the northern most point of the Whitsunday archipelago.

Within this private island resort, stylish elegance reflects the harmony of nature with beautifully appointed accommodation set against the backdrop of the Coral Sea. One&Only Hayman Island is a unique destination of discovery set in one of the seven wonders of the natural world – Australia's Great Barrier Reef.

www.oneandonlyhaymanisland.com.au

Chairman's Statement

FINANCIAL HIGHLIGHTS

2014 was a somewhat volatile year for global markets, pointing to the fact that the global economy would not return to the pace of expansion seen in the early 2000's. Japan and the Eurozone were identified as being at most risk of stagnation, but slowdowns were also felt in emerging markets such as China, Russia and Brazil.

In Malaysia, the last quarter of 2014 was challenging. Commodity export prices, especially for crude oil fell, while the ringgit depreciated across the board against the currencies of Malaysia's major trading partners, most notably against the US dollar, the Thai baht, the Chinese yuan and the Singapore dollar. Despite these concerns, the Malaysian economy performed well in 2014, with GDP at a healthy 5.9%, compared to 4.7% in 2013.

The construction sector in Malaysia recorded a stronger growth of 11.6% in 2014 (2013: 10.9%), spearheaded by the Government's public infrastructure projects. The sector's growth will continue to be driven by infrastructure projects related to the Economic Transformation Programme and private sector initiatives, such as the Klang Valley Mass Rapid Transit (MRT), Light Rapid Transit (LRT) 3, Kuala Lumpur-Singapore High Speed Rail, major highways, power plants, Refinery and Petrochemical Integrated Development (RAPID) Pengerang and Sarawak Corridor of Renewable Energy (SCORE).

Against this backdrop, the Group performed well, with revenue increasing from RM776.39 million in 2013 to RM958.68 million for the year ended 31 December 2014, an increase of RM182.29 million or 23.48% compared to the previous year.

Pre-tax profit (including discontinued operations) stood at RM141.46 million, a substantial improvement of RM184.91 million from a pre-tax loss of RM43.45 million in 2013. This solid performance was mainly attributed to higher pre-tax profits from the Group's property businesses as well as a return of higher contributions from our associate company, Aveo Group in Australia.

The Group's Net Assets ("NA") increased from RM1.07 per share to RM1.11 per share, with total assets increasing from RM4.26 billion as at the end of 2013, to RM4.70 billion at the end of 2014.

Guards on horse-back patrol are among Leisure Farm's unique security features.

REVIEW OF OPERATIONS

MALAYSIA

Leisure Farm

Accessibility Upgrades

On 27 August 2014, we inked the Coastal Highway Southern Link ("CHSL") Agreement with Iskandar Investment Berhad, UEM Sunrise and Sunway Iskandar. This 5.2km highway will pass through the proposed Gerbang Nusajaya South Development and Leisure Farm, providing a direct connection from the Second Link Highway to Medini.

With that, travelling distance from the Singapore Second Link to Leisure Farm will be reduced by approximately 10km and it will take just 5 minutes to travel from the CIQ Checkpoint to Leisure Farm via this proposed linkage. Construction work has commenced and the CHSL is scheduled to be completed in the first quarter of 2017.

In order to cope with the impending improvement in connectivity, Leisure Farm's ancillary facilities and services across the development were extensively upgraded and expanded, in line with the Group's vision of creating a 5-star living environment and modelling this development on our very successful Sanctuary Cove resort community in Australia.

Facilities Enhancement

Bale Club underwent a re-modelling exercise to upgrade its environment and provide better facilities for residents. Our food and beverage offering was upgraded, offering a wide selection of international and local cuisines. In addition to the menu change, a bar for evening cocktails and convention space were also incorporated into the club's offering.

The renowned Gallop Stables from Singapore came on-board to offer recreational horse-riding lessons, while a tennis academy and a comprehensive fitness facility was also added.

Shuttle services to Johor Bahru city was introduced to make it more convenient for residents to move around and in the near future this service will be extended to Singapore as well.

The stunning interior of Bayou Creek's new show home.

The Leisure Farm Sales Gallery was also refreshed to improve the customer experience with enhanced visual displays to showcase our new product offerings.

Brand Refreshment

We undertook a brand refreshment exercise to make Leisure Farm more contemporary and to better resonate with the current base of property buyers and investors. This entailed a new logo and a new marketing website, and culminated with the opening of the new Leisure Farm Sales Gallery in Johor Bahru in the second quarter of 2015.

Products and Launches

In terms of products, Bayou Creek Phase 1, comprising 96 bungalow and semi-detached units, was completed and handed over.

The next phase of the Bayou Creek series which incorporates various enhancements compared to Phase 1, is expected to be launched in 2015 once the new semi-detached and bungalow show homes are completed. Bayou Creek Phase 2 comprises 40 units of semi-ds and 17 bungalows spread over 7.8 acres of land.

Plans are also being put in place for the launch of Bayou Garden in 2015. Covering a total land area of 8.7 acres, Bayou Garden offers a selection of contemporarily designed canal waterfront lifestyle homes. Comprising 3-storey canal front and garden link homes, each unit comes with an imported designer kitchen and electrical appliances and professional wardrobe systems in the master bedrooms.

Mulpha Land Berhad

Mulpha Land Berhad ("MLB") is a 26.89% associate of the Group which is listed on Bursa Malaysia and focuses on property development in the Central and Northern regions.

2014 was a good year for MLB Group, as it continued to streamline and strengthen its business operations. It divested non-core assets, built its landbank in strategic locations and improved its market presence.

MLB's property developments remained healthy with Gross Development Value ("GDV") of confirmed projects estimated at RM1.2 billion.

Key activities by MLB Group in 2014 included the completion of the sale of its non-core assets, namely Raintree Residence and a parcel of land in the Southern Region for an aggregate total of RM49.2 million, the sale of one unit in The Enclave Bangsar for RM11 million and the completion of the Section 13 Petaling Jaya land acquisition.

Future plans include the development of 244 units of design and build affordable terrace homes and 87 single storey terrace units with a GDV of RM52.3 million at Desa Aman, Kedah.

MLB's revenue reduced marginally from RM47.14 million in 2013 to RM45.08 million in 2014, attributed to lower sales recognition from its Bukit Punchor development and the lower rental revenue generated without Raintree Residences.

The MLB Group also registered a lower pre-tax profit of RM8.17 million compared with RM11.78 million in 2013, mainly due to an impairment loss of RM7.6 million on its Bukit Tunku land. The Group's earnings per share was higher at 4.21 sen in 2014 from 3.73 sen previously.

The Enclave is Mulpha Land's exclusive private sanctuary in prestigious Bangsar.


Mudajaya's 10MW solar energy power farm in Gebeng, Pahang

Mudajaya Group Berhad

Mudajaya Group Berhad ("Mudajaya") is a 22.34% associate of the Group that is listed on Bursa Malaysia and is focused on power, infrastructure and construction.

Construction projects continue to be the Group's main revenue contributor. On its construction front, major on-going projects include the Tanjung Bin IV 1000 MW coal-fired power plant, the MRT - Package V3 from Dataran Sunway to Section 17 and the Janamanjung IV 1000 MW coal-fired power plant, with the Equipment Procurement contract for the 4x360 MW coal-fired power plant in Chhattisgarh, India close to completion.

2014 also saw significant progress made in Mudajaya's focus on investments that generate recurring income. In May 2014, Special Universal Sdn Bhd ("SUSB"), a 60%-owned subsidiary of Mudajaya, completed a 10MW solar energy power farm in Gebeng, Pahang. SUSB has secured a concession period of 21 years to sell power to Tenaga Nasional Berhad, providing Mudajaya with a stream of recurring income in the current and future years.

In July 2014, Mudajaya completed the acquisition of a 40% stake in Amihan Energy Corporation ("AEC"). AEC is undertaking a wind energy project in Cebu, Philippines, involving a total capacity of up to 200 MW to be developed in phases over the next few years.

In March 2015, Mudajaya acquired a 46% shareholding in PT Harmoni Energy Indonesia ("PT HEI"). PT HEI has signed a Power Purchase Agreement with PT PLN (Persero) for the development of a 2 x 7 MW coal-fired power plant for 25 years in Sulawesi, Indonesia, which is currently under construction.

Mudajaya recorded revenue of RM1,050.8 million and loss before tax of RM61.6 million for the year ended 31 December 2014, compared to RM1,535.8 million and profit before tax of RM195.6 million respectively in 2013. Its performance was affected by additional costs incurred due to the acceleration of works and the general increase in construction-related costs for local projects. In addition, costs on Variation Orders ("VO") were incurred on the local projects and were taken up in the accounts, whilst only part of the revenue relating to the VO claims were recognized pending finalization of the overall claims with the clients.

AUSTRALIA

Hotels and Investment Property

2014 was a transitional year for the Group's hotel operations, with InterContinental Sydney and InterContinental Sanctuary Cove both performing better compared to 2013 with strong occupancy and average room rates throughout the year. Hayman Island was closed for the first 6-months of the year to enable an extensive refurbishment and rebranding program to be carried out and was subsequently reopened as the new world class One&Only Hayman Island Resort in July 2014.

(a) InterContinental Sydney Hotel

The InterContinental Sydney performed well in 2014, with the successful combination of average daily rate ("ADR") growth achieved together with increasing occupancies; both ADR and occupancies are now at record levels.

Demand outlook for Sydney remains strong, with occupancy likely to increase, placing upward pressure on room rates. With its excellent location overlooking the Sydney Harbour and the famous landmarks surrounding the hotel such as the Sydney Opera House, the Royal Botanic Gardens and Circular Quay, the hotel is well placed to take advantage of the increasing demand and is expected to continue to perform strongly.

(b) InterContinental Sanctuary Cove Resort Hotel

InterContinental Sanctuary Cove Resort Hotel also saw significant ADR and occupancy growth in 2014, through an increase in MICE business as well as improvement in F&B revenues through the MICE business and F&B marketing.

Demand outlook for Brisbane is very positive. In 2014, international visitor arrivals increased year on year by 5.9%. Brisbane Airport has commenced construction on a second runway to increase flights domestically. The runway will deliver a regional economic benefit of around A$5 billion per year by 2035, with the project due to be finished by 2020.

(c) One&Only Hayman Island, Great Barrier Reef

Following an A$73 million major transformational upgrade, One&Only Hayman Island opened on 1 July 2014, managed by a world-renowned international resort operator, Kerzner International. The renovation introduced renovated rooms, new restaurants, activities, services and widened guest offerings throughout the resort. Room inventory was reduced from 209 rooms to 160 larger rooms through a reduction of 50 rooms in the Pool Wing, and with the introduction of new Pool Suites.

The economic environment in most key source markets is forecasted to be relatively stable and there is no new competition anticipated in 2015.

With the One&Only international reach and branding and the unrivalled location in the Great Barrier Reef, One&Only Hayman Island is being positioned as the best ultra-luxury family resort in Australia.

Developments

The developments segments' improved performance in 2014 was mainly a result of the acquisition of the balance 49.99% of Mulpha Norwest which performed strongly during the year and the improved sales of land lots at Sanctuary Cove.

(a) Sanctuary Cove

Property market transactions in south east Queensland continued to show signs of recovery, with Sanctuary Cove property prices at a higher level compared to the average Gold Coast market prices. In 2014, Sanctuary Cove benefited from this recovery with a significantly higher number of sales with the primary driver being foreign purchasers.

The Marine Village and Marina performed well and contributed positively to the 2014 results with higher occupancies recorded in both divisions.

(b) Norwest Land

In May 2014, Mulpha Norwest once again became a wholly owned subsidiary of the Group upon the completion of the acquisition of the remaining 49.99% interest in Mulpha Norwest. The acquisition was timely as Mulpha Norwest performed strongly on the back of a strong Sydney market in 2014 with higher revenue of A$125.44 million and profit after tax which surpassed expectations at A$34.51 million. This was primarily achieved through increased sales of land plots. Mulpha Norwest is also a major beneficiary of the ongoing construction of the North West Rail Link with 2 stations located in or around its developments.

Mulpha Norwest's diverse portfolio in Sydney includes the multi award winning Norwest Business Park, The Lakes and Watermark at Norwest, Edgewater, which neighbours Bella Vista Waters as well as Mulgoa Rise in the foothills of the Blue Mountains.

Aveo Group

With a 26.22% equity interest, the Group is the largest security holder of Aveo, an S&P/ASX 200 company listed on the Australian Stock Exchange. Aveo is a leading and trusted owner, operator and manager of retirement communities across Australia, with over 30 years of experience and 12,000 units in 75 retirement villages.

Aveo also manages and develops a diversified property portfolio. As part of its pure retirement strategy, Aveo has been undertaking an orderly disposal of its non-retirement property assets since 2013. In 2014, Aveo made significant progress in its transformation to become Australia's leading retirement group with further divestments and the completion of some of its ongoing developments.

This was underpinned by a strong financial performance, with underlying net profit after tax of A$42.1 million for 2014, up more than 7% in 2013, translating into earnings per stapled security of 9.5 cents for the year.

The well-established Norwest Business Park in the heart of Sydney.

The London Marriott Hotel Grosvenor Square is the latest addition to Mulpha's hospitality portfolio.

With a clear strategy, a strengthening investment case, a motivated and talented team and a market-leading portfolio of retirement assets, Aveo is well positioned to continue to generate sustainable value for the Group in the years ahead.

UNITED KINGDOM

London Marriott Hotel Grosvenor Square

The Group's investment in a 33% stake in the London Marriott Hotel Grosvenor Square last year has reaped immediate rewards with the hotel performing stronger in 2014 compared to the previous year, due to strong international visitor arrivals in London. In the coming year, major international events such as the Rugby World Cup in September 2015 coupled with the Hotel's strategy to focus on growing the Asian market, are expected to have a positive impact on the hotel's performance.

SIGNIFICANT EVENTS

Sale of AF Investments Limited to Lemongrass Master Fund 1

In line with the Group's streamlining of operations by the disposal of non-core assets, in the second quarter of 2014, the Company disposed of its 100% equity interest in AF Investments Limited ("AFIL") to Lemongrass Master Fund I for a total net consideration of USD9.47 million. AFIL holds a 70% equity interest in Indochine Park Tower, an 18-storey serviced residence building located at Ho Chi Minh City, Vietnam. The divestment of AFIL resulted in a gain on disposal to the Group of approximately RM28.4 million.

Acquisition of Norwest Marketown

In February 2015, the Group completed the acquisition of Norwest Marketown which is, located on Norwest Boulevard, Baulkham Hills, Sydney, from Norwest Lakeside Unit Trust, for a total purchase consideration of A$120 million. Norwest Marketown comprises a shopping centre which houses a Coles Supermarket and 45 specialty stores, a Shell/ Coles Express Service Station, a Liquorland store and surrounding undeveloped land that is currently being used as a car park, measuring 4.4 hectares in total.

The Group intends to leverage on its strong reputation in Norwest and the site's strategic location directly opposite the new Norwest Rail Station which is under construction. Pending redevelopment, the shopping mall with its well-established tenant mix will enhance the Group's property investment income by generating stable cash flows for the Group.

Disposal of shares in MLB – change from subsidiary to associate

In March 2015, the Company disposed of 75 million ordinary shares in MLB to Teladan Kuasa Sdn Bhd at the price of RM0.47 per share. As a result of this disposal, MLB ceased to be a subsidiary of the Company and has become an associated company of the Company. The divestment of equity resulted in a gain on disposal to the Group of RM38 million.

PROSPECTS

Australia

In Australia, GDP growth is expected to slow to 2.5% in 2015 and the reserve bank has recently lowered interest rates to a record low of 2.0% leading to further weakening of the Australian dollar.

The outlook for the Australian hotel market is one of demand growing at nearly twice the pace of supply over the next three years, resulting in record high occupancy rates. As the Australian economy transitions from a growth phase underpinned by the resource and construction sector to a more diversified one, travel patterns are gradually shifting away from the big mining states.

It is widely forecast that the Australian dollar will continue to remain weak against the US dollar, supporting growth in domestic and inbound leisure expenditure. International visitor arrivals are projected to grow by 5.1% and international visitor nights by 5.2% over the next three years.

The persistence of record low interest rates should continue to augur well for our real estate development businesses with increased selling prices and sales volumes across our developments.

Malaysia

This year is also expected to be a challenging year for the Malaysian economy. Real GDP growth is projected to be moderate, impacted by the implementation of the goods and services tax, lower crude oil prices and the movement of the Ringgit against the currencies of Malaysia's major trading partners. However, such market conditions may also provide opportunities for new investments and acquisitions, and we will keep a lookout for such scenarios.

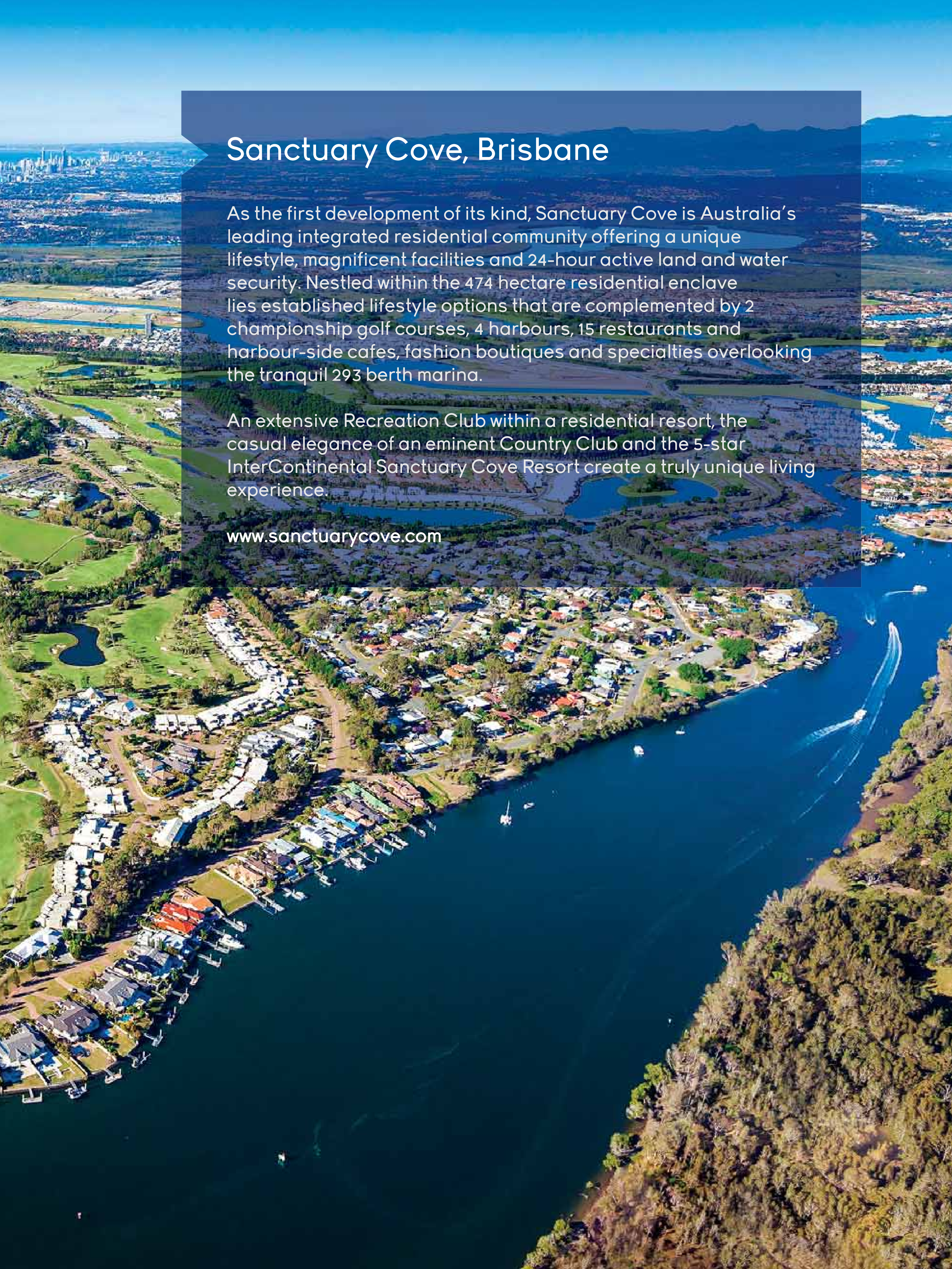
The internal re-organization and consolidation process the Group has undergone over the last several years has started to bear fruit both operationally and financially and we expect further benefits to be felt in both areas going forward. We continue to remain focused on improving our operating cost base, upgrading the quality of our talent pool, especially amongst the senior management team and improving the quality and mix of our products, which will provide us with the ideal platform on which to further grow our business.

APPRECIATION

I would like to record my appreciation to all my colleagues for your commitment and drive to ensure the continued success of the Group. The entire team has worked hard and persevered through the post global financial crisis period and the positive results in 2014 are an indication of what can be achieved through solid effort and teamwork.

LEE SENG HUANG
Executive Chairman
12 May 2015

Bayou Garden's Waterfront & Garden Link Residences are targeted for launch in 2015.



Sanctuary Cove, Brisbane

As the first development of its kind, Sanctuary Cove is Australia's leading integrated residential community offering a unique lifestyle, magnificent facilities and 24-hour active land and water security. Nestled within the 474 hectare residential enclave lies established lifestyle options that are complemented by 2 championship golf courses, 4 harbours, 15 restaurants and harbour-side cafes, fashion boutiques and specialties overlooking the tranquil 293 berth marina.

An extensive Recreation Club within a residential resort, the casual elegance of an eminent Country Club and the 5-star InterContinental Sanctuary Cove Resort create a truly unique living experience.

www.sanctuarycove.com


The soothing and tranquil Leisure Farm development in Iskandar Malaysia.

Statement on Corporate Governance

The Board of Directors ("the Board") is committed to ensure that good corporate governance is practised throughout the Group with the ultimate objective of protecting and enhancing shareholders' value and the financial performance of the Company and of the Group.

1. BOARD OF DIRECTORS

1.1 Responsibilities of the Board and Management

The Board leads and controls the Group. The Board is responsible for the overall performance of the Group and focuses on strategies, performance, standards of conduct, financial and major business matters.

The main functions and roles of the Board are as follows:-

- Setting and reviewing the objectives, goals and strategic plans for the Group with a view to maximising shareholders' value.
- Adopting and monitoring progress of the Company's strategies, budgets, plans and policies.
- Overseeing the conduct of the Group's businesses to evaluate whether the businesses are properly managed.
- Identifying principal risks of the Group and ensuring the implementation of appropriate systems to mitigate and manage these risks.
- Considering Management's recommendations on key issues including acquisitions, divestments, restructuring, funding and significant capital expenditure.
- Succession planning for senior management.
- Reviewing the adequacy and integrity of the Group's internal control systems and management information systems.

To ensure the effective discharge of its functions and responsibilities, the Board has set and approved business authority limits which set out relevant matters which the Board may delegate to the Management. These authority limits are reviewed and revised as and when required, to ensure an optimum structure for efficient and effective decision-making in the Group.

The Board delegates certain responsibilities to the Board Committees, all of which operate within defined terms of reference.

Statement on Corporate Governance

1.2 Corporate Code of Conduct and Board Charter

The Board had in 2013, formalised a Corporate Code of Conduct to provide guidance for Directors, senior executives and other employees regarding the standards expected of them in the conduct of business. Directors and employees are required to uphold high standards of integrity in discharging their duties and to comply with the relevant laws and regulations.

The Board Charter which sets out inter alia, the roles and responsibilities of the Board and Board Committees, the procedures for convening Board meetings, financial reporting, investor relations and shareholder communication, was also formalised in 2013. The Charter which serves as a source of reference for new Directors, will be reviewed periodically to keep it up-to-date with changes in regulations and best practices to ensure its effectiveness and relevance to the Board's objectives.

1.3 Composition and Board Balance

The Board currently has 8 members, comprising 2 Executive Directors and 6 Non-Executive Directors. Out of the 6 Non-Executive Directors, 5 are Independent Directors.

Collectively, the Directors bring a wide range of experience in the areas of business, accounting, finance, economics, legal, real estate investment and property development, which are relevant to the Group. The role of the Independent Directors provides independent judgment, objectivity and check and balance on the Board. A brief profile of each Director is presented on pages 12 to 15 of the Annual Report.

The Executive Chairman is primarily responsible for the vision and strategic direction of the Group as well as matters pertaining to the Board. The Executive Director is responsible for the implementation of the objectives, goals and operational matters of the Group. Although the Executive Chairman, Mr Lee Seng Huang is not an Independent Director, a majority of the Board members consists of Independent Directors.

Mr Kong Wah Sang has been appointed by the Board as the Independent Non-Executive Director to whom any concern regarding the Company may be conveyed.

1.4 Board Meetings and Supply of Information

The Board normally meets quarterly to review financial, operational and business performances, with additional meetings convened when necessary. In the intervals between Board meetings, Board decisions for urgent matters are obtained via circular resolutions, to which are attached sufficient information required for an informed decision.

All Directors are provided with an agenda and a set of Board papers at least a week prior to the Board meeting to enable the Directors to review and consider the items to be deliberated at the Board meeting. The Directors may seek advice from the Management, or request further explanation, information or updates on the matters of the Company, where necessary.

The Board papers include, inter alia, the progress report on the Group's developments, business plan and budget, quarterly financial results and minutes/decisions of meetings of the Board Committees. Additionally, the Board is furnished with adhoc reports to ensure that it is apprised of key business, financial and operational matters, as and when the need arises.

A total of 4 Board meetings were held during the financial year ended 31 December 2014 and the record of attendance of the Directors is as follows:-

Name of Directors	Number of Meetings Attended	Percentage of Attendance (%)
Lee Seng Huang	2/4	50
Law Chin Wat	4/4	100
Kong Wah Sang	3/4	75
Chew Hoy Ping	4/4	100
Dato' Lim Say Chong	4/4	100
Dato' Yusli Bin Mohamed Yusoff	4/4	100
Loong Caesar	3/4	75
Chung Tze Hien	4/4	100

Statement on Corporate Governance

All the Directors have complied with the minimum requirement of at least 50% on attendance of Board meetings during the financial year as stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Directors may seek independent professional advice when necessary, at the Company's expense, in the furtherance of their duties.

1.5 Time Commitment

For the financial year, the level of time commitment given by the Directors was satisfactory, which was evidenced by the attendance record of the Directors at the Board meetings held.

In accordance with the Board Charter, Directors are required to notify the Chairman before accepting any new directorship and to indicate the time that will be spent on the new appointment.

To facilitate the Directors' time planning, a schedule of meetings comprising the dates of Board and Board Committees' meetings and Annual General Meeting ("AGM"), would be prepared and circulated to them at the end of every year.

1.6 Re-Appointment, Retirement by Rotation and Re-Election

The Company's Articles of Association provides that one-third of the Board is subject to retirement by rotation at each AGM. Each Director shall retire once at least in each 3 years but shall be eligible for re-election. The Directors to retire in each year are those who have been longest in office since their last election or appointment. As for Directors who are appointed by the Board, they are subject to re-election at the next AGM following their appointment.

Pursuant to Section 129(2) of the Companies Act, 1965, the office of a Director who is of or over the age of 70 years shall become vacant at the conclusion of the forthcoming AGM and subject to approval being obtained from the shareholders, may be re-appointed to hold office until the next AGM in accordance with Section 129(6) of the Companies Act, 1965.

The performance of those Directors who are subject to re-election and re-appointment at the AGM will be subject to assessment conducted by the Nomination Committee, whereupon the Committee's recommendations are made to the Board on the proposed re-election and re-appointment of the Directors concerned for shareholders' approval at the AGM.

1.7 Appointment of New Directors

A formal procedure and process has been established in 2014 for the nomination and appointment of new Directors. The process for the nomination and appointment of new Directors is summarised as follows:-

(a) Identification of skills required for the Board.
(b) Selection of candidates.
(c) Review and assessment by the Nomination Committee.
(d) Recommendation to the Board for approval.

A proposed candidate is first considered by the Nomination Committee which takes into account, among others, the skills and experience of the candidate, before making a recommendation to the Board for approval. In evaluating the suitability of the candidates, the following factors are considered:-

(i) background, character, competence, integrity and time commitment;
(ii) qualifications, skills, expertise and experience;
(iii) professionalism; and
(iv) in the case of candidates for the position of Independent Non-Executive Directors, the candidate's independence and ability to discharge such responsibilities as expected from Independent Non-Executive Directors, will be evaluated.

In pursuit of the diversity policy (in terms of gender, ethnicity and age), the Nomination Committee is mindful of its responsibilities to ensure that new appointments would provide the appropriate mix of skills, experience and competencies which are relevant to enhance the Board's composition. The Nomination Committee will endeavour to consider women candidates in the recruitment exercise, when the need arises.

Statement on Corporate Governance

1.8 Directors' Training

In addition to the Mandatory Accredited Programme (MAP) as required by Bursa Securities, all the Directors had attended training programmes and seminars during the financial year, organised by the relevant regulatory authorities or professional bodies to broaden their knowledge and to keep abreast with the relevant changes in laws, regulations and the business environment. The Directors have on-going access to continuing education programmes as they are kept informed of relevant training programmes by the Company Secretary. The records of all training programmes attended by the Directors are maintained by the Company Secretary.

Details of the training programmes attended by the Directors during the financial year ended 31 December 2014 are as follows:-

Name of Directors	Title	Organiser	Date
Lee Seng Huang	• Revised Chapter 14A of the Main Board Rules on Connected Transactions	P.C. Woo & Co., Hong Kong	4 June 2014
Law Chin Wat	• GRC Alumni Forum 2014	Tricor Roots Consulting Sdn Bhd	13 November 2014
	• Enterprise Risk Management Awareness Program	Tricor Roots Consulting Sdn Bhd	16 December 2014
Kong Wah Sang	• Audit Committee Conference 2014	Malaysian Institute of Accountants and The Institute of Internal Auditors Malaysia	20 March 2014
	• Advocacy Session on Corporate Disclosure for Directors	Bursa Malaysia Berhad	2 July 2014
	• Enterprise Risk Management Awareness Program	Tricor Roots Consulting Sdn Bhd	16 December 2014
Chew Hoy Ping	• Advocacy Session on Corporate Disclosure for Directors	Bursa Malaysia Berhad	18 March 2014
	• GST – Everything you need to know about Malaysian Goods & Services Tax	The Malaysian Institute of Chartered Secretaries and Administrators	24 June 2014
	• Comparative Analysis of PERS, MPERS and MFRS Frameworks	Malaysian Institute of Accountants	14 July 2014
	• Audit Committee Breakfast Series – "Enhancing Internal Audit Practice"	The Institute of Internal Auditors Malaysia and Bursa Malaysia Berhad	13 August 2014
	• Enterprise Risk Management Awareness Program	Tricor Roots Consulting Sdn Bhd	16 December 2014
Dato' Lim Say Chong	• Risk Management & Internal Control Workshop for Audit Committee Members	CG Board Asia Pacific Sdn Bhd and Bursa Malaysia Berhad	3 June 2014
	• Nominating Committee Programme 2: Effective Board Evaluation	The ICLIF Leadership & Governance Centre and Bursa Malaysia Berhad	18 August 2014

Statement on Corporate Governance

Name of Directors	Title	Organiser	Date
Dato' Yusli Bin Mohamed Yusoff	• Appreciation and Application of ASEAN Corporate Governance Scorecard	Bursa Malaysia Berhad and Minority Shareholder Watchdog Group	21 August 2014
	• Enterprise Risk Management Awareness Program	Tricor Roots Consulting Sdn Bhd	16 December 2014
Loong Caesar	• Competition Law as Regulation – What should Business People, Economists, Judges and Lawyers know?	Federation of Public Listed Companies Bhd	12 August 2014
	• Law and Infrastructure	Thirty Nine Essex Street Chambers	23 September 2014
	• Enterprise Risk Management Awareness Program	Tricor Roots Consulting Sdn Bhd	16 December 2014
Chung Tze Hien	• Audit Committee Conference 2014	Malaysian Institute of Accountants and The Institute of Internal Auditors Malaysia	20 March 2014
	• MIA International Accountants Conference 2014	Malaysian Institute of Accountants	4 & 5 November 2014
	• Enterprise Risk Management Awareness Program	Tricor Roots Consulting Sdn Bhd	16 December 2014

The Board is also constantly updated by the Company Secretary on changes to the relevant guidelines on the regulatory and statutory requirements.

1.9 Board Committees

The Board has delegated specific responsibilities to the following Committees:-

(a) Audit Committee ("AC")

Please refer to the AC Report set out on pages 38 and 39 of the Annual Report.

(b) Nomination Committee

The Nomination Committee currently consists of all Independent Non-Executive Directors. The members of the Nomination Committee are as follows:-

(i) Kong Wah Sang (Chairman)
(Independent Non-Executive Director)

(ii) Chew Hoy Ping
(Independent Non-Executive Director)

(iii) Loong Caesar
(Independent Non-Executive Director)

The main responsibilities of the Nomination Committee are as follows:-

(i) To recommend to the Board, candidates for directorships to be filled.

(ii) To recommend to the Board, Directors or officers of the Company to fill the seats on Board Committees.

Statement on Corporate Governance

(iii) To review the Board's mix of skills, experience and other qualities including core competencies which Directors should bring to the Board, as well as the size and diversity of the Board composition taking into account the current and future needs of the Company.

(iv) To carry out the process annually for assessing the effectiveness of the Board as a whole and the Board Committees, the contributions and performance of individual Directors, and the independence of the Independent Non-Executive Directors.

(v) To review the Directors' training programmes and assess the training needs for the Directors.

The Nomination Committee met once during the financial year ended 31 December 2014 and the meeting was attended by all the Committee members. The activities of the Nomination Committee during the financial year were as follows:-

(i) Reviewed the results of the Board evaluations and assessment of Independent Directors

A Board evaluation exercise was carried out to assess the effectiveness of individual Directors, the Board as a whole and the Board Committees. The evaluation exercise was conducted via questionnaires, which were distributed to all the Directors and cover areas which include, amongst others, the Board's mix, composition and structure, operations, roles and responsibilities and performance/contribution of the Board Committees. The evaluation also encompassed Director's Self & Peer Evaluation, assessing the individual Director's contributions and interaction, quality of input and understanding of roles and responsibilities as a Director.

The Nomination Committee reviewed the overall results of the evaluations conducted and subsequently tabled the same to the Board and highlighted those areas which required further and continuous improvement.

An exercise was also carried out to assess the independence of the Independent Directors. Based on the self-assessment of independence, the Independent Directors have declared that they fulfilled the criteria of independence, as defined under the Main Market Listing Requirements of Bursa Securities. The Board is generally satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company.

Mr Kong Wah Sang has served on the Board as an Independent Non-Executive Director for a cumulative term of more than 9 years. Based on the self-assessment of independence, Mr Kong has declared that he satisfied and fulfilled all the criteria of independence, as defined under the Main Market Listing Requirements of Bursa Securities. Mr Kong has demonstrated that he is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment, objectivity or the ability to act in the best interests of the Company. The Board, therefore, recommended for Mr Kong to continue to serve as an Independent Non-Executive Director, subject to the approval of shareholders at the AGM of the Company.

(ii) Reviewed and recommended the re-election/re-appointment of Directors

The Nomination Committee reviewed and recommended to the Board, those retiring Directors who were eligible to stand for re-election in 2014, namely Mr Law Chin Wat and Mr Chung Tze Hien, as well as the re-appointment of Dato' Lim Say Chong. The recommendation was based on the review and assessment of the performance of these Directors. The Board approved the Nomination Committee's recommendation to support the re-election/re-appointment of these Directors at the AGM of the Company.

(iii) Reviewed the proposed amendments to the terms of reference of the Nomination Committee

The Nomination Committee reviewed and recommended for the Board's approval, the proposed amendments to the terms of reference of the Nomination Committee, to be in line with the provisions of the Listing Requirements of Bursa Securities and Malaysian Code on Corporate Governance 2012. The proposed amendments to the terms of reference were duly approved by the Board.

Statement on Corporate Governance

(iv) Reviewed and recommended the selection process for appointment of new Directors

The Nomination Committee reviewed and recommended for the Board's approval, the proposed process for the nomination and appointment of new Directors, as well as the criteria used in the selection process. The proposed process for the nomination and appointment of new Directors was duly approved by the Board.

(v) Reviewed and assessed the training needs of Directors

The Nomination Committee reviewed the training programmes attended by the Directors in 2013 and assessed the training needs of Directors, and thereafter tabled the same to the Board.

(c) Remuneration Committee

The Remuneration Committee currently consists of all Non-Executive Directors, a majority of whom are Independent Directors. The members of the Remuneration Committee are as follows:-

(i) Dato' Yusli Bin Mohamed Yusoff (Chairman)
(Independent Non-Executive Director)

(ii) Kong Wah Sang
(Independent Non-Executive Director)

(iii) Chung Tze Hien
(Non-Independent Non-Executive Director)

The main responsibilities of the Remuneration Committee are to review and recommend to the Board the following:-

(i) remuneration package of each Director; and
(ii) incentive schemes, profit sharing arrangements or the like for Management or other employees.

The Remuneration Committee met once during the financial year ended 31 December 2014 to review and recommend to the Board, the remuneration of Directors. The meeting was attended by all the Committee members.

(d) Risk Management Committee

The Risk Management Committee ("RMC") currently comprises Law Chin Wat as Chairman, Lee Eng Leong, Winson Chow and David Choa Der Huey.

The RMC is tasked with the responsibility to ensure sound risk management framework within the Group, to oversee the risk management activities and to review the adequacy and effectiveness of the risk management system. The RMC met once during the financial year ended 31 December 2014 to review the enterprise risk profiles to ensure the adequacy and effectiveness of the risk management system. The meeting was attended by a majority of the Committee members.

1.10 Company Secretary

The Company Secretary plays an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures as well as compliance with the relevant guidelines, regulatory and statutory requirements, corporate governance and best practices.

All Directors have access to the advice and services of the Company Secretary.

Statement on Corporate Governance

2. DIRECTORS' REMUNERATION

The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to govern the Group effectively. In the case of Executive Directors, the remuneration is structured to link rewards to corporate and individual performance based on key performance indicators. For Non-Executive Directors, the level of remuneration reflects their experience and level of responsibilities.

The Remuneration Committee recommends to the Board, the remuneration (including Directors' fees) for each Director of the Company. Each individual Director does not participate in the discussion and decision on his own remuneration. Directors' fees payable to the Non-Executive Directors are subject to the approval of shareholders at the AGM. The Non-Executive Directors are also paid meeting allowance for attendance at each Board and Committee meeting.

Details of the aggregate remuneration of the Directors of the Company, categorised into appropriate components, for the financial year ended 31 December 2014 are as follows:-

	Executive Directors RM'000	Non-Executive Directors RM'000
Fees	-	390
Salaries and other remuneration	1,481	-
Benefits-in-kind	62	-
Total:	1,543	390

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

Range of Remuneration	No. of Executive Directors	No. of Non-Executive Directors	Total
RM50,000 to RM100,000	-	6	6
RM350,000 to RM400,000	1	-	1
RM1,150,000 to RM1,200,000	1	-	1
Total:	2	6	8

3. SHAREHOLDERS

3.1 Communication between the Company and Investors

The Board acknowledges the need for shareholders to be informed of all material business matters of the Company. Announcements to Bursa Securities are made on significant developments and matters of the Group. Financial results are released on a quarterly basis to provide shareholders with a regular overview of the Group's performance. The Corporate Communication Department of the Company also arranges press interviews and briefings, and releases press announcements to provide information on the Group's business activities, performance and major developments, as and when necessary.

In addition to published annual report and quarterly results announced to Bursa Securities, the Company has a website at *www.mulpha.com.my* from which investors and shareholders can access for information about the Group. Any enquiries may be directed to this email address, *irmulpha@mulpha.com.my*.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

Statement on Corporate Governance

3.2 Shareholders' Meeting

General meetings represent the principal forum for dialogue and interaction with shareholders. Notices of general meetings with sufficient information of business to be dealt with thereat are published in one national newspaper to provide for wider dissemination of such notice to encourage shareholder participation. At the general meetings, shareholders have direct access to the Board and are encouraged to participate in the question and answer session.

At the outset of general meetings, the Chairman would inform the shareholders of their right to request for poll vote. Generally, resolutions will be carried out by show of hands, except for related party transactions wherein poll will be conducted, as required under the Main Market Listing Requirements of Bursa Securities. The Board will endeavour to put substantive resolutions to be voted by way of poll and make an announcement of the detailed results to Bursa Securities.

4. ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

In presenting the annual audited financial statements, annual report and announcement of quarterly results to shareholders, the Board aims to present a balanced and understandable assessment of the Group's position, performance and prospects. The Board considers that in preparing the financial statements and announcements, the Group has used appropriate accounting policies and standards, consistently applied and supported by reasonable and prudent judgments and estimates.

4.2 Internal Control and Risk Management

The Board affirms its overall responsibility for the Group's system of internal controls covering not only financial controls but also controls relating to operational, compliance and risk management. The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. The Statement on Risk Management and Internal Control as set out on pages 40 and 41 of the Annual Report, provides an overview of the state of internal controls and risk management within the Group.

4.3 Relationship with Auditors

Through the AC, the Board has established an appropriate relationship with the Company's auditors, both internal and external. The external auditors attended the AC's meetings when necessary. The external auditors are also invited to attend the Company's AGM and are available to answer any questions from shareholders on the audited financial statements.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 1965 to prepare financial statements which are in accordance with applicable approved financial reporting standards and give a true and fair view of the financial position of the Company and the Group at the end of the financial year, as well as of the financial performance and cashflows of the Company and the Group for the financial year.

In preparing the financial statements, the Directors have:-

(i) ensured that the financial statements are in accordance with the provisions of the Companies Act, 1965, the applicable financial reporting standards and the Main Market Listing Requirements of Bursa Securities;
(ii) adopted the appropriate accounting policies and applied them consistently; and
(iii) made judgments and estimates that are prudent and reasonable.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy, the financial position of the Company and the Group which enable them to ensure that the financial statements comply with the relevant statutory requirements.

This Statement on Corporate Governance was approved by the Board on 12 May 2015.

Additional Compliance Information

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:-

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

The Company did not undertake any corporate proposal to raise proceeds during the financial year ended 31 December 2014.

2. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company had on 17 May 2012, entered into a Call Option Agreement with Teladan Kuasa Sdn Bhd ("TKSB") to grant TKSB the right to require the Company to sell to TKSB up to 75,000,000 ordinary shares or 32.85% ("Call Option") in Mulpha Land Berhad. The Call Option is exerciseable at any time during the period commencing from the date falling 3 months after the date of the Call Option Agreement and ending on the day immediately preceding the 3rd anniversary of the Call Option Agreement. As at 31 December 2014, the Call Option has not been exercised.

The Company did not issue any warrants or convertible securities during the financial year ended 31 December 2014.

3. AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2014.

4. SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2014, which have material impact on the operations or financial position of the Group.

5. NON-AUDIT FEES

The non-audit fees paid/payable to the external auditors for services rendered to the Company and/or its subsidiaries for the financial year ended 31 December 2014 amounted to RM129,000.

6. VARIATION IN RESULTS

There was no variance of 10% or more between the audited results for the financial year ended 31 December 2014 and the unaudited results previously announced by the Company. The Company did not release any profit estimate, forecast or projection for the financial year.

7. PROFIT GUARANTEE

There was no profit guarantee received by the Company during the financial year ended 31 December 2014.

8. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving directors' and major shareholders' interests during the financial year ended 31 December 2014.

9. STATEMENT BY THE AC IN RELATION TO ALLOCATION OF OPTIONS OR SHARES PURSUANT TO SHARE ISSUANCE SCHEME

The Company does not have any Share Issuance Scheme and as such, there was no allocation of options or shares during the financial year ended 31 December 2014.

10. SHARE BUY-BACK

The details on the share buy-back during the financial year ended 31 December 2014 are disclosed under Note 19(b) of the Notes to the Financial Statements.

Audit Committee Report

CONSTITUTION AND COMPOSITION

The AC was established pursuant to a resolution of the Board passed on 28 July 1994. The current members of the AC are as follows:-

1. **Chew Hoy Ping (Chairman)**
   (Independent Non-Executive Director)

2. **Kong Wah Sang**
   (Independent Non-Executive Director)

3. **Dato' Lim Say Chong**
   (Independent Non-Executive Director)

TERMS OF REFERENCE

The terms of reference of the AC are as follows:-

1. Composition

The AC shall be appointed by the Board from amongst the Directors of the Company. The AC shall comprise not less than 3 members. All the members must be Non-Executive Directors, with a majority of them being Independent Directors. At least one member of the AC must be a member of the Malaysian Institute of Accountants or fulfil such other requirements as prescribed or approved by the Exchange. One of the members of the AC who is an Independent Director shall be appointed Chairman of the AC by the members of the AC.

2. Meetings and Minutes

The AC shall meet at least 4 times a year. The quorum shall be at least 2 members, the majority of whom shall be Independent Directors. The AC may request any member of the management and representatives of the external auditors to be present at meetings of the AC. Minutes of each AC meeting are to be prepared and distributed to each member of the AC and the Board. The Company Secretary or his Assistant shall be the Secretary of the AC.

3. Authority

The AC is authorised by the Board:-

(a) to investigate any activity of the Company and its subsidiaries within its terms of reference;

(b) to seek any information it requires from any employee for the purpose of discharging its functions and responsibilities and all employees are directed to cooperate with any request made by the AC;

(c) to obtain legal or other independent professional advice and to secure the attendance of outsiders with the relevant experience and expertise if it considers it necessary to do so; and

(d) to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company and its subsidiaries, whenever deemed necessary.

4. Duties and Responsibilities

The duties and responsibilities of the AC shall be as follows and will cover the Company and its subsidiaries:-

(a) to consider the appointment of external auditors, their terms of appointment and reference and any questions of resignation or dismissal;

(b) to review with the external auditors their audit plan, scope and nature of audit;

(c) to review the quarterly and annual financial statements before submission to the Board;

(d) to review and assess the adequacy and effectiveness of the systems of internal control and accounting control procedures by reviewing the external auditors' management letters and management response;

(e) to hear from and discuss with the external auditors any problem and reservation arising from their interim and final audits or any other matter that the external auditors may wish to highlight;

(f) to review the internal audit programme, consider the findings of internal audit and the actions and steps taken by management in response to such findings and ensure coordination between the internal and external auditors;

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

(h) to review related party transactions entered into by the Company and the Group to ensure that such transactions are undertaken on the Group's normal commercial terms and that the internal control procedures relating to such transactions are adequate;

(i) to review the process for identifying, evaluating, monitoring and managing significant risks;

(j) to undertake such other responsibilities as may be delegated by the Board from time to time; and

(k) to report to the Board its activities and findings.

MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2014, the AC held 5 meetings and the record of attendance of the AC is as follows:-

Name of AC Members	Number of Meetings Attended
Chew Hoy Ping	5/5
Kong Wah Sang	5/5
Dato' Lim Say Chong	5/5

The Executive Director, Group Chief Financial Officer, Head of Finance and Internal Audit Manager were invited to attend the meetings. The external auditors were present at 3 of the total meetings held. The AC also met with the external auditors without the presence of the executive board member and management.

SUMMARY OF ACTIVITIES OF THE AC

During the financial year, the AC carried out its activities in line with its terms of reference, which are summarised as follows:-

(a) Reviewed the quarterly results and annual financial statements for recommendation to the Board for approval and release to Bursa Malaysia Securities Berhad.

(b) Reviewed and discussed the Management Accounts and cash flows of the Company and the Group with management.

(c) Reviewed and approved/adopted the Internal Audit Charter as well as the audit plan, which encompassed the scope of internal audit work.

(d) Reviewed the audit activities and findings of internal audit, as well as the actions and steps taken by management in response to such findings.

(e) Reviewed the enterprise risk management review plan, which encompassed the risk areas, deliverables, processes and action plan.

(f) Reviewed with the external auditors, their audit plan and scope of audit prior to the commencement of audit.

(g) Reviewed with the external auditors, the audit report, issues, reservations and management responses arising from their audit, as well as the audit and non-audit fees.

(h) Reviewed with the external auditors, the extent of assistance rendered by management and issues arising from their audit, without the presence of the executive board member and management.

(i) Reviewed the related party transactions entered into by the Company and the Group.

(j) Reported to the Board on significant issues and concerns discussed during the AC meetings together with applicable recommendations. Minutes of the AC meetings were tabled and noted by the Board.

(k) Reviewed and recommended to the Board for approval, the Statement on Risk Management and Internal Control for inclusion in the Annual Report.

(l) Reviewed and approved the AC Report for inclusion in the Annual Report.

INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES

The internal audit function is performed in-house and undertaken by the Internal Audit and Risk Management Department ("IAD") of the Company. The IAD, which reports to the AC, undertakes regular reviews of the systems of controls, procedures and operations so as to provide reasonable assurance that the internal control system is sound, adequate and operating satisfactorily.

The attainment of such objectives involved the following activities being carried out by the IAD during the financial year:-

(a) Prepared the Internal Audit Charter and audit plan for approval/adoption of the AC.

(b) Reviewed and appraised the adequacy, effectiveness and reliability of internal control systems, policies and procedures.

(c) Monitored the adequacy, reliability, integrity, security and timeliness of financial and other management information systems.

(d) Determined the extent of compliance with relevant laws, codes, standards, regulations, policies, plans and procedures.

(e) Reviewed the efficiency and effectiveness of operations and identified risk exposure.

(f) Reviewed and verified the means used to safeguard assets.

(g) Tabled to the AC, the audit reports incorporating the audit findings, audit recommendations and management responses. Follow-up audit was conducted and the status of implementation on the agreed action plan was highlighted to the AC.

(h) Acted on suggestions made by the AC and management on concerns over operations or controls and significant issues pertinent to the Company and the Group.

(i) Performed independent evaluation on the risk management framework, including its adequacy and effectiveness.

(j) Prepared and tabled to the AC, the Statement on Risk Management and Internal Control for inclusion in the Annual Report.

The costs incurred for the internal audit function for the financial year ended 31 December 2014 amounted to RM588,588.

Statement on Risk Management and Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Bursa Malaysia's Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines") provides guidance for compliance with these requirements. The AC, being the delegated committee of the Board, is responsible for the preparation of the Statement on Risk Management and Internal Control in accordance with the Guidelines. Set out below is the Statement on Risk Management and Internal Control which has been prepared in accordance with the Guidelines.

RESPONSIBILITY

The Board affirms its responsibility for maintaining a sound system of internal controls and for reviewing its adequacy and integrity. The system of internal controls, designed to safeguard shareholders' investments and the Group's assets, covers not only financial controls but also operational and compliance controls and risk management. Such system, however, is designed to manage rather than to eliminate risks that may hinder the achievement of the Group's business objectives. Accordingly, the system can only provide reasonable but not absolute assurance against material misstatement, loss and fraud.

RISK MANAGEMENT

Risk management is considered by the Board as an integral part of the business operations. The risk management function is undertaken by the IAD of the Company.

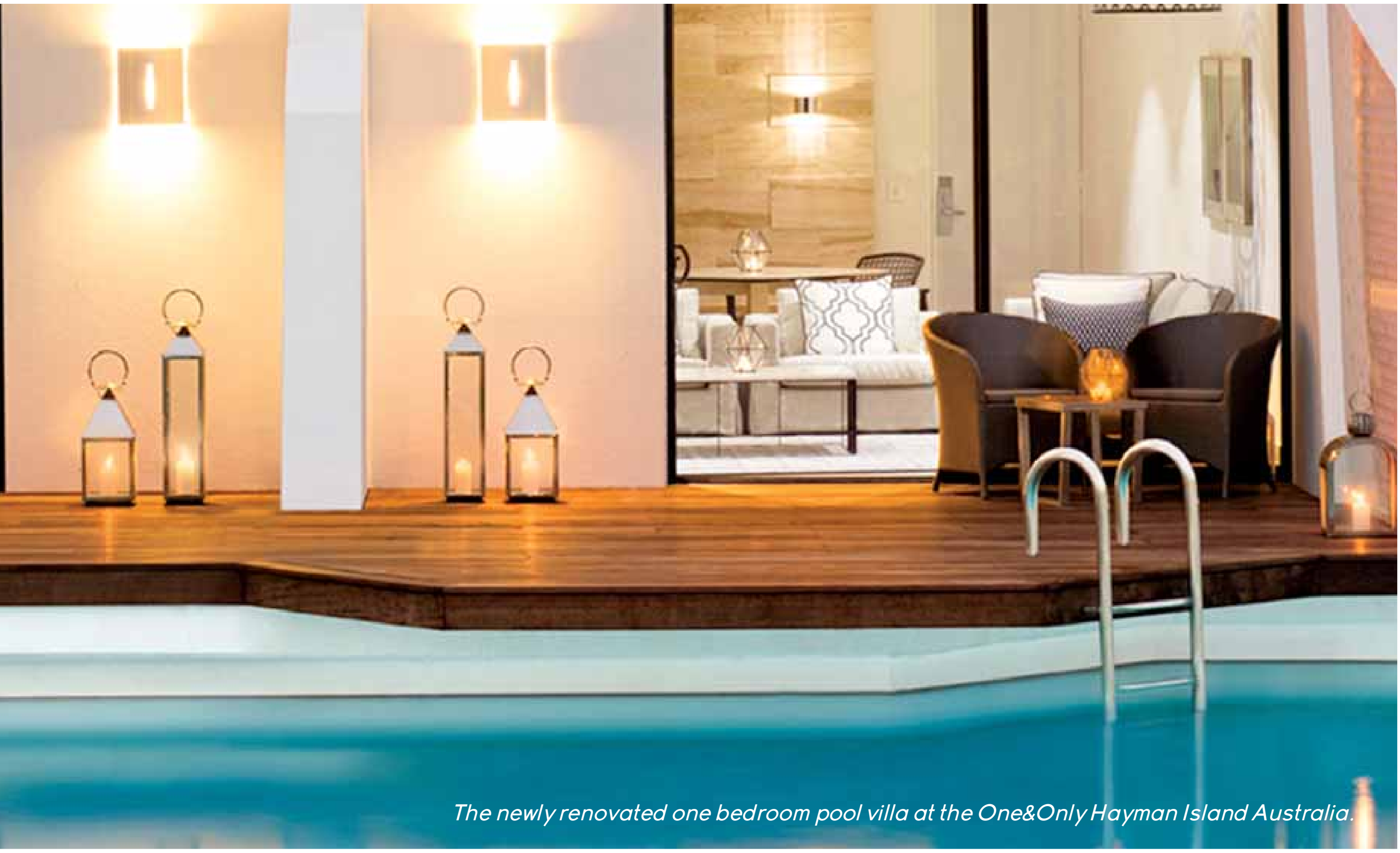
The Group has in place a risk management framework to identify, evaluate, monitor and manage risks that may affect the Group's businesses. Included in the framework is the Enterprise Risk Management policy and procedure which is based on Malaysian Standard ISO 31000:2010. The process is facilitated by the IAD.

The Group adopts a decentralised approach to risk management whereby individual Risk Management Units ("RMU") are established at the business unit level. The RMUs are led by the Heads of Department while the members are appointed employees. The RMUs are responsible for identifying and monitoring risks at their respective levels. The identified risks are prioritised according to the degree of consequence and likelihood of occurrence.

INTERNAL AUDIT

The IAD undertakes the review of the system of internal controls, procedures and operations so as to provide reasonable assurance that the internal control system is sound, adequate and operating satisfactorily. The activities carried out by the IAD during the financial year are set out in the AC Report, which is also included in this Annual Report.

During the financial year, the IAD carried out audits of selected business units in Malaysia and Australia.



The newly renovated one bedroom pool villa at the One&Only Hayman Island Australia.

KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Group's internal control system include the following:-

- Clearly defined delegation of responsibilities, organisation structure and appropriate authority limits have been established by the Board for the Board Committees and Management.
- Internal policies and procedures are in place, which are updated as and when necessary.
- Reporting systems are in place, which generate financial and other reports for the Board and Management. Monthly management meetings are held during which the reports are discussed and the necessary actions taken.
- Annual business plans and budgets are prepared by the individual companies and units within the Group. Actual performance is monitored against the budgets on a monthly basis, with major variances followed up and the necessary actions taken.
- The adequacy and effectiveness of the system of internal controls are continually assessed by the IAD based on a risk-based audit plan approved by the AC.

MONITORING AND REVIEW OF THE SYSTEM OF INTERNAL CONTROL

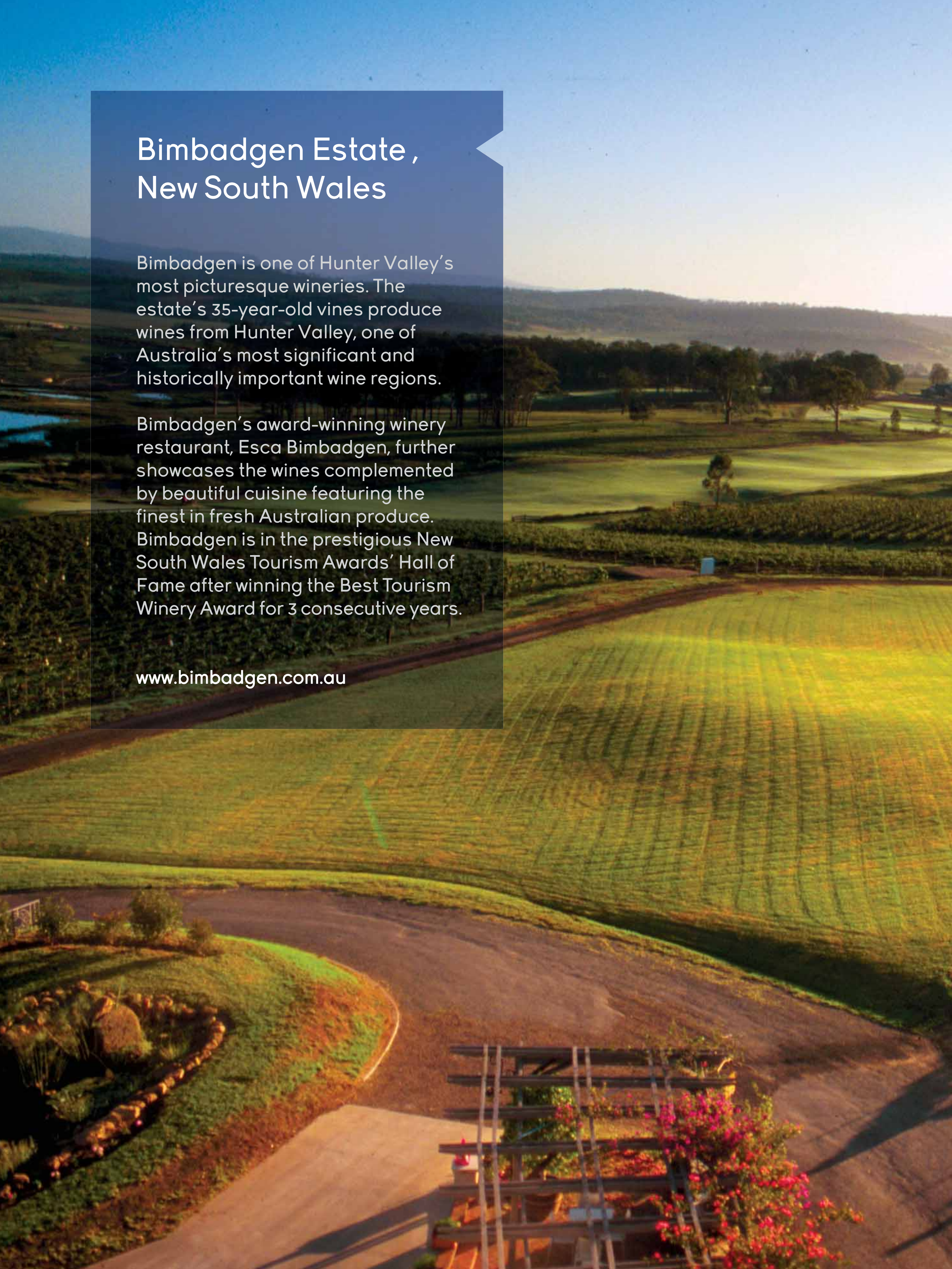
During the financial year, a number of improvements to internal control were identified and implemented. No weaknesses were noted which have a material impact on the Group's financial performance or operations.

The monitoring, review and reporting procedures and systems in place give reasonable assurance that the controls are generally adequate within the context of the Group's business environment. Such procedures and systems, however, do not eliminate the possibility of human error, the deliberate circumvention of control procedures by employees and others and the occurrence of unforeseeable circumstances.

This Statement on Risk Management and Internal Control does not deal with the Group's associated companies as the Group does not have management control over their operations.

The Board has also received assurance from the Group Chief Financial Officer that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control systems of the Group.

This Statement on Risk Management and Internal Control was approved by the Board on 24 April 2015.



Bimbadgen Estate , New South Wales

Bimbadgen is one of Hunter Valley's most picturesque wineries. The estate's 35-year-old vines produce wines from Hunter Valley, one of Australia's most significant and historically important wine regions.

Bimbadgen's award-winning winery restaurant, Esca Bimbadgen, further showcases the wines complemented by beautiful cuisine featuring the finest in fresh Australian produce. Bimbadgen is in the prestigious New South Wales Tourism Awards' Hall of Fame after winning the Best Tourism Winery Award for 3 consecutive years.

www.bimbadgen.com.au

The Marina at Sanctuary Cove Brisbane receives Level 3 Accreditation under the International Clean Marina Program.

Statement on Corporate Responsibility

ENVIRONMENT

Mulpha makes a conscientious effort into putting a stamp of green living to all our developments. And increasingly we are making sustainable living a core design philosophy.

Leisure Farm, the Group's flagship project in Iskandar Malaysia, is built upon the principles of eco-living. From preserving the eco-systems and bio-diversity, to the usage of recyclable materials wherever possible, every aspect of the development is designed for sustainability with minimal impact on the local ecology.

A prime example are the Bayou Creek Canal Residences; where every home has adopted green design elements such as an indoor courtyard that enhances ventilation and uses natural lighting to reduce the use of artificial sources. Other green architectural designs include energy saving light fittings, inverter air conditioning systems, energy efficient hybrid hot water systems, centralised rainwater harvesting systems and water saving toilet fixtures.

These environmental friendly practices extend across the Group to our Australian operations as well. In 2014, the Sanctuary Cove Marina was independently audited by a trained and qualified Clean Marina Consultant in areas such as fuelling, waste storage and disposal, emergency planning and management of environmental practices and awarded Level 3 Accreditation under the International Clean Marina Program. Overseen by the Marina Industries Association of Australia, the Clean Marina Program encourages environmental compliance and the use of best management practices for marinas.

As part of its refurbishment in 2014, the One&Only Hayman Island installed a new water desalination plant that successfully operates at approximately 25% of the power usage of the island's old thermal plant. This measure is further supported by a new access control system and a complete replacement of all lighting to an LED system, which represents a huge cost as well as energy savings to the Group.

InterContinental Sydney Hotel is a prime example of sustainability and conservation with a heritage building dating back to 1851. Through the local government the Hotel has joined a carbon-offset programme and is receiving financial credits for energy saving initiatives. InterContinental Sydney was the first hotel to apply and has received approximately A$60,000 last year under this programme and has educated many other hotels to join the programme.

WORKPLACE

We are aware that an organisation is only as strong as the people within it - so we strive hard to ensure our workforce is healthy, engaged and productive. By promoting equality and inclusion, we aim to attract a diverse group of talented people. By fostering a supportive and engaging culture, we aim to inspire loyalty and leadership. And by investing in ongoing training and career development, we aim to unlock talent and performance in the short and long-term.

Mulpha actively promotes and supports activities that improve employees' relationships with each other via the Mulpha Recreation Club. The Club encourages staff participation in sporting activities, family day events and social gatherings. The Club also organises yearly company trips to foster relationships between the staff from different disciplines. These efforts provide an enriching social experience for all staff.

Financial Statements

Sanctuary Cove International Boat Show

Directors' Report
for the year ended 31 December 2014

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

Principal activities

The principle activity of the Company is investment holding, whilst the principal activities of the subsidiaries and associates are as stated in Note 6 and Note 7 to the financial statements respectively. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	124,148	78,392
Non-controlling interests	411	-
	124,559	78,392

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year under review.

Dividends

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

Directors of the Company

Directors who served since the date of the last report are:

Lee Seng Huang
Law Chin Wat
Chung Tze Hien
Kong Wah Sang
Chew Hoy Ping
Dato' Lim Say Chong
Dato' Yusli bin Mohamed Yusoff
Loong Caesar

Directors' interests in shares

The direct and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.50 each			
The Company	**At 1.1.2014**	**Acquired**	**Sold**	**At 31.12.2014**
Deemed interest				
Lee Seng Huang	819,787,549	40,000,000	-	859,787,549

By virtue of Lee Seng Huang's substantial interest in the shares of the Company, he is also deemed interested in the shares of all the subsidiaries during the financial year to the extent that the Company has an interest.

None of the other Directors holding office at 31 December 2014 has any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' Report
for the year ended 31 December 2014 (Continued)

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) 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, other than as disclosed in Note 38 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

Treasury shares

During the financial year, the Company repurchased 150,000 of its issued ordinary shares from the open market at an average price of RM0.44 per share. The total consideration paid was RM0.066 million including transaction costs. The shares repurchased were retained as treasury shares.

As at 31 December 2014, the Company held a total of 222,199,800 treasury shares out of its 2,355,913,158 issued ordinary shares. Such treasury shares are held at a carrying amount of RM92.12 million and further relevant details are disclosed in Note 19 to the financial statements.

Subsequent to the financial year and up to the date of this report, the Company repurchased 50,000 of its issued and paid up ordinary shares from the open market at an average price of RM0.383 per share. The total consideration paid for repurchase was RM0.019 million including transaction costs.

The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

Directors' Report
for the year ended 31 December 2014 (Continued)

Other statutory information (continued)

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

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2014 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report, other than certain items as disclosed in Notes 27, 28 and 31 to the financial statements.

Significant events during the year

The significant events are as disclosed in Note 40 to the financial statements.

Subsequent events

The subsequent events are as disclosed in Note 41 to the financial statements.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Lee Seng Huang **Law Chin Wat**

Date: 24 April 2015

Statements of Financial Position

as at 31 December 2014

	Note	Group		Company	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
Assets					
Property, plant and equipment	3	1,011,017	993,556	–	19
Prepaid land lease payments	4	–	733	–	–
Investment properties	5	21,962	18,449	–	–
Investments in subsidiaries	6	–	–	691,768	693,916
Investments in associates	7	1,181,490	1,072,071	1,507	4,112
Investments in joint ventures	8	2,534	157,557	–	–
Investment securities	9	88,447	74,951	1,043	1,043
Other investments	10	5,080	5,061	5,051	5,032
Goodwill	11	9,113	9,119	–	–
Inventories	12	813,842	428,084	–	–
Trade and other receivables	13	–	–	308,368	237,064
Other non-current assets	14	18,469	5,500	–	–
Deferred tax assets	15	53,750	23,915	–	–
Total non-current assets		3,205,704	2,788,996	1,007,737	941,186
Inventories	12	593,189	514,495	–	–
Trade and other receivables	13	260,710	236,143	675,069	572,391
Other current assets	16	18,360	34,479	31	1
Investment securities	9	6,682	5,304	–	–
Current tax assets		10,633	247	279	248
Cash and cash equivalents	17	600,796	659,553	57	35,210
		1,490,370	1,450,221	675,436	607,850
Assets classified as held for sale	18	–	18,865	–	–
Total current assets		1,490,370	1,469,086	675,436	607,850
Total assets		4,696,074	4,258,082	1,683,173	1,549,036

Statements of Financial Position
as at 31 December 2014 (Continued)

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Equity					
Share capital	19	1,177,957	1,177,957	1,177,957	1,177,957
Share premium		579,863	579,863	579,863	579,863
Treasury shares	19	(92,115)	(92,049)	(92,115)	(92,049)
Reserves	20	260,797	311,075	108,335	108,335
Retained earnings/(Accumulated losses)		432,711	308,565	(151,323)	(229,715)
Total equity attributable to owners of the Company		2,359,213	2,285,411	1,622,717	1,544,391
Non-controlling interests		44,346	52,130	-	-
Total equity		2,403,559	2,337,541	1,622,717	1,544,391
Liabilities					
Loans and borrowings	21	794,648	817,853	-	-
Trade and other payables	22	13,491	11,267	-	2,000
Provision for liabilities	23	2,179	3,015	-	-
Total non-current liabilities		810,318	832,135	-	2,000
Loans and borrowings	21	1,163,079	805,178	56,366	-
Trade and other payables	22	272,045	155,388	4,090	2,645
Other current liabilities	24	14,801	98,215	-	-
Current tax liabilities		6,979	10,747	-	-
Provision for liabilities	23	20,365	17,851	-	-
Derivative liabilities	25	4,928	1,027	-	-
Total current liabilities		1,482,197	1,088,406	60,456	2,645
Total liabilities		2,292,515	1,920,541	60,456	4,645
Total equity and liabilities		4,696,074	4,258,082	1,683,173	1,549,036

The notes on pages 59 to 142 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000 Restated	Company 2014 RM'000	Company 2013 RM'000
Continuing operations					
Revenue	26	958,682	776,391	40,663	47,574
Other income	27	148,332	118,198	49,866	7,110
Land and property development costs		(287,017)	(216,607)	-	-
Finished goods and services rendered		(133,733)	(99,044)	-	-
Employee benefits expenses		(219,493)	(209,706)	(576)	(581)
Depreciation and amortisation		(53,826)	(59,362)	(1)	(114)
Other expenses		(247,226)	(218,822)	(9,615)	(9,261)
Results from operating activities		165,719	91,048	80,337	44,728
Finance costs	29	(92,236)	(68,530)	(1,870)	(219)
Share of profit/(loss) of associates		33,702	(77,506)	-	-
Share of profit of joint ventures		5,191	9,065	-	-
Profit/(Loss) before tax	28	112,376	(45,923)	78,467	44,509
Tax (expense)/benefit	30	(16,842)	16,288	(75)	(1,604)
Profit/(Loss) from continuing operations		95,534	(29,635)	78,392	42,905
Discontinued operation					
Profit net of tax from discontinued operation	31	29,025	1,876	-	-
Profit/(Loss) for the year		124,559	(27,759)	78,392	42,905

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2014 (Continued)

	Note	Group 2014 RM'000	Group 2013 RM'000 Restated	Company 2014 RM'000	Company 2013 RM'000
Other comprehensive (expense)/income					
Foreign currency translation differences for foreign operations and share of other comprehensive income in associates		(47,601)	(177,200)	-	-
Fair value movement of available-for-sale financial assets		8,301	17,647	-	-
Share of other comprehensive (expense)/income of associates		(2,767)	13,026	-	-
Reserves of discontinued operation reclassified to profit or loss		(10,552)	-	-	-
Other comprehensive expense for the year		(52,619)	(146,527)	-	-
Total comprehensive income/(expense) for the year		71,940	(174,286)	78,392	42,905
Profit/(Loss) attributable to:					
Owners of the Company		124,148	(32,256)	78,392	42,905
Non-controlling interests		411	4,497	-	-
Profit/(Loss) for the year		124,559	(27,759)	78,392	42,905
Total comprehensive income/(expense) attributable to:					
Owners of the Company		71,529	(178,871)	78,392	42,905
Non-controlling interests		411	4,585	-	-
Total comprehensive income/(expense) for the year		71,940	(174,286)	78,392	42,905
Earnings/(Loss) per ordinary share (sen):					
from continuing operations	32	4.47	(1.55)		
from discontinued operation	32	1.35	0.06		
		5.82	(1.49)		

The notes on pages 59 to 142 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2014

	Attributable to owners of the Company									
	Non-distributable						*Distributable*			
Group	**Share capital RM'000**	**Share premium RM'000**	**Exchange reserve RM'000**	**Capital reserve RM'000**	**Other reserve RM'000**	**Treasury shares RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2013	1,177,957	579,863	347,815	110,033	(2,993)	(66,255)	340,866	2,487,286	34,926	2,522,212
Fair value of movement of available-for-sale financial assets	-	-	-	-	17,647	-	-	17,647	-	17,647
Foreign currency translation differences for foreign operations and share of other comprehensive expense of associates	-	-	(165,399)	-	(11,889)	-	-	(177,288)	88	(177,200)
Share of other comprehensive income of associates	-	-	-	-	13,026	-	-	13,026	-	13,026
Total other comprehensive (expense)/income for the year	-	-	(165,399)	-	18,784	-	-	(146,615)	88	(146,527)
(Loss)/Profit for the year	-	-	-	-	-	-	(32,256)	(32,256)	4,497	(27,759)
Total comprehensive (expense)/income for the year	-	-	(165,399)	-	18,784	-	(32,256)	(178,871)	4,585	(174,286)
Purchase of treasury shares	-	-	-	-	-	(25,794)	-	(25,794)	-	(25,794)
Dividends	-	-	-	-	-	-	-	-	(2,516)	(2,516)
Transfer within reserve	-	-	-	45	-	-	(45)	-	-	-
Deregistration of a subsidiary	-	-	(2,434)	-	(84)	-	-	(2,518)	-	(2,518)
Changes in ownership interests in subsidiaries	-	-	-	5,308	-	-	-	5,308	15,135	20,443
Total transactions with owners of the Company	-	-	(2,434)	5,353	(84)	(25,794)	(45)	(23,004)	12,619	(10,385)
At 31 December 2013	1,177,957	579,863	179,982	115,386	15,707	(92,049)	308,565	2,285,411	52,130	2,337,541
	Note 19		**Note 20**	**Note 20**	**Note 20**	**Note 19**				

Consolidated Statement of Changes in Equity

for the year ended 31 December 2014 (Continued)

	Attributable to owners of the Company									
	Non-distributable						Distributable			
Group	Share capital RM'000	Share premium RM'000	Exchange reserve RM'000	Capital reserve RM'000	Other reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2014	1,177,957	579,863	179,982	115,386	15,707	(92,049)	308,565	2,285,411	52,130	2,337,541
Fair value of movement of available-for-sale financial assets	-	-	-	-	8,301	-	-	8,301	-	8,301
Foreign currency translation differences for foreign operations and share of other comprehensive expense of associates	-	-	(45,184)	-	(2,417)	-	-	(47,601)	-	(47,601)
Share of other comprehensive expense of associates	-	-	-	-	(2,767)	-	-	(2,767)	-	(2,767)
Reserves of discontinued operation reclassified to profit or loss	-	-	(10,552)	-	-	-	-	(10,552)	-	(10,552)
Total other comprehensive (expense)/income for the year	-	-	(55,736)	-	3,117	-	-	(52,619)	-	(52,619)
Profit for the year	-	-	-	-	-	-	124,148	124,148	411	124,559
Total comprehensive (expense)/income for the year	-	-	(55,736)	-	3,117	-	124,148	71,529	411	71,940
Purchase of treasury shares	-	-	-	-	-	(66)	-	(66)	-	(66)
Dividends	-	-	-	-	-	-	-	-	(3,745)	(3,745)
Disposal of discontinued operation	-	-	-	-	-	-	(2)	(2)	(1,809)	(1,811)
Changes in ownership interests in subsidiaries	-	-	-	2,341	-	-	-	2,341	(2,641)	(300)
Total transactions with owners of the Company	-	-	-	2,341	-	(66)	(2)	2,273	(8,195)	(5,922)
At 31 December 2014	1,177,957	579,863	124,246	117,727	18,824	(92,115)	432,711	2,359,213	44,346	2,403,559
	Note 19		**Note 20**	**Note 20**	**Note 20**	**Note 19**				

The notes on pages 59 to 142 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2014

	← Non-distributable				→		
	Share capital RM'000	**Share premium RM'000**	**Capital reserves RM'000**	**Other reserve RM'000**	**Treasury shares RM'000**	**Accumulated losses RM'000**	**Total equity RM'000**
Company							
At January 2013	1,177,957	579,863	108,228	107	(66,255)	(272,620)	1,527,280
Total comprehensive income for the year	-	-	-	-	-	42,905	42,905
Purchase of treasury shares	-	-	-	-	(25,794)	-	(25,794)
At 31 December 2013/ 1 January 2014	1,177,957	579,863	108,228	107	(92,049)	(229,715)	1,544,391
Total comprehensive income for the year	-	-	-	-	-	78,392	78,392
Purchase of treasury shares	-	-	-	-	(66)	-	(66)
At 31 December 2014	1,177,957	579,863	108,228	107	(92,115)	(151,323)	1,622,717
	Note 19		**Note 20**	**Note 20**	**Note 19**		

Statements of Cash Flows

for the year ended 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000 Restated	Company 2014 RM'000	Company 2013 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax					
- Continuing operations		112,376	(45,923)	78,467	44,509
- Discontinued operation	31	656	2,472	-	-
		113,032	(43,451)	78,467	44,509
Adjustments for:					
Amortisation of prepaid land lease payments		-	52	-	-
Bad debts recovered		(18)	(29)	(8)	(6)
Bad debts written off		3	8	3	-
Dividend income		(2,719)	(3,434)	(40,663)	(47,574)
Fair value adjustment of investment properties	5	(1,357)	(5,362)	-	-
Fair value gain on financial assets at fair value through profit or loss		(2,249)	(326)	-	-
Gain on disposal of assets classified as held for sale		(13,854)	-	-	-
Gain on disposal of an investment property		(68)	(341)	-	-
Gain on disposal of investment securities		(945)	(3,245)	-	-
Gain on disposal of other investment		-	-	-	(138)
Gain on deregistration of a subsidiary		-	(2,518)	-	-
Gain on disposal of a subsidiary		-	-	(30,962)	-
Gain on partial disposal of a subsidiary		-	-	-	(510)
Gain on waiver of amount due from subsidiaries		-	-	(350)	(827)
Impairment loss on financial assets					
- Investment securities		11,005	3,549	-	-
- Trade and other receivables		898	1,427	-	-
Impairment loss on investments in associates		-	-	2,605	1,951
Inventories written down		7,600	-	-	-
Inventories written off		-	10,151	-	-
Interest income (including discontinued operation)		(5,795)	(10,889)	(2,144)	(1,780)
Interest expense (including discontinued operation)		92,273	68,530	1,870	219
Loss on disposal of financial assets					
- Fair value through profit or loss		-	171	-	-
Negative goodwill arising from acquisition of subsidiaries	39	(36,463)	-	-	-
Net unrealised foreign exchange loss/(gain) (including discontinued operation)		150	(1,403)	(16,401)	(3,542)
Property, plant and equipment					
- Depreciation (including discontinued operation)	3	54,333	60,495	1	114
- Written off		9,920	2,060	2	-
- (Gain)/Loss on disposal		(1,166)	4,470	15	(139)
- Reversal of impairment loss	3	(5,214)	-	-	-

Statements of Cash Flows

for the year ended 31 December 2014 (Continued)

	Note	Group 2014 RM'000	Group 2013 RM'000 Restated	Company 2014 RM'000	Company 2013 RM'000
Cash flows from operating activities (continued)					
Provision for late ascertained damages		-	238	-	-
Provision for foreseeable loss on inventories		-	2,437	-	-
Provision for staff benefits		12,269	14,621	-	-
Reversal of impairment loss on					
- Trade and other receivables		(6,069)	(2,130)	-	-
- Investments in associates	7	(3,000)	-	-	-
- Inventories		(32)	(362)	-	-
- Available-for-sale financial assets		-	(163)	-	(163)
Share of (profit)/loss of associates		(33,702)	77,506	-	-
Share of profit of joint ventures		(5,191)	(9,065)	-	-
Operating profit/(loss) before changes in working capital		183,641	162,997	(7,565)	(7,886)
Changes in working capital					
Inventories		(180,121)	(73,375)	-	-
Receivables		(21,607)	(19,027)	(39)	5,419
Other current assets		16,119	-	(30)	-
Other non-current assets		(13,014)	387	-	-
Financial assets at fair value through profit or loss		(184)	(868)	-	-
Payables		32,236	59,576	(481)	733
Other non-current liabilities		2,224	3,467	-	-
Intercompany balances		-	-	(134,528)	(24,487)
Cash generated from/(used in) operations		19,294	133,157	(142,643)	(26,221)
Interest paid		(92,273)	(68,530)	(1,870)	(219)
Interest received		5,795	10,889	2,144	1,780
Income tax (paid)/refunded		(21,694)	(36,638)	(106)	199
Staff benefits paid		(10,531)	(14,741)	-	-
Net cash (used in)/generated from operating activities		(99,409)	24,137	(142,475)	(24,461)
Cash flows from investing activities					
Purchase of investment securities		(1,608)	(24,661)	-	-
Purchase of other investments		(19)	(2,405)	(19)	(2,376)
Purchase of property, plant and equipment		(111,086)	(55,054)	-	(653)
Proceeds from disposal of					
- Property, plant and equipment		2,206	5,240	1	335
- Assets classified as held for sale		32,719	-	-	-
- Investment property		400	550	-	-
- Investment securities and other investment		4,259	6,181	-	370
- Discontinued operation, net of cash and cash equivalents disposed of	31	29,795	-	30,962	-
Proceeds from changes in the ownership of interest in subsidiaries		-	20,443	-	7,845
Refurbishment of investment properties		(549)	(1,735)	-	-
Additional investments in associates		(115,883)	(178,444)	-	-

Statements of Cash Flows

for the year ended 31 December 2014 (Continued)

	Note	Group		Company	
		2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Cash flows from investing activities (continued)					
Acquisition of subsidiaries, net of cash and cash equivalents acquired	39	(348)	-	-	-
Proceeds from redemption of preference shares		-	-	2,148	-
Capital repayment from joint ventures		-	4,770	-	-
Dividend received		2,719	3,434	17,930	12,288
Dividend received from associates and joint ventures		25,780	23,450	-	-
Net cash (used in)/generated from investing activities		(131,615)	(198,231)	51,022	17,809
Cash flows from financing activities					
Acquisition of non-controlling interests		(300)	-	-	-
Purchase of treasury shares		(66)	(25,794)	(66)	(25,794)
Payment of finance lease liabilities		(6,312)	(6,098)	-	-
Dividend paid to non-controlling interests		(3,745)	(2,516)	-	-
Withdrawal/(Placement) of pledged deposits		30,872	(216,089)	-	-
Net drawdown of borrowings		212,259	425,837	56,000	-
Net cash generated from/(used in) financing activities		232,708	175,340	55,934	(25,794)
Net increase/(decrease) in cash and cash equivalents		1,684	1,246	(35,519)	(32,446)
Effect of exchange rate changes		(30,173)	(26,046)	-	-
Cash and cash equivalents at 1 January		134,941	159,741	35,210	67,656
Cash and cash equivalents at 31 December		106,452	134,941	(309)	35,210

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances	17	193,187	68,750	57	863
Deposits	17	407,609	590,803	-	34,347
		600,796	659,553	57	35,210
Less: Pledged bank balances and deposits	17	(492,182)	(523,054)	-	-
Bank overdraft	21	(2,162)	(1,558)	(366)	-
		106,452	134,941	(309)	35,210

Purchase of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM118,980,000 (2013: RM55,709,000) of which RM7,894,000 (2013: RM655,000) were acquired by means of hire purchase and finance lease arrangements with the balance paid in cash.

The notes on pages 59 to 142 are an integral part of these financial statements.

Notes to the Financial Statements

Mulpha International Bhd. is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

Principal place of business and registered office
PH2, Menara Mudajaya
No.12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2014 do not include other entities.

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries and associates are as stated in Note 6 and Note 7 respectively.

These financial statements were authorised for issue by the Board of Directors on 24 April 2015.

1. Basis of preparation

(a) Statement of compliance

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

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*

Notes to the Financial Statements (Continued)

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016 (continued)

- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment and MFRS 141, Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014, except for Amendments to MFRS 1 and Amendments to MFRS 2 which are not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for MFRS 14 and Amendments to MFRS 116 and MFRS 141 which are not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.

- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

(i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate,* IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services.*

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

(ii) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments*: *Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

Notes to the Financial Statements (Continued)

1. **Basis of preparation (continued)**

(a) Statement of compliance (continued)

(iii) Amendments to MFRS 10, *Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*

The amendments to MFRS 10, MFRS 12 and MFRS 128 require an investment entity parent to fair value a subsidiary providing investment-related services that is itself an investment entity, an intermediate parent owned by an investment entity group can be exempt from preparing consolidated financial statements and a non-investment entity investor can retain the fair value accounting applied by its investment entity associate or joint venture.

The Group is currently assessing the financial impact that may arise from the adoption of the amendments.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 5 - valuation of investment properties
- Note 6 - valuation of investments in subsidiaries
- Note 7 - valuation of investments in associates
- Note 11 - measurement of recoverable amounts of cash generating units
- Note 15 - recognition of capital allowances and tax losses carried forward
- Note 23 - provision and contingencies
- Note 39 - business combinations

Notes to the Financial Statements (Continued)

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control 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 cost less any impairment losses. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, 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.

Notes to the Financial Statements (Continued)

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

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

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

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

(vi) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company accounts for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investment in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

Notes to the Financial Statements (Continued)

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vii) Non-controlling interests

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

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

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

Notes to the Financial Statements (Continued)

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Notes to the Financial Statements (Continued)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets **(continued)**

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

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(m)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Notes to the Financial Statements (Continued)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

Notes to the Financial Statements (Continued)

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Freehold buildings	20 - 40 years
• Leasehold buildings	over period of lease
• Leasehold land	perpetuity
• Land improvements	10 - 40 years
• Plant, machinery, office equipment and furniture	3 - 20 years
• Motor vehicles	4 - 8 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Investment in works of art and club memberships

Works of art and club memberships are measured at cost less any accumulated impairment losses. Works of art are deemed inexhaustible and are not depreciated.

Notes to the Financial Statements (Continued)

2. Significant accounting policies (continued)

(f) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating leases

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(g) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates and joint venture, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint venture.

(ii) Amortisation

Amortisation is based on the cost of an asset less its residual value.

Goodwill is not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Notes to the Financial Statements (Continued)

2. Significant accounting policies (continued)

(h) Investment property

(i) Investment property carried at fair value

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

The Directors estimate the fair values of the Group's certain investment properties without involvement of independent valuers. Fair value is arrived at by reference to market evidence of transaction prices for similar properties within the same/adjacent location.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised in other comprehensive income and accumulated in equity as a revaluation reserve. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(i) Inventories

(i) Properties held for development

Properties held for development consists of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the Group's operating cycle of 2 to 3 years. Such land is classified as non-current asset and is measured at cost less any accumulated impairment losses.

Properties held for development is classified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's operating cycle of 2 to 3 years.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Notes to the Financial Statements (Continued)

2. Significant accounting policies (continued)

(i) Inventories (continued)

(ii) Properties under development

Properties under development comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Cost of properties under development not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

(iii) Completed properties

Completed properties held for sale are measured at the lower of cost and net realisable value. The cost of completed properties includes expenditures incurred in the acquisition of land, direct cost and appropriate proportions of common cost attributable to developing the properties to completion and borrowing costs.

(iv) Others

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

- Raw material: Purchase costs on a first-in-first-out/weighted average basis.

- Finished goods and work-in-progress: Costs of direct materials and labour, and a proportion of production overheads based on normal operating capacity. These costs are assigned on a first-in-first-out/weighted average basis.

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.

(j) Non-current assets held for sale or distribution to owners

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

Notes to the Financial Statements (Continued)

2. Significant accounting policies (continued)

(k) Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of trade and other receivables as amount due from contract customers in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amount due to contract customers which is part of the deferred income in the statement of financial position.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(m) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries, and investments in associates and joint ventures) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial 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.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

Notes to the Financial Statements (Continued)

2. Significant accounting policies (continued)

(m) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets (except for inventories, amount due from contract customers, deferred tax asset, investment property measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(n) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

Notes to the Financial Statements (Continued)

2. **Significant accounting policies (continued)**

(n) Equity instruments (continued)

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(o) Employee benefits

(i) Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(q) Revenue and other income

(i) Revenue from property development

Revenue from property development is measured at the fair value of the consideration receivable and is recognised, in the profit or loss when significant risks and rewards of ownership have been transferred to the buyer based on the following key considerations:-

(a) the risks and rewards of the properties under development passes to the buyer on delivery in its entirety at a single time on vacant possession and not continuously as construction progresses;

(b) the Group entities maintain control over the properties under development during the construction period, i.e. the Group entities retain the obligation to construct the property in accordance with terms of the Sale and Purchase Agreement and correspondingly, construction risks is retained with the Group entities;

(c) the Sale and Purchase Agreement does not give the right to the buyer to take over the work-in-progress during construction; and

(d) the buyers have limited ability to influence the design of the property.

Notes to the Financial Statements (Continued)

2. Significant accounting policies (continued)

(q) Revenue and other income (continued)

(ii) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(iii) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(iv) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

(v) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(vi) Shares trading

Gains from shares trading is recognised upon completion of the trading contracts.

(vii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(viii) Services

Revenue from services rendered is recognised in the period the services provided to the customers.

Notes to the Financial Statements (Continued)

2. Significant accounting policies (continued)

(r) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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.

(s) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(h), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the Financial Statements (Continued)

2. Significant accounting policies (continued)

(t) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

(u) Earnings per ordinary 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 the 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 and share options granted to employees.

(v) Operating segments

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. Operating segment's results are reviewed regularly by the Group's chief operating decision maker, which in this case is the Exco Committee which comprises Executive Chairman, Executive Directors and Group Chief Financial Officer, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(w) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

Notes to the Financial Statements (Continued)

2. Significant accounting policies (continued)

(x) Fair value measurement

Fair value of an asset or a liability, except for 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 use the asset in its highest and best use.

When measuring the fair value of an asset or 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 identical assets or liabilities that the Company 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 the circumstances that caused the transfers.

Notes to the Financial Statements (Continued)

3. Property, plant and equipment

Group	Land RM'000	Land improve -ments RM'000	Buildings RM'000	*Plant and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Cost						
At 1 January 2013	178,399	-	1,030,273	489,253	9,747	1,707,672
Additions	-	-	6,589	8,019	41,101	55,709
Disposals	-	-	(22,478)	(62,320)	(2,344)	(87,142)
Written off	-	-	(4,460)	(1,296)	-	(5,756)
Reclassifications	(7,515)	-	11,534	4,551	(8,570)	-
Transfers to investment properties	-	-	-	-	(680)	(680)
Effect of movements in exchange rates	(13,902)	-	(76,382)	(37,019)	(2,021)	(129,324)
At 31 December 2013/ 1 January 2014	156,982	-	945,076	401,188	37,233	1,540,479
Additions	8,172	1,722	22,908	68,513	17,665	118,980
Disposals	-	-	(99)	(7,907)	(99)	(8,105)
Written off	-	(410)	(5,854)	(17,670)	-	(23,934)
Reclassifications	26,435	26,582	(45,043)	25,410	(33,384)	-
Acquisition of subsidiaries	-	-	-	1,764	-	1,764
Disposal of subsidiary	-	-	(36,578)	(8,193)	-	(44,771)
Assets fully depreciated reinstated	-	-	-	12,200	-	12,200
Effect of movements in exchange rates	(5,360)	(946)	(23,725)	(13,588)	(444)	(44,063)
At 31 December 2014	186,229	26,948	856,685	461,717	20,971	1,552,550
Depreciation and impairment loss						
At 1 January 2013						
Accumulated depreciation	-	-	172,705	262,069	-	434,774
Accumulated impairment losses	753	-	168,676	6,629	-	176,058
	753	-	341,381	268,698	-	610,832
Depreciation for the year	-	-	22,620	37,875	-	60,495
Disposals	-	-	(17,599)	(59,833)	-	(77,432)
Written off	-	-	(2,471)	(1,225)	-	(3,696)
Effect of movements in exchange rates	(44)	-	(23,739)	(19,493)	-	(43,276)
At 31 December 2013						
Accumulated depreciation	-	-	166,566	219,950	-	386,516
Accumulated impairment losses	709	-	153,626	6,072	-	160,407
	709	-	320,192	226,022	-	546,923

Notes to the Financial Statements (Continued)

3. Property, plant and equipment (continued)

Group	Land RM'000	Land improve -ments RM'000	Buildings RM'000	*Plant and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment loss (continued)						
At 1 January 2014						
Accumulated depreciation	-	-	166,566	219,950	-	386,516
Accumulated impairment losses	709	-	153,626	6,072	-	160,407
	709	-	320,192	226,022	-	546,923
Depreciation for the year	-	2,007	20,050	32,276	-	54,333
Disposals	-	-	(99)	(6,966)	-	(7,065)
Written off	-	(281)	(1,023)	(12,710)	-	(14,014)
Reclassifications	(709)	13,082	(9,486)	(2,887)	-	-
Acquisition of subsidiaries	-	-	-	1,619	-	1,619
Disposal of subsidiary	-	-	(23,210)	(7,989)	-	(31,199)
Assets fully depreciated reinstated	-	-	-	12,200	-	12,200
Reversal of impairment loss	-	(510)	-	(4,704)	-	(5,214)
Effect of movements in exchange rates	-	(448)	(8,924)	(6,678)	-	(16,050)
At 31 December 2014:						
Accumulated depreciation	-	7,989	165,146	228,821	-	401,956
Accumulated impairment losses	-	5,861	132,354	1,362	-	139,577
	-	13,850	297,500	230,183	-	541,533
Carrying amounts						
At 1 January 2013	177,646	-	688,892	220,555	9,747	1,096,840
At 31 December 2013/ 1 January 2014	156,273	-	624,884	175,166	37,233	993,556
At 31 December 2014	186,229	13,098	559,185	231,534	20,971	1,011,017

* Plant and equipment comprise plant, machinery, office equipment, motor vehicles, furniture and fittings.

Notes to the Financial Statements (Continued)

3. Property, plant and equipment (continued)

Company	*Plant and equipment RM'000
Cost	
At 1 January 2013	3,792
Additions	653
Disposals	(954)
Transfers to subsidiaries	(1,457)
Written off	(333)
At 31 December 2013/1 January 2014	1,701
Disposals	(26)
Written off	(59)
At 31 December 2014	1,616
Depreciation	
At 1 January 2013	3,285
Depreciation for the year	114
Disposals	(758)
Transfers to subsidiaries	(626)
Written off	(333)
At 31 December 2013/1 January 2014	1,682
Depreciation for the year	1
Disposals	(10)
Written off	(57)
At 31 December 2014	1,616
Carrying amounts	
At 1 January 2013	507
At 31 December 2013/1 January 2014	19
At 31 December 2014	-

* Plant and equipment comprise plant, machinery, office equipment, motor vehicles, furniture and fittings.

Notes to the Financial Statements (Continued)

3. Property, plant and equipment (continued)

(i) Net carrying amounts of assets pledged as security for borrowings as disclosed in Note 21 are as follows:

	Group	
	2014	**2013**
	RM'000	**RM'000**
Land	171,410	132,546
Land improvements	7,399	-
Buildings	521,093	551,413
Plant and equipment	77,892	43,946
	777,794	727,905

(ii) The following are assets held by the Group which earn rental income under operating leases. The details of future annual rentals receivable under the operating leases are included in Note 36.

Group	**Land and buildings RM'000**
At 31 December 2014	
Cost	118,926
Accumulated depreciation	(14,985)
Net carrying amount	103,941
At 31 December 2013	
Cost	122,264
Accumulated depreciation	(12,641)
Net carrying amount	109,623

(iii) The carrying amount of plant, machinery, office equipment, furniture and motor vehicles held under hire purchase and finance leases as at the reporting date was RM89,000 (2013: RM9,400,000).

(iv) Included in the total carrying amounts of land are:

	Group	
	2014	**2013**
	RM'000	**RM'000**
Freehold land	178,334	156,273
Leasehold land with unexpired lease period of more than 50 years	7,895	-
	186,229	156,273

(v) The Group's capital work-in-progress relates to refurbishment of hotels and a commercial building in Australia.

Notes to the Financial Statements (Continued)

4. Prepaid land lease payments

	Note	Group 2014 RM'000	Group 2013 RM'000
Long term leasehold land			
At 1 January		733	1,094
Amortisation for the year		-	(52)
Disposal	31	(733)	-
Reclassification to inventories		-	(344)
Exchange differences		-	35
At 31 December		-	733

5. Investment properties

	Note	Group 2014 RM'000	Group 2013 RM'000
At 1 January		18,449	29,746
Transfer from - property, plant and equipment		-	680
- inventories		1,939	-
Capital expenditure capitalised		549	1,735
Fair value adjustment of investment properties		1,357	5,362
Disposal		(332)	(209)
Reclassification to assets held for sale	18	-	(18,865)
At 31 December		21,962	18,449

Included in the above are:

	Group 2014 RM'000	Group 2013 RM'000
At fair value		
Freehold land and buildings	20,023	18,449
At cost		
Building under construction	1,939	-
	21,962	18,449

Investment properties with a carrying amount of RM1,939,000 is under construction work-in-progress and pledged as a security for bank borrowings as disclosed in Note 21.

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

	Group 2014 RM'000	Group 2013 RM'000
Income derived from investment properties	461	1,125
Direct operating expenses arising from investment properties:		
- Rental generating properties	265	841
- Non-rental generating properties	123	9

Notes to the Financial Statements (Continued)

5. Investment properties (continued)

5.1 Fair value information

Fair value of investment properties are categorised as follows:

	2014 Level 2 RM'000	2014 Level 3 RM'000	2014 Total RM'000	2013 Level 2 RM'000	2013 Level 3 RM'000	2013 Total RM'000
Group						
Freehold land and buildings	14,052	5,971	20,023	17,093	1,356	18,449

Level 2 fair value

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. 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.

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	Note	Group 2014 RM'000	Group 2013 RM'000
At 1 January		1,356	1,356
Disposal		(332)	-
Transfer into Level 3	a	4,947	-
At 31 December		5,971	1,356

Note a – Transfer into Level 3

In the previous year, this property was valued using the sales comparison approach, as there was a valuation report near reporting date, which resulted in a Level 2 fair value. In the current year, the Group estimates the fair value of the property based on market research on similar properties listed for sale within the same locality. The revised valuation technique for the property uses significant unobservable inputs. The fair value was therefore reclassified to Level 3.

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

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The Group estimates the fair value of all investment properties based on the comparison of the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities.	Market price of property in vicinity compared.	The estimated fair value would increase/(decrease) if market prices of property were higher/(lower).

Notes to the Financial Statements (Continued)

5. Investment properties (continued)

5.1 Fair value information (continued)

Valuation processes applied by the Group for Level 3 fair value

The Group estimates the fair value of all investment properties based on the comparison of the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities.

Assessment of the fair values of the Group's investment properties is undertaken annually. The changes in Level 3 fair values are analysed by the management based on the assessment undertaken.

6. Investments in subsidiaries

	Company	
	2014	**2013**
	RM'000	**RM'000**
At cost		
Quoted shares in Malaysia	52,799	52,799
Unquoted shares in Malaysia	453,556	455,704
Foreign unquoted shares	242,271	242,271
	748,626	750,774
Less: Accumulated impairment losses	(56,858)	(56,858)
	691,768	693,916
Market value of quoted shares in Malaysia	55,144	63,627

Movement in the accumulated impairment losses are as follows:

	Company	
	2014	**2013**
	RM'000	**RM'000**
At 1 January	56,858	62,414
Write off on subsidiaries under deregistration/liquidation	-	(5,556)
At 31 December	56,858	56,858

Notes to the Financial Statements (Continued)

6. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows:

	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %	2013 %
Subsidiaries of Mulpha International Bhd.				
AF Investments Limited [2]	Hong Kong	Investment holding	-	100
Leisure Farm Corporation Sdn. Bhd.	Malaysia	Property development, property investment and resort operation	100	100
M Sky Services Sdn. Bhd.	Malaysia	Operating lease and management of aircraft	100	100
Mulpha Land & Property Sdn. Bhd.	Malaysia	Project management and ownership, development and marketing of property	100	100
Mulpha Ventures Sdn. Bhd.	Malaysia	Licensed money lender and trading in securities	100	100
Mulpha Capital Holdings Sdn. Bhd.	Malaysia	Investment holding	100	100
Mulpha Far East Sdn. Bhd.	Malaysia	Investment holding	100	100
Mulpha Infrastructure Holdings Sdn. Bhd.	Malaysia	Investment holding	100	100
Mulpha Land Berhad (listed on Bursa Securities)	Malaysia	Investment holding, property development and property investment	62	62
Mulpha Group Services Sdn. Bhd.	Malaysia	Investment holding and provision of management services	100	100
Mulpha SPV Limited	Malaysia (Labuan)	Issuance of medium term notes	100	100
Mulpha Australia Limited [1]	Australia	Investment holding	100	100
Rosetec Investments Limited [6]	British Virgin Islands	Investment holding	100	100
Subsidiary of AF Investments Limited				
Indochine Park Tower [2]	Vietnam	Owner and operator of service apartments	-	70

Notes to the Financial Statements (Continued)

6. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %	2013 %
Subsidiaries of Leisure Farm Corporation Sdn. Bhd.				
Leisure Farm Horticulture Services Sdn. Bhd.	Malaysia	Maintenance and upkeep of landscape services	100	100
Leisure Farm Equestrian Sdn. Bhd.	Malaysia	Investment holding, property development and property investment	100	100
Leisure Farm Polo Club Berhad	Malaysia	Dormant	100	100
Subsidiaries of Mulpha Land Berhad				
Bukit Punchor Development Sdn. Bhd.	Malaysia	Property development	70	70
Dynamic Unity Sdn. Bhd.	Malaysia	Investment holding	100	100
Indahview Sdn. Bhd.	Malaysia	Investment holding	100	100
MLB Quarry Sdn. Bhd.	Malaysia	Licensing of a quarry plant	60	60
Mulpha Argyle Property Sdn. Bhd.	Malaysia	Property development	51	51
Eco Green Services Sdn. Bhd.	Malaysia	Maintenance services and facilities management services	100	100
Mulpha Properties (M) Sdn.Bhd.	Malaysia	Property ownership and management	100	100
Mayfair Ventures Sdn. Bhd.	Malaysia	Property development and property investment	51	51
Bakat Stabil Sdn. Bhd.	Malaysia	Property development and property investment	100	100
Subsidiary of Dynamic Unity Sdn. Bhd.				
Golden Cignet Sdn. Bhd.	Malaysia	Property development	100	100
Subsidiaries of Mulpha Capital Holdings Sdn. Bhd.				
Mulpha Capital Markets Sdn. Bhd.	Malaysia	Provision of corporate advisory and professional services and investment holding	100	100
Mulpha Capital Asset Management Sdn. Bhd.	Malaysia	Dormant	70	70

Notes to the Financial Statements (Continued)

6. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %	2013 %
Subsidiary of Mulpha Capital Markets Sdn. Bhd.				
Mulpha Credit Sdn. Bhd.	Malaysia	Dormant	100	100
Subsidiaries of Mulpha Group Services Sdn. Bhd.				
Mulpha Strategic Limited [6]	British Virgin Islands	Investment holding and funds management	100	100
Manta Equipment (Malaysia) Sdn. Bhd.	Malaysia	Dormant	70	70
Subsidiaries of Mulpha Australia Limited				
Bimbadgen Estate Pty. Limited [1]	Australia	Winery and vineyard	100	100
Mulpha Aviation Australia Pty. Limited [1] [3]	Australia	Dormant	-	100
Mulpha Australia (Holdings) Pty. Limited [1]	Australia	Investment holding	100	100
Mulpha Hotel (Melbourne) Pty. Limited [1] [3]	Australia	Trustee	-	100
Caldisc Pty. Limited [1]	Australia	Administration	100	100
Enacon Parking Pty. Limited [1]	Australia	Car park operator	100	100
HD Diesels Pty. Limited [1]	Australia	Investment holding and hotelier	100	100
Mulpha Investments Pty. Limited [1]	Australia	Investment holding	100	100
Mulpha Sanctuary Cove Pty. Limited [1]	Australia	Investment holding	100	100
Mulpha Hotel Investments (Australia) Pty. Limited [1]	Australia	Investment holding	100	100
Mulpha Hotel Melbourne Trust [1] [3]	Australia	Dormant	-	100
Mulpha (SPV 1) Pty. Limited [1] [3]	Australia	Dormant	-	100
Mulpha Hotel Management Pty. Limited [1]	Australia	Investment holding	100	100

Notes to the Financial Statements (Continued)

6. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %	2013 %
Subsidiaries of Mulpha Australia Limited (continued)				
HDFI Nominees Pty. Limited [1] [3]	Australia	Dormant	-	100
Mulpha (Hotel Bonds) Group Pty. Limited [1]	Australia	Dormant	100	100
Mulpha Core Plus Trust [1] [4]	Australia	Investment holding	100	-
Mulpha Core Plus Pty. Limited [1] [4]	Australia	Trustee	100	-
Norwest City Trust [1] [4]	Australia	Property ownership	100	-
Mulpha Education Group Pty. Limited [1] [4]	Australia	Investment holding	100	-
Norwest City Pty. Limited [1] [4]	Australia	Trustee	100	-
Subsidiaries of Mulpha Sanctuary Cove Pty. Limited				
Mulpha Sanctuary Cove (Developments) Pty. Limited [1]	Australia	Property ownership and development	100	100
Mulpha Sanctuary Cove International Boat Show Pty. Limited [1]	Australia	Boat show operator	100	100
Sanctuary Cove (Real Estate) Pty. Limited [1]	Australia	Investment holding	100	100
Mulpha Sanctuary Cove Hotel Operations Pty. Limited [1]	Australia	Hotelier	100	100
Mulpha Sanctuary Cove Marine Village Pty. Limited [1]	Australia	Property ownership	100	100
Mulpha Sanctuary Cove Marina Pty. Limited [1]	Australia	Marina operations	100	100
Mulpha Sanctuary Cove Hotel Investments Pty. Limited [1]	Australia	Land and property ownership	100	100

Notes to the Financial Statements (Continued)

6. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %	2013 %
Subsidiary of Mulpha Sanctuary Cove (Developments) Pty.Limited				
Mulpha Sanctuary Cove (Alpinia) Pty. Limited [1]	Australia	Land ownership	100	100
Mulpha SPV2 Pty. Limited[1] [4]	Australia	Dormant	100	-
Subsidiary of HD Diesels Pty. Limited				
Salzburg Apartments (Perisher Valley) Pty. Limited [1]	Australia	Investment holding	100	100
Subsidiaries of Mulpha Hotel Investments (Australia) Pty. Limited				
Mulpha Hotels Holdings Trust [1]	Australia	Investment holding	100	100
Mulpha Hotels Holdings Pty. Limited [1]	Australia	Trustee	100	100
Subsidiary of Mulpha Hotels Holdings Trust				
Mulpha Hotels Australia Trust [1]	Australia	Investment holding	100	100
Mulpha Hotels Australia Pty. Limited [1]	Australia	Trustee	100	100
Subsidiaries of Mulpha Australia (Holdings) Pty. Limited				
Mulpha Hotel (Sydney) Pty. Limited [1]	Australia	Trustee	100	100
Mulpha Transport House Pty. Limited [1]	Australia	Property ownership	100	100
Mulpha Hotel (Sydney) Trust [1]	Australia	Property ownership	100	100
Mulpha Hotel Operations Pty. Limited [1]	Australia	Hotelier	100	100

Notes to the Financial Statements (Continued)

6. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %	2013 %
Subsidiary of Mulpha Investment Pty. Limited				
Mulpha Norwest Pty. Limited [1] [5]	Australia	Property ownership and development	100	-
Subsidiary of Mulpha Education Group Pty. Limited				
iLead Training Pty. Limited [1] [4]	Australia	Training organisation	100	-
Subsidiaries of Mulpha Hotels Australia Trust				
Mulpha Hotel Pty. Limited [1]	Australia	Hotelier	100	100
Mulpha Hotel Trust [1]	Australia	Property ownership and development	100	100
Subsidiaries of Mulpha Norwest Pty. Limited				
Norwest Real Estate Pty. Limited [1] [5]	Australia	Property development	100	-
Mulpha SPV 3 Pty. Limited [1] [5]	Australia	Dormant	100	-
Subsidiaries of Mulpha Hotel Trust				
Hotel Land Trust [1]	Australia	Land ownership	100	100
Mulpha Hotel Bonds (Holdings) Pty. Limited [1]	Australia	Investment holding	100	100
Bistrita Pty. Limited [1]	Australia	Trustee	100	100
Subsidiary of Mulpha Hotel Bonds (Holdings) Pty. Limited				
Mulpha Hotel Bonds Pty. Limited [1]	Australia	Bond holder	100	100

Notes to the Financial Statements (Continued)

6. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %	2013 %
Subsidiaries of Mulpha Strategic Limited				
Jumbo Hill Group Limited [6]	British Virgin Islands	Investment holding	100	100
Flame Gold Group Limited [6]	British Virgin Islands	Investment holding	100	100
View Link Global Limited [6]	British Virgin Islands	Investment holding and consultancy services	100	100

[1] Subsidiaries audited by other member firms of KPMG International.
[2] Subsidiaries disposed of during the financial year. The financial impact of the Group is as disclosed in Note 31.
[3] Subsidiaries were deregistered during the financial year. These subsidiaries are dormants and no significant financial impact to the Group.
[4] Subsidiaries incorporated/established during the financial year.
[5] Subsidiaries acquired during the financial year. The financial impact of the Group is as disclosed in Note 39.
[6] Not required to be audited pursuant to the relevant regulations of the country of incorporation.

(a) Additional investments in subsidiaries

In the previous year, the Company made an additional investment of redeemable preference shares in certain existing subsidiaries amounting to RM36,500,000.

(b) Disposal of subsidiaries/Redemption of redeemable preference shares

During the financial year, the Company undertook the followings transactions:

(i) Disposed of its wholly-owned subsidiary, AF Investment Limited with cost of investment of RM1. The disposal resulted in a gain of RM30,962,000 to the Company. The effects of the disposal to the Group is disclosed in Note 31.

(ii) Redemption of redeemable preferences shares of a subsidiary amounting to RM2,148,000.

In the previous year, the Company undertook the followings transactions:

(i) Redemption of redeemable preferences shares of a subsidiary amounting to RM44,743,000.

(ii) Partial disposal of 8.6% equity in a quoted subsidiary with cost of investment of RM7,335,000. The effect of the partial disposal resulted in its shareholding reducing from 70.54% to 61.93% and a gain on disposal of RM510,000.

(c) Deregistration/Winding up of subsidiaries

In the previous year, with respect to a subsidiary which had been deregistered and dissolved, the Company wrote off the cost of investment amounting to RM5,556,000. The subsidiary's cost of investment was fully impaired in previous years. This resulted in a gain on deregistration of RM2,518,000 at the Group level.

Notes to the Financial Statements (Continued)

6. Investments in subsidiaries (continued)

Non-controlling interest in subsidiaries

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

2014	Mulpha Land Berhad	Other subsidiaries with immaterial NCI	Total
NCI percentage of ownership interest and voting interest	38.07%		
Carrying amount of NCI (RM'000)	44,675	(329)	44,346
Profit allocated to NCI (RM'000)	140	271	411

Summarised financial information before intra-group elimination

As at 31 December	RM'000
Non-current assets	55,154
Current assets	269,624
Non-current liabilities	(98,591)
Current liabilities	(85,385)
Net assets	140,802
Year ended 31 December	
Revenue	45,076
Profit for the year	5,225
Total comprehensive income	5,225
Cash flows from operating activities	21,647
Cash flows from investing activities	(9,276)
Cash flows from financing activities	(16,157)
Net decrease in cash and cash equivalents	(3,786)
Dividends paid to NCI	3,745

Notes to the Financial Statements (Continued)

6. Investments in subsidiaries (continued)

Non-controlling interest in subsidiaries (continued)

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

	Mulpha Land Berhad	Other subsidiaries with immaterial NCI	Total
2013			
NCI percentage of ownership interest and voting interest	38.07%		
Carrying amount of NCI (RM'000)	50,921	1,209	52,130
Profit allocated to NCI (RM'000)	3,940	557	4,497

Summarised financial information before intra-group elimination As at 31 December	**RM'000**
Non-current assets	58,473
Current assets	311,809
Non-current liabilities	(141,214)
Current liabilities	(89,476)
Net assets	139,592
Year ended 31 December	
Revenue	47,143
Profit for the year	8,880
Total comprehensive income	8,880
Cash flows from operating activities	(98,854)
Cash flows from investing activities	20,475
Cash flows from financing activities	94,407
Net increase in cash and cash equivalents	16,028
Dividends paid to NCI	2,516

Notes to the Financial Statements (Continued)

7. Investments in associates

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At cost:				
Quoted shares in Malaysia	44,208	44,208	-	-
Unquoted shares in Malaysia	55	55	-	-
Foreign quoted shares	1,226,874	1,226,874	-	-
Foreign unquoted shares	137,846	23,163	21,963	21,963
Exchange difference	123,758	128,639	-	-
	1,532,741	1,422,939	21,963	21,963
Share of post-acquisition reserves	(342,921)	(338,338)	-	-
	1,189,820	1,084,601	21,963	21,963
Less: Accumulated impairment losses	(8,330)	(12,530)	(20,456)	(17,851)
	1,181,490	1,072,071	1,507	4,112
At market value:				
Quoted shares				
- In Malaysia	174,416	346,427	-	-
- Foreign	807,512	791,745	-	-
	981,928	1,138,172	-	-

Movement in the accumulated impairment losses account is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1 January	12,530	12,530	17,851	15,900
(Reversal)/Charge for the year	(3,000)	-	2,605	1,951
Written off during the year	(1,200)	-	-	-
At 31 December	8,330	12,530	20,456	17,851

The carrying amounts of the investments in quoted shares in Malaysia exceed those of their market value in current year. However, no impairment is required as the recoverable amount of these investments exceeds their carrying amounts.

The recoverable amounts are determined based on value in use calculation which are calculated using the discounted net cash projections over a 5 year period based on financial budgets. The discount rate of 6% and other assumptions used reflects management's estimate of the time value of money and risk profile of these investments.

Notes to the Financial Statements (Continued)

7. Investments in associates (continued)

Details of the associates are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest 2014 %	Effective ownership interest 2013 %
Held by Mulpha International Bhd.				
Rotol Singapore Ltd[2] ("Rotol")	Singapore	Investment holding	38.00	38.00
Held through Mulpha Infrastructure Holdings Sdn. Bhd.				
Mudajaya Group Berhad ("Mudajaya")	Malaysia	Building contractor and civil engineering	22.34	22.23
Held through Mulpha Australia Limited				
Real Estate Capital Partner Pty. Limited [2]	Australia	Investment holding	-	50.00
AVEO Group[2] ("AVEO")	Australia	Ownership and management of retirement villages and property development	2.74	2.74
Held through Rosetec Investments Limited				
AVEO[2]	Australia	Ownership and management of retirement villages and property development	23.52	23.48
Held through View Link Global Limited				
New Pegasus Holdings Limited[1][3] ("New Pegasus")	British Virgin Island	Investment holding	33.00	-

[1] Associates audited by other member firms of KPMG International
[2] Associates not audited by other member firms of KPMG International
[3] Associates acquired during the financial year

Notes to the Financial Statements (Continued)

7. Investments in associates (continued)

The following table summarises the information of the Group's associates and reconciles the information to the carrying amount of the Group's interest in the associates:

Group

2014	AVEO RM'000	Mudajaya RM'000	New Pegasus RM'000	Other immaterial associates RM'000	Total RM'000
Summarised financial information					
As at 31 December					
Non-current assets	8,531,190	891,779	679,794	–	10,102,763
Current assets	942,495	960,225	60,206	5,842	1,968,768
Non-current liabilities	(1,056,495)	(410,513)	(352,950)	–	(1,819,958)
Current liabilities	(4,257,045)	(355,821)	(15,049)	(1,876)	(4,629,791)
Net assets	4,160,145	1,085,670	372,001	3,966	5,621,782
Year ended 31 December					
Profit/(Loss)	153,105	(70,462)	29,235	(5,685)	106,193
Other comprehensive income/(expense)	3,135	1,424	(8,402)	(1,208)	(5,051)
Total comprehensive income/(expense)	156,240	(69,038)	20,833	(6,893)	101,142
Included in the total comprehensive income is:					
Revenue	1,331,140	1,050,805	103,741	334	2,486,020
Reconciliation of net assets to carrying amount					
As at 31 December					
Group's share of net assets	806,016	251,453	122,793	1,228	1,181,490
Group's share of results					
Year ended 31 December					
Group's share of profit/(loss)	41,828	(15,613)	9,647	(2,160)	33,702
Group's share of other comprehensive income/(expense)	689	2,670	(2,773)	(3,353)	(2,767)
Group's share of total comprehensive income/(expense)	42,517	(12,943)	6,874	(5,513)	30,935
Other information					
Dividends received	14,954	10,826			

Notes to the Financial Statements (Continued)

7. Investments in associates (continued)

The following table summarises the information of the Group's associates and reconciles the information to the carrying amount of the Group's interest in the associates (continued):

Group

2013	AVEO RM'000	Mudajaya RM'000	Other immaterial associates RM'000	Total RM'000
Summarised financial information				
As at 31 December				
Non-current assets	8,427,852	858,383		
Current assets	1,498,988	806,190		
Non-current liabilities	(996,200)	(24,894)		
Current liabilities	(4,754,511)	(447,872)		
Net assets	4,176,129	1,191,807		
Year ended 31 December				
Profit/(Loss)	(423,504)	173,667		
Other comprehensive income/(expense)	56,549	5,098		
Total comprehensive income/(expense)	(366,955)	178,765		
Included in the total comprehensive income is:				
Revenue	886,482	1,535,786		
Reconciliation of net assets to carrying amount				
As at 31 December				
Group's share of net assets	793,108	275,222	3,741	1,072,071
Group's share of results				
Year ended 31 December				
Group's share of profit/(loss)	(109,199)	33,568	(1,875)	(77,506)
Group's share of other comprehensive income/(expense)	14,526	1,177	(2,677)	13,026
Group's share of total comprehensive income/(expense)	(94,673)	34,745	(4,552)	(64,480)
Other information				
Dividends received	2,568	13,232		

Notes to the Financial Statements (Continued)

7. Investments in associates (continued)

(i) View Link Global Limited, a wholly-owned subsidiary of Mulpha Strategic Limited which is wholly-owned by Mulpha Group Services Sdn. Bhd. and is in turn a wholly-owned subsidiary of the Company, had on 20 February 2014 subscribed for 33 shares of US$1.00 each, representing 33% of the share capital of New Pegasus Holdings Limited, a company incorporated in the British Virgin Islands for a total consideration of GBP$21.34 million (equivalent to approximately RM115.88 million). The principle activity of New Pegasus Holdings Limited is investment holding which owns a property in London through its wholly-owned subsidiary.

(ii) Real Estate Capital Partner Pty. Limited ("RECAP"), where the cost of investment of RM1.2 million was fully impaired in previous years was written off during the year as RECAP is in the progress of liquidation.

(iii) In previous year, AVEO Group ("AVEO") underwent a rights issue exercise of five new AVEO securities for every nine existing AVEO securities held at AUD1.30 per security. Prior to the exercise, the Group held 84,326,641 AVEO securities equivalent to a 26.22% interest in AVEO. The Group then fully subscribed to its entitlement of the AVEO rights issue of 46,848,134 new AVEO securities in December 2013, resulting in additional investment cost in associates of RM178,444,000 and the Group holding a total of 131,174,775 AVEO securities, representing 26.22% interest in the enlarged AVEO total issued securities.

(iv) The quoted shares of a foreign associate with a carrying value of RM806,016,000 (2013: RM793,108,000) are pledged as security for other borrowings as disclosed in Note 21.

8. Investments in joint ventures

	Note	Group 2014 RM'000	Group 2013 RM'000
Unquoted shares at cost		3,016	123,950
Add: Share of post-acquisition profit		-	19,224
Exchange differences		(482)	14,383
		2,534	157,557
The movements of investments in joint ventures are as follows:			
Carrying amount at 1 January		157,557	175,830
Capital repayment		-	(4,770)
Disposal of interest in joint venture	39	(169,145)	-
Share of net result from investment in joint venture		5,191	9,065
Dividend received		-	(7,650)
Exchange differences		8,931	(14,918)
Carrying amount at 31 December		2,534	157,557

Details of the joint ventures are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest 2014 %	Effective ownership interest 2013 %
Held through Mulpha Investments Pty. Limited				
Mulpha Norwest Pty. Limited (formerly known as Mulpha FKP Pty. Limited) [1]	Australia	Property development	-	50.01
Held through Mulpha Sanctuary Cove (Management) Pty. Limited				
SC Realty Pty. Limited [2]	Australia	Real estate agency	50.00	50.00

Notes to the Financial Statements (Continued)

8. Investments in joint ventures (continued)

Details of the joint ventures are as follows (continued):

[1] The Group had an economic interest of 50.01% in Mulpha FKP Pty. Limited ("MFKP") at 31 December 2013; however there were equal voting rights in the joint venture. In April 2014, Mulpha Investment Pty. Limited, an indirect wholly-owned foreign subsidiary of the Company acquired the remaining 49.99% of the total issued and paid up share capital of MFKP (now known as Mulpha Norwest Pty. Limited) and became a wholly-owned subsidiary of the Group. In accordance with the Share Sale Agreement with the Aveo Group, the Group was entitled to 100% of the MFKP net profits for the 3 months period to 31 March 2014. The effects of the acquisition is disclosed in Note 39.

[2] Joint ventures not audited by other member firms of KPMG International.

The following tables summarise the financial information of joint venture and also reconcile the summarised financial information to the carrying amount of the Group's interests in joint ventures, which is accounted for using the equity method.

	Group	
	2014	**2013**
	RM'000	**RM'000**
Summarised financial information		
As at 31 December		
Non-current assets	43	355,342
Current assets	576	155,111
Non-current liabilities	-	(401)
Current liabilities	(137)	(182,513)
	482	327,539
Year ended 31 December		
Total comprehensive income	5,191	18,198
Included in the total comprehensive income is:		
Revenue	54,074	222,236
Reconciliation of net assets to carrying amount		
As at 31 December		
Group's share of net assets	2,534	157,557
Group's share of results		
Year ended 31 December		
Group's share of total comprehensive income	5,191	9,065
Other information		
Cash dividends received by the Group	-	7,650

Notes to the Financial Statements (Continued)

9. Investment securities

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Non-current				
Available-for-sale financial assets				
Foreign quoted shares	78,516	71,537	-	-
Foreign quoted bonds	-	2,042	-	-
Unquoted shares				
- In Malaysia	1,000	1,000	1,000	1,000
- Foreign	8,931	372	43	43
	88,447	74,951	1,043	1,043
Current				
Financial assets at fair value through profit or loss				
Quoted shares				
- In Malaysia	491	545	-	-
- Foreign	1,945	2,960	-	-
Unquoted investment funds	4,246	1,799	-	-
	6,682	5,304	-	-
	95,129	80,255	1,043	1,043
Market value of quoted investments	80,952	77,084	-	-

The current investment securities with a carrying value of RM6,682,000 (2013: RM5,304,000) are pledged to financial institutions for credit facilities granted to subsidiaries as disclosed in Note 21.

10. Other investments

Group	**Club memberships RM'000**	**Investments in works of art RM'000**	**Total RM'000**
At 1 January 2013	1,160	1,728	2,888
Additions	31	2,374	2,405
Disposal	(232)	-	(232)
At 31 December 2013/1 January 2014	959	4,102	5,061
Additions	-	19	19
At 31 December 2014	959	4,121	5,080
Company			
At 1 January 2013	1,160	1,728	2,888
Additions	2	2,374	2,376
Disposal	(232)	-	(232)
At 31 December 2013/1 January 2014	930	4,102	5,032
Additions	-	19	19
At 31 December 2014	930	4,121	5,051

Notes to the Financial Statements (Continued)

11. Goodwill

Group	Goodwill on consolidation RM'000	Purchased goodwill RM'000	Total RM'000
At 1 January 2013	8,921	216	9,137
Exchange differences	-	(18)	(18)
At 31 December 2013/1 January 2014	8,921	198	9,119
Exchange differences	-	(6)	(6)
At 31 December 2014	8,921	192	9,113

Impairment tests for goodwill

Allocation of goodwill

Goodwill has been allocated to the Group's CGUs identified according to country of operation and business segment as follows:

	Malaysia RM'000	Australia RM'000	Total RM'000
At 31 December 2014			
Boat show	-	192	192
Investment business	2,512	-	2,512
Property development	6,409	-	6,409
	8,921	192	9,113
At 31 December 2013			
Boat show	-	198	198
Investment business	2,512	-	2,512
Property development	6,409	-	6,409
	8,921	198	9,119

Key assumptions used

Property development segment

The recoverable amount of the CGU is determined based on the value in use ("VIU") calculation. The VIU is calculated using the pre-tax cash flow projections based on financial budgets approved by management. VIU was determined by discounting the future cash flows generated from the development of properties of the CGU and was based on the following key assumptions:

i) Cash flows projected were based on the gross development value of projects planned and that there will be continual demand for quality residential properties; and

ii) The pre-tax discount rates of 6% are applied in discounting the cash flows and were based on the estimated cost of funds of the CGU.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources (historical data).

Based on the impairment test undertaken, no additional impairment loss is required to be recognised.

Notes to the Financial Statements (Continued)

11. Goodwill (continued)

Key assumptions used (continued)

Property development segment (continued)

The above estimates are particularly sensitive in the following areas:

i) Fluctuations in future planned revenues and development costs arising from fluctuations in raw material costs and constructions costs; and

ii) Fluctuations in the discount rate used and general interest rates.

Investment business segment

The recoverable amount of quoted securities held is determined based on observable market prices, less costs to sell.

Where there is no observable market price for unquoted securities, recoverable amount is determined based on the VIU calculation, using pre-tax cash flow projections over a 3 to 5 year period. Pre-tax discount rate of 6% (2013: 8%) is applied in discounting the cash flows and was based on the estimated cost of funds of the CGU.

These estimates are sensitive towards fluctuations in the discount rate and general interest rates.

Based on the impairment test undertaken, no additional impairment loss is required to be recognised.

12. Inventories

	Group	
	2014 RM'000	**2013 RM'000**
Non-current assets		
Properties held for development		
- Cost of acquisition for freehold land	401,561	258,632
- Capitalised development cost	412,281	169,452
Total non-current inventories	813,842	428,084
Current assets		
Properties under development		
- Cost of acquisition for freehold land	261,835	256,528
- Capitalised development cost	236,822	189,821
	498,657	446,349
Completed properties	74,730	51,933
Finished goods	3,345	3,438
Work-in-progress	7,543	4,954
Raw materials	-	75
Other consumables	8,914	7,746
	94,532	68,146
Total current inventories	593,189	514,495
Total inventories	1,407,031	942,579

Included in properties under development of the Group is interest capitalised during the financial year amounting to RM10,398,000 (2013: RM526,000).

Certain properties held for development and properties under development amounting to RM603,444,000 (2013: RM250,031,000) are pledged to financial institutions as security for banking facilities granted as disclosed in Note 21.

Notes to the Financial Statements (Continued)

13. Trade and other receivables

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current				
Trade receivables				
Amount due from a subsidiary	-	-	308,368	237,064
	-	-	308,368	237,064
Current				
Trade receivables				
Third parties	87,053	86,152	-	-
Less: Allowance for impairment losses	(5,389)	(5,374)	-	-
	81,664	80,778	-	-
Other receivables				
Other receivables	173,658	147,849	103,315	103,326
Less: Allowance for impairment losses	(1,315)	(7,243)	-	-
	172,343	140,606	103,315	103,326
Deposits	6,703	14,759	125	70
Amounts due from subsidiaries	-	-	571,629	468,995
	260,710	236,143	675,069	572,391
Total trade and other receivables	260,710	236,143	983,437	809,455

(a) Other receivables

Movement in allowance accounts:

	Individually impaired	
	2014	2013
Group	**RM'000**	**RM'000**
At 1 January	7,243	6,791
Charge for the year	449	452
Bad debts written off	(308)	-
Reversal of impairment loss	(6,069)	-
At 31 December	1,315	7,243

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and/or have defaulted on payments.

Notes to the Financial Statements (Continued)

13. Trade and other receivables (continued)

(b) Amounts due from subsidiaries

Company	2014 RM'000	2013 RM'000
Bearing interest	289,987	239,679
Non-interest bearing	590,010	466,380
	879,997	706,059

The non-interest bearing amounts due from subsidiaries are unsecured and repayable on demand.

Non-current due from a subsidiary are consist of the following:

(i) Foreign unquoted cumulative redeemable preference shares ("CRPS") amounted to RM230,591,000 owing by Mulpha Australia Limited ("MAL"), a wholly owned subsidiary of the Company. The Company has no intention of holding them to maturity nor converting them to equity. The CRPS is subjected to dividend of 9.50% (2013: 9.50%) per annum.

(ii) Unsecured loan owing by MAL amounted to RM33,630,000 (2013: Nil) is subject to interest of 7.00% (2013: Nil); and

(iii) Remaining amount owing by MAL was accrued dividend payables on CRPS and interest on the unsecured loan as mentioned in Note 13(b)(i) and 13(b)(ii).

The current amounts due from subsidiaries are unsecured, non-interest bearing and receivable on demand except for an amount due from a subsidiary amounting to RM25,766,000 (2013: RM2,615,000) was subject to interest of 4.05% (2013: 4%) per annum.

14. Other non-current assets

	Group 2014 RM'000	Group 2013 RM'000
Prepayments and others	18,469	5,500

Notes to the Financial Statements (Continued)

15. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2014	2013	2014	2013	2014	2013
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Inventories	10,645	23,323	-	-	10,645	23,323
Provision for liabilities and other payables	16,768	43,869	-	-	16,768	43,869
Unabsorbed capital allowances	31,835	10,911	-	-	31,835	10,911
Fair value adjustment	365	1,053	-	-	365	1,053
Tax losses	33,938	66,009	-	-	33,938	66,009
Accelerated capital allowances	-	-	(20,875)	(24,784)	(20,875)	(24,784)
Receivables and others	-	-	(18,926)	(96,466)	(18,926)	(96,466)
Tax assets/(liabilities)	93,551	145,165	(39,801)	(121,250)	53,750	23,915
Set off of tax	(39,801)	(121,250)	39,801	121,250	-	-
Net tax assets/(liabilities)	53,750	23,915	-	-	53,750	23,915

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	109,988	65,951	335	335
Unabsorbed capital allowances	7,134	8,122	3,646	3,646
Other deductible temporary differences	49,920	51,727	-	-
	167,042	125,800	3,981	3,981

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available in subsidiaries against which the Group can utilise the benefits there from.

Pursuant to guidelines issued by the Malaysian tax authorities in 2008, the Ministry of Finance ("MOF") has exempted all companies from the provision of Section 44(5A) and Paragraph 75A of Schedule 3 except dormant companies. Therefore, all active subsidiaries are allowed to carry forward their unabsorbed capital allowances and business losses.

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

	Note	Group	
		2014	2013
		RM'000	RM'000
At 1 January		23,915	(31,824)
Recognised in profit or loss		(9,364)	55,536
Realisation upon acquisition of remaining shares in a former joint venture	39	38,192	-
Acquisition of subsidiaries	39	3,763	-
Exchange adjustments		(2,756)	203
At 31 December		53,750	23,915

Notes to the Financial Statements (Continued)

16. Other current assets

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Prepayments	18,360	34,479	31	1

17. Cash and cash equivalents

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances	193,187	68,750	57	863
Deposits with licensed banks	407,609	590,803	-	34,347
	600,796	659,553	57	35,210

Bank balances and deposits amounting to RM492,182,000 (2013: RM523,054,000) of the Group are pledged to licensed banks as security for banking facilities granted to certain subsidiaries and the Company as disclosed in Note 21.

Included in the cash and bank balances of the Group is an amount of RM5,363,000 (2013: RM7,927,000) maintained under the Housing Developers Accounts pursuant to the Housing Developers (HDA) Regulations 1991, which are restricted from use in other operations.

An amount of RM2,515,000 (2013: RM2,747,000) held in an interest reserve account by a subsidiary was pledged to the bank for borrowings by the Group as disclosed in Note 21.

The weighted average effective interest rates as at 31 December 2014 for the Group and the Company were 0.5% (2013: 0.6%) per annum and Nil (2013: 3.1%) respectively.

The average maturities of fixed deposits for both the Group and the Company as at reporting date were 28 days (2013: 44 days) and Nil (2013: 29 days) respectively.

18. Assets classified as held for sale

	Group	
	2014 RM'000	2013 RM'000
Investment properties	-	18,865

On 25 February 2014, Mulpha Land Berhad ("MLB"), 61.93% owned subsidiary of the Company, entered into a conditional sale and purchase agreement to dispose of a parcel of the freehold land together with a five-storey building comprising 12 condominium units for a total net consideration of RM32,719,000. The disposal was completed on 5 August 2014.

In previous year, the above assets held for sale with a carrying amount of RM18,865,000 was pledged as security for bank borrowings (see Note 21).

Notes to the Financial Statements (Continued)

19. Share capital and treasury shares

Share capital

	Group and Company			
	Amount 2014 RM'000	Number of shares 2014 '000	Amount 2013 RM'000	Number of shares 2013 '000
Authorised:				
Ordinary shares of RM0.50 each	2,000,000	4,000,000	2,000,000	4,000,000

	Group and Company			
	Number of ordinary shares of RM0.50 each		Amount	
	Share capital '000	Treasury shares '000	Share capital RM'000	Treasury shares RM'000
Issued and fully paid:				
At 1 January 2013	2,355,913	(158,785)	1,177,957	(66,255)
Purchase of treasury shares	-	(63,264)	-	(25,794)
At 31 December 2013/1 January 2014	2,355,913	(222,049)	1,177,957	(92,049)
Purchase of treasury shares	-	(150)	-	(66)
At 31 December 2014	2,355,913	(222,199)	1,177,957	(92,115)

(a) Share capital

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

(b) Treasury shares

Under the Company's current share buyback scheme approved by its shareholders, the Company proposed to purchase up to a maximum of 235,591,315 ordinary shares of RM0.50 each. The purpose of the scheme is to allow the Company to buy back its shares when the market does not fully reflect the value of its shares.

As at 31 December 2014, the details of the Company's share purchase was as follows:

		Number of shares Purchased/ (resold)	Total consideration RM'000	Average price* RM
2010	Purchased	11,055,700	5,442	0.490
2011	Purchased	33,333,500	13,910	0.417
2012	Purchased	114,396,400	46,903	0.410
2013	Purchased	63,264,200	25,794	0.408
2014	Purchased	150,000	66	0.440
		222,199,800	92,115	

* The average price includes transaction costs.

Notes to the Financial Statements (Continued)

19. Share capital and treasury shares (continued)

(b) Treasury shares (continued)

During the financial year, the Company purchased 150,000 shares from the open market as follows:

Month	Number of shares purchased	Total consideration RM'000	Highest price RM	Lowest price RM	Average price* RM
March	100,000	42	0.425	0.425	0.428
September	50,000	24	0.475	0.475	0.478
	150,000	66			

* The average price includes transaction costs.

The purchases of shares were funded by internal funds. The shares purchased have been retained as treasury shares.

Of the total 2,355,913,158 (2013: 2,355,913,158) issued and fully paid ordinary shares as at 31 December 2014, 222,199,800 (2013: 222,049,800) are held as treasury shares.

Subsequent to the financial year and up to the date of this report, the Company repurchased 50,000 of its issued and paid up ordinary shares from the open market at an average price of RM0.383 per share. The total consideration paid for repurchase was RM0.019 million including transaction costs. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

20. Reserves

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Non-distributable				
Exchange reserve	124,246	179,982	-	-
Capital reserve	117,727	115,386	108,228	108,228
Other reserve	18,824	15,707	107	107
	260,797	311,075	108,335	108,335

The movements in reserves are shown in the statements of changes in equity.

The nature and purpose of each category of reserve are as follows:

(a) Exchange reserve

The exchange reserve represents foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries as well as from the translation of foreign currency loans used to hedge the investments in foreign subsidiaries.

Notes to the Financial Statements (Continued)

20. Reserves (continued)

(b) Capital reserve

This reserve includes:

(i) reserve arising from the cancellation of treasury shares representing the nominal value of the shares repurchased and cancelled;

(ii) reserve arising from the capitalisation of bonus issue of a certain subsidiary; and

(iii) changes in ownership interests in subsidiaries (Note 6).

(c) Other reserve

Other reserve comprises mainly share of post acquisition reserve of associates and available-for-sale reserve.

21. Loans and borrowings

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Non-current				
Finance lease liabilities				
- secured	8,004	4,868	-	-
Bonds - secured	620,189	299,605	-	-
Term loans				
- secured	166,455	513,380	-	-
	794,648	817,853	-	-
Current				
Finance lease liabilities				
- secured	132	1,924	-	-
Bank overdraft				
- secured	2,162	1,558	366	-
Bonds - secured	3,150	204,964	-	-
Bills payables - secured	-	8,790	-	-
Revolving credit				
- secured	210,862	197,415	56,000	-
Term loans				
- secured	941,648	385,102	-	-
- unsecured	5,125	5,425	-	-
	1,163,079	805,178	56,366	-
Total borrowings	1,957,727	1,623,031	56,366	-

(a) Obligations under finance lease:

These obligations are secured by the leased assets as disclosed in Note 3. The finance lease and hire purchase payables were subjected to interest ranging from 7% to 8.6% (2013: 7.20% to 7.40%) per annum during the financial year.

Notes to the Financial Statements (Continued)

21. Loans and borrowings (continued)

(b) The bank overdrafts, bill payables, revolving credit and term loans are secured by the following:

(i) Corporate guarantees by the Company and certain of its subsidiaries;

(ii) Pledge of land, buildings and plant and equipment of certain subsidiaries, as disclosed in Note 3(i);

(iii) Pledge of investment properties with a carrying amount of RM1,939,000 as disclosed in Note 5;

(iv) Pledge over quoted shares of a foreign associate as disclosed in Note 7(iv);

(v) Pledge over current investment securities as disclosed in Note 9;

(vi) Pledge of inventories of certain subsidiaries as disclosed in Note 12;

(vii) Deposits of the Company and certain subsidiaries and an interest reserve account of a subsidiary, as disclosed in Note 17;

(viii) Pledged of assets held for sale in 2013 as disclosed in Note 18. Following the disposal of assets held for sale, the pledge was discharged during the year;

(ix) Floating charge over assets of certain subsidiaries; and

(x) Term loans includes a loan of RM81.27 million and a bank overdraft of RM2.15 million obtained by a subsidiary whereby the 49% joint venture partners have agreed to indemnify and reimburse the subsidiary for its share of any losses incurred by the subsidiary.

(c) Bonds

(i) During the year, a subsidiary in Labuan issued medium term notes amounting to RM90 million with interest rate of 8% per annum and which is fully repayable in September 2016. This subsidiary also issued medium term notes amounting to RM60 million with interest rate of 8.5% per annum in the previous year and which is repayable in full in November 2016. Both the bonds are secured by corporate guarantee by the Company.

(ii) A subsidiary in Australia issued bonds in 1999 for a term of 30 years. The bond has an effective interest rate of 8.17% (2013: 7.12%) per annum and is payable quarterly in arrears. These bonds are secured against the freehold land of a subsidiary as disclosed in Note 3(i).

(d) Finance lease liabilities

Finance lease liabilities are payables as follows:

Group	Future minimum lease payments 2014 RM'000	Interest 2014 RM'000	Present value of minimum lease payments 2014 RM'000	Future minimum lease payments 2013 RM'000	Interest 2013 RM'000	Present value of minimum lease payments 2013 RM'000
Less than one year	161	29	132	2,384	460	1,924
Between one and five years	8,154	150	8,004	5,169	301	4,868
	8,315	179	8,136	7,553	761	6,792

Notes to the Financial Statements (Continued)

22. Trade and other payables

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Non-current				
Non-trade				
Other payables	13,491	9,267	-	-
Deferred revenue	-	2,000	-	2,000
	13,491	11,267	-	2,000
Current				
Trade				
Trade payables				
- Third parties	62,327	45,927	-	-
	62,327	45,927	-	-
Non-trade				
Other payables	138,773	99,360	885	1,366
Amounts due to related parties				
- Non-controlling interests of a subsidiary	2,142	2,057	-	-
- A company related to person connected to a director	8,375	8,044	-	-
- Subsidiaries	-	-	1,205	1,279
- Associate	18,967	-	-	-
- Deferred revenue	41,461	-	2,000	-
	272,045	155,388	4,090	2,645
Total trade and other payables	285,536	166,655	4,090	4,645

(a) Trade payables

These are generally non-interest bearing. The normal credit terms granted to the Group range from 30 to 90 days.

(b) Amounts due to related parties

(i) Amounts due to non-controlling interests and a company related to a person connected to a director of a subsidiary bears interest at 6.5% (2013: 6.5%) per annum, is unsecured and repayable on demand.

(ii) Amounts due to subsidiaries are non-interest bearing, unsecured and repayable on demand.

(iii) Amount due to an associated company bears interest at 8.0% (2013: Nil) per annum, is unsecured and repayable by 7 June 2015.

(c) Other payables

These amounts are non-interest bearing and are normally settled on commercial terms except for the non-current portion where the amount due are not expected to be repaid within twelve months.

(d) Deferred revenue

Included in deferred revenue of the Group is an amount of RM39,461,000 arising from the disposal of 2 parcels of land to an associated company as disclosed in Note 40(i). The balance of RM2,000,000 relates to the call option agreement entered into between the Company with Teladan Kuasa Sdn. Bhd with expiry date on 16 May 2015. See Note 41(ii).

Notes to the Financial Statements (Continued)

23. Provision for liabilities

	Note	Group 2014 RM'000	Group 2013 RM'000
Provision for staff benefits	(a)	15,935	14,210
Others		6,609	6,656
		22,544	20,866
Analysed as:			
Current		20,365	17,851
Non-current		2,179	3,015
		22,544	20,866

(a) Provision for staff benefits

	2014 RM'000	2013 RM'000
At 1 January	14,210	16,147
Provision for the year	12,269	14,621
Acquisition of subsidiaries (Note 39)	984	-
Payments during the year	(10,531)	(14,741)
Exchange adjustments	(997)	(1,817)
At 31 December	15,935	14,210

Provision for staff benefits accrues to employees in subsidiaries in Australia who are entitled to a two-month paid leave after having served ten years of continuous employment.

24. Other current liabilities

	Group 2014 RM'000	Group 2013 RM'000
Deferred revenue - advance billings on property sales	14,801	98,215

25. Derivative liabilities

	Group 2014 RM'000	Group 2013 RM'000
Derivatives held for market trading at fair value		
- Forward exchange contracts	4,628	-
- Currency options contracts	300	1,027
	4,928	1,027

Forward exchange and currency option contracts are used to manage the foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than functional currencies of Group entities. All the forward exchange and currency options have maturities less than one year after the end of the reporting period. Where necessary, the forward exchange contracts and currency options contracts are rolled over at maturity.

Notes to the Financial Statements (Continued)

26. Revenue

Group	Continuing operations 2014 RM'000	Continuing operations 2013 RM'000 Restated*	Discontinued operation (see Note 31) 2014 RM'000	Discontinued operation (see Note 31) 2013 RM'000 Restated	Total 2014 RM'000	Total 2013 RM'000 Restated*
Sale of goods	243	577	-	-	243	577
Performance of services	390,276	399,141	2,697	7,301	392,973	406,442
Sale of properties	565,602	373,046	-	-	565,602	373,046
Rental of properties	-	1,170	-	-	-	1,170
Construction contracts	-	1,591	-	-	-	1,591
Interest income from money lending activities	2,561	866	-	-	2,561	866
	958,682	776,391	2,697	7,301	961,379	783,692
Company						
Dividends	40,663	47,574	-	-	40,663	47,574

* Not applicable for the Company

27. Other income

	Group 2014 RM'000	Group 2013 RM'000 Restated	Company 2014 RM'000	Company 2013 RM'000
Bad debts recovered	18	29	8	6
Dividend income:				
- Foreign unquoted shares	2,693	2,282	-	-
- Foreign quoted shares	26	1,152	-	-
Fair value adjustment of investment properties	1,357	5,362	-	-
Fair value gain on financial assets at fair value through profit or loss	2,249	326	-	-
Gain on deregistration of a subsidiary	-	2,518	-	-
Gain on derivatives	-	7,903	-	-
Gain on disposal of assets classified as held for sale	13,854	-	-	-
Gain on disposal of an investment property	68	341	-	-
Gain on disposal of investment securities	945	3,245	-	-
Gain on disposal of other investment	-	-	-	138
Gain on disposal of property, plant and equipment	1,166	-	-	139
Gain on foreign exchange:				
- Realised	32,991	43,251	-	-
- Unrealised	-	1,499	16,401	3,542
Gain on disposal of a subsidiary	-	-	30,962	-
Gain on partial disposal of a subsidiary	-	-	-	510
Gain on waiver of amount due from subsidiaries	-	-	350	827
Insurance recoveries	2,675	1,952	-	-
Interest income:				
- Deposits with licensed banks	3,467	5,416	301	1,768
- Subsidiaries	-	-	1,843	12
- Others	2,325	4,540	-	-
Liquidated ascertained damages from contractor	3,001	-	-	-
Management fees received	-	289	-	-

Notes to the Financial Statements (Continued)

27. Other income (continued)

	Group 2014 RM'000	Group 2013 RM'000 Restated	Company 2014 RM'000	Company 2013 RM'000
Negative goodwill arising from acquisition of subsidiaries (Note 39)	36,463	-	-	-
Rental income from land and buildings	25,645	28,697	-	-
Reversal of impairment loss on:				
- Trade and other receivables	6,069	2,130	-	-
- Inventories	32	362	-	-
- Property, plant and equipment	5,214	-	-	-
- Available-for-sale financial assets	-	163	-	163
- Investments in associates	3,000	-	-	-
Shared services income	3,993	3,368	-	-
Miscellaneous income	1,081	3,373	1	5
	148,332	118,198	49,866	7,110

28. Profit/(Loss) before tax

	Group 2014 RM'000	Group 2013 RM'000 Restated	Company 2014 RM'000	Company 2013 RM'000
Profit/(Loss) before tax is arrived at after charging:				
Auditors' remuneration:				
- Audit fees				
KPMG in Malaysia	395	381	115	115
Overseas affiliates of KPMG in Malaysia	1,076	1,131	-	-
Other auditors	-	18	-	-
- Non-audit fees				
KPMG in Malaysia	61	67	10	10
Overseas affiliates of KPMG in Malaysia	68	25	-	-
Bad debts written off:				
- Trade and other receivables	3	8	3	-
Impairment loss on financial assets:				
- Investment securities	11,005	3,549	-	-
- Trade and other receivables	898	1,427	-	-
Impairment loss on investments in associates	-	-	2,605	1,951
Inventories written down	7,600	-	-	-
Inventories written off	-	10,151	-	-
Loss on disposal of financial assets:				
- Fair value through profit or loss	-	171	-	-
Loss on disposal of property, plant and equipment	-	4,470	15	-
Loss on foreign exchange:				
- Realised	2,480	109	5	6
- Unrealised	150	96	-	-
Loss on derivatives	1,225	-	-	-
Management fee paid	-	-	1,615	1,684
Minimum operating lease payments:				
- Land and buildings	6,330	5,053	67	41
- Plant and equipment	4,019	5,724	-	-
Provision for late ascertained charges	-	238	-	-
Provision for foreseeable loss on inventories	-	2,437	-	-

Notes to the Financial Statements (Continued)

28. Profit/(Loss) before tax (continued)

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Profit/(Loss) before tax is arrived at after charging: (continued)				
Property, plant and equipment:				
- Depreciation	53,826	59,362	1	114
- Written off	9,920	2,060	2	-
Employee benefits expenses (including key management personnel):				
- Pension costs - defined contribution plans	12,586	12,526	61	61
- Short-term accumulating compensated absences	11,007	13,579	-	-
- Social security costs	59	173	-	-
- Termination benefits	249	-	-	-
- Wages, salaries and others	195,592	183,428	515	520

29. Finance costs

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest expense on:				
- overdrafts	47	98	22	9
- revolving loans and term loans	56,369	40,701	1,848	-
- bonds	43,479	25,136	-	-
- others	2,739	3,121	-	210
	102,634	69,056	1,870	219
Less: Interest expense capitalised in properties under development (Note 12)	(10,398)	(526)	-	-
Total finance costs	92,236	68,530	1,870	219

30. Tax expense/(benefit)

Recognised in profit or loss

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Income tax expense/(benefit) on continuing operations	16,842	(16,288)	75	1,604
Income tax expense on discontinued operation (excluding gain on sale) (Note 31)	62	596	-	-
Total income tax expense/(benefit)	16,904	(15,692)	75	1,604

		Group		Company	
		2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Current tax expense					
Malaysian	- current year	7,077	37,810	65	833
	- prior year	401	1,735	10	771
Overseas	- current	62	299	-	-
		7,540	39,844	75	1,604

Notes to the Financial Statements (Continued)

30. Tax expense/(benefit) (continued)

Recognised in profit or loss (continued)

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Deferred tax expense				
- Origination and reversal of temporary differences	10,685	(55,408)	-	-
- Over provision in prior year	(1,321)	(128)	-	-
	9,364	(55,536)	-	-
Total income tax expense/(benefit)	16,904	(15,692)	75	1,604

Reconciliation of tax expense

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Profit/(Loss) before tax from continuing operations	112,376	(45,923)	78,467	44,509
Profit before tax from discontinued operation	656	2,472	-	-
Profit/(Loss) before tax	113,032	(43,451)	78,467	44,509
Income tax calculated using Malaysian tax rate of 25%	28,258	(10,863)	19,617	11,127
Different tax rates in other countries	(95)	(6,449)	-	-
Effect of lower tax rate on gain on disposal of investment property	(3,012)	-	-	-
Non-deductible expenses	9,247	5,767	1,578	2,427
Income not subject to taxation	(17,162)	(20,307)	(21,130)	(12,721)
Benefits from previously unrecognised tax losses and unabsorbed capital allowances	-	(2,557)	-	-
Deferred tax assets not recognised during the year	10,311	-	-	-
Over provision of deferred tax in prior years	(1,321)	(128)	-	-
Under provision of income tax in prior years	401	1,735	10	771
Shares of results of associates and joint ventures	(9,723)	17,110	-	-
Income tax (benefit)/expense recognised in profit or loss	16,904	(15,692)	75	1,604

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year. The corporate tax rates applicable to subsidiaries located in Australia and Hong Kong are 30% (2013: 30%) and 16.5% (2013: 16.5%) respectively.

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

Notes to the Financial Statements (Continued)

30. Tax expense/(benefit) (continued)

	Group	
	2014	2013
	RM'000	RM'000
Income tax savings arose from:		
Utilisation of brought forward tax losses	-	1,903
Utilisation of brought forward capital allowances	-	654

31. Discontinued operation

The Company had on 16 May 2014 entered into a Share Purchase Agreement with Lemongrass Master Fund I ("Purchaser") to dispose of its entire 100% equity interest in AF Investments Limited ("AFIL") to the Purchaser for a total net consideration of USD9.47 million (equivalent to approximately RM30.96 million). AFIL is a company incorporated in Hong Kong with a paid-up share capital of HKD2. The principal activity of AFIL is investment holding which holds 70% equity interest in Indochine Park Tower Joint Venture Company ("IPT"). IPT is the owner and operator of Indochine Park Tower, an 18-storey serviced residences building located at Ho Chi Minh City, Vietnam, which comprises 55 fully serviced 3-bedroom apartments and penthouses ranging from 128 to 249 square metres each. The disposal was completed in the second quarter of 2014. Certain comparative figures relating to consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

Profit attributable to the discontinued operation was as follows:

Results of discontinued operation

	Note	Group	
		1.1.2014 to disposal date	1.1.2013 to 31.12.2013
		RM'000	RM'000
Revenue	26	2,697	7,301
Other income		21	224
Finished goods and services rendered		(127)	(369)
Employee benefits expense		(597)	(1,399)
Depreciation and amortisation		(507)	(1,185)
Other expenses		(794)	(2,100)
Results from operating activities		693	2,472
Finance costs		(37)	-
Profit before tax		656	2,472
Tax expense	30	(62)	(596)
Gain on disposal of discontinued operation		28,431	-
Profit for the year		29,025	1,876

Notes to the Financial Statements (Continued)

31. Discontinued operation (continued)

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

	Group	
	1.1.2014 to disposal date RM'000	**1.1.2013 to 31.12.2013 RM'000**
Interest income	(3)	(67)
Interest expense	37	-
Amortisation of prepaid land lease payments	-	52
Depreciation of property, plant and equipment	507	1,133
Realised loss/(gain) on foreign exchange	4	(23)

	Group	
	2014 RM'000	**2013 RM'000**
Cash flows from/(used in) discontinued operation		
Net cash from operating activities	195	1,789
Net cash from/(used in) investing activities	29,795	(56)
Net cash (used in)/from financing activities	(3,328)	3,291
Effect on cash flows	26,662	5,024

Effect of disposal on the financial position of the Group are as follows:

	2014 RM'000
Property, plant and equipment	13,572
Prepaid land lease payments	733
Inventories	73
Trade and other receivables	314
Cash and bank balances	1,167
Trade and other payables	(989)
Total identifiable net assets	14,870
Non-controlling interests	(1,787)
Realisation of reserves	(10,552)
Gain on disposal of discontinued operation	28,431
Consideration received, satisfied in cash	30,962
Cash and cash equivalents disposed of	(1,167)
Net cash inflow	29,795

Notes to the Financial Statements (Continued)

32. Earnings/(Loss) per ordinary share

Basic earnings/(loss) per ordinary share

Basic earnings/(loss) per ordinary share amounts are calculated by dividing profit from continuing operations, net of tax, attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the financial year.

Profit/(Loss) attributable to ordinary shareholders (RM'000)

	Group	
	2014 RM'000	2013 RM'000 Restated
Profit/(Loss) net of tax from continuing operations attributable to owners of the Company	95,394	(33,576)
Profit net of tax from discontinued operation attributable to owners of the Company	28,754	1,320
	124,148	(32,256)

Weighted average number of ordinary shares ('000)

	Group	
	2014 RM'000	2013 RM'000 Restated
Issued ordinary shares at 1 January	2,355,913	2,355,913
Effect of share buy back	(222,137)	(195,632)
Weighted average number of ordinary shares at 31 December	2,133,776	2,160,281

Basic earnings/(loss) per ordinary share (sen)

From continuing operations	4.47	(1.55)
From discontinued operation	1.35	0.06
	5.82	(1.49)

Diluted earnings/(loss) per ordinary share

Diluted earnings/(loss) per share amounts are calculated by dividing profit/(loss) from continuing operations, net of tax, attributable to ordinary shareholders (after adjusting for interest expense on convertible redeemable preference shares) by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

There were no potential dilution effects on ordinary shares of the Company for the current financial year. Accordingly, the diluted earnings/(loss) per ordinary share for the current and previous years are equal to the basic earnings/(loss) per ordinary share.

Since the end of the current financial year, the Company has purchased 50,000 shares from open market. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements other than the repurchase of treasury shares as mentioned above.

Notes to the Financial Statements (Continued)

33. Operating segments

Business segments

For management purposes, the Group is organised into three main business segments in the Asia Pacific region as follows:

Property	property development and investments
Hospitality	hotels and service apartments ownership and operation
Investment and others	investment holding, investments in securities, licensed money lending and others

None of the other operations are of sufficient size to be reported separately.

Performance is measured based on segment revenue and profit before tax as included in the internal management reports that are reviewed by the Exco Committee (the Group's chief operating decision maker).

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

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

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Notes to the Financial Statements (Continued)

33. Operating segments (continued)

Business segments (continued)

The following tables provide analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Property		Hospitality (includes disposal group)		Investment and others		Adjustments and eliminations		Note	Per consolidated financial statements	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000 Restated		2014 RM'000	2013 RM'000 Restated
Revenue											
External customers	569,144	376,814	389,661	405,879	2,574	999	(2,697)	(7,301)	(i)	958,682	776,391
Inter-segment	44,887	421	-	-	2,697	6,800	(47,584)	(7,221)	(ii)	-	-
Total revenue	614,031	377,235	389,661	405,879	5,271	7,799	(50,281)	(14,522)		958,682	776,391
Results											
Inventories written down/off	(7,600)	(10,151)	-	-	-	-	-	-		(7,600)	(10,151)
Reversal of impairment loss on inventories	32	362	-	-	-	-	-	-		32	362
Share of profit/(loss) from associates and joint ventures	-	-	-	-	9,552	(2,308)	29,341	(66,133)	(iii)	38,893	(68,441)
Depreciation and amortisation	(10,648)	(11,803)	(40,669)	(44,711)	(3,016)	(4,033)	507	1,185	(i)	(53,826)	(59,362)
Segment profit/(loss)	256,901	95,861	(81,683)	(31,144)	42,739	56,845	(105,581)	(167,485)	(iii)	112,376	(45,923)
Assets and liabilities											
Investments in associates and joint ventures	-	-	-	-	1,184,024	1,229,628	-	-		1,184,024	1,229,628
Additions to non-current assets*	21,088	21,369	96,295	30,032	2,146	6,043	-	-		119,529	57,444
Segment assets	1,821,294	1,211,304	1,583,129	1,467,231	3,719,354	3,547,838	(2,427,703)	(1,968,291)	(iv)	4,696,074	4,258,082
Segment liabilities	942,425	916,885	1,673,893	1,403,134	2,103,900	1,568,813	(2,427,703)	(1,968,291)	(iv)	2,292,515	1,920,541

* Addition to non-current assets consist of additions to property, plant and equipment and investment properties.

Notes to the Financial Statements (Continued)

33. Operating segments (continued)

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

(i) Results from discontinued operation are eliminated on consolidation and presented under a separate line in the profit or loss.

(ii) Inter-segment revenues and dividend incomes are eliminated on consolidation.

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

	2014 RM'000	2013 RM'000
Share of results of associates and joint ventures	34,533	(66,133)
Unallocated corporate expenses and finance costs	(111,027)	(98,880)
Segment results of discontinued operation	(29,087)	(2,472)
	(105,581)	(167,485)

(iv) Inter-segment balances are eliminated on consolidation.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of the business segments. The Group operates in two main geographical areas in the Asia Pacific region.

Continuing operations:

Australia - mainly property development and investments and hotels.
Malaysia - property development and investments, licensed money lending and investments in securities.

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000 Restated
Australia	769,014	551,915	1,576,865	1,166,764
Malaysia	189,668	224,476	279,069	268,427
	958,682	776,391	1,855,934	1,435,191

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2014 RM'000	2013 RM'000 Restated
Property, plant and equipment	1,011,017	979,539
Investment properties	21,962	18,449
Goodwill	9,113	9,119
Inventories	813,842	428,084
	1,855,934	1,435,191

Notes to the Financial Statements (Continued)

34. Financial instruments

34.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");

(b) Fair value through profit or loss ("FVTPL") - Designated upon initial recognition ("DUIR");

(c) Available-for-sale financial assets ("AFS"); and

(d) Financial liabilities measured at amortised cost ("FL").

2014	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL -DUIR RM'000	AFS RM'000
Financial assets				
Group				
Investment securities	95,129	-	6,682	88,447
Trade and other receivables	260,710	260,710	-	-
Cash and cash equivalents	600,796	600,796	-	-
	956,635	861,506	6,682	88,447
Company				
Investment securities	1,043	-	-	1,043
Trade and other receivables	983,437	983,437	-	-
Cash and cash equivalents	57	57	-	-
	984,537	983,494	-	1,043
Financial liabilities				
Group				
Loans and borrowings	(1,957,727)	(1,957,727)	-	-
Trade and other payables	(285,536)	(285,536)	-	-
Derivative financial liabilities	(4,928)	-	(4,928)	-
	(2,248,191)	(2,243,263)	(4,928)	-
Company				
Loans and borrowings	(56,366)	(56,366)	-	-
Trade and other payables	(4,090)	(4,090)	-	-
	(60,456)	(60,456)	-	-

Notes to the Financial Statements (Continued)

34. Financial instruments (continued)

34.1 Categories of financial instruments (continued)

2013	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL -DUIR RM'000	AFS RM'000
Financial assets				
Group				
Investment securities	80,255	-	5,304	74,951
Trade and other receivables	236,143	236,143	-	-
Cash and cash equivalents	659,553	659,553	-	-
	975,951	895,696	5,304	74,951
Company				
Investment securities	1,043	-	-	1,043
Trade and other receivables	809,455	809,455	-	-
Cash and cash equivalents	35,210	35,210	-	-
	845,708	844,665	-	1,043
Financial liabilities				
Group				
Loans and borrowings	(1,623,031)	(1,623,031)	-	-
Trade and other payables	(166,655)	(166,655)	-	-
Derivative financial liabilities	(1,027)	-	(1,027)	-
	(1,790,713)	(1,789,686)	(1,027)	-
Company				
Trade and other payables	(4,645)	(4,645)	-	-

34.2 Net gains and losses arising from financial instruments

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Net gains/(losses) on:				
Fair value through profit or loss				
- Designated upon initial recognition	2,249	326	-	-
- Derivatives	(1,225)	7,903	-	-
Available-for-sale financial assets				
- Recognised in other comprehensive income	8,301	17,647	-	-
- Recognised in profit or loss, net	(11,005)	(3,549)	-	-
Loans and receivables				
- Receivables, net	5,171	703	1,843	-
- Cash and cash equivalents	3,467	5,416	301	1,768
Financial liabilities measured at amortised cost	(92,236)	(68,530)	(1,870)	(219)
	(85,278)	(40,084)	274	1,549

Notes to the Financial Statements (Continued)

34. Financial instruments (continued)

34.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

34.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and investment in debt securities. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group 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.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

The Group's normal credit terms range from 14 to 60 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The Group has credit risk concentration of 56% arising from the exposure to two debtors in the outstanding amount of trade and other receivables. Management constantly monitors the recovery of these outstanding balances and is confident of its recoverability as the said amounts are fully secured.

Notes to the Financial Statements (Continued)

34. Financial instruments (continued)

34.4 Credit risk (continued)

Receivables (continued)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2014			
Not past due	57,913	-	57,913
Past due 1 - 30 days	3,515	-	3,515
Past due 31 - 60 days	4,285	-	4,285
Past due more than 60 days	21,340	(5,389)	15,951
	87,053	(5,389)	81,664
2013			
Not past due	42,952	-	42,952
Past due 1 - 30 days	13,687	-	13,687
Past due 31 - 60 days	7,823	-	7,823
Past due more than 60 days	21,690	(5,374)	16,316
	86,152	(5,374)	80,778

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group 2014 RM'000	Group 2013 RM'000
At 1 January	5,374	23,006
Impairment loss recognised	449	975
Impairment loss reversed	-	(2,130)
Impairment loss written off	(374)	(15,374)
Exchange adjustment	(60)	(1,103)
At 31 December	5,389	5,374

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Notes to the Financial Statements (Continued)

34. Financial instruments (continued)

34.4 Credit risk (continued)

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with reputable financial institutions. Transactions involving derivative financial instruments are with approved financial institutions.

Exposure to credit risk, credit quality and collateral

The Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties for investments and other financial assets.

The investments and other financial assets are unsecured.

Impairment losses

As at the end of the reporting period, there was no indication that the investments are not recoverable.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

The Company has undertaken to provide financial support to certain subsidiaries to enable them to continue to operate as going concerns.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM536,798,000 (2013: RM417,672,000) representing the outstanding banking facilities of the subsidiaries as at end of the reporting period.

Guarantees and letters of credit given to third parties and share of guarantees and letters of credit given to third parties entered into by a joint venture held by the Group amounted to RM61,332,000 and RM7,280,000 respectively in previous year.

As at the end of the reporting period, there was no indication that any subsidiary nor the joint venture held by the Group would default on repayment.

As at reporting date, no values are ascribed on corporate guarantees provided by the Group and the Company to secure bank loans and other banking facilities granted to its subsidiaries where such loans and bank facilities are fully collateralised by charges over the property, plant and equipment of the subsidiaries and where the Directors regard the value of the credit enhancement provided by the corporate guarantees as minimal.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Notes to the Financial Statements (Continued)

34. Financial instruments (continued)

34.4 Credit risk (continued)

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in Note 13. The Company has undertaken to provide financial support to certain subsidiaries to enable them to continue to operate as going concerns.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries. Non-current loans to subsidiaries are not overdue.

34.5 Liquidity risk

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

The Group manages its debt maturity profile, 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 liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the Financial Statements (Continued)

34. Financial instruments (continued)

34.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
2014						
Non-derivative financial liabilities						
Bank overdraft- secured	2,162	7.85 - 8.85	2,162	2,162	-	-
Bonds - secured	623,339	8.00 - 8.50	785,775	53,023	624,698	108,054
Trade and other payables	283,536	-	283,536	270,045	-	13,491
Revolving credit	210,862	3.45 - 5.60	211,610	211,610	-	-
Term loans	1,113,228	0.74 - 8.70	1,165,391	988,313	177,078	-
Finance lease liabilities	8,136	7.00 - 8.00	8,315	161	259	7,895
	2,241,263		2,456,789	1,525,314	802,035	129,440
Company						
2014						
Bank overdraft- secured	366	8.85	366	366	-	-
Revolving credit	56,000	4.65 - 5.50	56,000	56,000	-	-
Financial guarantees	-	-	536,798	536,798	-	-
	56,366		593,164	593,164	-	-
Group						
2013						
Non-derivative financial liabilities						
Bank overdraft- secured	1,558	8.35 - 8.60	1,558	1,558	-	-
Bonds - secured	504,569	7.12 - 8.71	529,424	204,964	228,542	95,918
Bills payable	8,790	5.55	8,790	8,790	-	-
Trade and other payables	164,655	-	164,655	155,388	-	9,267
Revolving credit	197,415	3.30 - 5.15	197,415	197,415	-	-
Term loans	903,907	0.76 - 8.10	922,334	390,527	145,512	386,295
Finance lease liabilities	6,792	7.20 - 7.40	7,553	2,384	5,169	-
	1,787,686		1,831,729	961,026	379,223	491,480
Company						
2013						
Financial guarantees	-	-	417,672	417,672	-	-

Notes to the Financial Statements (Continued)

34. Financial instruments (continued)

34.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

34.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Australian Dollar (AUD), Hong Kong Dollar (HKD), Great Britain Pound (GBP), Japanese Yen (JPY) and U.S. Dollar (USD).

Risk management objectives, policies and processes for managing the risk

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated				
Group	**HKD RM'000**	**JPY RM'000**	**AUD RM'000**	**USD RM'000**	**GBP RM'000**
2014					
Bank loans	-	(88,420)	(327,145)	-	-
Short term deposits	-	-	-	367,202	-
Bank balances	-	-	-	121,778	306
	-	(88,420)	(327,145)	488,980	306
2013					
Bank loans	-	(199,164)	(229,778)	(3,291)	-
Short term deposits	49,513	-	-	473,690	-
	49,513	(199,164)	(229,778)	470,399	-

	Denominated			
Company	**HKD RM'000**	**AUD RM'000**	**USD RM'000**	**GBP RM'000**
2014				
Amounts due from subsidiaries	315,446	312,540	123,024	59,258
2013				
Amounts due from subsidiaries	296,474	265,009	84,425	9,770

Currency risk sensitivity analysis

A 5% (2013: 5%) strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant.

Notes to the Financial Statements (Continued)

34. Financial instruments (continued)

34.6 Market risk (continued)

34.6.1 Currency risk (continued)

	Profit or Loss	
	2014	2013
Group	RM'000	RM'000
HKD	-	(1,857)
JPY	3,316	7,469
AUD	12,268	8,617
USD	(18,337)	(17,640)
GBP	(11)	-
Company		
HKD	(11,829)	(11,118)
AUD	(11,720)	(9,938)
USD	(4,613)	(3,166)
GBP	(2,222)	(366)

A 5% weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

34.6.2 Interest rate risk

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk and borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group's interest-bearing financial assets are mainly short-term in nature and have been mostly placed in fixed deposits.

Risk management objectives, policies and processes for managing the risk

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial liabilities	(631,475)	(562,287)	-	-
Floating rate instruments				
Financial liabilities	(1,326,252)	(1,060,744)	(56,366)	-

Notes to the Financial Statements (Continued)

34. Financial instruments (continued)

34.6 Market risk (continued)

34.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant.

	Group		**Company**	
	Profit or Loss			
Group	**50bp increase RM'000**	**50bp decrease RM'000**	**50bp increase RM'000**	**50bp decrease RM'000**
2014				
Floating rate instruments	(4,973)	4,973	(211)	211
2013				
Floating rate instruments	(3,978)	3,978	-	-

34.6.3 Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors of the Group.

Equity price risk sensitivity analysis

A 10% (2013: 10%) increase in equity and debt securities market prices at the end of the reporting period would have increased equity by RM7,852,000 (2013: RM7,358,000) for investment classified as available-for-sale and post-tax profit or loss by RM183,000 (2013: RM263,000) for investments classified as fair value through profit or loss. A 10% (2013: 10%) weakening in equity and debt securities market prices would have had equal but opposite effect on equity and profit or loss respectively.

34.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices in an active market and the fair value cannot be reliably measured.

Notes to the Financial Statements (Continued)

34. Financial instruments (continued)

34.7 Fair value information (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				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Group										
2014										
Financial assets										
Quoted shares	80,952	-	-	80,952	-	-	-	-	80,952	80,952
Financial liabilities										
Currency option contracts	-	(4,928)	-	(4,928)	-	-	-	-	(4,928)	(4,928)
Loans and borrowings	-	-	-	-	-	-	(1,780,747)	(1,780,747)	(1,780,747)	(1,957,727)
	-	(4,928)	-	(4,928)	-	-	(1,780,747)	(1,780,747)	(1,785,675)	(1,962,655)
Company										
2014										
Financial liabilities										
Loans and borrowings	-	-	-	-	-	-	(53,373)	(53,373)	(53,373)	(56,366)
Group										
2013										
Financial assets										
Quoted shares	75,042	-	-	75,042	-	-	-	-	75,042	75,042
Quoted bonds	2,042	-	-	2,042	-	-	-	-	2,042	2,042
	77,084	-	-	77,084	-	-	-	-	77,084	77,084
Financial liabilities										
Currency option contracts	-	(1,027)	-	(1,027)	-	-	-	-	(1,027)	(1,027)
Loans and borrowings	-	-	-	-	-	-	(1,482,395)	(1,482,395)	(1,482,395)	(1,623,031)
	-	(1,027)	-	(1,027)	-	-	(1,482,395)	(1,482,395)	(1,483,422)	(1,624,058)
Company										
2013										
Financial liabilities										
Loans and borrowings	-	-	-	-	-	-	-	-	-	-

Notes to the Financial Statements (Continued)

34. Financial instruments (continued)

34.7 Fair value information (continued)

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.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2013: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

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

Financial instruments not carried at fair value

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Loans and borrowings	Discounted cash flows	Interest rate (2014: 0.74% to 8.85%)	The estimated fair value would increase (decrease) if the interest rate were higher (lower).

Valuation processes applied by the Group for Level 3 fair value

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. The market rate of interest of loans and borrowings is determined by reference to similar borrowing arrangements.

Notes to the Financial Statements (Continued)

35. Capital management

The Group's financial risk management objective seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Group. The Group may adjust the capital structure by issuing new shares or returning capital to shareholders.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio up to 50%. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent less capital reserve.

Group	2014 RM'000	2013 RM'000
Loans and borrowings (Note 21)	1,957,727	1,623,031
Trade and other payables (Note 22)	285,536	166,655
Less: Cash and cash equivalents (Note 17)	(600,796)	(659,553)
Net debt	1,642,467	1,130,133
Equity attributable to the owners of the Company	2,359,213	2,285,411
Less: Capital reserves	(117,727)	(115,386)
Total capital	2,241,486	2,170,025
Capital and net debt	3,883,953	3,300,158
Gearing ratio	42%	34%

There was no change in the Group's approach to capital management during the financial year.

36. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2014 RM'000	2013 RM'000
Not later than 1 year	27,426	6,236
Later than 1 year but not later than 5 years	99,494	78,291
Later than 5 years	53,515	118,660
	180,435*	203,187*

The Group leases various assets under operating leases. The leases will run for a period between 1 and 44 years, with an option to renew certain leases after that date.

* Included an amount of RM116.52 million (2013: RM90.05 million) which is severally and jointly guaranteed by the Company and one of its subsidiaries.

Notes to the Financial Statements (Continued)

36. Operating leases (continued)

Leases as lessor

The Group lease out their property, plant and equipment under operating leases (see Note 3). The future minimum lease receivables under non-cancellable leases are as follows:

	Group	
	2014 RM'000	2013 RM'000
Not later than 1 year	24,147	15,578
Later than 1 year but not later than 5 years	66,848	44,454
Later than 5 years	19,262	22,873
	110,257	82,905

37. Capital commitments

	Group	
	2014 RM'000	2013 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	1,958	85,555
Approved but not contracted for	710	33,988
	2,668	119,543

38. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its subsidiaries, associates, joint ventures, other related parties and key management personnel.

Notes to the Financial Statements (Continued)

38. Related parties (continued)

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 13 and Note 22.

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
A. Subsidiaries				
Interest income	-	-	1,843	198
Dividend income	-	-	40,663	47,574
Rental expense	-	-	67	62
Management fee expense	-	-	1,615	1,684
B. Associates				
Agency fee	1,258	-	-	-
Dividend income	26,304	15,542	-	-
Director fees	257	310	-	-
Disposal of investment securities	-	29,167	-	-
Interest expense	1,239	-	-	-
Purchase of investment securities	-	27,353	-	-
Project management fee	1,965	-	-	-
Rental income	1,610	1,774	-	-
Rental expense	720	630	-	-
Share service income	2,236	3,368	-	-
Sale proceeds from disposal of inventories	78,117	-	-	-
C. Joint ventures				
Dividend income	-	7,650	-	-
D. Other related parties				
Non-controlling interests of a subsidiary:				
- Interest expense	100	100	-	-
A company related to a person connected to a director:				
- Interest expense	390	390	-	-
A firm related to a director:				
- Legal fees	174	75	-	-
- Purchase of other investments	-	2,340	-	2,340
E. Key management personnel				
Directors				
- Remuneration	1,395	1,617	515	531
- Fees	390	325	390	325
- Defined contribution plans	86	86	61	61
- Estimated money value of benefits-in-kind	62	80	27	39
	1,933	2,108	993	956
Other key management personnel				
- Remuneration	25,253	22,618	-	-
- Defined contribution plans	2,238	745	-	-
	27,491	23,363	-	-

Notes to the Financial Statements (Continued)

38. Related parties (continued)

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

39. Acquisition of subsidiaries

Acquisition of subsidiaries - Mulpha Norwest Pty Limited

Mulpha Investments Pty Limited ("MIPL"), an indirect wholly-owned subsidiary of the Company has on 12 February 2014 entered into a conditional share sale agreement with Aveo Group Limited, Mulpha Australia Limited, Mulpha FKP Pty Limited ("MFKP") and Norwest Real Estate Pty Ltd to acquire the remaining 49.99% of the total issued and paid-up share capital of MFKP, from Aveo Group Limited for a total purchase consideration of AUD55.95 million (equivalent to approximately RM167.88 million) ("Proposed Acquisition"). Prior to the acquisition, MIPL held 50.01% of the total issued and paid-up share capital of MFKP, which is a joint venture of MIPL. The Proposed Acquisition was completed in May 2014 and MFKP (currently known as Mulpha Norwest Pty Limited), has become a wholly-owned subsidiary of MIPL. The effective date of control was 1 April 2014 when all conditions precedent had been satisfied or waived. The revenue contribution of the investment from effective date of control to 31 December 2014 is AUD101.8 million (equivalent to approximately RM300.3 million) and profit after tax of AUD31.5 million (equivalent to approximately RM92.9 million).

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

Fair value of consideration transferred

	Group 2014 RM'000
Cash and cash equivalents	7,121
Settlement of pre-existing relationship	162,415
Transaction costs	6,902
Total cash flows	176,438

Identifiable assets acquired and liabilities assumed

	Group 2014 RM'000
Property, plant and equipment	145
Inventories	467,738
Trade and other receivables	14,742
Cash and cash equivalents	13,675
Deferred tax assets	3,763
Loans and borrowings	(142,410)
Deferred tax liabilities	(1,900)
Provisions for liabilities	(984)
Provision for income tax	(255)
Trade and other payables	(9,670)
Total identifiable net assets	344,844

Notes to the Financial Statements (Continued)

39. Acquisition of subsidiaries (continued)

Net cash outflow arising from acquisition of subsidiaries

	Group 2014 RM'000
Purchase consideration settled in cash and cash equivalents	(7,121)
Cash and cash equivalents acquired	13,675
Transaction costs	(6,902)
Total cash flows	(348)

Goodwill

	Group 2014 RM'000
Total consideration transferred	176,438
Fair value of identifiable assets	(344,844)
Existing investment cost in joint venture	169,145
Realisation of deferred tax liabilities	(38,192)
Exchange differences	990
Negative goodwill	(36,463)

40. Significant events

(i) Disposal of inventories to an associated company

Mulpha Norwest Pty Limited ("Norwest") and Mulpha Sanctuary Cove (Developments) Pty Limited ("SC"), subsidiaries of Mulpha Australia Limited, which in turn is a wholly-owned subsidiary of the Company, had on 20 May 2014 entered into 3 separate conditional contracts for the sale of land to two subsidiaries of Aveo Group, namely Aveo Southern Gateway Pty Limited and Aveo Santuary Cove Pty Limited for a total consideration of AUD53.6 million (equivalent to approximately RM161 million) ("Proposed Disposals"). The Proposed Disposals consist of the following:

(a) disposal of 2 parcels of land located at Norwest Business Park at Baulkham Hills in Western Sydney, New South Wales by Norwest to Aveo Southern Gateway Pty Limited, which was completed in the fourth quarter of 2014 with a potential price adjustment which may crystalise in 2015. The potential price adjustment has been recognised as deferred revenue; and

(b) disposal of a parcel of land held under Lots 2, 4, 5 and 8 on SP 186788, located at Sanctuary Cove, in the northern end of Queensland's Gold Coast by SC to Aveo Sanctuary Cove Pty Limited, which was completed in the second quarter of 2014.

(ii) Additional investment cost in associates

Details of the additonal investment cost in associates are disclosed in Note 7 to the financial statements.

Notes to the Financial Statements (Continued)

41. Subsequent events

(i) Purchase of inventories

On 18 December 2014, Norwest City Pty Limited, an indirect wholly-owned subsidiary of the Company entered into a Contract for the Sale of Land with Norwest Marketown Pty Limited as trustee for Norwest Lakeside Unit Trust ("Vendor") for the proposed acquisition of Norwest Marketown and certain surrounding lands located at Norwest Boulevard, Baulkham Hills NSW, Australia from the Vendor for a total purchase consideration of AUD120 million (equivalent to RM349.2 million). The said acquisition was completed on 27 February 2015.

(ii) Divestment of interest in subsidiaries

The Company entered into a call option agreement ("Call Option Agreement") on 17 May 2012 with Teladan Kuasa Sdn Bhd ("Option Holder") to grant the Option Holder the right to require the Company to sell to the Option Holder up to 75 million ordinary shares in Mulpha Land Berhad ("MLB") (adjusted after the bonus issue exercise of MLB) at an adjusted option price of RM0.47 per share ("Call Option"). The Option Holder has paid the Company a non-refundable cash consideration of RM2 million upon execution of the Call Option Agreement as disclosed in Note 22(d). As at 31 December 2014, MLB is a 61.93% owned subsidiary of the Company.

The Option Holder is entitled to exercise the Call Option at any time during the period commencing from the date falling three (3) months after the date of the Call Option Agreement and ending on the day immediately preceding the third anniversary of the Call Option Agreement.

On 6 March 2015, the Option Holder exercised the Call Option. The sale and transfer of the 75 million ordinary shares by the Company to the Option Holder was completed on 9 March 2015.

Upon completion, the Company owns 29.08% of MLB and MLB will be regarded as an associate company of the Company. The divestment of equity interest resulted in a gain on disposal of subsidiaries of approximately RM38 million and RM9 million to the Group and the Company respectively.

(iii) Renewal of bank borrowings

On 2 February 2015, the repayment of a term loan facility amounting to AUD141.5 million representing RM403.28 million of Mulpha Australia Limited, a wholly-owned subsidiary of the Company was renewed and extended for another 3 years.

Notes to the Financial Statements (Continued)

42. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Total retained earnings/(accumulated losses)				
- realised	905,511	778,273	(167,724)	(233,257)
- unrealised	52,883	27,455	16,401	3,542
Total share of retained earnings/(accumulated losses) from associates				
- realised	181,982	208,906	-	-
- unrealised	485	-	-	-
- breakdown unavailable*	(571,139)	(595,762)	-	-
Total share of retained earnings from joint ventures				
- realised	-	31,336	-	-
- unrealised	-	3,441	-	-
	569,722	453,649	(151,323)	(229,715)
Less: Consolidation adjustments	(137,011)	(145,084)	-	-
Total retained earnings/(accumulated losses)	432,711	308,565	(151,323)	(229,715)

* There is no separate disclosure shown between the realised and unrealised profits or losses components for the Group's associates, AVEO Group, New Pegasus Holdings Limited and Rotol Singapore Ltd., as such classification is not governed by the reporting requirements in their respective local jurisdictions.

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

Statement by Directors

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

In the opinion of the Directors, the financial statements set out on pages 49 to 141 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 42 on page 142 to the financial statements has been compiled in accordance with Guidance on Special Matter *No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Lee Seng Huang **Law Chin Wat**

Date: 24 April 2015

Statutory Declaration

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

I, **Lee Eng Leong**, the officer primarily responsible for the financial management of Mulpha International Bhd., do solemnly and sincerely declare that the financial statements set out on pages 49 to 142 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named at Petaling Jaya in the State of Selangor on 24 April 2015.

Lee Eng Leong

Before me:

PESURUHJAYA SUMPAH
No. B 226
Nama: [illegible] BT SULAIMAN
MALAYSIA

No. 42C (3rd floor)
Jalan SS 22/21, Damansara Jaya
47400 Petaling Jaya
Selangor Darul Ehsan

Independent Auditors' Report

to the members of Mulpha International Bhd.

(Company No. 19764-T)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Mulpha International Bhd., which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 49 to 141.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Independent Auditors' Report (Continued)

to the members of Mulpha International Bhd.
(Company No. 19764-T)
(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries 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.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 42 on page 142 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

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

KPMG	**Chew Beng Hong**
Firm Number: AF 0758	Approval Number: 2920/02/16(J)
Chartered Accountants	Chartered Accountant

Petaling Jaya, Selangor

Date: 24 April 2015

Material Properties of the Group
as at 31 December 2014

	Location / Address	Year of Acquisition / Completion	Tenure	Year Lease Expiring	Age of Building	Land Area / Built Up Area	Description / Existing Use	Net Book Value RM'000
1.	117, Macquire Street Sydney New South Wales, Australia	2004	Freehold	N/A	29 years	3,909.00 sq. metres	5 star hotel	531,134
2.	Lot 679, 7, 8, 1141 and 1514 Mukim Pulai and Tanjung Kupang Daerah Johor Bahru	1991	Freehold	N/A	N/A	374.25 hectares	Land being used for a resort & recreation, residential and commercial development	376,375
3.	Hayman Island Great Barrier Reef Queensland Australia	2004	Leasehold	Perpetuity	26 years	291.48 hectares	5 star island resort and residential development	325,914
4.	Sanctuary Cove Gold Coast, Brisbane Queensland Australia	2002	Freehold	N/A	N/A	72.59 hectares	Integrated resort with hotel, clubs, marina and residential developments	322,776
5.	PN 30649 & PN 30650 Lot 212 & 213 Mukim Bandar Damansara Daerah Petaling, Selangor	2013	Leasehold	2090	N/A	2.59 hectares	Land to be used for mixed commercial development	131,782
6.	99-113, Macquire Street Sydney New South Wales, Australia	2004	Freehold	N/A	76 years	1,600.00 sq. metres	Commercial property	120,651
7.	Bella Vista Waters and Circa, Bella Vista New South Wales, Australia	2014	Freehold	N/A	N/A	15.10 hectares	Residential and commercial developments	115,995
8.	Mulgoa Rise Bradley Street Glenmore Park New South Wales, Australia	2014	Freehold	N/A	N/A	16.66 hectares	Residential development	106,971
9.	The Greens Solent Circuit Baulkham Hills New South Wales, Australia	2014	Freehold	N/A	N/A	4.82 hectares	Residential development	105,534
10.	Lot 84-89, 696, 908 and 2991 Mukim Pulai Johor Bahru, Johor	2011	Freehold	N/A	N/A	41.79 hectares	Land to be used for mixed residential development	38,490

Note: The list of properties above shows the particulars of the top 10 properties in terms of highest net book value as at the end of the financial year.

Analysis of Shareholdings

as at 20 April 2015

Authorised Share Capital	:	RM2,000,000,000 divided into 4,000,000,000 ordinary shares of RM0.50 each
Issued and Paid-up Share Capital	:	RM1,177,956,579 divided into 2,355,913,158 ordinary shares of RM0.50 each
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	1) One vote per shareholder on a show of hands 2) One vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	709	2.56	22,648	0.00
100 - 1,000	4,482	16.18	4,184,148	0.20
1,001 - 10,000	14,636	52.85	70,973,605	3.33
10,001 - 100,000	6,833	24.67	226,190,141	10.60
100,001 - 106,683,166 (Less than 5% of issued shares)	1,034	3.73	1,145,012,867	53.66
106,683,167 (5%) and above	2	0.01	687,279,949	32.21
	27,696	100.00	2,133,663,358 *	100.00*

* Excludes 222,249,800 treasury shares retained by the Company as per the Record of Depositors.

THIRTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	% *
1.	Nautical Investments Limited	503,380,000	23.59
2.	Magic Unicorn Limited	183,899,949	8.62
3.	Cartaban Nominees (Asing) Sdn Bhd - Sun Hung Kai Investment Services Ltd for Top Champ Assets Limited	91,935,000	4.31
4.	Klang Enterprise Sendirian Berhad	64,906,600	3.04
5.	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Vista Power Sdn Bhd	64,638,333	3.03
6.	Alliancegroup Nominees (Asing) Sdn Bhd - Sun Hung Kai Investment Services Limited for Honest Opportunity Limited	60,510,300	2.84
7.	Yong Pit Chin	48,153,000	2.26
8.	Jimmy Thomas @ James Abraham Thomas	45,526,800	2.13
9.	Citigroup Nominees (Asing) Sdn Bhd - UBS AG for CGO Fund	44,903,800	2.10
10.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Exempt AN for Sun Hung Kai Investment Services Limited (A/C Client)	40,000,000	1.87
11.	UOB Kay Hian Nominees (Asing) Sdn Bhd - Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	25,674,184	1.20
12.	Vista Power Sdn Bhd	25,363,700	1.19
13.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	24,881,500	1.17

Analysis of Shareholdings
as at 20 April 2015

THIRTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	% *
14.	First Positive Sdn Bhd	24,762,300	1.16
15.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for Bank Julius Baer & Co. Ltd (Singapore Bch)	17,568,400	0.82
16.	Nautical Investments Limited	17,448,000	0.82
17.	Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	16,503,844	0.77
18.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	15,339,400	0.72
19.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Small Cap Series	13,657,600	0.64
20.	Wong Sue Yin	10,571,100	0.50
21.	Citigroup Nominees (Asing) Sdn Bhd - CGML IPB for ASM Co-Investment Opportunity Trust II LP	10,116,800	0.47
22.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	9,702,632	0.45
23.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for The Hongkong and Shanghai Banking Corporation Limited (PB-HKDIV-ACCL)	8,700,000	0.41
24.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Teh Siew Wah (021)	8,287,000	0.39
25.	HSBC Nominees (Asing) Sdn Bhd - BNYM SA/NV for William Blair Directional Multi Alternative Fund (TST for Prof MG)	6,780,300	0.32
26.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd - Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	6,617,215	0.31
27.	DB (Malaysia) Nominee (Asing) Sdn Bhd - Exempt AN for Bank of Singapore Limited	5,941,000	0.28
28.	Tan Kok Teong	5,439,000	0.25
29.	RHB Nominees (Asing) Sdn Bhd - Pledged Securities Account for Lee Sui Hee	5,126,900	0.24
30.	Cimsec Nominees (Asing) Sdn Bhd - Exempt AN for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	4,552,096	0.21

* Excludes 222,249,800 treasury shares retained by the Company as per the Record of Depositors.

Analysis of Shareholdings
as at 20 April 2015

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct No. of Shares	Direct % *	Indirect No. of Shares	Indirect % *
Nautical Investments Limited	520,828,000	24.41	-	-
Magic Unicorn Limited	183,899,949	8.62	-	-
Mountbatten Corporation	-	-	520,828,000 [a]	24.41
Mount Glory Investments Limited	-	-	704,727,949 [b]	33.03
Yong Pit Chin	88,153,000	4.13	771,634,549 [c]	36.16
Lee Seng Huang	-	-	859,787,549 [d]	40.29
Mackenzie Cundill Investment Management Ltd	156,544,100	7.34	-	-

DIRECTOR'S SHAREHOLDING IN MULPHA INTERNATIONAL BHD

Name of Director	Direct No. of Shares	Direct % *	Indirect No. of Shares	Indirect % *
Lee Seng Huang	-	-	859,787,549 [d]	40.29

By virtue of Lee Seng Huang's substantial interest in the shares of Mulpha International Bhd, he is also deemed interested in the shares of all the subsidiaries to the extent that Mulpha International Bhd has an interest.

Notes:

[a] Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of its shareholding in Nautical Investments Limited.

[b] Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of its shareholdings in Mountbatten Corporation and Magic Unicorn Limited.

[c] Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of her shareholdings in Mount Glory Investments Limited and Klang Enterprise Sdn Bhd.

[d] Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of his family relationship with Yong Pit Chin and his shareholding in Klang Enterprise Sdn Bhd.

* Excludes 222,249,800 treasury shares retained by the Company as per the Record of Depositors.

Notice of 41st Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 41st Annual General Meeting of Mulpha International Bhd will be held at Level 11, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Thursday, 25 June 2015 at 2.30 p.m. for the following purposes:-

AS ORDINARY BUSINESS

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

2. To re-elect the following Directors who retire by rotation pursuant to Article 101 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-

   (a) Chew Hoy Ping *(Ordinary Resolution 1)*
   (b) Dato' Yusli Bin Mohamed Yusoff *(Ordinary Resolution 2)*
   (c) Loong Caesar *(Ordinary Resolution 3)*

3. To consider and if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:-

   "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' Lim Say Chong who is over the age of 70 years, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." *(Ordinary Resolution 4)*

4. To approve the payment of Directors' fees amounting to RM390,000 for the financial year ended 31 December 2014. *(Ordinary Resolution 5)*

5. To re-appoint Messrs KPMG as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 6)*

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions:-

6. **ORDINARY RESOLUTION:**
   Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965

   "THAT subject always to the Companies Act, 1965, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company's Articles of Association and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." *(Ordinary Resolution 7)*

Notice of 41st Annual General Meeting

7. **ORDINARY RESOLUTION:**
Proposed Renewal of Authority to Allot and Issue Shares pursuant to the Company's Dividend Reinvestment Plan

"THAT pursuant to the Dividend Reinvestment Plan as approved by the shareholders at the Extraordinary General Meeting held on 27 June 2011, the Directors be and are hereby authorised to allot and issue new ordinary shares of RM0.50 each in the Company from time to time as may be required under the Company's Dividend Reinvestment Plan until the conclusion of the next Annual General Meeting of the Company, upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit and in the interest of the Company.

THAT the Directors and the Secretary be and are hereby authorised to do all such acts and enter into all such transactions, agreements, arrangements and documents as may be necessary or expedient in order to give full effect to the Dividend Reinvestment Plan, with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or at the discretion of the Directors in the best interest of the Company." *(Ordinary Resolution 8)*

8. **ORDINARY RESOLUTION:**
Proposed Renewal of Authority for the Purchase by the Company of its Own Shares

"THAT subject to compliance with the Companies Act, 1965, the Company's Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant rules and regulations that may be in force from time to time, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM0.50 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities, upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company PROVIDED THAT:-

(a) the aggregate number of ordinary shares in the Company which may be purchased and/or held by the Company shall not exceed 10% of the issued and paid-up share capital of the Company at any point in time; and

(b) the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the Company's share premium account.

THAT such authority shall commence upon the passing of this ordinary resolution and shall remain in force until:-

(i) the conclusion of the next Annual General Meeting of the Company at which time such authority shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

Notice of 41st Annual General Meeting

THAT authority be and is hereby given to the Directors of the Company to decide in their discretion to retain the ordinary shares in the Company so purchased by the Company as treasury shares and/or to cancel them and/or to resell the treasury shares and/or to distribute them as share dividend and/or subsequently cancel them.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to give full effect to the aforesaid with full power to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company." *(Ordinary Resolution 9)*

9. **ORDINARY RESOLUTION:**
Continuing in Office as Independent Non-Executive Director

"THAT approval be and is hereby given to Kong Wah Sang, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to serve as an Independent Non-Executive Director of the Company, in accordance with the Malaysian Code on Corporate Governance 2012." *(Ordinary Resolution 10)*

By Order of the Board

LEE ENG LEONG (MIA 7313)
LEE SUAN CHOO (MAICSA 7017562)
Company Secretaries

Petaling Jaya
29 May 2015

Notice of 41st Annual General Meeting

NOTES:

1. A member of the Company who is entitled to attend and vote at a general meeting of the Company, may appoint not more than 2 proxies to attend and vote instead of the member at the meeting.
2. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the proxy shall have the same rights as the member to speak at the meeting.
3. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than 2 proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.
5. Where a member or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. 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 its officer duly authorised.
7. The instrument appointing a proxy must be deposited at the Registered Office of the Company at PH2, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
8. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Securities Berhad to issue a Record of Depositors as at 17 June 2015 and only members whose names appear in the Record of Depositors shall be entitled to attend, speak and vote at this meeting.

EXPLANATORY NOTE A:

This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require the Audited Financial Statements to be formally approved by the shareholders. As such, this item on the agenda is not put forward for voting.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

1. **Ordinary Resolution 7 - Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965**

   The proposed Ordinary Resolution 7 is to empower the Directors to issue shares in the Company up to an aggregate amount not exceeding 10% of the total issued share capital of the Company for such purposes as they consider would be in the interest of the Company, such as investment(s), acquisition of asset(s) or working capital. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. The Company did not issue any shares pursuant to the mandate granted last year. Nevertheless, a renewal of the mandate is sought to avoid any delay and cost involved in convening a general meeting to approve such issue of shares.

Notice of 41st Annual General Meeting

EXPLANATORY NOTES ON SPECIAL BUSINESS:

2. **Ordinary Resolution 8 - Proposed Renewal of Authority to Allot and Issue Shares pursuant to the Company's Dividend Reinvestment Plan**

   The proposed Ordinary Resolution 8 will give authority to the Directors to allot and issue new ordinary shares in the Company from time to time as may be required under the Company's Dividend Reinvestment Plan until the conclusion of the next Annual General Meeting of the Company. A renewal of this authority will be sought at the subsequent Annual General Meeting.

3. **Ordinary Resolution 9 - Proposed Renewal of Authority for the Purchase by the Company of its Own Shares**

   The details on the proposed renewal of authority for the purchase by the Company of its own shares are set out in the Share Buy-back Statement dated 29 May 2015.

4. **Ordinary Resolution 10 - Continuing in Office as Independent Non-Executive Director**

   The proposed Ordinary Resolution 10 is to seek the shareholders' approval to retain Kong Wah Sang who has served on the Board for a cumulative term of more than 9 years, as an Independent Non-Executive Director of the Company. The Board has via the Nomination Committee, assessed the independence of Kong Wah Sang and recommended him to continue to serve as an Independent Non-Executive Director based on the following justifications:-

   (a) Mr Kong fulfilled the criteria under the definition of "Independent Director" as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and thus, he would be able to function as a check and balance to the Board.

   (b) Mr Kong performed his duties diligently and in the best interest of the Company and brings an element of objectivity and independent judgment to the Board without being subject to influence of the management.

   (c) Based on the Director's Peer Evaluation undertaken by the Board, Mr Kong has performed satisfactorily in fulfilling his duties and responsibilities, including among others, contribution to Board deliberations, regular and timely attendance of Board meetings and understanding of the roles and responsibilities of an Independent Director.

STATEMENT ACCOMPANYING NOTICE OF 41ST ANNUAL GENERAL MEETING
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. **Details of persons who are standing for election as Directors (excluding Directors standing for re-election)**

   No individual is seeking for election as a Director at the 41st Annual General Meeting of the Company.

2. **A statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

   The proposed Ordinary Resolution 7 for the general mandate for issue of securities is a renewal mandate. As at the date of this Notice, no new shares were issued pursuant to the said mandate granted to the Directors at the last Annual General Meeting held on 26 June 2014.

MULPHA INTERNATIONAL BHD (19764-T)
Incorporated in Malaysia

Proxy Form

No. of Shares held	
CDS Account No.	

I/We ______________________ NRIC No./Company No. ______________ Tel No. __________
of ____
being a member of the Company, hereby appoint ______________________________
NRIC No. ______________ of ____
and/or ____ NRIC No. ______________
of ____
or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote on my/our behalf at the 41st Annual General Meeting of the Company to be held at Level 11, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on **Thursday, 25 June 2015** at **2.30 p.m.** and at any adjournment thereof.

Please indicate with 'X' in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion.

ORDINARY RESOLUTIONS		FOR	AGAINST
Resolution 1	Re-election of Chew Hoy Ping		
Resolution 2	Re-election of Dato' Yusli Bin Mohamed Yusoff		
Resolution 3	Re-election of Loong Caesar		
Resolution 4	Re-appointment of Dato' Lim Say Chong		
Resolution 5	Approval of the payment of Directors' fees		
Resolution 6	Re-appointment of KPMG as Auditors		
Resolution 7	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
Resolution 8	Proposed renewal of authority to allot and issue shares pursuant to the Company's Dividend Reinvestment Plan		
Resolution 9	Proposed renewal of authority for the purchase by the Company of its own shares		
Resolution 10	Continuing in office as Independent Non-Executive Director – Kong Wah Sang		

Dated this ____________ day of ____________ 2015

____
Signature of Member

For appointment of 2 proxies, the percentage of shareholdings to be represented by the proxies:-		
	No. of Shares	**Percentage**
1st Proxy		%
2nd Proxy		%
Total:		100 %

Common Seal
(for Corporate Members)

NOTES:

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2. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the proxy shall have the same rights as the member to speak at the meeting.
3. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than 2 proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.
5. Where a member or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. 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 its officer duly authorised.
7. The instrument appointing a proxy must be deposited at the Registered Office of the Company at PH2, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
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FOLD THIS FLAP TO SEAL

2ND FOLD HERE

AFFIX
STAMP
HERE

The Company Secretary
MULPHA INTERNATIONAL BHD (19764-T)
PH2, Menara Mudajaya
No. 12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Malaysia

1ST FOLD HERE

Corporate Directory

1. **Mulpha International Bhd**
PH1, Menara Mudajaya
No.12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan, Malaysia

T(+603) 7718 6288
www.mulpha.com.my

2. **Leisure Farm Resort**
D'rimbunan Sales and Information Centre
No.8, Jalan Peranginan, Leisure Farm
81560 Gelang Patah, Johor
Malaysia

T(+607)556 3003
www.leisurefarm.com.my

3. **Mulpha Australia Limited**
L5, 99 Macquarie Street
Sydney, New South Wales 2000
Australia

T(+612)9239 5500
www.mulpha.com.au

4. **Mulpha Sanctuary Cove Pty Ltd.**
PO Box 199
Sanctuary Cove, Queensland 4212
Australia

T(+617)5577 6500
www.sanctuarycove.com

5. **Norwest Business Park**
L5, 99 Macquarie Street
Sydney, New South Wales 2000
Australia

T(+612)9270 6100
www.norwestbusinesspark.com.au

6. **One&Only Hayman Island**
Great Barrier Reef
Queensland 4801
Australia

T(+617) 4940 1838
www.oneandonlyhaymanisland.com.au

7. **InterContinental Sydney**
117, Macquarie Street
Sydney, New South Wales 2000
Australia

T(+612)9253 9000
www.sydney.intercontinental.com

8. **InterContinental Sanctuary Cove Resort**
Manor Circle, Sanctuary Cove
Queensland 4212
Australia

T(+617)5530 1234
www.intercontinentalsanctuarycove.com

9. **Bimbadgen**
790 McDonalds Road
Pokolbin New South Wales 2320
Australia

T(+612)4998 4600
www.bimbadgen.com.au

10. **99 Macquarie Street**
99 Macquarie Street
Sydney 2000
Australia

T(+612)9239 5500
www.99macquariestreet.com.au

11. **The Hotel School Sydney**
60 Philip St
Sydney
New South Wales 2000
Australia

T(+612)8249 3200
www.hotelschool.scu.edu.au

12. **Marritz Hotel**
12 Porcupine Road
Perisher Valley
New South Wales 2624
Australia

T(+612)6457 5220
www.marritzalpine.com.au

13. **Salzburg Apartment**
24 Porcupine Road
Perisher Valley
New South Wales 2624
Australia

T(+612) 6457 5220
www.salzburg.com.au


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T: (603) 7718 6288 F: (603) 7718 6363 www.mulpha.com.my