



ANNUAL REPORT  
**2014**

**IPMUDA BERHAD**  
(22146-T)

*THE BUILDING MATERIALS PEOPLE*



# TABLE OF CONTENTS

Notice of Annual General Meeting • **6**

Corporate Data • **10**

Operations Structure • **11**

Directors' Profile • **12**

Chief Executive Officer's Profile • **15**

Chairman's Statement • **16**

Corporate Governance Statement • **21**

Audit Committee Report • **30**

Statement on Risk Management and  
Internal Control • **34**

Financial Statements • **36**

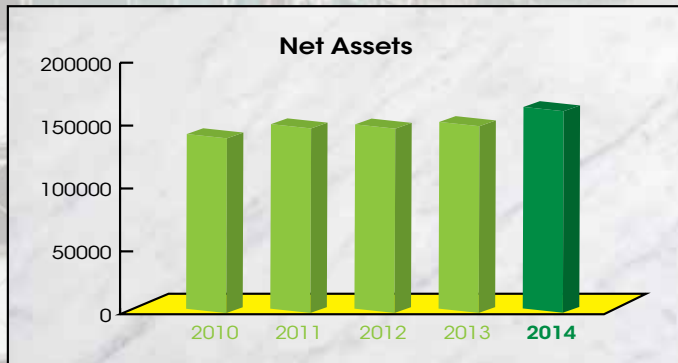
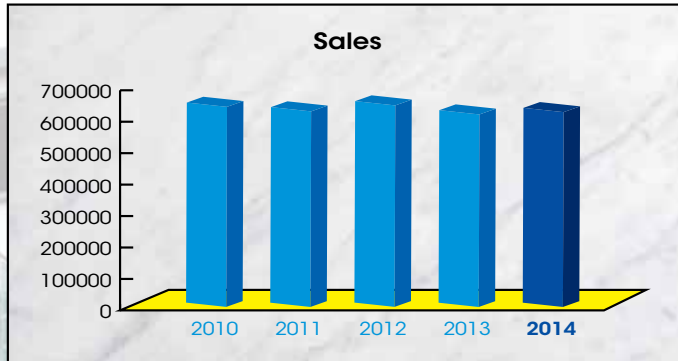
List of Properties Held • **139**

Statement of Shareholdings • **143**

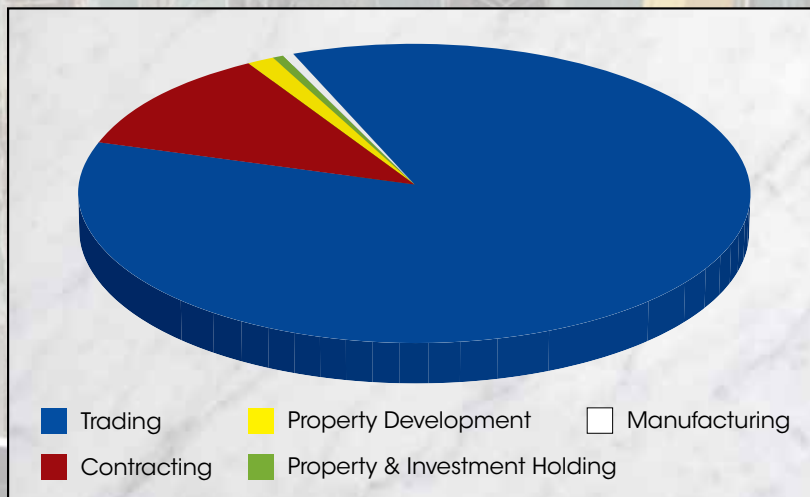
Proxy Form

## 2 OUR PERFORMANCE

### Financial Summary (RM'000)



### Segmental Revenue 2014



**ASCOTT, KL SENTRAL/** SENI MONT KIARA, KL/**KLIA 2, SEPANG/**  
**PETRONAS TWIN TOWERS, KL/TELEKOM TOWER, KL/**  
 MATRICULATION COLLEGES (PAHANG, KEDAH, JOHOR, PERAK & SELANGOR)/**MANAGEMENT TECHNOLOGY CENTRE (INTAN), BUKIT**  
 KIARA/**MAJU TOWER, KL/** CRYSTAL CROWN, PJ/**BANDAR UTAMA, PJ/SHERATON**  
**IMPERIAL, KL/KLCC, KL/SMART SCHOOL, PUTRAJAYA/INSTITUT TANAH DAN**  
**UKUR NEGARA (INSTUN), BEHRANG/** CUSTOM HEADQUARTERS, KELANA  
 JAYA/**JAYA ONE, PJ/MULTIMEDIA UNIVERSITY, CYBERJAYA/PENANG INTERNATIONAL AIRPORT/**  
**RIANA GREEN, PJ/THE SCOTT GARDEN, KL/UITM** (PERLIS, JOHOR,  
 KEDAH, MELAKA, PAHANG, TERENGGANU, PERAK & ETC)/**PAN PACIFIC HOTEL,**  
**PANGKOR/HORIZON HILLS, JB/RENAISSANCE & NEW WORLD HOTEL, KL/**  
 CONCORDE HOTEL, KL/**TRADERS HOTEL, JB/ALORSETAR HOSPITAL/PANDAN**  
**HOSPITAL, JB/GRAND SEASONS AVENUE, KL/SOLARIS DUTAMAS, KL/KIARAMASCENDANA**  
 CONDO, SRI HARTAMAS/**KLIA, SEPANG/BANDAR DATO ONN, JB/SRI BAYU**  
 RESORT, LANGKAWI/**IBUPEJABAT KONTINJEN POLIS, MELAKA/**  
**GEMAS GOLF RESORT, NEGRI SEMBILAN/HAVEN LAKESIDE**  
**RESIDENCE, IPOH/** BANDAR SERI ALAM, JB/**BANDAR SERI COALFIELDS, SG BULUH/**  
**SETIA ECO CASCADIA, JB/SETIA PEARL ISLAND, PENANG/IVORY**  
 RESIDENCE, KAJANG/**TERMINAL BERSEPADU SELATAN, KL/VISTA**  
 TASEK CONDO, KL/**LEBUHRAYA PANTAI TIMUR/MAJU EXPRESSWAY (MEX)/HOSPITAL,**  
 SUNGAI BULUH/**HOSPITAL, SHAH ALAM/NUSA BAYU, NUSA JAYA/BANDAR**  
 BOTANIC, KLANG/**USIM, NILAI/TMN SETIA TROPIKA, JB/KOTA BAYUEMAS, KLANG/**  
 UTM, SKUDAI/**BANDAR TUN HUSSEIN ONN, KL/USJ HEIGHTS,**  
 SUBANG JAYA/**9 UTAMA CONDO, PJ/UPSI, TANJUNG MALIM/LEMBAGA HASIL**  
**DALAM NEGERI HEAD OFFICE, CYBERJAYA/TAMAN NUSA DUTA, JB/**  
**BANDAR BUKIT RAJA, KLANG/** ISLAND HOSPITAL, PENANG/**PERPUSTAKAAN**  
**NEGARA, KL/FAIRLANE RESIDENCES, KL/9 SEPUTEH, KL/TUNKU ABDUL**  
 RAHMAN UNIVERSITY (TAR), KL/**IBUPEJABAT POLIS DI RAJA MALAYSIA, BUKIT AMAN/UPM,**  
**SERDANG/EMPIRE TOWER, KL/KIARAMAS SUTERA, KL/** ECO SPRING, JB/**ECO**  
 BOTANICAL, JB/**MUTIARARINI, JB/PONDEROSA, JB/ECO BUSINESS PARK,**  
 JB/**EPIC APARTMENT, JB/SIERRA PERDANA, JB/AEON, KOTA BAHRU/JKR, GRIK/**  
**PLATINUM MALL, KOTA BAHRU/TAMAN BUKIT IDAMAN, RAUB/BANDAR BARU**  
 KOTA SAS, Kuantan/**PENANG PORT TERMINAL 2, PENANG/MID VALLEY, JB/**  
**CITY MALL, TANJUNG TOKONG/1 SKY CONDOMINIUM,**  
**PENANG/D'TIARA, KL/ONE IMPERIAL SIERRA, PENANG/THE LANDMARK,**  
**PENANG/SOUTHBAY CITY, PENANG/LEXIS SUITES, TELUK KUMBAR/THE WAVE,**  
**PENANG/RIANA GREEN EAST, KL/SRI KDU, KOTA DAMANSARA/TUDM, Kuantan/**  
**SKY 88, JB/KOTA WARISAN, DENGKIL/RIMBAYU, SHAH ALAM/THE VYNE, KL/PULAPOL**  
**SEMARAK, KL/** AVANTAS RESIDENCES, KL/**HEPARA KLM, PJ/TAMAN SERI ALAM, JB/**  
 TAMAN SRI AUSTIN, JB/**UNIVERSITY SULTAN IDRIS, TANJUNG MALIM/KOLEJ MARA, KUALA**  
 NERANG/**MARKAS KEM KEMANTAHAN, KL/THE LEGEND WATER CHALET, PORT DICKSON/**  
**SEGI COLLEGE, KOTA DAMANSARA/KOLEJ MARA, MELAKA TENGAH/PEJABAT RISDA,**  
 TAIPING/**TUDM, SG BES/PERPUSTAKAAN NEGARA, KL/ISTANA NEGARA, KL/JAYA 33, PJ/**  
**O2 RESIDENCE, PUCHONG/AEON, KLEBANG/ONE KIARA, KL/SOLSTICE, CYBERJAYA/**  
**JENTAYU, TAMPOI/QUILL CITY MALL, KL/QUILL 7, KL/HAMPSHIRE PARK, KL/** FERRINGHI  
 RESIDENCES, PENANG/**MAJULING, KL/ ...**



na<sup>h</sup>m



geesa

geesa dutch detail

 **ottone<sup>®</sup>**  
meloda



**ROSET<sup>®</sup>**



## 6 NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fortieth Annual General Meeting of Ipmuda Berhad will be held at Symphony 10, 10th Floor, Symphony Suites, No: 41 Lapangan Symphony Business Park, Jalan Lapangan Symphony, 31350 Ipoh, Perak Darul Ridzuan, Malaysia, on Friday 12 June 2015 at 11.00 a.m. for the following purposes:-

### AS ORDINARY BUSINESS

- |  |                              |
|--|------------------------------|
| 1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2014 and the Directors' and Auditors' Reports thereon.   | Resolution 1                 |
| 2. To approve the payment of Directors' Fees for the year ended 31 December 2014.  | Resolution 2                 |
| 3. To re-appoint the following Director retiring under Section 129(6) of the Companies Act, 1965:<br><br>(a) Dato' Ahmad Bakri bin Shabdin   | Resolution 3                 |
| 4. To re-elect the following Directors retiring under Article 101 of the Company's Articles of Association:<br><br>(a) Tan Sri Abu Sahid bin Mohamed<br>(b) Dato' Sri Siew Mun Chuang  | Resolution 4<br>Resolution 5 |
| 5. To re-elect the following Directors retiring under Article 107 of the Company's Articles of Association:<br><br>(a) Puan Rohaizan binti Ahmad Sallehudin<br>(b) Dato' Yap Wee Leong | Resolution 6<br>Resolution 7 |
| 6. To appoint Auditors and to authorise the Directors to fix their remuneration.   | Resolution 8                 |

### AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

- |  |               |
|--|---------------|
| 7. <b><u>RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS</u></b>  |               |
| a. "THAT subject to the passing of Ordinary Resolution 3, authority be and is hereby given to Dato' Ahmad Bakri bin Shabdin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." | Resolution 9  |
| b. "THAT subject to the passing of Ordinary Resolution 5, authority be and is hereby given to Dato' Sri Siew Mun Chuang who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."     | Resolution 10 |
| c. "THAT authority be and is hereby given to Dato' Maarof bin H.A. Rahman who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."   | Resolution 11 |

8. **Authority to the Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965**

---

"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain 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 in force until the conclusion of the next Annual General Meeting of the Company."

Resolution 12

9. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

CHAN LAI CHOON  
Secretary

Ipoh  
21 May 2015

## 8 Notice of Annual General Meeting

> Continued

### NOTES:

1. The Ordinary Resolution 3, if approved, will authorise the continuity in office of Dato' Ahmad Bakri bin Shabdin (who is over 70 years) until the next Annual General Meeting pursuant to Section 129(6) of the Companies Act, 1965.
2. A member of the Company entitled to attend and vote at the abovementioned meeting is entitled to appoint a proxy or not more than two (2) proxies, to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
3. Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (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, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be either given under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
7. The instrument appointing the proxy must be deposited at the Registered Office of the Company at Bangunan Ipmuda, 12 Jalan Dato, 30000 Ipoh, Perak Darul Ridzuan, Malaysia, not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.
8. For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming 40th Annual General Meeting of the Company, the Company shall be requesting the Record of Depositors as at 05 June 2015. Only a depositor whose name appears in the Record of Depositors as at 05 June 2015 shall be entitled to attend and vote at this meeting as well as for appointment of proxy/proxies to attend and vote in his stead.

9. Explanatory Notes On Special Business:

- a) Ordinary Resolutions 9, 10 and 11 – Retention of Dato’ Ahmad Bakri bin Shabdin, Dato’ Sri Siew Mun Chuang and Dato’ Maarof bin H.A. Rahman as Independent Non-Executive Directors

Pursuant to the Malaysian Code on Corporate Governance 2012, the tenure of an independent Director should not exceed a cumulative term of nine years unless an approval is sought from the Company’s shareholders at the Annual General Meeting to retain the said director as an independent director.

The Nomination Committee has assessed the independence of Dato’ Ahmad Bakri bin Shabin, Dato’ Sri Siew Mun Chuang and Dato’ Maarof bin H.A. Rahman who each has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and the Board has recommended to retain them as Independent Non-Executive Directors of the Company based on the following justifications:-

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

The proposed Ordinary Resolutions 9, 10 and 11, if passed, will enable Dato’ Ahmad Bakri bin Shabdin, Dato’ Sri Siew Mun Chuang and Dato’ Maarof bin H.A. Rahman to retain as Independent Non-Executive Directors of the Company.

- b) Ordinary Resolution 12 - Authority to the Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution 12 is proposed pursuant to Section 132D of the Companies Act, 1965, and if passed, will empower the Directors of the Company from the date of the above Annual General Meeting, authority to issue and allot shares from the unissued share capital of the Company for such purposes as the Directors deem fit and in the interest of the Company. This authority will, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The general mandate is a renewal of the mandate that was approved by the shareholders at the last Annual General Meeting held on 24 June 2014. The Company did not utilise the mandate that was approved last year. The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene separate general meeting to obtain its shareholders’ approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund-raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

# 10 CORPORATE DATA

## BOARD OF DIRECTORS

**Tan Sri Abu Sahid bin Mohamed**  
*Executive Chairman*

**Dato' Abu Talib bin Mohamed**  
*Deputy Chairman*

**Dato' Mohd Azmi bin Mohd Amin**  
*Non-Independent Non-Executive Director*

**Puan Rohaizan binti Ahmad Sallehudin**  
*Non-Independent Non-Executive Director*

**Dato' Yap Wee Leong**  
*Non-Independent Non-Executive Director*

**Dato' Maarof bin H.A. Rahman**  
*Senior Independent Non-Executive Director*

**Dato' Sri Siew Mun Chuang**  
*Independent Non-Executive Director*

**Dato' Ahmad Bakri bin Shabdin**  
*Independent Non-Executive Director*

## CHIEF EXECUTIVE OFFICER

Mr David Chua Soon Li

## SECRETARY

Chan Lai Choon MAICSA 0809269

## REGISTERED OFFICE

Bangunan Ipmuda  
12 Jalan Datoh  
30000 Ipoh  
Perak Darul Ridzuan  
Tel: 05-253 8030 Fax: 05-254 2896

## REGISTRAR

Symphony Share Registrars Sdn. Bhd.  
Level 6, Symphony House  
Block D13, Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya, Selangor Darul Ehsan  
Tel: 03-7841 8000 Fax: 03-7841 8008

## AUDITORS

Crowe Horwath  
Level 16 Tower C  
Megan Avenue II  
12 Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Malaysia

## PRINCIPAL BANKERS

Malayan Banking Berhad  
Bank Islam Malaysia Berhad  
Bank Kerjasama Rakyat Malaysia Berhad  
United Overseas Bank (Malaysia) Bhd

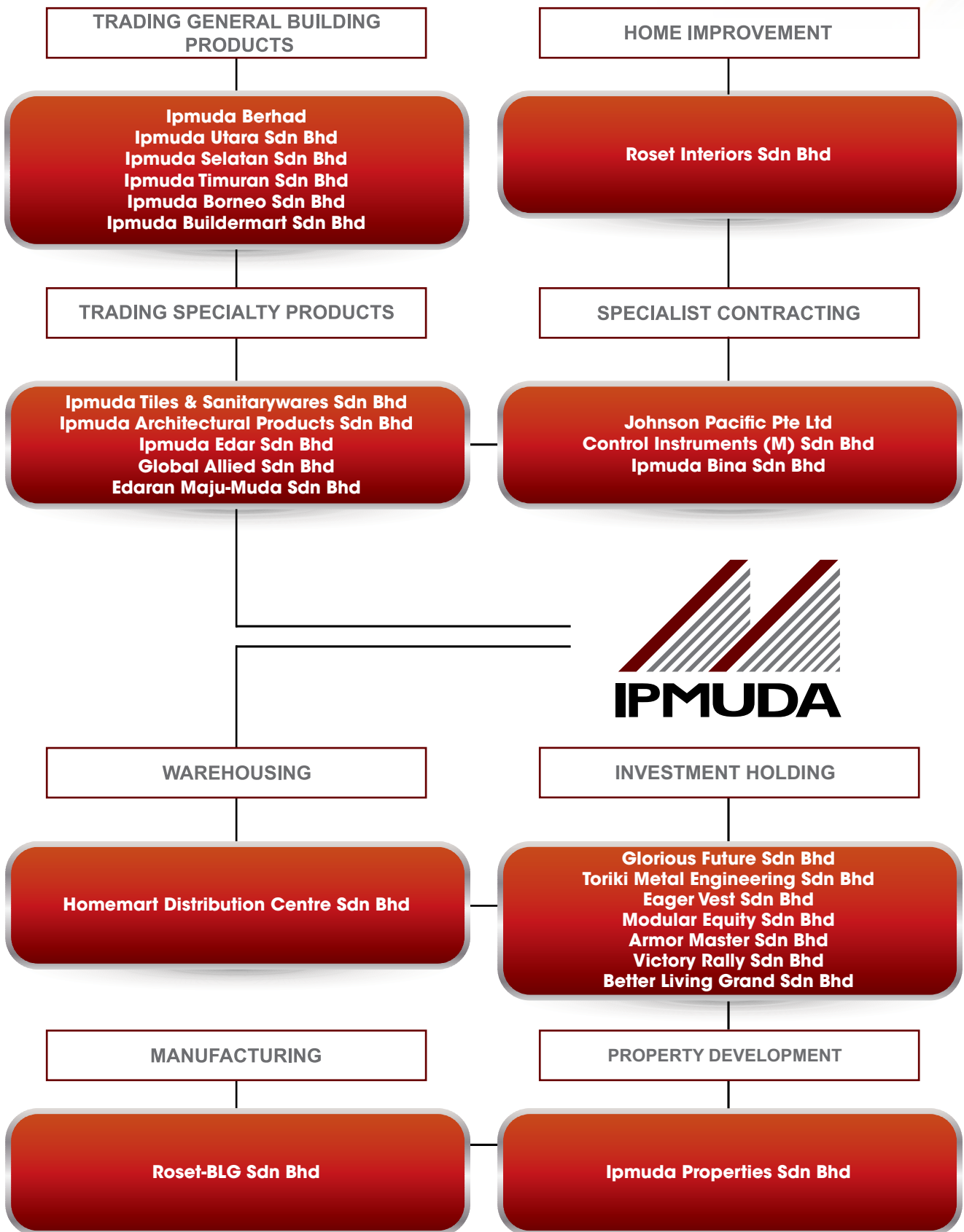
## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
Main Board  
(*Stock Code: 5673*)

## HOMEPAGE

[www.ipmuda.com.my](http://www.ipmuda.com.my)

# OPERATIONS STRUCTURE 11



## 12 DIRECTORS' PROFILE

### **TAN SRI ABU SAHID BIN MOHAMED**

*Executive Chairman (Age 63, Malaysian)*

Tan Sri Abu Sahid bin Mohamed was appointed to the Board of Ipmuda on 22 April 1997. He is a Member of the Executive Committee and Investment Committee of the Company.

Tan Sri Abu Sahid is presently the Group Executive Chairman of the Maju Group of Companies. He has been the driving force behind the growth of the Maju Group in all its activities over the past 35 years. He has made the Maju Group well diversified with activities in Construction, Property Development, Infrastructure, Services and Manufacturing.

Tan Sri Abu Sahid also serves as the Group Executive Chairman of Bright Focus Berhad. He is a major shareholder of Kinsteel Bhd and Perwaja Holdings Berhad. Tan Sri Abu Sahid is also a director of various other private limited companies in Malaysia.

He is the brother of Dato' Abu Talib bin Mohamed and the son-in-law of Dato' Mohd Azmi bin Mohd Amin.

Save as disclosed above, he does not have any family relationship with any other Director and/or any other major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offence within the past 10 years.

### **DATO' ABU TALIB BIN MOHAMED**

*Deputy Chairman (Age 66, Malaysian)*

Dato' Abu Talib bin Mohamed was appointed to the Board on 22 April 1997. He is a Member of the Audit Committee, Nomination Committee, Executive Committee and Investment Committee of the Company.

He is a Fellow Member of the Chartered Institute of Management Accountants of United Kingdom and also a Member of the Malaysian Institute of Accountants. Dato' Abu Talib has extensive knowledge of the steel industry as he was formerly the Director of Operations for Perwaja Steel Sdn Bhd in Kemaman, prior to joining Maju Holdings Sdn Bhd ("Maju Holdings") as Group Executive Director in 1992. He has been the Group Managing Director of Maju Holdings since 1993 until his resignation as Group Managing Director and director in November 2009. He was the Group Executive Chairman of PFCE Berhad from April 2011 until April 2014. He is a director of various other private limited companies in Malaysia.

Dato' Abu Talib is the brother of Tan Sri Abu Sahid bin Mohamed, the Executive Chairman and major shareholder of the Company.

Save as disclosed above, he does not have any family relationship with any other Director and/or any other major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offences within the past 10 years.

### **DATO' MAAROF BIN H.A. RAHMAN**

*Senior Independent Non-Executive Director (Age 59, Malaysian)*

Dato' Maarof bin H.A. Rahman was appointed to the Board on 02 July 2001. He is Chairman of the Nomination Committee and a Member of the Audit Committee and Remuneration Committee of the Company.

He holds a B.A. Management degree and Master of Business Administration degree from Webster University Geneva, Switzerland. Dato' Maarof has a total span of 15 years of various management levels with both public and private sectors such as City Hall of Kuala Lumpur, Fisheries Development Authority, Bloomingdale Advertising and Maser Sdn Bhd.

Currently, he is Managing Director of Libroff Sdn Bhd and has held the position since 1989. The principal activities of Libroff Sdn Bhd are advertising, marketing, communication and trading. He is a Director of Libroff Printing Sdn Bhd, a wide format digital printing company for indoor and outdoor display and Libroff Communication Sdn Bhd, an event management and communication company.

He is also an Executive Director of Tunai Setia Sdn Bhd, a property development company currently developing 20 acres of mix development project in Tampoi, Johor Bharu.

He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offences within the past 10 years.

**DATO' AHMAD BAKRI BIN SHABDIN**

*Independent Non-Executive Director (Age 71, Malaysian)*

Dato' Ahmad Bakri bin Shabdin was appointed to the Board on 16 December 1999. He is Chairman of the Audit Committee of the Company.

Dato' Ahmad Bakri holds a Bachelor of Arts degree and a Post-Graduate Diploma in Public Administration from University of Malaya and a Master of Arts in Marketing Education degree from University of Lancaster. He was formerly the Vice-President, Corporate Affairs & Marketing Department of the Multimedia Development Corporation Sdn Bhd.

Upon graduation from University of Malaya in 1966, he joined the civil service as Assistant District Office in the District Office in Kelang, Selangor and retired from the civil service in February 1999. During his 33 years of service, he held a number of positions, which included Director-General of the Malaysian Tourism Board, Deputy Secretary-General in the Prime Minister's Department and Secretary-General in the Ministry of Youth and Sports.

He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offence within the past 10 years.

**DATO' SRI SIEW MUN CHUANG**

*Independent Non-Executive Director (Age 61, Malaysian)*

Dato' Sri Siew Mun Chuang was appointed to the Board on 21 July 1997. He is Chairman of the Remuneration Committee and a Member of the Audit Committee and Nomination Committee of the Company.

From 1973 to 1979, he was with Price Waterhouse & Co and from 1980, he took over Tai Thong Restoran Sdn Bhd, and expanded it into a diversified food and beverage group and subsequently listed it on the Second Board of Bursa Malaysia Securities Berhad on 18 August 1997 under TT Resources Bhd ("TTRB"). He was the Managing Director of TTRB until 31 August 2000 after which he assumed a Non-Executive Director's post until his retirement on 13 March 2002. Thereafter, he started his own business in the food and beverage industry and he is currently the Managing Director of the Oriental Group of Restaurants.

He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offences within the past 10 years.

## 14 Directors' Profile

> Continued

### **DATO' MOHD AZMI BIN MOHD AMIN**

*Non-Independent Non-Executive Director (Age 63, Malaysian)*

Dato' Mohd Azmi Bin Mohd Amin was appointed to the Board on 13 December 2013.

He was attached to the customer service division of Malaysia Airlines from 1973 to 1990. Subsequently from 1990 to 2000, he was an instructor in MAS Cabin Crew Training Department, Malaysia Airlines Academy.

Dato' Mohd Azmi Bin Mohd Amin is currently the Managing Director of Konsortium Letak Kereta Sdn Bhd and director of Maju TMS Sdn Bhd, both being subsidiaries of Maju Holdings Sdn Bhd which is a major shareholder of the Company. He is also a director of ASM Properties Sdn Bhd and managing director of ASM Retail Sdn Bhd, Premier Tube Sdn Bhd and Maju F&B Management Sdn Bhd, all of which are subsidiaries of ASM Properties Sdn Bhd.

He is the father-in-law to Tan Sri Abu Sahid bin Mohamed, the Executive Chairman and major shareholder of the Company.

Save as disclosed above, he does not have any family relationship with any other Director and/or any other major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offence within the past 10 years.

### **PUAN ROHAIZAN BINTI AHMAD SALLEHUDIN**

*Non-Independent Non-Executive Director (Age 60, Malaysian)*

Puan Rohaizan Ahmad Sallehudin was appointed to the Board on 13 November 2014. She is a Member of the Executive Committee, Remuneration Committee and Investment Committee of the Company.

Puan Rohaizan presently holds a Bachelor of Science in Economics (Hons) from Aberystwyth University, Wales, United Kingdom and a Masters of Business Administration from Asian Institute of Management, Manila, Philippines.

She is currently a director of Maju Holdings Sdn Bhd which is a major shareholder of the Company. She has an extensive portfolio of corporate and consulting experience at senior management level. She has worked and consulted in various organisations including GLCs, joint venture companies, her own start-up consultancy, entrepreneurial organisations and conglomerates in multiple fields and industries including integrated transportation, life and general insurance, investment holding, property management and development, banking, hospitality and IT, locally as well as in Singapore and India. She has also lived in Malaysia, the United Kingdom, Dubai and Kuwait.

She is a seasoned professional with more than 30 years corporate and strategic planning, corporate change and organisational development experience and has managed complex organisational transformations from conceptualisation to implementation. As part of the roles she has held, Rohaizan has led, developed and worked with multi-cultural teams and implemented strategic management and change initiatives improving business results, enhancing corporate culture and employee performance, and changing corporate perception.

Rohaizan began her career with Kontena Nasional Sdn Bhd after she graduated with a Bachelor of Science in Economics (Hons) from Aberystwyth University, Wales, United Kingdom. After completing her MBA at the Asian Institute of Management, Manila, Philippines, she joined Malaysian Kuwaiti Investment Company and was later recruited into Malaysia National Insurance Company Berhad. After a short stint at FACB Berhad, she began her management and strategy-consulting career after co-founding AKAR Consulting and subsequently R & R Partners.

She does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. She has not been convicted of any offence within the past 10 years.

**DATO' YAP WEE LEONG**

*Non-Independent Non-Executive Director (Age 57, Malaysian)*

Dato'Yap Wee Leong was appointed to the Board on 12 February 2015.

He holds an Advance Diploma in Civil Engineering - Singapore Institute of Engineering Technologist (Affiliation).

Dato'Yap has more than 25 years in the construction and property development industry.

Dato'Yap is currently the Executive Director of ASM Development Sdn Bhd, director of Maju Assets Sdn Bhd, ASM Development (Terengganu) Sdn Bhd and ASM Green Sdn Bhd which are wholly-owned subsidiaries of Maju Holdings Sdn Bhd which is a major shareholder of the Company. He is also the Project Director of Maju Holdings Sdn Bhd. Dato'Yap is the Chairman of Golden Broad Base Holdings Sdn Bhd and Golden Base Construction Sdn Bhd.

Dato'Yap does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offence within the past 10 years.

**CHIEF EXECUTIVE OFFICER'S PROFILE**

**MR DAVID CHUA SOON LI**

*(Age 43, Malaysian)*

Mr David Chua Soon Li was appointed as Chief Executive Officer of the Company on 01 January 2015.

He holds a Bachelor of Commerce (Economics and Marketing) - Curtin University of Technology and a Diploma in Investment Analysis - Kuala Lumpur Stock Exchange.

David Chua was formerly the VP, Citi Gold Sales Head, Research and Investment Strategy for Citibank Bhd from 2012. He had also served Al Mojil Investment in Saudi Arabia, Dubai for 7 years since 2005 as VP for Investments and Corporate Strategy. Prior to that, he was with SBB Securities as a Senior Manager for 4 years and also served BBMB Securities from 1991 to 2001 as Institutional Sales Dealer for EPF, Tabung Haji, UBS, Goldman Sachs and various investment and mutual funds.

He does not have shares (direct and indirect) in the Company nor hold any directorships in public companies.

David Chua does not have any family relationship with any Director and/or substantial shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offence within the past 10 years.

# 16 CHAIRMAN'S STATEMENT



**“On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Ipmuda Berhad and the Group for the financial year ended 31st December 2014”**

**TAN SRI ABU SAHID BIN MOHAMED**

*Executive Chairman*

## MARKET REVIEW

Before getting into the market review proper, I would like to point out that 2014 was a particularly difficult year for Malaysia. We were inundated with inclement weather that brought about major floods in the East Coast as well as in other areas causing unprecedented damage. Ironically, in this very same year, prior to the floodings, Selangor and Negri Sembilan had to bear with a few months of water rationing due to a shortage in supply. The country also had the ill fortune of experiencing 3 major commercial airplane disasters. Our Prayers go out to the families and friends of those affected.

On the global front, the single most important development of 2014 was the fall in oil price, some 42% over the year as rising supply faced weaker demand. Uncertainties over the magnitude and persistence of the decline in commodity prices resulted in volatility in the financial market of

emerging economies. Market volatility may yet persist with the divergent monetary policy among advanced economies, with the United States (US) and Britain normalizing their stances while the Euro area and Japan increase their monetary stimulus. Sudden falls in emerging market currencies were a major concern for the year. Another factor with significant impact on markets was geopolitical risk in the form of ISIS in Iraq/Syria and the civil war in Ukraine.

Amidst mixed growth rates within and across regions, the International Monetary Fund (IMF) forecasted global growth for 2014 to be at 3.3%. The US managed to show broad signs of continued recovery while the ongoing structural reforms in China caused more than expected slowing of its growth. The Euro zone economy and the Japanese economy continued to stutter.

Malaysia recorded a stronger growth of 6% in 2014 (2013 : 4.7%), driven mainly by the continued strength in private domestic demand and also supported by some improvement in exports. The construction sector continued to expand at a double digit rate (11.6%) in 2014, underpinned by robust growth in both the residential and non-residential sub sectors. The civil engineering sub-sector provided further support with existing and new infrastructure projects.

### FINANCIAL HIGHLIGHTS

For the financial year ended 31 December 2014, the Group delivered a commendable profit before tax of RM20.2 million on the back of RM636 million in revenues compared with pretax profit of RM9.9 million on RM628 million revenues in the preceding year. Trading of building materials remains the major revenue earner for the Group, contributing 82% of the total turnover. The improvement in operating pre-tax profit was mainly due to a higher average gross profit margin as well as higher contribution from contracting and property development activities. With the financial results of 2014, the Group's Shareholder Funds increased from RM152.3 million in 2013 to RM164.3 million.

### OPERATIONS

On the 19th of April 2015, we would already have seen ourselves supporting the Malaysian construction industry for 40 years.

Year after year, we have been consistently one of the leading building material trading houses in the country. Just as we are proud to have supported our nation building and getting involved in the supply to most of the country's iconic projects, we have to be equally sensitive to the needs of the industry and be ready to adapt to and take changes in our stride.

In those many years, we have seen changes to our operations; we have merged, augmented and demerged business units for increased efficiencies, focus and expertise and for the strategic leveraging of skills, customers and streamlining. We have evolved to be able to provide better levels of service to our customers and suppliers.

We have merged the home improvement showroom retail business, previously under Better Living Grand Sdn Bhd, with the marketing operation of Ipmda Tiles and Sanitarywares Sdn Bhd (ITS). Besides achieving better streamlined processes in our supply chain,

we are able to give our customers a more direct access to the latest exclusive products and trends. We are also looking to merge and consolidate our building material retail units. There will be imminent savings from the sharing of resources as well as the elimination of internal transactions.

During the year, we have worked closely with steel mills, cement factories, concrete products, steel fabric and other basic materials manufacturers to ensure a smooth delivery of building products to many high-profile projects. This has paid off in increased volume of materials passing through our various branches.

Although our regional general building product units operate quite independently, the fine-tuning of Group operations over the years have ensured that centralized coordination prevails and will serve to guide both operational and strategic business decisions. The centralized coordination has ensured that the Group deals with suppliers (both manufacturers and principals) as a coordinated unit, simplifying pricing, allocation and delivery decision.

Positive results from the marketing efforts of our exclusive brands have reaffirmed our focus on building up the presence of these brands in the market. Our marketing teams have continued to promote our exclusive brands directly to specifiers and owners. This year at Archidex 2014, we had a total area of 6 booths to showcase the latest range of sanitary wares from *nahm* together with new models of faucets and bathroom accessories from *Ottone Meloda* and *Geesa*.

We have been sending our senior marketing staff to international exhibitions in Europe to expose them to the latest trends and technology. This affords them a wider and more informed view to better serve our customers. Relevant staff attended the ISH fair in Frankfurt and the LivingKitchen Fair in Cologne. Apart from attending European tradeshows, our staff also visited other international shows around the region.

During the year, we continued with our marketing efforts to promote the sales of Condominium Kristal. We participated in various property fairs including SHAREDADA 2014, held in Kota Kinabalu. The development project is nearing conclusion with just the club house and landscaping left to be completed. We are proud to see the successful completion of our maiden property development project.

## 18 Chairman's Statement

> Continued

As part of our branding strategy, we have been applying for the registration of our various trademarks through the Intellectual Property Corporation of Malaysia (MyIPO). This year, we managed to get 2 of our brands, *Parsdex* and *Ortolani*, registered.

Our subsidiary, Control Instruments (M) Sdn Bhd which is involved in the design and fabrication of state-of-the-art automated production lines, has seen demand for its rubber glove production lines growing over the years. To accommodate growing orders, a new and larger factory is currently being built in Nilai, Negri Sembilan. At approximately 24,000 square meters, the land area is more than four times that of the existing factory. In tandem, the company has also expanded its marketing team to ensure a continued healthy order book.

In 2014, we did explore a number of businesses relating to building and construction material which we envisaged will provide the Group with recurrent incomes. None of these however came to be as they did not fit well with our existing businesses. We have to prioritise investment and consider opportunity cost as we allocate resources to support the growth of each of our business segment. While we continue to look out for good investment opportunities we are not averse to divest businesses that cannot help to strengthen our future earnings base.

We have successfully moved 18 of our companies onto the new Enterprise Resource Planning (ERP) system. This new system caters for the Goods and Service Tax (GST) that comes into force in April 2015. To ensure that we are ready for the new tax regime, a GST consultant was engaged to advise us on its implementation.

### DIVIDENDS

The Board decided it would be more prudent to retain distributable reserves for future needs and is not recommending the payment of dividend in respect of the financial year ended 31 December 2014.

### CORPORATE SOCIAL RESPONSIBILITY

As with any business enterprise, the primary objective of our company is fulfilling the financial expectations of our shareholders. At the same time, we are also mindful of the need to consider the impact our operation has on the community and environment at large.

The Group continues to extend assistance to local charities and community initiatives. During the year the Company and the staff volunteered financial and manpower assistance to victims of flooding in the East Coast, which included our own colleagues.

Believing education is fundamental in elevating quality of life, we continued to provide financial support to various educational causes. We are happy one of our sponsored students under Project CHange, which connects sponsors with deserving students from under-privileged families, has recently graduated with good results. Our monthly contribution to the tuition centre that provides free lessons to under-privileged and orphaned children continues unabated. In 2014 the Company recognised and rewarded nine of our employees' children who excelled in major examinations. The Group welcomes students from institutes of higher learning for an internship program that gives them a glimpse of their chosen careers. In 2014, we had two interns who were attached to the business development department. To encourage staff to improve themselves, the Group also has an ongoing scholarship program to assist them to undertake relevant courses on a part-time basis.

The Group encourages the staff-run Ipmuda Recreational Club (IRC) to organise social and sporting events to help foster friendship and teamwork among colleagues. This year IRC organised a trip to Bali for its members. A total of one hundred seventy two staff from all offices throughout the country participated. Apart from having a rejuvenating break, staff returned with a refreshed spirit of camaraderie.

We have approximately 481 employees located across 30 locations in Malaysia and Singapore. Wherever the Group operates, we encourage local employment and provide opportunities to the local communities. Employees are provided with a safe and conducive working environment and regardless of race or gender, our staff enjoys remunerations and benefits that commensurate with their seniority, experience and responsibilities. Our male to female employee ratio shows a healthy distribution of 52:48.

In support of the public interest the Group participated in national initiatives in partnership with various bodies such as the Master Builders Association Malaysia (MBAM) and the Building Materials Distributors Association of Malaysia (BMDAM). Our staff sit on technical committees organized by SIRIM to assist in the formulation of Malaysian Standards.

## OUTLOOK

The International Monetary Fund (IMF) had in their January 2015 update, reduced their forecast for global growth in 2015 to 3.5%. The positive effect falling oil prices have on global growth is offset by the continued weakness in many advanced and emerging market economies.

While the good start of the US economy in 2015 is expected to gather momentum into the year with higher private spending, economic activity in certain Eurozone economies and Japan is expected to be weighed down by structural weakness. Taken together with the reforms currently being carried out in China, the outlook for 2015 will remain moderate but with increasing differences in pace amongst major economies.

In spite of the challenging global economy Malaysia is still expected to grow between 4.5-5.5% in 2015, supported by resilient domestic demand, strong fundamentals and a robust export sector. Much of Malaysia's stable growth pace is attributed to the Economic Transformation Programme (ETP). The ETP has helped to consolidate and gel Government and private sector business and national development ideas and brings to fruition many privately funded projects. These domestic projects had served to prop up the economy amidst a less than sanguine global economic backdrop.

Bank Negara Malaysia, in its recent annual report has projected inflation for 2015 to be between 2-3%, which is lower than 2014 figures. This is based on the expected lower global energy and food costs. While GST would result in higher prices for many items, basic necessities are either zero rated or exempted. As GST will be replacing the existing sales tax regime, it will be quite difficult to accurately predict its ultimate effect on the property and construction industry. As a trading house, logic suggests that an intermediary will not be materially affected. On the other hand, we are bracing ourselves for a period of price volatility and changes in our cash flows.

2014 marked the end of the 10th Malaysia Plan (10MP). The 11th Malaysia Plan (11MP) is scheduled to be launched in May 2015 and we are expecting it to be an extension of the strategies and action plans of the 10MP. Projects already announced in Budget 2015 and the new projects under 11MP would likely be the key focus in 2015. Major projects expected to take off are the Klang Valley Mass Rapid Transport - Line 2, Light Rail Transit 3, Pan Borneo Highway and various other highway projects (West Coast, Damansara-Shah Alam, Eastern Klang Valley, Sungai Besi-Ulu Klang Expressways). The construction sector is forecast to grow by 10.3% in 2015.

Through our well-established and strategically located network of branches and warehouses, we envisage the Group to benefit from these activities.

## ACKNOWLEDGEMENT

I would like to extend the Board's sincere and heartfelt thanks to Dato' Sri Richard Lim Heng Suan who has served to helm the company as its Managing Director and Chief Executive Officer since the year 2005. We respect his wishes to leave the Company to spend more time with his family in Europe. Dato' Sri Richard has put in much effort to ensure that Ipemuda remained at the forefront of the building materials trading industry. We wish him the very best in his future endeavours.

By the same token the Board also thanks Mr Amro F F A H Alkhadra for his service as a Non-Independent Non-Executive Director for the last five years. Amro is leaving to focus on his business commitments in the State of Kuwait.

## 20 Chairman's Statement

> Continued

At the same time the Board warmly welcome Puan Rohaizan Binti Mohd Amin and Dato'Yap Wee Leong to the Board as Non-Independent Non-Executive Directors. Puan Rohaizan is a seasoned professional with over 30 years of corporate experience while Dato'Yap brings with him years of experience in the construction and property development industry.

I would like to take this opportunity to also welcome Mr David Chua Soon Li who has taken over the role of Chief Executive Officer of Ipmuda Group from the beginning of 2015. The Board believes that David's experiences in corporate advisory, portfolio and fund management will augur well for the Group.

The Board would like to record our heartfelt appreciation to all the employees of the Group and thank them for their tireless efforts and commitment which have all enabled Ipmuda to maintain its position as a leading building material trading house.

Our sincere thanks too, to all our valued shareholders, business partners, loyal customers, suppliers, financial supporters and regulatory authorities for their continued support and belief in Ipmuda.

Last but not least, my gratitude to all my fellow Board members for their wise counsel and invaluable support throughout the year.

**Tan Sri Abu Sahid bin Mohamed**

*Executive Chairman*

22nd April 2015

# CORPORATE GOVERNANCE STATEMENT 21

The Board of Directors (Board) of IpMuda Berhad fully support the 8 Principles of the Malaysian Code on Corporate Governance 2012 (MCCG 2012) which the Company will endeavour to adopt in making good corporate governance an integral part of its business dealings and culture.

The Board is pleased to report on the manner the Group has applied the principles and the extent of compliance of the MCCG 2012 throughout the financial year ended 31 December 2014.

## BOARD OF DIRECTORS

### Board Responsibilities

The Board is primarily responsible for the Group's overall strategic plans for business performance, overseeing the proper conduct of business, succession planning, risk management, shareholders' communication, internal control, management information systems and statutory matters; whilst management is accountable for the execution of the expressed policies and attainment of the Group's expressed corporate objectives. The demarcation complements and reinforces the supervisory role of the Board.

The Board has approved the Board Charter which sets out a list of specific functions that are reserved for the Board. The Board Charter addresses the following matters:

- i. Board Membership, which includes composition, appointments and re-election and independence of Directors;
- ii. Role of the Board, which includes duties and responsibilities and matters reserved for the Board;
- iii. Role of Chairman, Managing Director/Chief Executive Officer;
- iv. Board Committees and Board Meetings;
- v. Financial Reporting;
- vi. Directors' Remuneration;
- vii. Directors' Training and Continuing Education;
- viii. Company Secretary;
- ix. Investor Relations and Shareholders' Communication;
- x. Access to Information and Independent Advice; and
- xi. Directors' Code of Conduct and Ethics.

The approval and adoption of the Board Charter in which the Code of Conduct and Ethics for Directors is embedded in the Board Charter formalizes the standard of ethical values and behaviour that is expected of its Directors at all times.

The Board Charter will be reviewed periodically to ensure its relevance and compliance.

As at the end of the financial year under review, the Board Charter had yet to be made publicly available. Nonetheless, steps will be taken to upload the salient features of the Board Charter on the Company's website at [www.ipmuda.com.my](http://www.ipmuda.com.my) in line with Recommendation 1.7 of the MCCG 2012.

The Board recognises the environment sustainability role as a corporate citizen in its business approach and always endeavours in adopting most environmental friendly, ecological and cost effective production process.

The Board also endeavours in developing Group objectives and strategies having regard to the Group's responsibilities to its shareholders, employees, customers and other stakeholders and ensuring the long term stability of the business, succession planning and sustainability of the environment. The corporate social responsibilities undertaken by the Group is stated in pages 18 to 19 of the Annual Report 2014.

## 22 Corporate Governance Statement

> Continued

### BOARD OF DIRECTORS (CONT'D)

#### Board Balance, Composition and Independence

The Board currently has eight (8) members, comprising one (1) Executive Chairman and four (4) Non-Executive Directors with three (3) of the Directors being Independent Directors.

Together, the Board has a good mix of business, financial, administration and technical expertise and experience to lead and control the Group. A brief profile of each Director is presented on pages 12 to 15 of the Annual Report.

For the financial year under review and in line with the MCCG 2012, the roles of the Executive Chairman and Managing Director/Chief Executive Officer of the Company are separate with clear division of responsibilities between them to ensure balance of power and authority:

- i. The Executive Chairman is primarily responsible for ensuring Board effectiveness and conduct and the Group's strategic business direction. He encourages a healthy debate on issues raised at meetings, and gives opportunity to Directors who wish to speak on motions, either for or against them.
- ii. The Managing Director/Chief Executive Officer has the overall responsibility for the management of the Group's operations, organizational effectiveness and implementation of Board policies, decisions and strategies set by the Board until his resignation on 31 December 2014. The Board appointed a new Chief Executive Officer, who is a non-Board member on 01 January 2015 to take over the functions of the previous Managing Director/Chief Executive Officer.

The presence of the three Independent Non-Executive Directors fulfils a pivotal role in corporate accountability. Although all the Directors have an equal responsibility for the Group's operations, the role of these Independent Non-Executive Directors is particularly important as they provide unbiased and independent views, advice and judgement.

The composition and size of the Board are reviewed from time to time to ensure appropriateness. The Nomination Committee examines the size and composition of the Board with a view of determining the impact of the number upon effectiveness and makes recommendations to the Board on what it considers an appropriate size and composition for the Board.

The current Board fulfils the requirement under Main Market Listing Requirements of Bursa Malaysia Securities Berhad to have at least 1/3 of the board comprised of Independent Non-Executive Directors.

Recommendation 3.2 of the MCCG 2012 states that the tenure of an independent director should not exceed a cumulative term of 9 years. Upon completion of the 9 years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director.

Notwithstanding that all the following 3 Independent Non-Executive Directors have served more than 9 years on the Board since their respective appointment dates indicated below,:

1. Dato' Sri Siew Mun Chuang - Appointed on 21 July 1997
2. Dato' Ahmad Bakri bin Shabdin - Appointed on 16 December 1999
3. Dato' Maarof bin H.A. Rahman - Appointed on 02 July 2001

## BOARD OF DIRECTORS (CONT'D)

the Board has via the Nomination Committee assessed the independence of these 3 Independent Non-Executive Directors and recommended to retain them as Independent Non-Executive Directors of the Company based on the following justifications:

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

Dato' Ahmad Bakri bin Shabdin, Dato' Maarof bin H.A. Rahman and Dato' Sri Siew Mun Chuang would abstain from any deliberation or voting pertaining to his own independence at Board level.

In consideration of the above, the Board has recommended to seek shareholders' approval to retain Dato' Ahmad Bakri bin Shabdin, Dato' Maarof bin H.A. Rahman and Dato' Sri Siew Mun Chuang as Independent Non-Executive Directors of the Company at the upcoming Annual General Meeting.

Recommendation 3.5 of the MCCG 2012 states that the Board must comprise a majority of independent directors where the Chairman is not an independent director. Even though the number of Independent Directors of the Company do not meet the MCCG 2012, recommendation, the Board is still able to exercise objective judgment on business and corporate affairs, independent from management because of active participation and engagement of the Independent Directors during the Board meetings and meetings of the Board Committees.

### Board Meetings

A total of six (6) Board Meetings were held during the financial year ended 31 December 2014. Details of attendance by the Directors are as follows:

Directors	No. of meetings held during appointment	No. of meetings attended
Tan Sri Abu Sahid bin Mohamed	6	6
Dato' Abu Talib bin Mohamed	6	6
Dato' Sri Lim Heng Suan (resigned on 31 December 2014)	6	5
Dato' Ahmad Bakri bin Shabdin	6	6
Dato' Sri Siew Mun Chuang	6	5
Dato' Maarof bin H.A. Rahman	6	6
Amro F F A H Alkhadra (resigned on 18 December 2014)	6	2
Dato' Mohd Azmi bin Mohd Amin	6	6
Rohaizan binti Ahmad Sallehudin (Appointed on 13 November 2014)	2	2
Dato' Yap Wee Leong (Appointed on 12 February 2015)	n/a	n/a

## 24 Corporate Governance Statement

> Continued

### BOARD OF DIRECTORS (CONT'D)

#### Appointments to the Board

The appointment of new Directors is under the purview of the Nomination Committee which is responsible for making recommendations to the Board on the suitable candidates for appointment. The Nomination Committee considers factors such as integrity, ability to contribute to discussions, deliberations and activities of the Board.

Recommendation 2.2 of the MCCG 2012 states that the Board should establish a policy formalizing its approach to boardroom diversity. The Board currently does not have a gender diversity policy in place as it is of the view that Board membership is dependent on each candidate's skills, experience, core competencies and other qualities regardless of gender. However, the Board shall endeavour to support the gender diversity in the boardroom as recommended by the MCCG 2012 as and when the opportunity arises.

The appointment of Puan Rohaizan binti Ahmad Sallehudin in the year 2014 was an initial initiative taken by the Board towards achieving a more gender diversified Board.

#### Time commitment of accepting new directorships

Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board's performance of its duties and to give sufficient time and attention to the affairs of the Group. Any Director shall notify the Chairman before accepting any new directorship and the notification shall include the indication of time that will be spent on the new appointment. The aforesaid is set out in the approved Board Charter.

#### Committees

To facilitate the smooth transaction of business within the Company, the Board has established three (3) Board committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee. The terms of reference of each Committee have been approved by the Board and where applicable, comply with the recommendations of the MCCG 2012.

#### Audit Committee

The Audit Committee reviews issues of accounting policies, presentation for external financial reporting and the deliberation of any audit findings of both the external and internal auditors arising from the Company's financial statements and any issues raised by the auditors.

The report of the Audit Committee for the financial year ended 31 December 2014 is set out on pages 30 to 33.

#### Nomination Committee

The Nomination Committee comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Director. Members of the Nomination Committee are:

Dato' Maarof bin H.A. Rahman - Chairman, Independent Non-Executive Director  
 Dato' Sri Siew Mun Chuang - Member, Independent Non-Executive Director  
 Dato' Abu Talib bin Mohamed - Member, Non-Independent Non-Executive Director

## BOARD OF DIRECTORS (CONT'D)

### Nomination Committee (Cont'd)

The Committee is responsible for amongst others the following:

1. recommend candidates for appointments to our Board. The final decision for any appointment remains the responsibility of the Board after considering the Committee's recommendations.
2. conduct annual review of the structure, size and composition of the Board (including skills, knowledge, experience and gender diversity) and the overall effectiveness of the Board on an on-going basis and those Directors who are due for re-election/re-appointment at the Company's Annual General Meeting.
3. review and assess the independence of the Independent Directors annually, term of office and to submit their relevant recommendation to the Board for the ultimate decision and endorsement.

Among the criteria considered for independency includes ability to exercise independent comments, judgement, and contribution constructively at all times for an effective Board.

The Nomination Committee has reviewed and assessed the mix of skills, expertise and composition, size and experience of the Board, the contribution of each individual Director, and the overall effectiveness of the Board and the Board Committees. The Nomination Committee was of the opinion that the Board size and its composition are adequate and all Directors had discharged their responsibilities in a commendable manner and contributed to the overall effectiveness of the Board.

The Nomination Committee had also assessed and recommended to the Board the retirement of Directors eligible for re-election or re-appointment having regard to the individual's experience, contributions and performance and the Board has endorsed the Nomination Committee's recommendations. The Nomination Committee also assessed and recommended Puan Rohaizan binti Ahmad Sallehudin as new candidate for appointment to the Board.

Pursuant to the MCGG 2012, the Nomination Committee had also assessed the Independence of Dato' Ahmad Bakri bin Shabdin, Dato' Maarof bin H.A. Rahman and Dato' Sri Siew Mun Chuang who each has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, and has recommended to the Board to retain them as Independent Non-Executive Directors of the Company based on the following justifications:-

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

## 26 Corporate Governance Statement

> Continued

### BOARD OF DIRECTORS (CONT'D)

#### Remuneration Committee

The Remuneration Committee comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Director. Members of the Remuneration Committee are:

Dato' Sri Siew Mun Chuang - Chairman, Independent Non-Executive Director

Dato' Maarof bin H.A. Rahman - Member, Independent Non-Executive Director

Puan Rohaizan binti Ahmad Sallehudin - Member, Non-Independent Non-Executive Director

The Committee is responsible for making recommendations on the remuneration of Executive Directors. The determination of remuneration packages of Non-Executive Directors is the responsibility of the Board as a whole.

The number of Directors whose remuneration falls within the respective bands during the financial year is as follows:

	<b>Executive Directors (no.of director)</b>	<b>Non- Executive Directors (no.of director)</b>
0 to RM50,000	-	7
RM800,001-RM850,000	1	-
RM1,200,001 to RM1,250,000	1	-

#### Re-election of Directors

The Company's Articles of Association stipulate that newly appointed Directors shall hold office until the next Annual General Meeting and shall then be eligible for re-election by shareholders and that at least one third or the number nearest to one third of the Directors are required to retire by rotation at every Annual General Meeting and be subject to re-election by shareholders.

In addition, a Director who attains the age of 70 years retires at every Annual General Meeting and is required to submit himself for re-appointment annually pursuant to Section 129(6) of the Companies Act, 1965.

#### Supply of Information

The Board is supplied with all necessary information by way of Board papers covering the agenda items prior to Board meetings to facilitate informed decision-making.

The Directors have access to the advice and services of the Company Secretary to assist them in furtherance of their duties. The Directors may obtain independent professional advice on special issues at the Company's expense to enable the Directors to discharge their duties with adequate knowledge on the matters being deliberated.

#### Directors' Training

All Directors had attended the Mandatory Accreditation Programme conducted by Bursatra Sdn Bhd.

The Board believes that continuous training for Directors is vital for the Board members to enhance their skills and knowledge and to enable them to discharge their duties effectively.

## BOARD OF DIRECTORS (CONT'D)

### Directors' Training (Cont'd)

During the financial year 2014, all the Directors have attended training programmes conducted in-house as mentioned below. They will continue to attend further training programmes from time to time to keep abreast with the relevant changes and development in laws and regulations as well as business development. The Board is updated by the Company Secretary on latest update/amendments to the Main Market Listing Requirement and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

Director	Title
Tan Sri Abu Sahid bin Mohamed	Navigating the global economic fragility: Implications on Malaysian Business
Dato' Abu Talib bin Mohamed	Navigating the global economic fragility: Implications on Malaysian Business
Dato' Sri Siew Mun Chuang	Navigating the global economic fragility: Implications on Malaysian Business
Dato' Ahmad Bakri bin Shabdin	Navigating the global economic fragility: Implications on Malaysian Business
Dato' Maarof bin H.A. Rahman	Navigating the global economic fragility: Implications on Malaysian Business
Dato' Mohd Azmi bin Mohd Amin	Navigating the global economic fragility: Implications on Malaysian Business
Puan Rohaizan binti Ahmad Sallehudin (Appointed on 13 November 2014)	Navigating the global economic fragility: Implications on Malaysian Business  Attended the Mandatory Accreditation Programme on 17 December and 18 December 2014
Dato' Yap Wee Leong (Appointed on 12 February 2015)	Not Applicable

## SHAREHOLDERS

### Relationship with Shareholders

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Group. Information of the Group's business activities and performance are disseminated through announcements, quarterly announcements of its results, annual reports and the Annual General Meetings. In addition, the Group's website at <http://www.ipmuda.com.my> provides a broad range of information regarding the Group to the shareholders.

Dato' Maarof bin H.A. Rahman is the Senior Independent Non-Executive Director to whom minority shareholders' concern may be conveyed.

## 28 Corporate Governance Statement

> Continued

### SHAREHOLDERS (CONT'D)

#### The General Meeting

The Annual General Meetings and Extraordinary General Meetings provide means of communication with shareholders. Notices of Annual and Extraordinary General Meetings of the Company and related papers are sent out to shareholders within a reasonable and sufficient time frame in accordance with the Company's Articles of Association. The Board as well as the Auditors of the Company are present to answer questions raised at the meetings. The Board talks to the shareholders informally before and after the meetings. The shareholders are informed of their rights to demand for poll prior to the commencement of each general meeting.

The results of all the resolutions set out in the Notice of Annual General Meetings and Extraordinary General Meetings will be announced on the same day via Bursa Link which is accessible on the website of the Company and Bursa Malaysia Securities Berhad.

Recommendation 8.2 of the MCCG 2012 recommends that the Board should encourage poll voting for substantive resolutions. The Board is of the view that the current level of shareholders' attendance at the AGMs, voting by way of show of hands continues to be efficient. The Board will evaluate the feasibility of carrying out electronic polling at its general meetings in future.

### ACCOUNTABILITY AND AUDIT

#### Financial Reporting

In presenting the annual financial statements and quarterly announcements of its results, the Board ensured that they present a balanced and understandable assessment of the Group's position and prospects.

#### Directors Responsibility Statement

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the accounting period and of their results and cash flows for the period then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

#### Statement on Risk Management and Internal Control

The Directors acknowledge the responsibility of maintaining a good and efficient system of internal control, including risk management and the need to review its effectiveness regularly. The system is designed to mitigate and manage risk in the pursuit of the business objectives as well as safeguard Group's assets and shareholders' investment in the Group. However, such system can only provide reasonable but not absolute assurance against misstatement, fraud or loss.

#### Relationship with Auditors

The internal auditors were present at all the Audit Committee meetings. The Company maintains a transparent relationship with the external auditors in seeking their professional advice and towards ensuring compliance with the accounting standards.

## ACCOUNTABILITY AND AUDIT (CONT'D)

### Material Contracts

Save as disclosed below, there were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests which were still subsisting at the end of the financial year under review or which were entered into since the end of the previous financial year:

- (i) Conditional Sale and Purchase Agreement dated 24 July 2013 entered with Maju Holdings Sdn Bhd ("MHSB") for the acquisition of 24 units of office lots located on levels 2 to 7 within Tower 3 of Maju Linq currently under development in Bandar Tasik Selatan, Kuala Lumpur for an aggregate purchase consideration of RM25,675,200 ("the Acquisition"). The purchase consideration will substantially be satisfied by way of settlement of the debts owed by MHSB and its subsidiaries to the Company and its subsidiaries. At the Extraordinary General Meeting on 13 November 2013, the shareholders approved the Acquisition. The Acquisition is expected to be completed in August 2015 upon the complete development of the Maju Linq project.
- (ii) Supplementary Agreement dated 30 September 2013 entered into with Maju Holdings Sdn Bhd mainly to modify the Conditional Sale and Purchase Agreement dated 24 July 2013 above.

### Related Party Transactions

Significant related party transactions of the Group for the financial year are disclosed in Note 43 – Significant Related Party Disclosures to the Financial Statements. This note also sets out the recurrent transactions conducted during the period in accordance with the general mandate obtained from shareholders.

## CORPORATE DISCLOSURE POLICY

The Board places importance in ensuring disclosure made to shareholders and investors is comprehensive, accurate and on a timely and even basis as it is critical towards building and maintaining corporate credibility and investors confidence. A Corporate Disclosure Policy for the Group to set out the policies and procedures for disclosure of material information will be addressed in due course, following the emphasis by Bursa Malaysia Securities Berhad as outlined in its Corporate Disclosure Guide.

# 30 AUDIT COMMITTEE REPORT

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

## COMPOSITION

The present Audit Committee comprises of four (4) members of whom three (3) are Independent Non-Executive Directors and one (1) is Non- Executive Director.

## MEMBERSHIP AND MEETINGS

A total of five (5) meetings were held during the year. Details of attendance of each Audit Committee member is as follows:

	<b>Number of Meetings attended</b>
Dato' Ahmad Bakri bin Shabdin (Chairman – Independent Non-Executive Director)	5/5
Dato' Sri Siew Mun Chuang (Member – Independent Non-Executive Director)	4/5
Dato' Maarof bin H.A. Rahman (Member – Independent Non-Executive Director)	5/5
Dato' Abu Talib bin Mohamed (Member – Non-Independent Non-Executive Director)	5/5

## SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2014, the activities of the Audit Committee include review of:

- i) the quarterly and year-end financial statements and recommend the same to the Board for approval and announcements to the Bursa Malaysia Securities Berhad ("Bursa Malaysia") and Securities Commission.
- ii) the Company's compliance in particular the quarterly and year end financial statements with the accounting standards issued by Malaysian Accounting Standards Board and the Main Market Listing Requirements of Bursa Malaysia.
- iii) internal audit time-table for the year 2015.
- iv) the internal audit reports presented by the Internal Audit Department ("IAD") on findings and recommendations with respect to system and control weaknesses and ensure implementation of corrective actions.
- v) matters relating to corporate governance in compliance with the Main Market Listing Requirements of Bursa Malaysia and the Malaysian Code on Corporate Governance.
- vi) related party transactions for compliance with the Main Market Listing Requirements of Bursa Malaysia and the appropriateness of such transactions before recommending to the Board for approval.
- vii) the Group's Recurrent Related Party Transactions and the procedures in relation thereto.

## SUMMARY OF ACTIVITIES (CONT'D)

### Internal Audit Function

The IAD was established since the 1980's. The main role of the IAD is to provide the Audit Committee with independent and objective reports on the effectiveness of the system of internal controls within the Group.

The IAD carried out audits comprising head office functions and subsidiaries. The internal audit reports were deliberated by the Audit Committee and recommendations were duly acted upon by the management. The audits covered a comprehensive scope in the areas of operations, finance/accounts and investigation.

The total cost incurred for the Group's internal audit function during the financial year 2014 was approximately RM293,445/-.

## TERMS OF REFERENCE

The terms of reference of the Audit Committee are as follows:

### A. COMPOSITION

The Board shall establish a committee of the Board of Directors ("Board") to be known as the Audit Committee.

The Audit Committee shall be appointed by the Directors from among their number (pursuant to a resolution of the Board) which fulfills the following requirements:

- 1) the Audit Committee must be composed of no fewer than three (3) members;
- 2) all the Audit Committee members must be non-executive directors with a majority of them being independent directors; and
- 3) at least one member of the Audit Committee must be a member of the Malaysian Institute of Accountants or fulfils such other requirements as prescribed in Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

No alternate director is to be appointed a member of the Audit Committee.

If a member of the Audit Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced to below three, the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum of three members.

The members of the Audit Committee shall elect a Chairman from among their number who shall be an independent director.

The Board must review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether the Audit Committee members have carried out their duties in accordance with the terms of reference.

### B. OBJECTIVES

The primary objectives of the Audit Committee are to:

- a) Ensure transparency, integrity and accountability in the Ipmuda Group's activities so as to safeguard the rights and interests of shareholders.
- b) Provide assistance to the Board in fulfilling its fiduciary responsibilities relating to the corporate accounting policies and internal controls and financial reporting practices of the Ipmuda Group.
- c) Maintain through regularly scheduled meetings, a direct line of communication between the Board, senior management, internal and external auditors.

## 32 Audit Committee Report

> Continued

### TERMS OF REFERENCE (CONT'D)

#### C. AUTHORITY

The Audit Committee is authorised by the Board to:

- a) Investigate any activity within its terms of reference and investigate and report any activity, issues or concerns in regard to the Management of the Ipmuda Group.
- b) Review the existing practices and make recommendations to Management. In this regard, the Audit Committee is authorized to seek any information it requires from any employee and to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

The Audit Committee shall have direct access to the internal and external auditors, who in turn, have access at all times to the Chairman of the Audit Committee. Whenever deemed necessary, the Audit Committee will convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company and Group except for the Company Secretary.

#### D. FUNCTIONS OF THE AUDIT COMMITTEE

1. To review and discuss the following with the external auditors:
  - i) their audit plan;
  - ii) their evaluation of the internal control system;
  - iii) their audit report, management letter and management's response; and
  - iv) the assistance given by the employees of the Company to them.
2. To review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
  - i) going concern assumption;
  - ii) changes in or implementation of major accounting policies and practices;
  - iii) major judgemental areas, significant and unusual events; and
  - iv) compliance with accounting standards and other legal requirements;
3. To do the following in relation to the internal audit function:
  - i) To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - ii) To review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - iii) To consider the significant findings of internal audit investigations and management's response;
  - iv) To evaluate the system of internal controls, with the external auditors;
  - v) To assess the quality and depth of staffing in the internal audit function;
  - vi) To review any assessment or appraisal of the performance of the staff of the internal audit function; and
  - vii) To inquire into the effectiveness of the Group's internal audit policies and procedures;

**D. FUNCTIONS OF THE AUDIT COMMITTEE (CONT'D)**

4. To review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
5. To review and recommend the appointment of external auditors, the audit fee and to deal with matters relating to their resignation or dismissal including the nomination of person or persons as external auditors.
6. To review the risk management policies and practices of the Company and Group to ensure effectiveness.
7. To discuss problems and reservations arising from the interim and/or final external audits, and any matters the external auditors may wish to discuss (in the absence of Management, where necessary).
8. To carry out such other functions as may be agreed to by the Audit Committee and the Board of Directors.

**E. MEETINGS**

The Audit Committee shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfill its duties. In addition, the Chairman may call a meeting of the audit committee if a request is made by any committee member, the Company's Chief Executive Officer or external auditors.

The Chief Executive Officer, Finance Director and Head of Internal Audit will normally be invited to attend all meetings of the Audit Committee. Other board members and/or other employees may also be invited to attend any particular meeting of the Audit Committee as determined by the Chairman.

**F. NOTICE**

Three (3) days notice specifying the place, date and hour of the meeting and the business to be discussed thereat shall be given to all the Audit Committee members and any other person that may be required to attend.

**G. QUORUM**

The quorum for each meeting of the Audit Committee shall be a majority of members present who must be independent directors and any decision shall be a simple majority.

**H. SECRETARY AND MINUTES**

The Company Secretary shall act as Secretary of the Audit Committee.

The Secretary shall also be responsible for keeping the minutes of meetings of the Audit Committee and circulating them to the Audit Committee members and to the other members of the Board of Directors. The Chairman of the Audit Committee shall report on each meeting of the Audit Committee to the Board.

## 34 STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

As recommended in the Malaysian Code on Corporate Governance 2012, the Board is overall responsible for the Group's system of internal control and risk management during the financial year ended 31 December 2014. Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the Board is pleased to provide the following statement on the state of risk management and internal control of the Group which has been in place for the financial year under review up to the date of issuance of the annual report.

### **Board Responsibility**

The Board acknowledges that it is ultimately responsible for the Group's system of internal control which includes the establishment of an appropriate risk management and internal control environment and review of its adequacy and integrity on a regular basis to ensure its effectiveness. The system is designed to manage rather than to eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The system includes controls of a financial, operational, organisational and compliance nature as well as risk management. The Board has established an ongoing process to identify, evaluate, document, monitor, review and manage significant risks faced by the Group in safeguarding the shareholders' investment, Group's assets and other stakeholders' interests.

### **Risk Management**

The Group has established a framework on the implementation of risk management with the aim of strengthening the risk management functions across the Group. Policies and procedures have been laid down for regular reviews on the effectiveness and adequacy of the risk management processes in place and to ensure that risk assessment exercise are carried out by the respective operating units and departments in monitoring and mitigating the risks faced by the respective units and departments. New areas are introduced for assessment as the business risk profile changes.

### **Internal Audit**

The internal audit function adopts a risk-based approach to provide the Audit Committee with independent and objective reports on the state of internal control and the extent of compliance with the established policies and procedures as well as relevant statutory requirements.

The Internal Audit reports directly to the Audit Committee. Internal Audit plans its audit based on the audit plan approved by the Audit Committee at the beginning of the year. The Audit Committee reviews the reports from Internal Audit, before reporting and making recommendations to the Board in strengthening the internal control. The Board remain committed in ensuring a sound system of risk management and internal control and the recommended actions by Audit Committee are place upon the respective management for implementation. The Audit Committee presents its findings to the Board regularly at least once every quarter, or as appropriate.

## Key Internal Control Processes

The key elements of the Group's system of internal control are as follows:

- There is in place an organisation structure which formally defines lines of responsibility, delegation of authority and appropriate segregation of duties.
- Clearly defined approving authority of the managers and executives within the Group to facilitate decision making at appropriate levels in the Group.
- Established strategic planning and budgeting process requiring all operating units to prepare annual operating budget including capital and manpower budgets which are reviewed and approved by the Board.
- Effective reporting systems that ensure complete and accurate financial information for review of monthly performance and variances by management.
- Actual performance compared with budget and previous year is reviewed quarterly with detailed explanation of any material variances.
- Policies and procedures of operating units are established, documented and updated regularly to ensure compliance with internal controls and the relevant laws and regulation as well as to meet changing business environment.
- There are proper guidelines for hiring, termination and promotion of staff, formal training programmes for staff, annual performance appraisals and other relevant procedures in place to ensure staff members are competent and adequately trained in discharging their roles and responsibilities.

The Directors have reviewed the effectiveness, adequacy and integrity of the system of risk management and internal controls in operation during the financial year through the monitoring process set out above. There were no material losses incurred during the current financial year as a result of weaknesses in internal control. Management continues to take measures to strengthen the control environment.

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

## Review of the Statement by External Auditors

As required by paragraph 15.23 of the Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide 5 (Revised) issued by the Malaysian Institute of Accountants.



Better Living Buildermart IPCERA CONCORDE  ORTOLANI ROSET

## FINANCIAL STATEMENTS

Directors' Report	• 37
Statement by Directors	• 41
Statutory Declaration	• 41
Independent Auditors' Report	• 42
Statements of Financial Position	• 44
Statements of Profit or Loss and Other Comprehensive Income	• 46
Statements of Changes in Equity	• 48
Statements of Cash Flows	• 51
Notes to the Financial Statements	• 54
Supplementary Information	• 138

The Directors hereby submit 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 Company is principally engaged in the businesses of trading and distribution of building materials, whilst the principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
Profit after taxation for the financial year	14,461	12,203
<hr/>		
Attributable to:-		
Owners of the Company	13,875	12,203
Non-controlling interests	586	-
	<hr/> 14,461	<hr/> 12,203

## DIVIDENDS

Since the end of the previous financial year, the Company paid a first and final single tier dividend of 3.0 sen per share on the ordinary shares amounting to RM2,174,085 for the financial year ended 31 December 2013.

No dividend has been recommended by the Directors in respect of the current financial year.

## RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

## ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

## OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

## 38 Directors' Report

> Continued

### **BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the Directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

### **CURRENT ASSETS**

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, 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 which would render the values attributed to the current assets in the financial statements misleading.

### **VALUATION METHODS**

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

### **CONTINGENT AND OTHER LIABILITIES**

The contingent liabilities of the Company are disclosed in Note 45 to the financial statements. At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

### **CHANGE OF CIRCUMSTANCES**

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

## ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

## DIRECTORS

The Directors who served since the date of the last report are as follows:-

Tan Sri Abu Sahid bin Mohamed	Executive Chairman
Dato' Abu Talib bin Mohamed	Deputy Chairman
Dato' Sri Lim Heng Suan	Managing Director/Chief Executive Officer (Resigned on 31 December 2014)
Dato' Ahmad Bakri bin Shabdin	
Dato' Sri Siew Mun Chuang	
Dato' Maarof bin H.A. Rahman	
Dato' Mohd Azmi bin Mohd Amin	
Rohaizan binti Ahmad Sallehudin	(Appointed on 13 November 2014)
Dato' Yap Wee Leong	(Appointed on 12 February 2015)
Amro F F A H Alkhadra	(Resigned on 18 December 2014)

## DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

	NUMBER OF ORDINARY SHARES OF RM1 EACH			
	AT 1.1.2014	ACQUIRED	SOLD	AT 31.12.2014
<b>THE COMPANY</b>				
<b>DIRECT INTERESTS</b>				
Tan Sri Abu Sahid bin Mohamed	6,084,700	582,600	-	6,667,300
Dato' Sri Siew Mun Chuang	3,012,352	-	-	3,012,352
<b>DEEMED INTERESTS</b>				
Tan Sri Abu Sahid bin Mohamed <sup>1</sup>	16,627,500	144,000	109,500	16,662,000
Dato' Mohd Azmi bin Mohd Amin <sup>2</sup>	356,000	144,000	-	500,000

<sup>1</sup> Deemed interested pursuant to Section 6A of the Companies Act 1965 and his children's and spouse's shareholding.

<sup>2</sup> Deemed interested pursuant to his child's shareholding.

Tan Sri Abu Sahid bin Mohamed by virtue of his interest in shares in the Company is also deemed interested in shares in all the Company's subsidiaries to the extent of the Company's interest.

The other Directors holding office at the end of the financial year had no interest in shares in the Company or its related corporations during the financial year.

## 40 Directors' Report

> Continued

### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in Note 36 to the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business as disclosed in Note 43 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### **SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

The significant event during the financial year is disclosed in Note 47 to the financial statements.

### **SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD**

The significant event occurring after the reporting period is disclosed in Note 48 to the financial statements.

### **AUDITORS**

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the Directors dated 21 April 2015.

**Tan Sri Abu Sahid bin Mohamed**  
Executive Chairman

**Dato' Abu Talib bin Mohamed**  
Deputy Chairman

## STATEMENT BY DIRECTORS 41

We, **Tan Sri Abu Sahid bin Mohamed** and **Dato' Abu Talib bin Mohamed**, being two of the Directors of **Ipmuda Berhad**, state that, in the opinion of the Directors, the financial statements set out on pages 44 to 137 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2014 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 51, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the Directors dated 21 April 2015.

**Tan Sri Abu Sahid bin Mohamed**  
Executive Chairman

**Dato' Abu Talib bin Mohamed**  
Deputy Chairman

## STATUTORY DECLARATION

I, **Ong Wann Yi**, being the Officer primarily responsible for the financial management of **Ipmuda Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 44 to 137 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  
**Ong Wann Yi**, at Kuala Lumpur in  
the Federal Territory  
on 21 April 2015.

**Ong Wann Yi**

Before me

**Haji Abdul Azizni bin Abu Bakar**  
Pesuruhjaya Sumpah Malaysia

# 42 INDEPENDENT AUDITORS' REPORT

## to the members of IPMUDA BERHAD

### Report on the Financial Statements

We have audited the financial statements of Ipmuda Berhad, 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, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 44 to 137.

#### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The Directors are also responsible for such internal 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 the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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 financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

#### *Emphasis of Matter*

Without qualifying our opinion, we draw your attention to Notes 14(c), 14(d) and 17 to the financial statements which provide disclosures in respect of the recoverability of the amounts due from companies in which certain Directors have substantial financial interests and the recoverability of the short-term investment from the vendor respectively. The Directors are of the opinion that the debts and the investment will be recoverable and thus no further impairment is required as at 31 December 2014.

### Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.
- (c) We are satisfied that the financial statements 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 financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### Other Reporting Responsibilities

The supplementary information set out in Note 51 on page 138 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### Other Matters

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

**Crowe Horwath**  
Firm No: AF 1018  
Chartered Accountants

**Ngiam Mia Teck**  
Approval No: 3000/07/16 (J)  
Chartered Accountant

21 April 2015  
Kuala Lumpur

# 44 STATEMENTS OF FINANCIAL POSITION

## at 31 December 2014

	NOTE	THE GROUP		THE COMPANY	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	5	41,139	36,695	4,546	5,088
Investment properties	6	60,780	54,483	45,105	35,483
Land held for property development	7	7,178	7,178	-	-
Investments in subsidiaries	8	-	-	87,389	87,547
Amounts due from subsidiaries	9	-	-	-	1,629
Investments in associates	10	7	7	11	11
Other investments	11	711	1,316	447	571
Goodwill on consolidation	12	819	819	-	-
Deferred tax assets	13	189	694	-	71
Trade receivables	14	-	21,065	-	19,626
		110,823	122,257	137,498	150,026
<b>CURRENT ASSETS</b>					
Land and property development expenditure	7	12,716	11,381	-	-
Inventories	15	25,121	26,856	5,158	5,026
Trade receivables	14	221,625	191,247	75,383	64,331
Other receivables	16	10,196	13,067	6,527	8,642
Tax recoverable		1,281	987	624	921
Amounts due from subsidiaries	9	-	-	24,920	28,423
Short-term investment	17	5,223	5,223	5,223	5,223
Deposits	18	11,142	13,676	-	1,100
Cash and bank balances	19	4,518	8,250	348	282
		291,822	270,687	118,183	113,948
Asset classified as held for sale	20	940	1,680	-	-
		292,762	272,367	118,183	113,948
<b>TOTAL ASSETS</b>		<b>403,585</b>	<b>394,624</b>	<b>255,681</b>	<b>263,974</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	21	72,469	72,469	72,469	72,469
Share premium	22	3,457	3,457	3,457	3,457
Other reserves	23	556	203	12	(407)
Distribution from subsidiaries	9	-	-	6,209	6,209
Retained profits	24	87,827	76,126	51,535	41,506
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>					
NON-CONTROLLING INTERESTS	8	6,291	6,290	-	-
<b>TOTAL EQUITY</b>		<b>170,600</b>	<b>158,545</b>	<b>133,682</b>	<b>123,234</b>

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

## Statements of Financial Position 45

at 31 December 2014

> Continued

	NOTE	THE GROUP		THE COMPANY	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>NON-CURRENT LIABILITIES</b>					
Amount due to subsidiaries	9	-	-	-	3,810
Hire purchase payables	25	879	1,106	295	384
Term financing/loan	26	11,116	16,194	8,727	12,782
Deferred tax liabilities	13	1,486	933	937	-
		13,481	18,233	9,959	16,976
<b>CURRENT LIABILITIES</b>					
Trade payables	27	103,655	103,467	26,325	34,125
Other payables	28	16,989	13,892	5,550	5,804
Amounts due to subsidiaries	9	-	-	8,188	9,716
Amount due to an associate	10	6	9	6	9
Hire purchase payables	25	579	622	220	221
Term financing/loan	26	10,230	4,545	4,058	3,862
Short-term borrowings	29	70,735	79,891	54,786	58,625
Bank overdrafts	30	4,315	4,713	2,954	1,409
Business cash financing	31	11,928	9,993	9,953	9,993
Taxation		1,067	714	-	-
		219,504	217,846	112,040	123,764
<b>TOTAL LIABILITIES</b>		<b>232,985</b>	<b>236,079</b>	<b>121,999</b>	<b>140,740</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>403,585</b>	<b>394,624</b>	<b>255,681</b>	<b>263,974</b>

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

# 46 STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 December 2014

	NOTE	THE GROUP		THE COMPANY	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
REVENUE	32	635,532	628,072	188,537	207,885
COST OF SALES	33	(578,203)	(572,075)	(176,872)	(195,596)
GROSS PROFIT		57,329	55,997	11,665	12,289
OTHER INCOME	34	14,840	20,304	26,269	34,146
		72,169	76,301	37,934	46,435
ADMINISTRATIVE EXPENSES		(27,712)	(26,983)	(13,317)	(13,594)
SELLING AND MARKETING EXPENSES		(15,361)	(15,287)	(3,450)	(3,380)
OTHER EXPENSES		(3,207)	(18,363)	(2,511)	(8,758)
FINANCE COSTS	35	(5,670)	(5,725)	(4,938)	(4,986)
		(51,950)	(66,358)	(24,216)	(30,718)
PROFIT BEFORE TAXATION	36	20,219	9,943	13,718	15,717
INCOME TAX EXPENSE	37	(5,758)	(4,938)	(1,515)	(4,476)
PROFIT AFTER TAXATION		14,461	5,005	12,203	11,241
OTHER COMPREHENSIVE INCOME	38				
Items that may be reclassified subsequently to profit or loss					
Fair value changes of available- for-sale financial assets		337	20	419	(89)
Foreign currency translation differences		16	6	-	-
		353	26	419	(89)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		14,814	5,031	12,622	11,152

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

## Statements of Profit or Loss and Other Comprehensive Income 47

for the financial year ended 31 December 2014

> Continued

	NOTE	THE GROUP		THE COMPANY	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
PROFIT AFTER TAXATION					
ATTRIBUTABLE TO:-					
Owners of the Company		13,875	4,491	12,203	11,241
Non-controlling interests		586	514	-	-
		14,461	5,005	12,203	11,241
TOTAL COMPREHENSIVE INCOME					
ATTRIBUTABLE TO:-					
Owners of the Company		14,228	4,517	12,622	11,152
Non-controlling interests		586	514	-	-
		14,814	5,031	12,622	11,152
EARNINGS PER SHARE (SEN)					
Basic	39	19.15	6.20		
Diluted	39	Not applicable	Not applicable		

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

# 48 STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2014

THE GROUP	NOTE	NON-DISTRIBUTABLE			DISTRIBUTABLE		ATTRIBUTABLE TO OWNERS OF THE COMPANY RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
		SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	EXCHANGE FLUCTUATION RESERVES RM'000	FAIR VALUE RESERVES RM'000	RETAINED PROFITS RM'000			
Balance at 1.1.2013		72,469	3,457	421	(291)	74,227	150,283	8,153	158,436
Profit after taxation for the financial year		-	-	-	-	4,491	4,491	514	5,005
Other comprehensive income for the financial year:-	38	-	-	-	-	-	20	-	20
- Fair value changes of available-for-sale financial assets		-	-	-	20	-	20	-	20
- Foreign currency translation differences		-	-	6	-	-	6	-	6
Total comprehensive income for the financial year		-	-	6	20	4,491	4,517	514	5,031
Contribution by and distributions to owners of the Company:-		-	-	-	-	(418)	(418)	(2,377)	(2,795)
- Additional investment in subsidiaries		-	-	-	-	(2,174)	(2,174)	-	(2,174)
- Dividend	40	-	-	-	-	-	-	-	-
Total transactions with owners		-	-	-	-	(2,592)	(2,592)	(2,377)	(4,969)
Voluntary struck-off overseas subsidiaries		-	-	47	-	-	47	-	47
Balance at 31.12.2013		72,469	3,457	474	(271)	76,126	152,255	6,290	158,545

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

## Statements of Changes in Equity 49

for the financial year ended 31 December 2014

> Continued

THE GROUP	NOTE	← NON-DISTRIBUTABLE →		DISTRIBUTABLE →		ATTRIBUTABLE TO OWNERS OF THE COMPANY RM'000	NON- CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000	
		SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	NON-DISTRIBUTABLE EXCHANGE FLUCTUATION RESERVES RM'000	FAIR VALUE RESERVES RM'000				RETAINED PROFITS RM'000
Balance at 1.1.2014		72,469	3,457	474	(271)	76,126	152,255	6,290	158,545
Profit after taxation for the financial year		-	-	-	-	13,875	13,875	586	14,461
Other comprehensive income for the financial year:-	38	-	-	-	337	-	337	-	337
- Fair value changes of available-for-sale financial assets		-	-	-	-	-	-	-	-
- Foreign currency translation differences		-	-	16	-	-	16	-	16
Total comprehensive income for the financial year		-	-	16	337	13,875	14,228	586	14,814
Distributions to owners of the Company:-		-	-	-	-	(2,174)	(2,174)	-	(2,174)
- Dividend	40	-	-	-	-	(2,174)	(2,174)	-	(2,174)
Dividends paid to non-controlling interest of a subsidiary		-	-	-	-	-	-	(585)	(585)
Balance at 31.12.2014		72,469	3,457	490	66	87,827	164,309	6,291	170,600

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

## 50 Statements of Changes in Equity for the financial year ended 31 December 2014

&gt; Continued

THE COMPANY	NOTE	← NON-DISTRIBUTABLE →			DISTRIBUTABLE		TOTAL EQUITY RM'000
		SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	FAIR VALUE RESERVES RM'000	DISTRIBUTION FROM SUBSIDIARIES RM'000	RETAINED PROFITS RM'000	
Balance at 1.1.2013		72,469	3,457	(318)	6,209	32,439	114,256
Profit after taxation for the financial year		-	-	-	-	11,241	11,241
Other comprehensive income for the financial year:	38						
- Fair value changes of available-for-sale financial assets		-	-	(89)	-	-	(89)
Total comprehensive income for the financial year		-	-	(89)	-	11,241	11,152
Distributions to owners of the Company:							
- Dividend	40	-	-	-	-	(2,174)	(2,174)
Balance at 31.12.2013/ 1.1.2014		72,469	3,457	(407)	6,209	41,506	123,234
Profit after taxation for the financial year		-	-	-	-	12,203	12,203
Other comprehensive income for the financial year:	38						
- Fair value changes of available-for-sale financial assets		-	-	419	-	-	419
Total comprehensive income for the financial year		-	-	419	-	12,203	12,622
Distributions to owners of the Company:							
- Dividend	40	-	-	-	-	(2,174)	(2,174)
At 31.12.2014		72,469	3,457	12	6,209	51,535	133,682

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

# STATEMENTS OF CASH FLOWS 51

for the financial year ended 31 December 2014

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	20,219	9,943	13,718	15,717
Adjustments for:-				
Depreciation of property, plant and equipment	2,517	2,661	735	870
Impairment loss on property, plant and equipment	-	10	-	-
Net (write-back of)/allowance for impairment losses				
- on receivables	(62)	15,366	508	4,752
- on amount due from subsidiaries	-	-	(1,115)	747
Bad debts written off	37	-	27	-
Inventories written down/(back)	604	465	(41)	33
Impairment losses on investment				
- in subsidiaries, net (unquoted)	-	-	158	2,310
- in quoted shares	-	*	-	-
Unrealised foreign exchange loss/(gain)	21	(47)	21	7
Interest expense	5,670	5,725	4,938	4,986
(Gain)/Loss on disposal of property, plant and equipment	(23)	(268)	47	(70)
(Gain)/Loss on disposal of quoted shares	(331)	-	399	-
Changes in fair value of investment properties	(5,724)	(11,949)	(9,622)	(5,925)
Property, plant and equipment written off	11	155	7	-
Remeasurement of asset classified as held for sale	-	170	-	-
Interest income	(4,851)	(4,228)	(2,266)	(2,885)
Dividend income	(1)	*	(8,513)	(20,079)
Rental income	(1,332)	(1,059)	(1,068)	(1,077)
Operating profit/(loss) before working capital changes, carried forward	16,755	16,944	(2,067)	(614)

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

## 52 Statements of Cash Flows

for the financial year ended 31 December 2014

> Continued

	NOTE	THE GROUP		THE COMPANY	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Operating profit/(loss) before working capital changes, brought forward		16,755	16,944	(2,067)	(614)
Land and property development		(1,335)	(1,020)	-	-
Inventories		1,131	888	(91)	(4,543)
Receivables		(5,100)	6,897	11,299	(2,736)
Subsidiaries		-	-	73	(1,377)
Associates		(3)	(2)	(3)	(2)
Payables		3,285	(10,136)	(8,054)	4,268
<b>CASH FROM/(FOR) OPERATIONS</b>		<b>14,733</b>	<b>13,571</b>	<b>1,157</b>	<b>(5,004)</b>
Interest paid		(5,670)	(5,725)	(4,439)	(4,247)
Income tax paid		(4,641)	(3,591)	(210)	(3,317)
<b>NET CASH FROM/(FOR) OPERATING ACTIVITIES</b>		<b>4,422</b>	<b>4,255</b>	<b>(3,492)</b>	<b>(12,568)</b>
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>					
Additional investment/Investment in subsidiaries		-	(2,795)	*	(2,795)
Repayment from/(Advances to) subsidiaries		-	-	6,595	(5,470)
Proceeds from disposal of					
- property, plant and equipment		238	515	69	167
- asset held for sale		1,680	-	-	-
- quoted shares		1,190	-	61	-
- other investment		83	-	83	-
Purchase of property, plant and equipment	41	(8,291)	(1,239)	(165)	(283)
Purchase of investment properties		-	(275)	-	-
Purchase of land held for property development		-	(7,178)	-	-
Placement of deposits with licensed banks		(10)	(289)	-	-
Rental income received		1,332	1,059	1,068	1,077
Interest income received		3,513	2,978	975	1,517
Dividend received from subsidiaries		-	-	8,513	20,079
Dividend received from shares quoted in Malaysia		1	*	*	-
<b>NET CASH (FOR)/FROM INVESTING ACTIVITIES</b>		<b>(264)</b>	<b>(7,224)</b>	<b>17,199</b>	<b>14,292</b>

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

## Statements of Cash Flows 53

for the financial year ended 31 December 2014  
> Continued

NOTE	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES				
Dividend paid to shareholders	40	(2,174)	(2,174)	(2,174)
Dividends paid to non-controlling shareholders in subsidiaries		(585)	-	-
Repayment to subsidiaries		-	(6,133)	(17,948)
Repayment of hire purchase payables		(679)	(241)	(429)
(Repayment of)/Net proceeds from short-term bank borrowings		(9,156)	(3,839)	15,132
Repayment of bills payable		-	-	(6,961)
Net proceeds from/(Repayment of) term financing/loan		607	(3,859)	12,527
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(11,987)	(16,246)	147
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(7,829)	(2,539)	1,871
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		16	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		6,614	(10,261)	(12,132)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	42	(1,199)	(12,800)	(10,261)

Note:-

\* Amount less than RM500.

# 54 NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 31 December 2014

### 1. GENERAL INFORMATION

The Company is a public company limited by shares, incorporated under the Companies Act 1965 in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office : Bangunan Ipmuda, 12 Jalan Datoh,  
30000 Ipoh, Perak Darul Ridzuan.

Principal place of business : 9th Floor, Maju Tower,  
No. 1001, Jalan Sultan Ismail,  
50250 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 21 April 2015.

### 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of trading and distribution of building materials, whilst the principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### 3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 1965 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

#### **FRSs and IC Interpretations (Including the Consequential Amendments)**

Amendments to FRS 10, FRS 12 and FRS 127 (2011): Investment Entities

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

Amendments to FRS 136: Recoverable Amount Disclosures for Non-financial Assets

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

IC Interpretation 21 Levies

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements except for the Amendments to FRS 132.

The amendments to FRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. The impacts on the financial statements of the Group upon the application of the amendments are disclosed in Note 9(a) to the financial statements.

## Notes to the Financial Statements 55

### for the financial year ended 31 December 2014

> Continued

### 3. BASIS OF PREPARATION (CONT'D)

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:

<b>FRSs and IC Interpretations (Including the Consequential Amendments)</b>	<b>Effective date</b>
FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 10 and FRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to FRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to FRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to FRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011 – 2013 Cycle	1 July 2014
Annual Improvements to FRSs 2012 – 2014 Cycle	1 January 2016

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

3.3 MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), that are to be applied by all entities other than private entities; with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called "transitioning entities").

As announced by MASB on 2 September 2014, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2017.

Accordingly, as a transitioning entity as defined above, the Group and the Company have chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 31 December 2017. The Group and the Company are currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

## 56 Notes to the Financial Statements for the financial year ended 31 December 2014

> Continued

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

##### (a) *Depreciation of Property, Plant and Equipment*

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant, except for motor vehicles. As a result, residual values are not being taken into consideration for the computation of the depreciable amount of these assets. The cost of motor vehicles less residual value are depreciated on a straight-line basis over the assets' economic useful lives which management has estimated to be 7 years.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

##### (b) *Income Taxes*

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

##### (c) *Impairment of Non-Financial Assets*

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

##### (d) *Write-down of Inventories*

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.1 Critical Accounting Estimates and Judgements (Cont'd)

(e) *Classification between Investment Properties and Owner-Occupied Properties*

The Group determines whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(f) *Property Development and Construction Contracts*

The Group recognises property development and contract revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development and contract costs incurred for work performed to date bear to the estimated total property development and contract costs.

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

(g) *Impairment of Trade and Other Receivables*

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. 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. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(h) *Impairment of Available-for-sale Financial Assets*

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

# 58 Notes to the Financial Statements

## for the financial year ended 31 December 2014

> Continued

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.1 Critical Accounting Estimates and Judgements (Cont'd)

(i) *Revaluation of Investment Properties*

The investment properties of the Group are reported at valuation which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining the value of the properties by comparing and adopting as a yardstick recent sales evidences involving other similar properties in the vicinity. Also, adjustment has been applied to the differences in locations, size and shapes, accessibility, infrastructure available and improvements made on the properties. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

(j) *Classification of Leasehold Land*

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(k) *Impairment of Goodwill*

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(l) *Fair Value Estimates for Certain Financial Assets and Liabilities*

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

#### 4.2 Functional and Foreign Currencies

(a) *Functional and Presentation Currency*

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is also the Company's functional and presentation currency.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.2 Functional and Foreign Currencies (Cont'd)

###### (b) *Transactions and Balances*

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss except for differences arising from the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

###### (c) *Foreign Operations*

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

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

##### 4.3 Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

## 60 Notes to the Financial Statements for the financial year ended 31 December 2014

> Continued

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.3 Financial Instruments (Cont'd)

##### (a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

##### (i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

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

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

##### (ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

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

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

##### (iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.3 Financial Instruments (Cont'd)

###### (a) Financial Assets (Cont'd)

###### (iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

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

###### (b) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the reporting date.

###### (c) Equity Instruments

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

###### (i) Ordinary Shares

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

## 62 Notes to the Financial Statements for the financial year ended 31 December 2014

> Continued

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.3 Financial Instruments (Cont'd)

##### (c) *Equity Instruments (Cont'd)*

##### (ii) *Treasury Shares*

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

##### (d) *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 the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of 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 or 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.

##### (e) *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 specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to financial institutions for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 Insurance Contracts. The Group recognises these corporate guarantees as liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### 4.4 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2014.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, 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.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.4 Basis of Consolidation (Cont'd)**

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

##### Business combinations from 1 January 2011 onwards

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

## 64 Notes to the Financial Statements for the financial year ended 31 December 2014

> Continued

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.4 Basis of Consolidation (Cont'd)

##### Business combinations before 1 January 2011

All subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

#### 4.5 Goodwill

Goodwill is measured at cost less any accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

##### Business combinations from 1 January 2011 onwards

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

##### Business combinations before 1 January 2011

Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

#### 4.6 Investments in Subsidiaries

Investments in subsidiaries including the fair value adjustments on intra-group loans at inception date are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transactions costs.

On the disposal of such investments, the difference between the net disposal proceeds and their carrying amount is recognised in profit or loss.

#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.7 Investments in Associates**

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investments in associates are accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associates made up to 31 December 2014. The Group's share of the post-acquisition profits and other comprehensive income of the associates is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associates is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial assets in accordance with FRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method if the dilution does not result in a loss of significant influence or when an investment in a joint venture becomes an investment in associate. Under such changes in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the associate will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in associates are recognised in profit or loss.

On the disposal of the investments in associates, the difference between the net disposal proceeds and the carrying amounts of the investments is recognised in the profit or loss.

##### **4.8 Property, Plant and Equipment**

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is stated at cost less any impairment losses and is not depreciated. Buildings-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is charged to profit or loss on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

## 66 Notes to the Financial Statements for the financial year ended 31 December 2014

> Continued

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.8 Property, Plant and Equipment (Cont'd)

The principal annual rates used for this purpose are:-

Buildings		2%
Leasehold land	Over the remaining lease period	
Plant, machinery and tools		10% - 35%
Motor vehicles		14% - 20%
Office renovation, furniture and fittings		10% - 20%
Office equipment and computers		10% - 33%

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

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

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

#### 4.9 Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

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

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

Investment properties are derecognised when they have either been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the investment property is recognised in profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change in use becomes the cost for subsequent accounting purposes. If owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the policy set out under property, plant and equipment in Note 4.8 above up to the date of change in use.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.10 Impairment

###### (a) *Impairment of Financial Assets*

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period 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. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets 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 financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

###### (b) *Impairment of Non-financial Assets*

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## 68 Notes to the Financial Statements for the financial year ended 31 December 2014

> Continued

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.11 Land Held for Property Development and Property Development Costs

##### (a) Land Held for Property Development

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

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

##### (b) Property Development Costs

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

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

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

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

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

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

#### 4.12 Construction Contracts

Where the outcome of a construction contract can be reliably estimated and is probable that the contract will be profitable, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

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

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.12 Construction Contracts (Cont'd)

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

##### 4.13 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value represents 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.

##### 4.14 Borrowing Costs

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

##### 4.15 Leases

###### (a) *As Lessee*

A finance lease, which transfers substantially to the Group all the risks and rewards incidental to ownership are capitalised at the inception of the lease at the lower of fair value of the leased asset and the present value of the minimum lease payments. Any initial direct costs are also added to the carrying amount of such assets. Each lease payment is apportioned between the finance charges and the reduction of the lease liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss over the lease period.

Leased assets or assets held under finance lease are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4.8. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

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

###### (b) *As Lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 4.25(d).

## 70 Notes to the Financial Statements for the financial year ended 31 December 2014

> Continued

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.16 Income Taxes

Income taxes for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

#### 4.17 Provision

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.18 Employee Benefits

###### (a) Short-term Benefits

Wages, salaries, bonuses and social security contributions are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group and included in the development and construction cost, where appropriate. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

###### (b) Defined Contribution Plans

The Group participates in the national pension scheme as defined by the laws of the countries which it has operations. The Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised in profit or loss in the period in which the related service is performed and included in the development and construction cost, where appropriate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

##### 4.19 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

During the financial year, the Group excluded deposits with maturity periods exceeding three months from cash and cash equivalents for the purpose of statements of cash flows.

##### 4.20 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. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

##### 4.21 Related Parties

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

## 72 Notes to the Financial Statements for the financial year ended 31 December 2014

> Continued

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.21 Related Parties (Cont'd)

A party is related to an entity (referred to as the "reporting entity") if:- (Cont'd)

- (b) An entity is related to a reporting entity if any of the following conditions applies:-
  - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
  - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

#### 4.22 Contingent Liabilities

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

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

#### 4.23 Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transactions between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's 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.

For financial reporting purposes, the fair value measurement are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the assets or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

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

#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.24 Non-Current Assets Held For Sale**

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the non-current assets are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any difference are recognised in profit or loss.

##### **4.25 Revenue and Other Income**

(a) *Sale of Goods*

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of sales taxes, returns and discounts.

(b) *Construction Contracts*

Revenue from construction contracts are accounted for by the stage of completion method as described in Note 4.12.

(c) *Property Development*

Revenue from the property development is recognised from the sale of completed and uncompleted development properties. Revenue from sale of completed properties is recognised when the sale is contracted. Revenue on uncompleted properties contracted for sale is accounted for by the stage of completion method as described in Note 4.11 (b).

(d) *Rental Income*

Rental income from investment property is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(e) *Interest Income*

Interest income is recognised on an accrual basis using the effective interest method except for interest on overdue sales invoices which is recognised on cash basis.

(f) *Dividend Income*

Dividend income from investment is recognised when the right to receive payment is established.

(g) *Management Fees*

Management fees are recognised when services are rendered.

# 74 Notes to the Financial Statements

## for the financial year ended 31 December 2014

&gt; Continued

5. PROPERTY, PLANT AND EQUIPMENT	THE GROUP	FREEHOLD LAND AND BUILDINGS		LEASEHOLD LAND AND BUILDINGS		CONSTRUCTION IN PROGRESS	PLANT, MACHINERY AND TOOLS	MOTOR VEHICLES	OFFICE RENOVATION AND FURNITURE AND FITTINGS	OFFICE EQUIPMENT AND COMPUTERS	TOTAL
		RM'000	RM'000	LONG TERM	SHORT TERM						
	<b>AT 31 DECEMBER 2014</b>										
	<b>Cost</b>										
	At 1 January 2014	9,878	8,582	23,326	1,26	13,219	12,008	10,099	5,965	83,203	
	Additions	-	-	-	7,632	109	584	81	294	8,700	
	Reclassification	-	(2,535)	2,535	-	-	-	-	-	-	
	Transfer to										
	- investment properties	(522)	-	-	(51)	-	-	-	-	(573)	
	- asset classified as held for sale	-	-	(1,316)	-	-	-	-	-	(1,316)	
	Disposals	-	-	-	-	-	(1,388)	(40)	(3)	(1,431)	
	Write-offs	-	-	-	-	(239)	-	(34)	(246)	(519)	
	Exchange differences	-	-	-	-	140	26	6	4	176	
	At 31 December 2014	9,356	6,047	24,545	7,707	13,229	11,230	10,112	6,014	88,240	
	<b>Accumulated Depreciation and Impairment</b>										
	At 1 January 2014	1,979	3,519	8,378	-	11,919	6,982	8,239	5,492	46,508	
	Depreciation charge for the year	137	94	501	-	437	619	459	270	2,517	
	Reclassification	-	(1,080)	1,080	-	-	-	-	-	-	
	Transfer to										
	- asset classified as held for sale	-	-	(376)	-	-	-	-	-	(376)	
	Disposals	-	-	-	-	-	(1,173)	(40)	(3)	(1,216)	
	Write-offs	-	-	-	-	(233)	-	(32)	(243)	(508)	
	Exchange differences	-	-	-	-	140	26	6	4	176	
	At 31 December 2014	2,116	2,533	9,583	-	12,263	6,454	8,632	5,520	47,101	
	<b>Net Carrying Amount</b>										
	At 31 December 2014	7,240	3,514	14,962	7,707	966	4,776	1,480	494	41,139	

Notes to the Financial Statements **75**  
for the financial year ended 31 December 2014

> Continued

**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

THE GROUP	FREEHOLD LAND AND BUILDINGS		LEASEHOLD LAND AND BUILDINGS		CONSTRUCTION IN PROGRESS	PLANT, MACHINERY AND TOOLS	MOTOR VEHICLES	OFFICE RENOVATION AND FURNITURE AND FITTINGS	OFFICE EQUIPMENT AND COMPUTERS	TOTAL
	RM'000	RM'000	LONG TERM	SHORT TERM						
<b>AT 31 DECEMBER 2013</b>										
<b>Cost</b>										
At 1 January 2013	9,878	8,582	23,326	9	12,961	11,689	10,249	5,857	82,551	
Additions	-	-	-	117	169	1,643	186	262	2,377	
Disposals	-	-	-	-	(122)	(1,376)	(32)	(17)	(1,547)	
Write-offs	-	-	-	-	(2)	-	(313)	(143)	(458)	
Exchange differences	-	-	-	-	213	52	9	6	280	
At 31 December 2013	9,878	8,582	23,326	126	13,219	12,008	10,099	5,965	83,203	
<b>Accumulated Depreciation and Impairment</b>										
At 1 January 2013	1,841	3,337	7,955	-	11,376	7,484	7,779	5,388	45,160	
Depreciation charge for the year	138	172	423	-	434	613	635	246	2,661	
Impairment loss	-	10	-	-	-	-	-	-	10	
Disposals	-	-	-	-	(103)	(1,167)	(17)	(13)	(1,300)	
Write-offs	-	-	-	-	(1)	-	(167)	(135)	(303)	
Exchange differences	-	-	-	-	213	52	9	6	280	
At 31 December 2013	1,979	3,519	8,378	-	11,919	6,982	8,239	5,492	46,508	
<b>Net Carrying Amount</b>										
At 31 December 2013	7,899	5,063	14,948	126	1,300	5,026	1,860	473	36,695	

## 76 Notes to the Financial Statements for the financial year ended 31 December 2014

&gt; Continued

### 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE COMPANY	FREEHOLD LAND AND BUILDINGS RM'000	LONG TERM LEASEHOLD LAND AND BUILDINGS RM'000	CONSTRUCTION IN PROGRESS RM'000	PLANT, MACHINERY AND TOOLS RM'000	MOTOR VEHICLES RM'000	OFFICE RENOVATION AND FURNITURE AND FITTINGS RM'000	OFFICE EQUIPMENT AND COMPUTERS RM'000	TOTAL RM'000
<b>AT 31 DECEMBER 2014</b>								
<b>Cost</b>								
At 1 January 2014	704	3,409	6	1,358	2,921	3,523	2,925	14,846
Additions	-	-	-	1	172	19	103	295
Transfer from subsidiaries	-	-	-	-	56	-	-	56
Disposals	-	-	-	-	(307)	-	*	(307)
Write-off	-	-	(6)	-	-	-	(83)	(89)
At 31 December 2014	704	3,409	-	1,359	2,842	3,542	2,945	14,801
<b>Accumulated Depreciation</b>								
At 1 January 2014	146	1,225	-	1,087	1,529	3,035	2,736	9,758
Depreciation charge for the year	6	57	-	270	168	137	97	735
Transfer from subsidiaries	-	-	-	-	35	-	-	35
Disposals	-	-	-	-	(191)	-	*	(191)
Write-off	-	-	-	-	-	-	(82)	(82)
At 31 December 2014	152	1,282	-	1,357	1,541	3,172	2,751	10,255
<b>Net Carrying Amount</b>								
At 31 December 2014	552	2,127	-	2	1,301	370	194	4,546

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

> Continued

THE COMPANY	FREEHOLD LAND AND BUILDINGS RM'000	LONG TERM LEASEHOLD LAND AND BUILDINGS RM'000	CONSTRUCTION IN PROGRESS RM'000	PLANT, MACHINERY AND TOOLS RM'000	MOTOR VEHICLES RM'000	OFFICE RENOVATION AND FURNITURE AND FITTINGS RM'000	OFFICE EQUIPMENT AND COMPUTERS RM'000	TOTAL RM'000
<b>AT 31 DECEMBER 2013</b>								
<b>Cost</b>								
At 1 January 2013	704	3,409	6	1,406	2,571	3,458	2,793	14,347
Additions	-	-	-	-	538	62	138	738
Transfer from subsidiaries	-	-	-	-	127	3	-	130
Disposals	-	-	-	(48)	(315)	-	-	(363)
Write-off	-	-	-	-	-	-	(6)	(6)
At 31 December 2013	704	3,409	6	1,358	2,921	3,523	2,925	14,846
<b>Accumulated Depreciation</b>								
At 1 January 2013	140	1,168	-	847	1,495	2,765	2,650	9,065
Depreciation charge for the year	6	57	-	269	176	270	92	870
Transfer from subsidiaries	-	-	-	-	95	*	-	95
Disposals	-	-	-	(29)	(237)	-	-	(266)
Write-off	-	-	-	-	-	-	(6)	(6)
At 31 December 2013	146	1,225	-	1,087	1,529	3,035	2,736	9,758
<b>Net Carrying Amount</b>								
At 31 December 2013	558	2,184	6	271	1,392	488	189	5,088

Note:-

\* Amount less than RM500.

## 78 Notes to the Financial Statements for the financial year ended 31 December 2014

> Continued

### 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM8,700,000 (2013 - RM2,377,000) and RM316,000 (2013 - RM773,000), respectively, of which RM463,000 (2013 - RM1,315,000) and RM164,000 (2013 - RM538,000), respectively, were acquired by means of hire purchase and finance lease arrangements. These leased assets have been pledged as security for the related finance lease liabilities of the Group.

Net carrying amounts of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:-

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Motor vehicles	2,181	2,542	903	1,040
Plant, machinery and tools	286	327	-	-
	2,467	2,869	903	1,040

- (b) The net carrying amounts of property, plant and equipment charged to licensed banks as security for banking facilities granted to the Group and the Company as disclosed in Notes 26, 29 and 31 are as follows:-

	THE GROUP	
	2014 RM'000	2013 RM'000
Freehold land and building	3,902	3,966
Leasehold land and buildings	11,146	12,436
Construction in progress	7,631	-
	22,679	16,402

### 6. INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Carrying Amount:-				
At 1 January	54,483	44,109	35,483	29,558
Addition	-	275	-	-
Net transfer from property, plant and equipment	573	-	-	-
Transfer to asset classified as held for sale	-	(1,850)	-	-
Fair value adjustments	5,724	11,949	9,622	5,925
At 31 December	60,780	54,483	45,105	35,483

## Notes to the Financial Statements 79

### for the financial year ended 31 December 2014

> Continued

#### 6. INVESTMENT PROPERTIES (CONT'D)

- (a) Investment properties with an aggregate carrying value of RM15,880,000 (2013 - RM16,000,000) are charged to a licensed bank as security for banking facilities granted to the Group and the Company as disclosed in Note 31 to the financial statements.
- (b) Investment properties are stated at fair value, which have been determined based on valuations performed by independent valuers at the end of the reporting period 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.

The fair values of the investment properties are within level 2 of the fair value hierarchy.

There were no transfers between level 1, level 2 and level 3 during the financial year.

#### 7. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT EXPENDITURE

	<b>THE GROUP</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Land held for property development:-</b>		
At 1 January	7,178	-
Acquired during the year	-	7,178
At 31 December	7,178	7,178
<b>Cumulative property development costs:-</b>		
At 1 January		
Freehold land	1,290	1,290
Development costs	22,355	14,335
	23,645	15,625
Cost incurred during the financial year		
Development costs	6,889	8,020
At 31 December	30,534	23,645
<b>Cost recognised as an expense in profit or loss</b>		
At 1 January	12,264	5,264
Recognised during the financial year (Note 33)	5,554	7,000
At 31 December	17,818	12,264
At 31 December		
Freehold Land	680	703
Development costs	12,036	10,678
	12,716	11,381

## 80 Notes to the Financial Statements for the financial year ended 31 December 2014

> Continued

### 7. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT EXPENDITURE (CONT'D)

Accrued billings in respect of property development costs:

	THE GROUP	
	2014 RM'000	2013 RM'000
<b>Cumulative:-</b>		
Revenue recognised in profit or loss	28,513	19,631
Billings to purchasers	(23,756)	(14,663)
Accrued billings (Note 14)	4,757	4,968

The leasehold land classified as land held for property development with carrying value of RM7,178,000 (2013 - RM7,178,000) is charged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 26 to the financial statements.

### 8. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost		
- in Malaysia	30,937	30,937
- outside Malaysia	561	561
Discount on loans to subsidiaries	31,498	31,498
Quasi loans	2,740	2,740
	60,852	60,852
Accumulated impairment losses:-	95,090	95,090
At 1 January	(7,543)	(5,233)
Addition during the financial year	(364)	(2,310)
Write-back during the financial year	206	-
At 31 December	(7,701)	(7,543)
	87,389	87,547

## Notes to the Financial Statements 81

### for the financial year ended 31 December 2014

> Continued

#### 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:-

Name of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of Ownership Interest (%)			
			By Company		By Subsidiaries	
			2014	2013	2014	2013
Armor Master Sdn. Bhd.	Malaysia	Investment holding	100	100	-	-
Artilin Sdn. Bhd.	Malaysia	Dormant	100	100	-	-
Better Living Grand Sdn. Bhd.	Malaysia	Trading in home improvement materials	100	100	-	-
Control Instruments (M) Sdn. Bhd.	Malaysia	Constructing and assembling industrial control instruments and engineering equipment	68	68	-	-
Eager Vest Sdn. Bhd.	Malaysia	Investment holding	100	100	-	-
Edaran Maju-Muda Sdn. Bhd.	Malaysia	Trading in building materials	100	100	-	-
Edar Steel Resources Sdn. Bhd.	Malaysia	Manufacturing of building materials	100	100	-	-
Global Allied Sdn. Bhd.	Malaysia	Trading in heavy steel products	70	70	-	-
Glorious Future Sdn. Bhd.	Malaysia	Investment holding	100	100	-	-
Homemart Distribution Centre Sdn. Bhd.	Malaysia	Provision of warehousing services	100	100	-	-
Homemart Warehousing Sdn. Bhd.	Malaysia	Dormant	100	100	-	-
Ipmuda Amanjaya Quarry Sdn. Bhd.	Malaysia	Dormant	100	-	-	-
Ipmuda Architectural Products Sdn. Bhd.	Malaysia	Trading in architectural hardware	80	80	20	20
Ipmuda Bina Sdn. Bhd.	Malaysia	Engaging in engineering works and construction	70	70	-	-
Ipmuda Borneo Sdn. Bhd.	Malaysia	Trading in building materials	100	100	-	-

## 82 Notes to the Financial Statements for the financial year ended 31 December 2014

> Continued

### 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:- (Cont'd)

Name of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of Ownership Interest (%)			
			By Company		By Subsidiaries	
			2014	2013	2014	2013
Ipmuda Buildermart Sdn. Bhd.	Malaysia	Trading in building materials	100	100	-	-
Ipmuda Building Materials Sdn. Bhd.	Malaysia	Dormant	100	100	-	-
Ipmuda Construction and Engineering Sdn. Bhd.	Malaysia	Contractors and trading in construction materials	100	100	-	-
Ipmuda Dagangan Sdn. Bhd.	Malaysia	Dormant	100	100	-	-
Ipmuda Edar Sdn. Bhd.	Malaysia	Trading in fuel oil and lubricant products	100	100	-	-
Ipmuda Hias Sdn. Bhd.	Malaysia	Provision of interior fit-out works and services (ceased operations)	100	100	-	-
Ipmuda Lanco Sdn. Bhd.	Malaysia	Wholesale and retail of building materials (ceased operations)	51	51	-	-
Ipmuda Selatan Sdn. Bhd.	Malaysia	Trading in building materials	80	80	20	20
Ipmuda Tiles & Sanitarywares Sdn. Bhd.	Malaysia	Trading in tiles, marble and sanitaryware products	80	80	20	20
Ipmuda Timuran Sdn. Bhd.	Malaysia	Trading in building materials	80	80	20	20
Ipmuda Tradelinks Sdn. Bhd.	Malaysia	Trading agency and exporters (ceased operations)	90	90	-	-
Ipmuda Trading Pte. Ltd. *	Singapore	Trading in building materials (ceased operations)	100	100	-	-
Ipmuda Utara Sdn. Bhd.	Malaysia	Trading in building materials	80	80	20	20

## Notes to the Financial Statements **83**

### for the financial year ended 31 December 2014

> Continued

#### 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:- (Cont'd)

Name of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of Ownership Interest (%)			
			By Company		By Subsidiaries	
			2014	2013	2014	2013
Johnson Fluid Engineering Sdn. Bhd.	Malaysia	Specialist contractor in fluid engineering systems	-	-	100	100
Johnson Pacific Pte. Ltd.*	Singapore	Specialist contractor in fluid engineering systems	-	-	100	100
Modular Equity Sdn. Bhd.	Malaysia	Investment holding	100	100	-	-
Perak Metal Industries Sendirian Bhd.	Malaysia	Dormant	100	100	-	-
Perfect Furniture Fittings Systems Sdn. Bhd.	Malaysia	Dormant	-	-	100	100
Ipmuda Properties Sdn. Bhd.	Malaysia	Property development	-	-	100	100
Roset-BLG Sdn. Bhd.	Malaysia	Letting of properties and manufacture and sale of furniture	-	-	100	100
Roset Interiors Sdn. Bhd.	Malaysia	Supply and installation of home fittings	-	-	100	100
Roset Properties Sdn. Bhd.	Malaysia	Dormant	-	-	100	100
Sitolly Co. Sdn. Bhd.	Malaysia	Dormant	-	-	80	80
Summit Management & Contracts Sdn. Bhd.	Malaysia	Dormant	-	-	100	100
Toriki Metal Engineering Sdn. Bhd.	Malaysia	Property holding	-	-	100	100
Uniherbal Sdn. Bhd.	Malaysia	Trading/distribution of healthcare products (ceased operations)	100	100	-	-
Victory Rally Sdn. Bhd.	Malaysia	Property holding	100	100	-	-

\* Not audited by Messrs. Crowe Horwath

## 84 Notes to the Financial Statements for the financial year ended 31 December 2014

> Continued

### 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (a) Quasi loans represent advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The quasi loans are stated at cost less accumulated impairment losses, if any.
- (b) The discounts on loans to subsidiaries represent the fair value adjustments on intra-group loans at inception date. These amounts are treated as part of the Company's net investment in the subsidiaries.
- (c) The Company assessed the recoverable amount of investment on subsidiaries and determined that an impairment loss should be recognised if the recoverable amount is lower than the carrying amount. The recoverable amount of the cash-generating unit is determined using the fair value less costs to sell approach, and is derived from the net assets position of the respective subsidiaries as at end of the reporting period.
- (d) In the current financial year, the Company made an impairment of RM364,000 for quasi loan extended to an inactive subsidiary as its net asset value is less than the Company's carrying amount. Concurrently, the Company wrote back an impairment loss previously made on investment in another subsidiary of RM206,000 since its net asset value has increased in excess of the Company's carrying value.

In the previous financial year, the Company made an impairment of RM1,052,000 on investment in subsidiaries and RM1,258,000 for quasi loans extended in respect of certain subsidiaries which were dormant or inactive and where their respective net asset value was less than the Company's carrying amount.

- (e) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		THE GROUP	
	2014 %	2013 %	2014 RM'000	2013 RM'000
Control Instruments				
(M) Sdn. Bhd.	32	32	4,609	4,197
Global Allied Sdn. Bhd.	30	30	1,239	1,209
Other individually immaterial subsidiaries			443	884
			6,291	6,290

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	Control Instrument (M) Sdn. Bhd.	
	2014 RM'000	2013 RM'000
<u>At 31 December</u>		
Non-current assets	8,227	1,677
Current assets	28,611	23,406
Non-current liabilities	(193)	(229)
Current liabilities	(22,173)	(11,676)
Net assets	14,472	13,178

## Notes to the Financial Statements 85

### for the financial year ended 31 December 2014

> Continued

#### 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (e) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:- (Cont'd)

	<b>Control Instrument (M) Sdn. Bhd.</b>	
	<b>2014 RM'000</b>	<b>2013 RM'000</b>
<u>Financial year ended 31 December</u>		
Revenue	45,087	43,047
Profit for the financial year	1,294	826
Total comprehensive income	1,294	826
<hr/>		
Total comprehensive income attributable to non-controlling interests	412	363
<hr/>		
Net cash flows for operating activities	(2,012)	(1,027)
Net cash flows for investing activities	(5,614)	(109)
Net cash flows from financing activities	5,228	144
<hr/>		
	<b>Global Allied Sdn. Bhd.</b>	
	<b>2014 RM'000</b>	<b>2013 RM'000</b>
<u>At 31 December</u>		
Non-current assets	354	504
Current assets	7,604	6,485
Non-current liabilities	(46)	-
Current liabilities	(3,783)	(2,960)
<hr/>		
Net assets	4,129	4,029
<hr/>		
<u>Financial year ended 31 December</u>		
Revenue	11,193	14,992
Profit for the financial year	101	241
Total comprehensive income	101	241
<hr/>		
Total comprehensive income attributable to non-controlling interests	30	72
<hr/>		
Net cash flows from operating activities	1,334	442
Net cash flows from/(for) investing activities	20	(4)
Net cash flows from/(for) financing activities	816	(363)
<hr/>		

## 86 Notes to the Financial Statements

### for the financial year ended 31 December 2014

> Continued

#### 9. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

Amounts due from subsidiaries:-

	THE COMPANY	
	2014 RM'000	2013 RM'000
<i>Non-current</i>		
Non-trade balances	-	1,629
<i>Current</i>		
Non-trade balances	32,227	37,047
Allowance for impairment losses	(6,772)	(7,887)
Trade balances	25,455 (535)	29,160 (737)
	24,920	28,423
	24,920	30,052
Allowance for impairment losses		
At 1 January	7,887	7,140
(Write-back)/Addition during the financial year	(1,115)	747
At 31 December	6,772	7,887
<u>Amounts due to subsidiaries:-</u>		
<i>Non-current</i>		
Distribution from subsidiaries	6,209	6,209
Non-trade balances	-	3,810
	6,209	10,019
<i>Current</i>		
Non-trade balances	7,686	9,489
Trade balances	502	227
	8,188	9,716
	14,397	19,735

## Notes to the Financial Statements 87

### for the financial year ended 31 December 2014

> Continued

#### 9. AMOUNTS DUE FROM/(TO) SUBSIDIARIES (CONT'D)

(a) The following table provides information on the amounts due from/(to) subsidiaries prior to their offsetting:-

	Gross Amount RM'000	Impairment RM'000	Amount Offset RM'000	Net Carrying Amount RM'000
<b>The Company</b>				
<b>2014</b>				
Amounts due from	32,521	(6,772)	(829)	24,920
Amounts due to	(14,514)	-	117	(14,397)
<b>2013</b>				
Amounts due from	38,799	(7,887)	(860)	30,052
Amounts due to	(20,159)	-	424	(19,735)

(b) The non-trade balances represent unsecured interest-free advances and payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

(c) The trade balances are subject to the normal trade credit terms ranging from 30 to 90 days (2013 - 30 to 90 days). The amounts owing are to be settled in cash.

(d) The Company wrote-back an impairment loss previously made for a non-trade balance owing by a subsidiary amounting to RM1,115,000 upon the repayment by the subsidiary in the current financial year.

(e) In the previous financial year the Company impaired a non-trade balance owing by a subsidiary amounting to RM747,000 as the subsidiary is unlikely to repay the advances extended as it had become operationally inactive as at end of the previous reporting period.

#### 10. INVESTMENTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unquoted shares, at cost	71	71	49	49
Share of post acquisition losses	(42)	(42)	-	-
Accumulated impairment losses	29 (22)	29 (22)	49 (38)	49 (38)
	7	7	11	11
Amount due to an associate - non-trade balance	6	9	6	9

The non-trade balance due to an associate is unsecured, non-interest bearing, repayable on demand and is to be settled in cash.

## 88 Notes to the Financial Statements for the financial year ended 31 December 2014

> Continued

### 10. INVESTMENTS IN ASSOCIATES (CONT'D)

Details of the associates are as follows:-

Name of Associates	Country of Incorporation	Proportion of Ownership Interest (%)				Principal Activities
		By Company 2014	2013	By Subsidiaries 2014	2013	
Better Living Interiors (HK) Limited	Hong Kong	-	-	30.0	30.0	Dormant
Budimex Sdn. Bhd.	Malaysia	49.0	49.0	-	-	Trading agency of building materials (ceased operation)

The financial statements of the above associates are coterminous with those of the Group.

The summarised financial information for the associates that are individually immaterial to the Group is as follows:-

	Individually Immaterial Associates	
	2014 RM'000	2013 RM'000
Financial year ended 31 December		
Aggregate carrying amount of the Group's interest in these associates	7	7

The Group has not recognised any losses relating to these associates for the current and previous financial years as they were immaterial to the Group's results.

### 11. OTHER INVESTMENTS

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Quoted shares in Malaysia	183	705	27	68
Club membership	528	611	420	503
	711	1,316	447	571
Represented by:-				
At cost less impairment losses	528	611	420	503
At fair value	183	705	27	68
	711	1,316	447	571

(a) Investments in quoted shares of the Group are designated as available-for-sale financial assets and are measured at fair value.

(b) Investments in club membership of the Group, designated as available-for-sale financial assets, are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the shares.

## Notes to the Financial Statements 89

### for the financial year ended 31 December 2014

> Continued

#### 12. GOODWILL ON CONSOLIDATION

	THE GROUP	
	2014 RM'000	2013 RM'000
At 1 January	2,341	3,182
Voluntary struck-off of subsidiaries	-	(841)
	2,341	2,341
Accumulated impairment losses	(1,522)	(1,522)
At 31 December	819	819
Accumulated impairment losses At 1 January	1,522	2,363
Amount written off for subsidiaries voluntarily struck-off	-	(841)
At 31 December	1,522	1,522

(a) The carrying amounts of goodwill are identified to the following cash-generating unit:-

	THE GROUP	
	2014 RM'000	2013 RM'000
Contracting segment	819	819

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

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

Growth rate	8% to 9%
Gross margin	5% to 12%
Discount rate	5% to 6%

(i) Growth rate

The average growth rate used is based on the planned capacity and forecasted demands.

(ii) Gross margin

The budgeted gross margin used is based on the average selling prices and the fixed and variable costs achieved in the year immediately before the budgeted year, adjusted for market conditions and economic conditions and internal resource efficiency.

(iii) Discount rate (pre-tax)

The discount rate used approximated the CGUs' average cost of funds and the risk factor.

(c) Sensitivity to changes in assumptions

The management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the goodwill to be materially higher than its recoverable amount.

# 90 Notes to the Financial Statements

## for the financial year ended 31 December 2014

> Continued

### 13. DEFERRED TAX ASSETS/LIABILITIES

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1 January	(239)	1,284	71	838
Recognised in profit or loss (Note 37)	(1,058)	(1,523)	(1,008)	(767)
At 31 December	(1,297)	(239)	(937)	71
Presented after appropriate offsetting as follows:-				
Deferred tax assets	189	694	-	71
Deferred tax liabilities	(1,486)	(933)	(937)	-
	(1,297)	(239)	(937)	71

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

Deferred Tax Liabilities of the Group:

	Property, Plant and Equipment RM'000	Fair Value Gain on Investment Properties RM'000	Total Before Offsetting RM'000	Offsetting RM'000	Total After Offsetting RM'000
At 1 January 2013	684	26	710	(397)	313
Recognised in profit or loss	(13)	857	844	(224)	620
At 31 December 2013/ 1 January 2014	671	883	1,554	(621)	933
Recognised in profit or loss	(133)	227	94	459	553
At 31 December 2014	538	1,110	1,648	(162)	1,486

Deferred Tax Assets of the Group:

	Unused Tax Losses and Unabsorbed Capital Allowances RM'000	Interest on Overdue Debts RM'000	Total Before Offsetting RM'000	Offsetting RM'000	Total After Offsetting RM'000
At 1 January 2013	118	1,876	1,994	(397)	1,597
Recognised in profit or loss	88	(767)	(679)	(224)	(903)
At 31 December 2013/ 1 January 2014	206	1,109	1,315	(621)	694
Recognised in profit or loss	(137)	(827)	(964)	459	(505)
At 31 December 2014	69	282	351	(162)	189

## Notes to the Financial Statements 91

### for the financial year ended 31 December 2014

> Continued

### 13. DEFERRED TAX ASSETS/LIABILITIES (CONT'D)

Deferred Tax Liabilities of the Company:

	Property, Plant and Equipment RM'000	Fair Value Gain on Investment Properties RM'000	Total Before Offsetting RM'000	Offsetting RM'000	Total After Offsetting RM'000
At 1 January 2013	132	92	224	(224)	-
Recognised in profit or loss	64	363	427	(427)	-
At 31 December 2013/ 1 January 2014	196	455	651	(651)	-
Recognised in profit or loss	(196)	482	286	651	937
At 31 December 2014	-	937	937	-	937

Deferred Tax Assets of the Company:

	Unused Tax Losses and Unabsorbed Capital Allowances RM'000	Interest on Overdue Debts RM'000	Total Before Offsetting RM'000	Offsetting RM'000	Total After Offsetting RM'000
At 1 January 2013	65	997	1,062	(224)	838
Recognised in profit or loss	88	(428)	(340)	(427)	(767)
At 31 December 2013/ 1 January 2014	153	569	722	(651)	71
Recognised in profit or loss	(153)	(569)	(722)	651	(71)
At 31 December 2014	-	-	-	-	-

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

	THE GROUP	
	2014 RM'000	2013 RM'000
Unutilised tax losses	31,500	29,826
Unabsorbed capital allowances	7,221	6,023
Others	7,782	6,556
	46,503	42,405
Potential deferred tax benefit at 25%	11,626	10,601

## 92 Notes to the Financial Statements for the financial year ended 31 December 2014

> Continued

### 14. TRADE RECEIVABLES

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade receivables				
- Non-current	-	23,224	-	21,638
- Current	219,873	192,568	82,010	69,999
Accrued billings in respect of property development costs (Note 7)	4,757	4,968	-	-
Due from customers on contract	16,098	13,363	-	-
Retention sums	6,489	5,915	-	-
	247,217	240,038	82,010	91,637
Less: Allowance for impairment losses	25,592	27,726	6,627	7,680
	221,625	212,312	75,383	83,957
Allowance for impairment losses:-				
At 1 January	27,726	15,833	7,680	3,976
Exchange differences	1	1	-	-
Addition during the financial year	2,632	16,474	878	4,860
Write-back during the financial year	(2,694)	(1,114)	(370)	(108)
Written off during the financial year	(735)	(2,218)	(416)	(156)
Unwind of discount	(1,338)	(1,250)	(1,145)	(892)
At 31 December	25,592	27,726	6,627	7,680
Included in trade receivables are:				
Amounts due from companies in which certain Directors have substantial financial interests	34,415	32,256	27,377	27,292

- (a) The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The normal trade credit terms range from 14 to 120 days. Other credit terms are assessed and approved on a case-by-case basis. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances which are interest bearing are reviewed regularly by senior management.
- (b) Concentration of credit risk exists when the changes in economic conditions affect the counterparties whose aggregate credit exposures are significant in relation to the Group's total credit exposure.
- (c) The companies in which certain Directors have substantial financial interests as disclosed above with outstanding amounts of RM22,763,808 (2013 - RM22,743,055) had agreed to settle the amounts due from them via contra of properties. Accordingly the Company had entered into a conditional Sale and Purchase Agreement with the said related parties for the acquisition of certain properties which currently are under development for an aggregate purchase consideration of RM25,675,200. The amounts due from the related parties which will substantially satisfy the purchase consideration of the properties are expected to be settled in August 2015 upon the complete development of these properties.

## Notes to the Financial Statements **93**

### for the financial year ended 31 December 2014

> Continued

#### 14. TRADE RECEIVABLES (CONT'D)

- (d) In addition to a (c) above, the companies in which certain Directors have substantial financial interests with total outstanding amounts of RM6,896,488 had agreed to settle most of its and its subsidiary's debts from the sale proceeds of one of its properties. These debts are expected to be fully settled by October 2015.
- (e) The company previously with certain common Directors had settled part of its debts via the contra of properties amounting to RM450,000. However, due to the slow recovery of this debt, the Group had prudently impaired the remaining debts of RM8,535,858 in the previous financial year. The reasons for individually impairing other trade receivables are disclosed in Note 49.1(b) (iii) to the financial statements.
- (f) In assessing the recoverability of these debts, the Directors have given due consideration to all pertinent information relating to the ability of the debtors to settle the debts and expect these amounts to be fully recoverable. Accordingly, no further impairment has been made in respect of these amounts.
- (g) The following tabulation of construction contracts shows the elements included in the amounts due from and due to contract customers:-

	<b>THE GROUP</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Aggregate costs incurred to date	111,752	101,021
Add: Attributable profit	17,847	13,434
	<hr/>	<hr/>
Less: Progress billings	129,599 (122,554)	114,455 (106,082)
	<hr/>	<hr/>
	7,045	8,373
	<hr/>	<hr/>
Represented by:-		
Due from customers on contract	16,098	13,363
Due to customers on contract (Note 27)	(9,053)	(4,990)
	<hr/>	<hr/>
	7,045	8,373
	<hr/>	<hr/>
Amount of contract revenue recognised as revenue during the year (Note 32)	70,980	63,364
	<hr/>	<hr/>
Amount of contract costs recognised as expenses during the year (Note 33)	61,286	54,343
	<hr/>	<hr/>

## 94 Notes to the Financial Statements for the financial year ended 31 December 2014

> Continued

### 15. INVENTORIES

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>At Cost:-</b>				
Trading and finished goods	22,164	22,262	5,156	5,010
Development properties held for sale	710	710	-	-
Raw materials	135	276	-	-
Work-in-progress	13	31	-	-
Consumable stores	551	1,461	-	-
	23,573	24,740	5,156	5,010
<b>At Net Realisable Value:-</b>				
Trading and finished goods	1,535	2,034	2	16
Raw materials	3	31	-	-
Work-in-progress	10	51	-	-
	1,548	2,116	2	16
<b>Total</b>	<b>25,121</b>	<b>26,856</b>	<b>5,158</b>	<b>5,026</b>

### 16. OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Other receivables:-				
Third parties	4,356	4,550	3,648	3,290
Related parties	938	3,778	938	3,778
Advances to suppliers	1,980	2,393	340	314
	7,274	10,721	4,926	7,382
Deposits	962	765	101	95
Prepayments	2,020	1,643	1,500	1,165
	10,256	13,129	6,527	8,642
Allowance for impairment losses	(60)	(62)	-	-
	10,196	13,067	6,527	8,642
Allowance for impairment losses:-				
At 1 January	62	106	-	-
Addition during the financial year	-	6	-	-
Written off during the financial year	(2)	(50)	-	-
At 31 December	60	62	-	-

## Notes to the Financial Statements **95**

### for the financial year ended 31 December 2014

> Continued

#### 16. OTHER RECEIVABLES (CONT'D)

As at the end of the reporting period, the Group and the Company have a significant concentration of credit risk in the form of outstanding balance from a sundry debtor amounting to RM2,260,000 (2013 - RM2,267,000). As at the end of the previous reporting period there was an advance payment of RM3,000,000 to a company in which certain directors have substantial financial interests for supply of trading goods which were subsequently delivered during the current financial year.

Concentration of credit risk exists when changes in economic conditions affecting the counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

In assessing the recoverability of these debts, the Directors have given due consideration to all pertinent information relating to the ability of the debtor to settle this debt and expect this amount to be fully recoverable. Accordingly, no allowance has been made in respect of this amount.

#### 17. SHORT-TERM INVESTMENT

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unquoted shares, at cost	10,134	10,134	9,410	9,410
Accumulated impairment losses	(4,911)	(4,911)	(4,187)	(4,187)
	5,223	5,223	5,223	5,223

Pursuant to the agreement dated 20 December 1995 entered into by the Company for the acquisition of the 40% shareholding in Johnson Advanced Technology Sdn. Bhd. ("JAT"), the vendor of these shares had granted the Company an option to require the vendor to purchase back all these shares in the company. The put option may be exercised by the Company if the performance of the associate does not meet the stipulated performance criteria. This option was valid for a period of two years commencing one year after the completion of the purchase.

The put option was exercised by the Directors of the Company requiring the vendor to purchase back JAT shares at cost together with interest in February 1998. On 31 March 2001, the Arbitral Tribunal gave a judgement in favour of the Company. However, the transaction has not been finalised or completed to date as the vendor was placed under liquidation on 14 September 2001. The Company subsequently submitted proof of debt on 18 February 2002.

The latest Statement of the Position in the Winding Up from the liquidators made up to 13 September 2014 showed that the vendor's assets are able to satisfy a certain portion of the vendor's debts in which proof had been admitted by the liquidators.

The Directors have given due consideration to all available information in assessing the recovery of the above amount and are of the opinion that no further impairment for the irrecoverable amount is deemed necessary.

## 96 Notes to the Financial Statements for the financial year ended 31 December 2014

> Continued

### 18. DEPOSITS

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
With licensed financial institutions:				
- deposits	7,952	10,586	-	1,100
- cash convertible investments	3,190	3,090	-	-
	11,142	13,676	-	1,100

The deposits of the Group and of the Company bore weighted average effective interest rates of 2.51% (2013 - 2.65%) and Nil (2013 - 2.60%) per annum respectively whilst the after-tax rate of return of the cash convertible investments of the Group was 3.14% (2013 - 2.44%) per annum. At the end of the reporting period, the deposits have maturity periods ranging from 2 to 334 days (2013 - 2 to 332 days).

### 19. CASH AND BANK BALANCES

At the end of the reporting period, the cash and bank balances include the following:-

- (a) an amount of RM351,000 (2013 - RM26,000) which is maintained in the designated Housing Development Accounts pursuant to the Housing Developers (Control and Licensing) Act, 1966 and Housing Regulations, 1991 in respect of a subsidiary's property development project; and
- (b) an amount of RM241,000 (2013 - RM241,000) which is maintained in a designated finance service reserve account in relation to the term financing facility granted to the Group and the Company (Note 26).

### 20. ASSET CLASSIFIED AS HELD FOR SALE

	THE GROUP	
	2014 RM'000	2013 RM'000
At 1 January		
Carrying amount at fair value	940	1,850
Loss on remeasurement	-	(170)
At 31 December	940	1,680

In the current financial year the Group had executed a Sale and Purchase Agreement to dispose of its factory on leasehold land at a total consideration of RM5,000,000. The disposal which was expected to be completed the latest by June 2015 was substantially completed in March 2015 and accordingly the Group reclassified the property with a carrying value of RM940,000 which was stated at cost less accumulated depreciation as asset classified as held for sale at end of the current reporting period. The property is charged to a licensed bank as security for banking facilities granted to the Group as disclosed in Notes 26 and 29 to the financial statements.

## Notes to the Financial Statements 97

### for the financial year ended 31 December 2014

> Continued

#### 20. ASSET CLASSIFIED AS HELD FOR SALE (CONT'D)

In the previous financial year the Group had actively searched for a buyer to dispose of one of its buildings on leasehold land which was held for rental income. The property was stated at fair value of RM1,850,000 at the end of the previous reporting period and was determined based on valuations that were performed by independent valuers using the cost method and comparison method. Subsequently, a Sale and Purchase Agreement was executed in January 2014 at a purchase consideration of RM1,680,000. Consequently the Group reclassified the property to asset classified as held for sale and recognised a loss on remeasurement of RM170,000 in the previous financial year. The disposal of the property was completed during the current financial year.

#### 21. SHARE CAPITAL

	THE COMPANY			
	NUMBER OF SHARES		2014 RM'000	2013 RM'000
	2014 '000	2013 '000		
<b>Ordinary Shares of RM1 Each:-</b>				
<b>Authorised</b>				
At 1 January/31 December	500,000	500,000	500,000	500,000
<hr/>				
<b>Issued and Fully Paid-up</b>				
At 1 January/31 December	72,469	72,469	72,469	72,469
<hr/>				

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

#### 22. SHARE PREMIUM

	THE COMPANY	
	2014 RM'000	2013 RM'000
At 1 January/31 December	3,457	3,457
<hr/>		

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

#### 23. OTHER RESERVES

##### (a) Foreign Exchange Translation Reserves

The foreign exchange translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency and is not distributable by way of dividend.

##### (b) Fair Value Reserve

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of available-for-sale financial assets until they are disposed of or impaired.

## 98 Notes to the Financial Statements for the financial year ended 31 December 2014

> Continued

### 24. RETAINED PROFITS

Under the single tier tax system, tax on the Company's profit is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

### 25. HIRE PURCHASE PAYABLES

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Minimum hire purchase payments:				
- not later than 1 year	648	697	244	248
- later than 1 year and not later than 2 years	499	539	177	190
- later than 2 years and not later than 5 years	487	703	150	239
Total minimum future hire purchase payments	1,634	1,939	571	677
Less: Future finance charges	(176)	(211)	(56)	(72)
Present value of hire purchase payables	1,458	1,728	515	605
Analysis of present value of hire purchase payables:				
<i>Current:</i>				
- not later than 1 year	579	622	220	221
<i>Non-current:</i>				
- later than 1 year and not later than 2 years	446	481	160	170
- later than 2 years and not later than 5 years	433	625	135	214
	879	1,106	295	384
	1,458	1,728	515	605

The hire purchase payables of the Group and the Company bore weighted average effective interest rates of 5.01% and 4.78% (2013 - 5.03% and 4.71%) per annum, respectively, at the end of the reporting period.

## Notes to the Financial Statements **99**

### for the financial year ended 31 December 2014

> Continued

#### 26. TERM FINANCING/LOAN

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<i>Current:</i>				
- not later than 1 year	10,230	4,545	4,058	3,862
<i>Non-current:</i>				
- later than 1 year and not later than 2 years	5,280	5,078	4,256	4,055
- later than 2 years and not later than 5 years	5,836	11,116	4,471	8,727
	11,116	16,194	8,727	12,782
	21,346	20,739	12,785	16,644

The effective interest rates of the term financing/loan at the end of the reporting period and their repayment terms are as follows:-

Term financing at effective interest rate of 5.13% (2013 - 4.82%) per annum	Repayable in 60 monthly instalments of approximately RM382,000 effective from January 2013. The term financing of the Company is secured by a subsidiary's leasehold land and buildings as disclosed in Note 5 to the financial statements. The Company had also set up a finance service reserve account wherein an equivalent of 3 months' profit servicing shall be maintained at all times. As at end of the reporting period, the balance in this account amounted to RM241,000 (2013 - RM241,000) as disclosed in Note 19 to the financial statements.
Term loan 1 at effective interest rate of 8.35% (2013 - 8.10%) per annum	Repayable in 48 monthly principal instalments of RM85,000 effective from May 2014. The term loan 1 of the Group was drawn down during the previous financial year and is secured by the Group's land held for property development as disclosed in Note 7 to the financial statements.
Term loan 2 at effective interest rate of 5.85% per annum	The term loan 2 of the Group was drawn down during the current financial year and was to be repayable in 60 monthly instalments of RM68,600 effective from August 2014. The term loan is secured by a building to be erected over a subsidiary's leasehold land as well as the same subsidiary's asset classified as held for sale as disclosed in Notes 5 and 20 to the financial statements. The term loan 2 is now repayable within the next 12 months from the proceeds of the disposal of the asset classified as held for sale.

# 100 Notes to the Financial Statements

## for the financial year ended 31 December 2014

> Continued

### 27. TRADE PAYABLES

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade payables	90,738	94,359	26,325	34,125
Retention sums	3,864	4,118	-	-
Due to customers on contract (Note 14)	9,053	4,990	-	-
	103,655	103,467	26,325	34,125

Included in trade payables are:-

Amounts due to companies in which certain Directors have substantial financial interests

	-	55	-	-
--	---	----	---	---

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 14 to 120 days (2013 - 14 to 120 days).

### 28. OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Other payables:-				
Third parties	7,535	5,488	1,578	1,993
Related parties	6	97	6	97
	7,541	5,585	1,584	2,090
Accruals	9,448	8,307	3,966	3,714
	16,989	13,892	5,550	5,804

The amount due to a related party at end of the current reporting period represents expenses payable to a company in which certain directors have substantial financial interests. The amount is non-interest bearing and repayable on demand.

The amounts due to related parties at end of the previous reporting period represent expenses payable to and rental and utility deposits received from companies in which certain directors have substantial financial interests. These amounts are non-interest bearing and repayable on demand. The amounts owing are to be settled in cash.

## Notes to the Financial Statements 101

### for the financial year ended 31 December 2014

> Continued

#### 29. SHORT-TERM BORROWINGS

The short-term bank borrowings of the Group and of the Company consist of the following:-

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<i>Secured:</i>				
- bankers' acceptances	1,033	914	-	-
<i>Unsecured:</i>				
- bankers' acceptances	69,702	62,501	54,786	42,334
- trade loans/invoice financing	-	16,476	-	16,291
	70,735	79,891	54,786	58,625

At the end of the current reporting period, the bankers' acceptances of the Group which bore an effective interest rate of 6.57% per annum were secured by a building to be erected over a subsidiary's leasehold land as well as the same subsidiary's asset classified as held for sale as disclosed in Notes 5 and 20 to the financial statements.

At the end of the previous reporting period, the bankers' acceptances of the Group which were secured against the following bore an effective interest rate of 6.72% per annum:-

- (a) a subsidiary's leasehold land and buildings;
- (b) a joint and several guarantee of certain Directors of a subsidiary and two former directors who are directors of the subsidiary's former holding company; and
- (c) a corporate guarantee of the subsidiary's former holding company.

The unsecured short-term borrowings of the Group and of the Company bore the following weighted average effective interest rates as at the end of the reporting period:-

	THE GROUP		THE COMPANY	
	2014 % p.a.	2013 % p.a.	2014 % p.a.	2013 % p.a.
Bankers' acceptances	5.25	4.55	5.30	4.57
Trade loans/invoice financing	-	6.84	-	6.85

# 102 Notes to the Financial Statements

## for the financial year ended 31 December 2014

> Continued

### 30. BANK OVERDRAFTS

The bank overdrafts of the Group and of the Company are unsecured and bore weighted average effective interest rates of 7.73% (2013 - 7.53%) and 7.67% (2013 - 7.37%) per annum respectively at the end of the reporting period.

### 31. BUSINESS CASH FINANCING

The business cash financing of the Group and of the Company is secured against a subsidiary's properties with a carrying value of RM19,782,000 (2013 - RM19,966,000) and bore an effective interest rate of 7.85% (2013 - 7.60%) per annum at the end of the reporting period.

### 32. REVENUE

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Sale of goods	553,979	551,961	188,537	207,885
Construction contracts revenue (Note 14)	70,980	63,364	-	-
Property development revenue	8,882	11,187	-	-
Rental income from investment properties	1,433	1,473	-	-
Manufacturing	258	87	-	-
	<b>635,532</b>	<b>628,072</b>	<b>188,537</b>	<b>207,885</b>

### 33. COST OF SALES

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cost of inventories sold	511,139	510,672	176,872	195,596
Construction contract costs (Note 14)	61,286	54,343	-	-
Property development costs (Note 7)	5,554	7,000	-	-
Manufacturing	224	60	-	-
	<b>578,203</b>	<b>572,075</b>	<b>176,872</b>	<b>195,596</b>

## Notes to the Financial Statements 103

for the financial year ended 31 December 2014

> Continued

### 34. OTHER INCOME

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Rental income	1,332	1,059	1,068	1,077
Interest on deposits	149	181	10	16
Return on cash convertible investments	100	80	-	-
Interest on overdue trade receivables	3,264	2,717	965	1,501
Interest on trade receivables	1,338	1,250	1,145	892
Interest from subsidiaries	-	-	146	476
Commission received	13	9	-	-
Cash discount received	1,242	1,014	335	282
Write-back of impairment losses				
- on receivables, net	62	-	-	-
- on amount due from a subsidiary	-	-	1,115	-
Bad debt recovered	725	677	66	107
Changes in fair value of investment properties	5,724	11,949	9,622	5,925
Management fees	-	-	3,174	3,174
Gain on disposal of property, plant and equipment	23	268	-	70
Realised gain on foreign exchange	19	87	-	87
Gain on disposal of quoted shares	331	-	-	-
Liabilities written back	126	339	7	-
Dividend income	1	*	8,513	20,079
Sundry income	391	674	103	460
	14,840	20,304	26,269	34,146

Note:-

\* Amount less than RM500.

### 35. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest on trade financing	3,661	3,762	2,857	2,631
Interest on loan from subsidiaries	-	-	499	739
Interest on bank overdrafts	110	102	75	58
Profit servicing/Interest on term financing/loan	1,049	1,005	733	780
Profit servicing on business cash financing	769	728	746	728
Hire purchase interest	81	128	28	50
	5,670	5,725	4,938	4,986

# 104 Notes to the Financial Statements

## for the financial year ended 31 December 2014

> Continued

### 36. PROFIT BEFORE TAXATION

In addition to Note 35 to the financial statements, the profit before taxation is arrived at after charging/ (crediting):-

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Audit fees				
- for the current financial year	437	385	125	110
- underprovision in prior year	38	23	6	12
- other services	7	6	7	6
Bad debts written off	37	-	27	-
Depreciation of property, plant and equipment	2,517	2,661	735	870
Direct expenses of investment properties let out for rental income	110	95	56	49
Impairment loss on property, plant and equipment	-	10	-	-
Net impairment losses on investment				
- in subsidiaries	-	-	158	2,310
- in quoted shares	-	*	-	-
Inventories written down/(back)	604	465	(41)	33
Lease rental expense	1,658	1,467	656	512
Property, plant and equipment written off	11	155	7	-
Remeasurement of asset classified as held for sale	-	170	-	-
Net (write-back of)/allowance for impairment losses				
- on receivables	(62)	15,366	508	4,752
- on amount due from subsidiaries	-	-	(1,115)	747
(Gain)/Loss on disposal of quoted shares	(331)	-	399	-
Net foreign exchange (gain)/loss:				
- realised	(19)	24	-	(87)
- unrealised	21	(47)	21	7
Bad debts recovered	(725)	(677)	(66)	(107)
Changes in fair value of investment properties	(5,724)	(11,949)	(9,622)	(5,925)
Dividend income				
- subsidiaries	-	-	(8,513)	(20,079)
- other investments (quoted shares in Malaysia)	(1)	(*)	(*)	-
Interest on deposits	(149)	(181)	(10)	(16)

Note:-

\* Amount less than RM500.

## Notes to the Financial Statements 105

### for the financial year ended 31 December 2014

> Continued

### 36. PROFIT BEFORE TAXATION (CONT'D)

In addition to Note 35 to the financial statements, the profit before taxation is arrived at after charging/ (crediting):- (Cont'd)

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Return on cash convertible investments	(100)	(80)	-	-
Interest on overdue trade receivables	(3,264)	(2,717)	(965)	(1,501)
Interest on trade receivables	(1,338)	(1,250)	(1,145)	(892)
Interest from subsidiaries	-	-	(146)	(476)
(Gain)/Loss on disposal of property, plant and equipment	(23)	(268)	47	(70)
Rental Income	(1,332)	(1,059)	(1,068)	(1,077)

Employee Information (Excluding Directors)

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Salaries and other emoluments	24,199	24,956	8,880	8,867
Social security contributions	227	227	68	66
Defined contribution plan	2,854	2,826	1,049	1,071
	27,280	28,009	9,997	10,004

#### Directors' Remuneration

##### Directors of the Company

*Executive:-*

Salaries and other emoluments	1,843	1,820	1,843	1,820
Defined contribution plan	274	281	274	281
Benefits-in-kind	12	12	12	12
	2,129	2,113	2,129	2,113

*Non-executive:-*

Fees	167	132	167	132
------	-----	-----	-----	-----

# 106 Notes to the Financial Statements

## for the financial year ended 31 December 2014

> Continued

### 36. PROFIT BEFORE TAXATION (CONT'D)

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Directors' Remuneration (Cont'd)</b>				
<b>Other Directors</b>				
<i>Executive:-</i>				
Salaries and other emoluments	2,599	2,376	-	-
Defined contribution plan	296	263	-	-
Benefits-in-kind	77	76	-	-
	2,972	2,715	-	-
<b>Analysis excluding benefits-in-kind:-</b>				
Total executive Directors' remuneration	5,012	4,740	2,117	2,101
Total non-executive Directors' remuneration	167	132	167	132
	5,179	4,872	2,284	2,233

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

	NUMBER OF DIRECTORS	
	2014	2013
<b>Executive Directors:-</b>		
RM800,001 - RM850,000	1	-
RM850,001 - RM900,000	-	1
RM1,200,001 - RM1,250,000	1	1
	2	2
<b>Non-executive Directors:-</b>		
RM50,000 and below	7	6

## Notes to the Financial Statements 107

for the financial year ended 31 December 2014

> Continued

### 37. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current tax:				
- for the financial year	4,130	3,455	-	3,726
- under/(over)provision in prior years	570	(40)	507	(17)
	4,700	3,415	507	3,709
Deferred tax (Note 13):				
- for the financial year	1,325	584	1,037	272
- effect of change in Real Property Gains Tax rates	227	857	482	455
- (over)/underprovision in prior years	(494)	82	(511)	40
	1,058	1,523	1,008	767
	5,758	4,938	1,515	4,476

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

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before taxation	20,219	9,943	13,718	15,717
Tax at the Malaysian statutory tax rate of 25%	5,055	2,486	3,430	3,929
Tax effects of:-				
Different tax rates in other countries	(34)	(11)	-	-
Effect of change in Real Property Gains Tax rates	227	857	482	455
Changes in fair value of investment properties	(1,431)	(2,957)	(2,406)	(1,481)
Remeasurement of asset classified as held for sale	-	43	-	-
Income not subject to tax	(231)	(31)	(2,368)	(783)
Expenses not deductible for tax purposes	835	4,288	323	2,333
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(1,117)	(720)	-	-
Deferred tax assets not recognised	2,378	941	2,058	-
Under/(Over)provision in prior years:				
- current tax	570	(40)	507	(17)
- deferred tax	(494)	82	(511)	40
Income tax expense for the financial year	5,758	4,938	1,515	4,476

# 108 Notes to the Financial Statements

## for the financial year ended 31 December 2014

> Continued

### 37. INCOME TAX EXPENSE (CONT'D)

The statutory tax rate will be reduced from the current financial year's rate of 25% to 24% effective from year of assessment 2016.

Subject to agreement with the tax authorities, at the end of the reporting period, the unutilised tax losses and unabsorbed capital allowances available to be carried forward for offset against future taxable business income are as follows:-

	THE GROUP	
	2014 RM'000	2013 RM'000
Unutilised tax losses	31,776	29,826
Unabsorbed capital allowances	7,221	6,023

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries and of the Company are subject to no substantial changes in the shareholdings of those subsidiaries and the Company under Section 44(5A) and (5B) of Income Tax Act, 1967.

### 38. OTHER COMPREHENSIVE INCOME

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<u>Items that may be reclassified subsequently to profit or loss</u>				
Fair value of available-for-sale financial assets:				
- changes during the financial year	668	20	20	(89)
- reclassification adjustment to profit or loss on disposal	(331)	-	399	-
- transfer to profit or loss for an impairment loss	-	*	-	-
	337	20	419	(89)
Foreign currency translation:				
- changes during the financial year	16	7	-	-
- transfer to profit or loss upon voluntary struck-off of subsidiaries	-	(1)	-	-
	16	6	-	-
	353	26	419	(89)

Note:-

\* Amount less than RM500.

## Notes to the Financial Statements 109

### for the financial year ended 31 December 2014

> Continued

#### 39. EARNINGS PER SHARE

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

	<b>THE GROUP</b>	
	<b>2014</b>	<b>2013</b>
Profit attributable to owners of the Company (RM'000)	13,875	4,491
Weighted average number of ordinary shares in issue ('000)	72,469	72,469
Basic earnings per share (sen)	19.15	6.20

The diluted earnings per share for the Group was not applicable as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

#### 40. DIVIDENDS

Dividends paid in respect of ordinary shares are as follows:-

	<b>THE GROUP/THE COMPANY</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
First and final single tier dividend in respect of the financial year ended 31 December 2012 of 3.0 sen per share on ordinary share, paid on 20 August 2013	-	2,174
First and final single tier dividend in respect of the financial year ended 31 December 2013 of 3.0 sen per share on ordinary share, paid on 20 August 2014	2,174	-

No dividend has been recommended by the Directors in respect of the current financial year.

#### 41. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cost of property, plant and equipment purchased	8,700	2,377	316	773
Amount financed through hire purchase	(409)	(1,138)	(151)	(490)
Cash disbursed for purchase of property, plant and equipment	8,291	1,239	165	283

# 110 Notes to the Financial Statements

## for the financial year ended 31 December 2014

> Continued

### 42. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	NOTE	THE GROUP		THE COMPANY	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits	18	11,142	13,676	-	1,100
Cash and bank balances	19	4,518	8,250	348	282
Bank overdrafts	30	(4,315)	(4,713)	(2,954)	(1,409)
Business cash financing	31	(11,928)	(9,993)	(9,953)	(9,993)
		(583)	7,220	(12,559)	(10,020)
Less:					
Finance Service Reserve Account	19	(241)	(241)	(241)	(241)
Fixed deposits with maturity period more than 3 months		(375)	(365)	-	-
		(1,199)	6,614	(12,800)	(10,261)

### 43. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

In addition to the information detailed elsewhere in the financial statements, the Group and the Company have related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

(i) Subsidiaries

	THE COMPANY	
	2014 RM'000	2013 RM'000
Sales to subsidiaries	3,521	10,382
Purchases from subsidiaries	6,053	9,609
Commissions paid to a subsidiary	-	104
Dividend from subsidiaries	8,513	20,079
Management fees received from subsidiaries	3,174	3,174
Rental charged by a subsidiary	152	12
Rental charged to subsidiaries	342	397
Warehousing services charged by a subsidiary	158	176

## Notes to the Financial Statements 111

### for the financial year ended 31 December 2014

> Continued

#### 43. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(b) Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:- (Cont'd)

(ii) Companies in which certain Directors have substantial financial interests

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b>Sales to:</b>				
- ASM Development Sdn. Bhd.	21	136	21	136
- ASM Properties Sdn. Bhd.	-	3	-	3
- Perwaja Steel Sdn. Bhd.	-	3,083	-	1,723
- Perfect Channel Sdn. Bhd.	274	20	-	-
- Perfect Wiremakers Sdn. Bhd.	33	175	-	-
- PFC Engineering Sdn. Bhd.	-	42	-	42
<b>Purchases from:</b>				
- Kin Kee Steel Service Centre Sdn. Bhd.	-	3,149	-	2,395
- Perwaja Steel Sdn. Bhd.	4,101	-	4,101	-
<b>Progress billings for construction contracts to:</b>				
- Perwaja Rolling Mill & Development Sdn. Bhd.	2,863	1,435	-	-
<b>Rental and services charges paid to:</b>				
- ASM Properties Sdn. Bhd.	619	616	619	616
<b>Rental of premises received from:</b>				
- ASM Development Sdn. Bhd.	60	60	60	60
- Asiarise Holdings Sdn Bhd	298	262	298	262
<b>Rental of machinery received from:</b>				
- Gabungan Granite (Terengganu) Sdn. Bhd.	199	239	199	239

(iii) Key management personnel

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	3,721	4,129	2,985	3,284
Progress billings in respect of purchase of a property development unit	164	205	-	-

# 112 Notes to the Financial Statements

## for the financial year ended 31 December 2014

> Continued

### 44. CAPITAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Capital expenditure				
Contracted but not provided for:-				
Property, plant and equipment	112	6,828	112	339
Approved but not contracted for:-				
Property, plant and equipment	9,216	10,046	630	408

### 45. CONTINGENT LIABILITIES

	THE COMPANY	
	2014 RM'000	2013 RM'000
Unsecured:-		
Corporate guarantees given to banks for credit facilities granted to subsidiaries	31,515	17,505
Corporate guarantees and letters of undertaking given in favour of third parties for supplying goods to subsidiaries	82,579	86,079
	114,094	103,584

### 46. OPERATING SEGMENTS

#### (a) Reporting Format

Operating segments are prepared in a manner consistent with the Group's internal reporting which is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

#### (b) Business Segments

The Group is organised into the following main business segments:

- (i) Trading - distributor and supplier of construction and finishing building materials, heavy steel products, architectural hardware, home improvement materials, cabinet systems, fuel and lubricants. This segment offers products and services for the construction, infrastructural and manufacturing sectors and end users.
- (ii) Contracting - specialist contractor engaged in fluid engineering systems and maintenance works, contracting and assembling of industrial control instruments and engineering equipment as well as civil engineering works and construction. This segment also engaged in roofing works which products include metal roofing, prefabricated roof trusses and ceiling works and provision of interior fit-out works and services.

#### 46. OPERATING SEGMENTS (CONT'D)

(b) Business Segments (Cont'd)

- (iii) Property development - the development of residential and commercial properties.
- (iv) Property and investment holding - properties are leased out for rental income or held for long-term capital appreciation. Investments in quoted and unquoted shares are held for dividend income and capital gains.
- (v) Manufacturing - manufacture and supply of building materials and kitchen cabinet and wardrobe systems. This segment offers the complete cabinet systems and component parts such as doors, furniture components and wooden mouldings.

Other operations of the Group comprise mainly provision of warehousing services within the Group which does not constitute a separate reportable segment.

(c) 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 its customers. The Group's five main business segments operate in two geographical areas:

- (i) Malaysia - the operations in this area are principally trading and distribution of building materials, property and investment holding, specialist contracting, manufacturing of kitchen cabinets and wardrobe systems and property development.
- (ii) Singapore - the operations in this area are principally trading and distribution of building materials and specialist contractor in fluid engineering systems and maintenance works.

The operations based in Malaysia contributed to 99.56% (2013 - 99.70%) of the Group's revenue and 99.98% (2013 - 99.99%) of the Group's non-current assets, respectively.

(d) Major Customers

There is no customer which accounted for revenue equal to or more than 10% of the Group's revenue.

(e) Allocation Basis and Transfer Pricing

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

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between business segments are set on a mutual agreement basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. Those transfers are eliminated on consolidation.



**46. OPERATING SEGMENTS (CONT'D)**

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:  
(Cont'd)

At 31 December 2014	Trading RM'000	Contracting RM'000	Property Development RM'000	Property and Investment Holding RM'000	Manufacturing RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>Liabilities</b>								
Segment liabilities	184,282	40,540	4,517	308	567	218	-	230,432
Unallocated liabilities								2,553
<b>Total liabilities</b>								<b>232,985</b>
<b>Other segment information</b>								
Capital expenditure	641	7,854	1	-	204	-	-	8,700
Depreciation	1,971	354	24	-	168	-	-	2,517
(Write-back of)/Allowance for impairment losses on receivables	(227)	165	-	-	-	-	-	(62)
Changes in fair value of investment properties	(1,827)	(950)	-	(2,947)	-	-	-	(5,724)



**46. OPERATING SEGMENTS (CONT'D)**

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:  
(Cont'd)

At 31 December 2013	Trading RM'000	Contracting RM'000	Property Development RM'000	Property and Investment Holding RM'000	Manufacturing RM'000	Others RM'000	Elimination RM'000	Total RM'000
Liabilities								
Segment liabilities	200,962	26,533	5,646	330	747	214	-	234,432
Unallocated liabilities								1,647
Total liabilities								236,079
<b>Other segment information</b>								
Capital expenditure	1,765	831	20	-	36	-	-	2,652
Depreciation	2,146	334	25	-	156	-	-	2,661
Allowance for impairment losses on receivables	15,055	311	-	-	-	-	-	15,366
Changes in fair value of investment properties	(485)	(50)	-	(11,414)	-	-	-	(11,949)

# 118 Notes to the Financial Statements

## for the financial year ended 31 December 2014

> Continued

### 47. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 19 February 2014, the Company acquired a 100.0% equity interest in Ipmuda Amanjaya Quarry Sdn Bhd ("Ipmuda Amanjaya Quarry") comprising two (2) ordinary shares of RM1.00 each fully paid at par for a purchase consideration of RM2.00. Ipmuda Amanjaya Quarry was incorporated on 17 February 2014 and is presently dormant.

### 48. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

On 1 October 2014, the Group entered into a Sale and Purchase Agreement to dispose of its factory on leasehold land at a total consideration of RM5,000,000. The disposal which was expected to be completed the latest by June 2015 was however substantially completed in March 2015. Consequently the Group settled the Term Loan 2 in full mainly from the proceeds of this sale.

Upon completion of this disposal and the full repayment of Term Loan 2, the factory on leasehold land was discharged as security for banking facilities granted to the Group as disclosed in Notes 26 and 29 to the financial statements.

### 49. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### 49.1 Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

##### (a) Market Risk

###### (i) Foreign Currency Risk

The Group has subsidiaries operating in Singapore whose revenue and expenses are denominated in its functional currency of Singapore Dollar. The Group is also exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar and Singapore Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. Occasionally, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk.

## Notes to the Financial Statements 119

for the financial year ended 31 December 2014

> Continued

### 49. FINANCIAL INSTRUMENTS (CONT'D)

#### 49.1 Financial Risk Management Policies (Cont'd)

##### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

*Foreign currency exposure*

	Others# RM'000	United States Dollar RM'000	Singapore Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
<b>THE GROUP</b>					
<b>2014</b>					
<b>Financial Assets</b>					
Other investments	-	-	-	711	711
Trade receivables	-	1,565	516	198,689	200,770
Other receivables	-	-	180	6,016	6,196
Short-term investment	-	-	-	5,223	5,223
Deposits	-	-	-	11,142	11,142
Cash and bank balances	4	7	586	3,921	4,518
	4	1,572	1,282	225,702	228,560
<b>Financial Liabilities</b>					
Hire purchase payables	-	-	-	1,458	1,458
Term financing/loan	-	-	-	21,346	21,346
Trade payables	3	31	104	94,464	94,602
Other payables	-	-	298	16,691	16,989
Amount due to an associate	-	-	-	6	6
Short-term borrowings	-	-	-	70,735	70,735
Bank overdrafts	-	-	-	4,315	4,315
Business cash financing	-	-	-	11,928	11,928
	3	31	402	220,943	221,379
Net financial assets	1	1,541	880	4,759	7,181
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	(880)	(4,759)	(5,639)
Less: Forward foreign currency contracts	-	(1,571)	-	-	(1,571)
<b>Currency exposure</b>	<b>1</b>	<b>(30)</b>	<b>-</b>	<b>-</b>	<b>(29)</b>

Note:-

# Others represent Sterling Pound and Brunei Dollar.

# 120 Notes to the Financial Statements

## for the financial year ended 31 December 2014

> Continued

### 49. FINANCIAL INSTRUMENTS (CONT'D)

#### 49.1 Financial Risk Management Policies (Cont'd)

##### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

*Foreign currency exposure (Cont'd)*

	Others <sup>^</sup> RM'000	United States Dollar RM'000	Singapore Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
<b>THE GROUP</b>					
<b>2013</b>					
<b>Financial Assets</b>					
Other investments	-	-	-	1,316	1,316
Trade receivables	-	-	591	193,390	193,981
Other receivables	-	-	89	5,942	6,031
Short-term investment	-	-	-	5,223	5,223
Deposits	-	-	-	13,676	13,676
Cash and bank balances	-	1,910	475	5,865	8,250
	-	1,910	1,155	225,412	228,477
<b>Financial liabilities</b>					
Hire purchase payables	-	-	6	1,722	1,728
Term financing/loan	-	-	-	20,739	20,739
Trade payables	22	45	100	98,310	98,477
Other payables	-	-	214	13,678	13,892
Amount due to an associate	-	-	-	9	9
Short-term borrowings	-	-	-	79,891	79,891
Bank overdrafts	-	-	-	4,713	4,713
Business cash financing	-	-	-	9,993	9,993
	22	45	320	229,055	229,442
Net financial (liabilities)/assets	(22)	1,865	835	(3,643)	(965)
Less: Net financial assets/(liabilities) denominated in the respective entities' functional currencies	-	-	(835)	3,643	2,808
<b>Currency exposure</b>	<b>(22)</b>	<b>1,865</b>	<b>-</b>	<b>-</b>	<b>1,843</b>

Note:-

<sup>^</sup> Others represent Sterling Pound and Euro.

## Notes to the Financial Statements 121

for the financial year ended 31 December 2014

> Continued

### 49. FINANCIAL INSTRUMENTS (CONT'D)

#### 49.1 Financial Risk Management Policies (Cont'd)

##### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

*Foreign currency exposure (Cont'd)*

	Brunei Dollar RM'000	United States Dollar RM'000	Singapore Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
<b>THE COMPANY</b>					
<b>2014</b>					
<b>Financial Assets</b>					
Other investments	-	-	-	447	447
Trade receivables	-	-	-	75,383	75,383
Other receivables	-	-	-	4,687	4,687
Amount due from subsidiaries	-	-	-	24,920	24,920
Short-term investment	-	-	-	5,223	5,223
Cash and bank balances	4	2	-	342	348
	4	2	-	111,002	111,008
<b>Financial Liabilities</b>					
Hire purchase payables	-	-	-	515	515
Term financing	-	-	-	12,785	12,785
Trade payables	-	-	-	26,325	26,325
Other payables	-	-	-	5,550	5,550
Amount due to subsidiaries	-	-	742	7,446	8,188
Amount due to an associate	-	-	-	6	6
Short-term borrowings	-	-	-	54,786	54,786
Bank overdrafts	-	-	-	2,954	2,954
Business cash financing	-	-	-	9,953	9,953
	-	-	742	120,320	121,062
Net financial assets/ (liabilities)	4	2	(742)	(9,318)	(10,054)
Less: Net financial liabilities denominated in the entity's functional currency	-	-	-	9,318	9,318
<b>Currency exposure</b>	4	2	(742)	-	(736)

# 122 Notes to the Financial Statements

## for the financial year ended 31 December 2014

> Continued

### 49. FINANCIAL INSTRUMENTS (CONT'D)

#### 49.1 Financial Risk Management Policies (Cont'd)

##### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

*Foreign currency exposure (Cont'd)*

	United States Dollar RM'000	Singapore Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
<b>THE COMPANY</b>				
<b>2013</b>				
<b>Financial Assets</b>				
Other investments	-	-	571	571
Trade receivables	-	-	83,957	83,957
Other receivables	-	-	4,163	4,163
Amount due from subsidiaries	-	-	30,052	30,052
Short-term investment	-	-	5,223	5,223
Deposits	-	-	1,100	1,100
Cash and bank balances	1	-	281	282
	1	-	125,347	125,348
<b>Financial Liabilities</b>				
Hire purchase payables	-	-	605	605
Term financing	-	-	16,644	16,644
Trade payables	-	-	34,125	34,125
Other payables	-	-	5,804	5,804
Amount due to subsidiaries	-	209	13,317	13,526
Amount due to an associate	-	-	9	9
Short-term borrowings	-	-	58,625	58,625
Bank overdraft	-	-	1,409	1,409
Business cash financing	-	-	9,993	9,993
	-	209	140,531	140,740
Net financial assets/(liabilities)	1	(209)	(15,184)	(15,392)
Less: Net financial liabilities denominated in the entity's functional currency	-	-	15,184	15,184
<b>Currency exposure</b>	1	(209)	-	(208)

# Notes to the Financial Statements 123

## for the financial year ended 31 December 2014

> Continued

### 49. FINANCIAL INSTRUMENTS (CONT'D)

#### 49.1 Financial Risk Management Policies (Cont'd)

##### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

##### *Foreign currency risk sensitivity analysis*

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	THE GROUP		THE COMPANY	
	2014 Increase/ (Decrease) RM'000	2013 Increase/ (Decrease) RM'000	2014 Increase/ (Decrease) RM'000	2013 Increase/ (Decrease) RM'000
<b>Effects on profit after taxation/equity</b>				
United States Dollar				
- strengthened by 5%	(1)	70	*	*
- weakened by 5%	1	(70)	(*)	(*)
Singapore Dollar				
- strengthened by 5%	-	-	(28)	(8)
- weakened by 5%	-	-	28	8
Others <sup>#^</sup>				
- strengthened by 5%	*	(1)	*	-
- weakened by 5%	(*)	1	(*)	-

Note:-

\* Amount less than RM500.

# Others in 2014 represent Sterling Pound and Brunei Dollar.

^ Others in 2013 represent Sterling Pound and Euro.

##### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rate available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 49.1(c) to the financial statements.

# 124 Notes to the Financial Statements

## for the financial year ended 31 December 2014

> Continued

### 49. FINANCIAL INSTRUMENTS (CONT'D)

#### 49.1 Financial Risk Management Policies (Cont'd)

##### (a) Market Risk (Cont'd)

##### (ii) Interest Rate Risk (Cont'd)

###### *Interest rate risk sensitivity analysis*

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	THE GROUP		THE COMPANY	
	2014 (Decrease)/ Increase RM'000	2013 (Decrease)/ Increase RM'000	2014 (Decrease)/ Increase RM'000	2013 (Decrease)/ Increase RM'000
<b>Effects on profit after taxation/equity</b>				
Increase of 50 basis points	(406)	(433)	(302)	(325)
Decrease of 50 basis points	406	433	302	325

##### (iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risks by maintaining a portfolio of equities with different risk profiles.

###### *Equity price risk sensitivity analysis*

The following table details the sensitivity analysis to a reasonably possible change in the prices of the quoted investments as at the end of the reporting period, with all other variables held constant:-

	THE GROUP		THE COMPANY	
	2014 Increase/ (Decrease) RM'000	2013 Increase/ (Decrease) RM'000	2014 Increase/ (Decrease) RM'000	2013 Increase/ (Decrease) RM'000
<b>Effects on profit after taxation/equity</b>				
Increase of 5%	9	35	1	3
Decrease of 5%	(9)	(35)	(1)	(3)

## 49. FINANCIAL INSTRUMENTS (CONT'D)

### 49.1 Financial Risk Management Policies (Cont'd)

#### (b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Collaterals are also obtained from some customers to further mitigate the credit risk exposure. In addition, receivable balances are monitored on an ongoing basis via Group management reporting procedures and the Group's exposure to bad debts is not significant. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures. Impairment is estimated by management based on prior experience and the current economic environment.

#### (i) Credit risk concentration profile

The Group and the Company does not have any major concentration of credit risk related to any individual customer or counterparty except in the form of outstanding balances due from certain related corporations representing 18% and 34% (2013 - 18% and 32%) of total trade receivables of the Group and the Company, respectively.

#### (ii) Exposure to credit risk

The maximum exposure to credit risk is represented by the carrying amount of the financial assets at the end of the reporting period. The exposure of credit risk for trade receivables (including amount owing by subsidiaries) by geographical region is as follows:-

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Singapore	516	591	-	-
Malaysia	200,254	193,390	75,794	84,504
	200,770	193,981	75,794	84,504

# 126 Notes to the Financial Statements

## for the financial year ended 31 December 2014

> Continued

### 49. FINANCIAL INSTRUMENTS (CONT'D)

#### 49.1 Financial Risk Management Policies (Cont'd)

##### (b) Credit Risk (Cont'd)

##### (iii) Ageing Analysis

The ageing analysis of the Group's and the Company's trade receivables (including amount owing by subsidiaries) at the end of the reporting period is as follows:-

THE GROUP	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	CARRYING VALUE RM'000
<b>2014</b>			
Not past due	100,666	262	100,404
Past due:			
- less than 3 months	26,848	-	26,848
- 3 to 6 months	22,833	-	22,833
- over 6 months	76,015	25,330	50,685
	226,362	25,592	200,770
<b>2013</b>			
Not past due	93,879	192	93,687
Past due:			
- less than 3 months	30,299	-	30,299
- 3 to 6 months	21,909	83	21,826
- over 6 months	75,620	27,451	48,169
	221,707	27,726	193,981
<b>THE COMPANY</b>			
<b>2014</b>			
Not past due	27,466	-	27,466
Past due:			
- less than 3 months	9,268	-	9,268
- 3 to 6 months	6,144	-	6,144
- over 6 months	39,543	6,627	32,916
	82,421	6,627	75,794
<b>2013</b>			
Not past due	33,902	-	33,902
Past due:			
- less than 3 months	11,499	-	11,499
- 3 to 6 months	7,848	48	7,800
- over 6 months	38,935	7,632	31,303
	92,184	7,680	84,504

## 49. FINANCIAL INSTRUMENTS (CONT'D)

### 49.1 Financial Risk Management Policies (Cont'd)

#### (b) Credit Risk (Cont'd)

##### (iii) Ageing Analysis (Cont'd)

At the end of the reporting period, trade receivables that are individually impaired were those in financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

##### *Trade receivables that are past due but not impaired*

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

##### *Trade receivables that are neither past due nor impaired*

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

#### (c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group 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. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

# 128 Notes to the Financial Statements

## for the financial year ended 31 December 2014

> Continued

### 49. FINANCIAL INSTRUMENTS (CONT'D)

#### 49.1 Financial Risk Management Policies (Cont'd)

##### (c) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

THE GROUP	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000
<b>2014</b>					
Hire purchase payables	5.01	1,458	1,634	648	986
Term financing/loan	5.82	21,346	22,878	11,085	11,793
Trade payables	-	94,602	94,602	90,738	3,864
Other payables	-	16,989	16,989	16,989	-
Amount due to an associate	-	6	6	6	-
Short-term borrowings	5.25	70,735	70,735	70,735	-
Bank overdrafts	7.73	4,315	4,315	4,315	-
Business cash financing	7.85	11,928	11,928	11,928	-
		221,379	223,087	206,444	16,643
<b>2013</b>					
Hire purchase payables	5.03	1,728	1,939	697	1,242
Term financing/loan	5.47	20,739	23,212	5,583	17,629
Trade payables	-	98,477	98,477	94,359	4,118
Other payables	-	13,892	13,892	13,892	-
Amount due to an associate	-	9	9	9	-
Short-term borrowings	5.05	79,891	79,891	79,891	-
Bank overdrafts	7.53	4,713	4,713	4,713	-
Business cash financing	7.60	9,993	9,993	9,993	-
		229,442	232,126	209,137	22,989

## Notes to the Financial Statements 129

for the financial year ended 31 December 2014

> Continued

### 49. FINANCIAL INSTRUMENTS (CONT'D)

#### 49.1 Financial Risk Management Policies (Cont'd)

##### (c) Liquidity Risk (Cont'd)

THE COMPANY	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000
<b>2014</b>					
Hire purchase payables	4.78	515	571	244	327
Term financing	5.13	12,785	13,772	4,594	9,178
Trade payables	-	26,325	26,325	26,325	-
Other payables	-	5,550	5,550	5,550	-
Amount due to subsidiaries	5.00	8,188	8,428	8,428	-
Amount due to an associate	-	6	6	6	-
Short-term borrowings	5.30	54,786	54,786	54,786	-
Bank overdrafts	7.67	2,954	2,954	2,954	-
Business cash financing	7.85	9,953	9,953	9,953	-
		121,062	122,345	112,840	9,505
<b>2013</b>					
Hire purchase payables	4.71	605	677	248	429
Term financing	4.82	16,644	18,357	4,590	13,767
Trade payables	-	34,125	34,125	34,125	-
Other payables	-	5,804	5,804	5,804	-
Amount due to subsidiaries	5.00	13,526	14,266	10,244	4,022
Amount due to an associate	-	9	9	9	-
Short-term borrowings	5.21	58,625	58,625	58,625	-
Bank overdrafts	7.37	1,409	1,409	1,409	-
Business cash financing	7.60	9,993	9,993	9,993	-
		140,740	143,265	125,047	18,218

# 130 Notes to the Financial Statements

## for the financial year ended 31 December 2014

> Continued

### 49. FINANCIAL INSTRUMENTS (CONT'D)

#### 49.2 Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as total debt divided by total equity less goodwill. Total debt is calculated as borrowings plus trade and other payables.

There was no change in the Group's approach to capital management during the financial year.

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:-

	<b>THE GROUP</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Hire purchase payables	1,458	1,728
Term financing/loan	21,346	20,739
Trade payables	103,655	103,467
Other payables	16,989	13,892
Short-term borrowings	70,735	79,891
Bank overdrafts	4,315	4,713
Business cash financing	11,928	9,993
<b>Total Debt</b>	<b>230,426</b>	<b>234,423</b>
<b>Total Equity less Goodwill</b>	<b>169,781</b>	<b>157,726</b>
<b>Debt-to-equity ratio</b>	<b>1.36</b>	<b>1.49</b>

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

## Notes to the Financial Statements 131

for the financial year ended 31 December 2014

> Continued

### 49. FINANCIAL INSTRUMENTS (CONT'D)

#### 49.3 Classification Of Financial Instruments

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Financial Assets</b>				
<u>Available-for-sale financial assets</u>				
Other investments, at fair value	183	705	27	68
Other investments, cost less impairment losses	528	611	420	503
Short-term investment	5,223	5,223	5,223	5,223
	5,934	6,539	5,670	5,794
<u>Loans and receivables financial assets</u>				
Trade receivables	200,770	193,981	75,383	83,957
Other receivables	6,196	6,031	4,687	4,163
Amount due from subsidiaries	-	-	24,920	30,052
Deposits	11,142	13,676	-	1,100
Cash and bank balances	4,518	8,250	348	282
	222,626	221,938	105,338	119,554
<b>Financial Liabilities</b>				
<u>Other financial liabilities</u>				
Hire purchase payables	1,458	1,728	515	605
Term financing/loan	21,346	20,739	12,785	16,644
Trade payables	94,602	98,477	26,325	34,125
Other payables	16,989	13,892	5,550	5,804
Amount due to subsidiaries	-	-	8,188	13,526
Amount due to an associate	6	9	6	9
Short-term borrowings	70,735	79,891	54,786	58,625
Bank overdrafts	4,315	4,713	2,954	1,409
Business cash financing	11,928	9,993	9,953	9,993
	221,379	229,442	121,062	140,740

# 132 Notes to the Financial Statements

## for the financial year ended 31 December 2014

> Continued

### 49. FINANCIAL INSTRUMENTS (CONT'D)

#### 49.4 Fair Value Information

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. These fair values are determined by discounting the relevant cash flows at rates ranging from 2.10% to 8.35% (2013: 1.90% to 7.85%) per annum. The discounting rates equal to the current market interest rate plus appropriate credit rating, where necessary. The fair values are included in level 2 of the fair value hierarchy.

	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	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>THE GROUP</b>								
<b>2014</b>								
<u>Financial Assets</u>								
Other investments:								
- quoted shares	183	-	-	-	-	-	183	183
- club membership	-	-	-	-	-	-	#	528
Short-term investment								
- unquoted	-	-	-	-	-	-	#	5,223
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	1,493	-	1,493	1,458
Term financing/loan	-	-	-	-	21,346	-	21,346	21,346

Notes to the Financial Statements **133**  
for the financial year ended 31 December 2014

> Continued

**49. FINANCIAL INSTRUMENTS (CONT'D)**

**49.4 Fair Value Information (Cont'd)**

	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	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>THE GROUP</b>								
<b>2013</b>								
<u>Financial Assets</u>								
Other investments:								
- quoted shares	705	-	-	-	-	-	705	705
- club membership	-	-	-	-	-	-	#	611
Trade receivables (non-current)	-	-	-	-	-	21,065	21,065	21,065
Short-term investment	-	-	-	-	-	-	#	5,223
- unquoted								
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	1,754	-	1,754	1,728
Term financing/loan	-	-	-	-	20,739	-	20,739	20,739

Note:-

# The fair value cannot be reliably measured using valuation techniques due to lack of marketability of the unquoted shares.

# 134 Notes to the Financial Statements

## for the financial year ended 31 December 2014

&gt; Continued

### 49. FINANCIAL INSTRUMENTS (CONT'D)

#### 49.4 Fair Value Information (Cont'd)

	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	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>THE COMPANY</b>								
<b>2014</b>								
<u>Financial Assets</u>								
Other investments:								
- quoted shares	27	-	-	-	-	-	27	27
- club membership	-	-	-	-	-	-	#	420
Short-term investment								
- unquoted	-	-	-	-	-	-	#	5,223
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	524	-	524	515
Term financing	-	-	-	-	12,785	-	12,785	12,785

Notes to the Financial Statements 135  
for the financial year ended 31 December 2014

> Continued

49. FINANCIAL INSTRUMENTS (CONT'D)

49.4 Fair Value Information (Cont'd)

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>THE COMPANY</b>								
<b>2013</b>								
<u>Financial Assets</u>								
Other investments:								
- quoted shares	68	-	-	-	-	-	68	68
- club membership Amount due from subsidiaries (non-current)	-	-	-	-	-	-	#	503
Trade receivables (non-current)	-	-	-	-	-	1,629	1,629	1,629
Short-term investment - unquoted	-	-	-	-	-	19,626	19,626	19,626
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	613	-	613	605
Term financing Amount due to subsidiaries (non-current)	-	-	-	-	16,644	-	16,644	16,644
	-	-	-	-	-	3,810	3,810	3,810

Note:-

# The fair value cannot be reliably measured using valuation techniques due to lack of marketability of the unquoted shares.

# 136 Notes to the Financial Statements

## for the financial year ended 31 December 2014

> Continued

### 49. FINANCIAL INSTRUMENTS (CONT'D)

#### 49.4 Fair Value Information (Cont'd)

- (a) The fair values above are for disclosure purposes and have been determined using the following basis:-
- (i) The fair values of quoted investments are measured at their quoted closing bid prices at the end of the reporting period.
  - (ii) The fair values of hire purchase payables are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period.
  - (iii) The fair values of trade receivables (non-current) and amounts due from/to subsidiaries (non-current) are determined using discounted cash flow projections based on a borrowing rate.

The interest rates used to discount the estimated cash flows, where applicable, are as follows:-

	THE GROUP		THE COMPANY	
	2014 %	2013 %	2014 %	2013 %
Hire purchase payables	4.26 to 6.09	4.63 to 5.76	4.26 to 6.09	4.63 to 5.76
Trade receivables (non-current)	-	5.00	-	5.00
Amounts due from/to subsidiaries (non-current)	-	-	-	5.00

- (b) In regard to financial instruments carried at fair value, there were no transfer between level 1 and level 2 during the financial year.
- (c) The level 3 fair values of the trade receivables (non-current) and amounts due from/to subsidiaries (non-current) have been determined using discounted cash flows approach as well as the significant unobservable inputs. These inputs are:-

Significant Unobservable Inputs	Relationship Of Unobservable Inputs to Fair Value	Sensitivity Analysis (Other Variables Were Held Constant)
Discount rate at 5%	The higher the discount rate, the lower the fair value.	A 1.0% higher/lower in discount rate would have resulted in a decrease/increase in the estimated fair value.

The Group's finance department includes a team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to the Finance Director. The team regularly reviews significant unobservable inputs and valuation adjustments.

## Notes to the Financial Statements 137

### for the financial year ended 31 December 2014

> Continued

#### 50. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	<b>RESTATED RM'000</b>	<b>THE GROUP AS PREVIOUSLY REPORTED RM'000</b>
Statements of Cash Flows (Extract):-		
CASH FLOWS FOR INVESTING ACTIVITIES		
Placement of deposits with licensed banks	(289)	-
NET CASH FOR INVESTING ACTIVITIES	(7,224)	(6,935)
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,601	6,890
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	(40)	36
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	6,614	6,979

# 138 Notes to the Financial Statements

## for the financial year ended 31 December 2014

> Continued

### 51. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/ (LOSSES)

The breakdown of the retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained profits, net of consolidation adjustments:				
- realised	62,382	54,421	31,159	29,721
- unrealised	25,487	21,747	20,376	11,785
	87,869	76,168	51,535	41,506
Total share of accumulated losses of associate:				
- realised	(42)	(42)	-	-
- unrealised	-	-	-	-
At 31 December	87,827	76,126	51,535	41,506



# 140 List of Properties

> Continued

	Location	Building Age (approx.) (years)	Existing Use	Tenure (Expiry date of lease)	Land Area/ Built-up area (Sq metre)	Carrying value @ 31/12/2014 RM
13	Plot 15281 Sri Tandop Industrial Park Lebuhraya Sultanah Bahiyah Alor Setar Kedah Darul Aman	-	Industrial land	Freehold	3,865	2,080,000
14	Unit 3A-J, Admiral Cove Condominium Jalan Pantai Port Dickson Negeri Sembilan Darul Khusus	15	Condominium	Leasehold 27.07.2094	90	184,869
15	B-G-1,2, 3 & B-1-1, 2, 3 & B-2-1,2 & B-3-1, 2 Taman Pelangi Apartment Melaka	10	Apartment (partially vacant)	Freehold	1,111	1,420,000
16	16 Jalan Pelangi 13 Taman Pelangi Rawang Selangor Darul Ehsan	10	Single storey terrace house	Freehold	121	70,400
17	Lot 199 Seksyen 43 Jalan Mayang Kuala Lumpur	-	Development land	Freehold	1,358	20,600,000
18	Nos. 29-G-1-2-3-4, 31-G-1-2-3-4, 33-G-1-2-3-4, Jalan 10/23A Off Jalan Usahawan Setapak 53300 Kuala Lumpur	4*	Shop-offices (vacant)	Leasehold 09.11.2093	3,411	6,000,000
19	A2-4, A3-3, A4-4 Apartment Seri Kembangan Jalan Bukit Beruntung 7 Seksyen BB7, Bukit Beruntung 1 48300 Rawang Selangor Darul Ehsan	4*	Apartment (vacant)	Freehold	177	75,000
20	21, Jalan Kuala Kangsar Tasek Industrial Estate 31400 Ipoh Perak Darul Ridzuan	23	Office and warehouse	Leasehold 30.09.2064	12,141	1,374,769
21	No. 1105, Block A Pusat Dagang Setia Jaya 9 Jalan PJS 8/9 46150 Petaling Jaya Selangor Darul Ehsan	15	Office	Leasehold 17.07.2091	47	116,667
22	Unit A-27-02 Pine Residence Paya Terubong, Mukim 13 Daerah Timur Laut Pulau Pinang	-	Condominium (under construction)	Freehold	150	76,848

	Location	Building Age (approx.) (years)	Existing Use	Tenure (Expiry date of lease)	Land Area/ Built-up area (Sq metre)	Carrying value @ 31/12/2014 RM
23	3, Jalan Kilang 3 Jelapang Industrial Estate 30100 Ipoh Perak Darul Ridzuan	20*	Factory and office	Leasehold 15.07.2036	2,149/ 279	400,000
24	1, Jalan 13/1 46200 Petaling Jaya Selangor Darul Ehsan	22*	Showroom, office and warehouse	Leasehold 06.01.2060	20,773	11,146,038
25	Lot 155, Lingkaran Taman Industri Integrasi Rawang 3 Taman Industri Integrasi Rawang 48000 Rawang Selangor Darul Ehsan	19	Factory	Freehold	10,063/ 5,070	3,902,152
26	3645, Jalan Bagan Dalam 12100 Butterworth Pulau Pinang	-	Commercial land	Freehold	12,292	15,880,000
27	Lots 3213 & 3214 Lorong Jelawat Satu Seberang Jaya Industrial Park Pulau Pinang	18	Office and warehouse	Leasehold 03.12.2050	20,097	4,359,911
28	Lot 758 Jalan Ayer Merah Kulim Kedah Darul Aman	-	Rubber estate	Freehold	14,285	540,000
29	1 & 3, Jalan IMJ 3 Taman Industri Malim Jaya 75450 Melaka	16	Office and warehouse	Leasehold 18.11.2095	803	423,442
30	No. 86, Jalan 1 Taman Sri Kluang 86000 Kluang Johor Darul Takzim	17	Office and warehouse	Freehold	143	168,868
31	No. 44, Jalan TSJ 8/1B Taman Seremban Jaya 70450 Seremban Negeri Sembilan Darul Khusus	17	Office and warehouse	Freehold	164	179,446
32	PTD 129839 Mukim Plentong Johor Bahru Johor Darul Takzim	-	Bungalow lot (vacant)	Freehold	816	160,000
33	B4-22-31B, 22 Floor Tower 4, Villa D'Savoy Condo Park A Famosa Resort, Alor Gajah, Melaka	10	Condominium	Leasehold	101	185,000

# 142 List of Properties

> Continued

	<b>Location</b>	<b>Building Age (approx.) (years)</b>	<b>Existing Use</b>	<b>Tenure (Expiry date of lease)</b>	<b>Land Area/ Built-up area (Sq metre)</b>	<b>Carrying value @ 31/12/2014 RM</b>
34	No.187A, 187A-1 and 187A-2, Jalan Skudai, Batu 4 1/2 Kampung Skudai Kiri/Kanan Johor Bahru Johor Darul Takzim	24	Shop-offices	Freehold	143/558	850,000
35	Lot 125, A Famosa Golf Resort Jalan Kemus Simpang Empat 78000 Alor Gajah Melaka	4	Double storey detached house	Leasehold 18.12.2094	711	300,000
36	8 Jalan Lingkaran 5 Taman Sri Tambak Kluang, Johor Darul Takzim	3*	Double storey terrace shop	Leasehold 5.7.2093	130	240,000
37	No. 8723, 8724 and 8725 Jalan Siantan 2 Bandar Baru Bukit Mentok 24000 Kemaman Terengganu Darul Iman	3*	Single storey terrace house	Leasehold 06.06.2094	677/261	275,000
38	Lot 7732, Kawasan Perindustrian Kampong Baru Balakong 43300 Balakong, Selangor Darul Ehsan	26*	Office and factory	Leasehold 05.08.2041	5,059/3,437	940,104
39	PT1890 Jalan Jamrud 1 Kawasan Perusahaan Nilai 2 71800 Nilai Negeri Sembilan Darul Khusus	-	Industrial land	Leasehold 02.03.2091	23,922	7,631,098
40	1 Jln KP 1/6 Taman Kajang Prima 43000 Kajang Selangor Darul Ehsan	18	Shop-offices (vacant)	Freehold	318	2,500,000
41	23 Jln Desa 9/6 Bandar Country Homes 48000 Rawang Selangor Darul Ehsan	17*	Shop-offices (vacant)	Freehold	153	400,000

Note:-

\* The building age is from date of purchase as the actual age of the buildings cannot be ascertained.

# STATEMENT OF SHAREHOLDINGS 143

Class of Stock : RM1.00 ordinary share  
 Voting Rights : 1 Vote per share

## DISTRIBUTION OF SHAREHOLDINGS AS AT 05 MAY 2015

Range of Shareholdings	No. of Shareholders	Percentage of Shareholders (%)	No. of Shares	Percentage of Issued Capital (%)
Less than 100	40	1.25	847	0.00
100-1,000	1,434	44.80	1,391,681	1.92
1,001-10,000	1,406	43.92	5,773,299	7.97
10,001-100,000	287	8.97	8,089,521	11.16
100,001 to less than 5% of issued shares	29	0.91	13,014,352	17.96
5% and above of issued shares	5	0.16	44,199,800	60.99
<b>TOTAL</b>	<b>3,201</b>	<b>100.00</b>	<b>72,469,500</b>	<b>100.00</b>

## THIRTY LARGEST SHAREHOLDERS AS AT 05 MAY 2015 (as per Record of Depositors)

	No. of Shares	Percentage of Issued Capital (%)
1. Maju Holdings Sdn Bhd	15,962,000	22.03
2. Dutariang Sdn Bhd	10,022,800	13.83
3. Mentari Maksima Sdn Bhd	8,684,400	11.98
4. Everest Champion Sdn Bhd	5,822,600	8.03
5. HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Abu Sahid Bin Mohamed	3,708,000	5.12
6. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Siew Mun Chuang	3,012,352	4.16
7. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Abu Sahid Bin Mohamed	1,914,400	2.64
8. KOP Mantap Berhad	1,111,000	1.53
9. Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Abu Sahid Bin Mohamed	582,600	0.80
10. Harmoni Sdn Bhd	552,800	0.76
11. Noor Azrina Binti Mohd Azmi	500,000	0.69
12. Lee Chee Ming	487,000	0.67
13. Gan Ah Kow	478,100	0.66
14. HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Abu Sahid Bin Mohamed	417,300	0.58
15. Gan Ah Kow	356,300	0.49
16. Smooth Operation Sdn Bhd	288,000	0.40
17. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Seng Giap	260,000	0.36
18. Chua Sewe Fua	233,000	0.32
19. Au Yang Tuan Kah	226,000	0.31
20. Chai Youn Nyok	215,100	0.30

## 144 Statement of Shareholdings > Continued

### THIRTY LARGEST SHAREHOLDERS AS AT 05 MAY 2015 (CONT'D) (as per Record of Depositors)

	No. of Shares	Percentage of Issued Capital (%)
21. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Ah Lek	207,500	0.29
22. Low Hing Noi	200,000	0.28
23. Ng Mee Ling	200,000	0.28
24. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Surinder Singh A/L Wassan Singh	200,000	0.28
25. Ruthlene Binti Abu Sahid	200,000	0.28
26. Tan Teck Peng	200,000	0.28
27. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tay Ka Lang @ Koh Lam	192,400	0.27
28. Teh Paik Chuan	185,000	0.26
29. CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ker Chooi Ngoh	170,000	0.23
30. Gui Peng Kooi	150,200	0.21
<b>TOTAL</b>	<b>56,738,852</b>	<b>78.29</b>

### SUBSTANTIAL SHAREHOLDERS AS AT 05 MAY 2015 (as per Register of Substantial Shareholders)

	No. of Shares		Percentage of Issued Capital (%)
	Direct Interest	Deemed Interest	
1. Maju Holdings Sdn Bhd	15,962,000	-	22.03
2. Tan Sri Abu Sahid bin Mohamed	6,667,300	15,962,000	31.23
3. Dutariang Sdn Bhd	10,022,800	-	13.83
4. Num A/L Din Niam	-	10,022,800	13.83
5. Everest Champion Sdn Bhd	5,822,600	-	8.03
6. Syahruban Binti Mohammad	-	5,822,600	8.03
7. Mentari Maksima Sdn Bhd	8,684,400	-	11.98
8. Wong Kichin	10,000	8,684,400	12.00

**DIRECTORS' SHAREHOLDINGS AS AT 05 MAY 2015**  
(as per Register of Directors' Shareholdings)

Name of Directors	No. of Shares Direct Interest	Percentage of Issued Capital (%)	No. of Shares Deemed Interest	Percentage of Issued Capital (%)
Tan Sri Abu Sahid Bin Mohamed	6,667,300	9.20	16,662,000*	22.99
Dato' Sri Siew Mun Chuang	3,012,352	4.16	-	-
Dato' Mohd Azmi Bin Mohd Amin	-	-	500,000^	0.69

None of the other Directors have any interests in shares (direct or indirect) in the Company.

Note:

\* Deemed interested by virtue of his substantial shareholding in Maju Holdings Sdn Bhd and his spouse and child's shareholding in Ip Muda Berhad ("the Company"). By virtue of Tan Sri Abu Sahid Bin Mohamed's interests of more than 15% in the Company, he is deemed to have an interest in the shares of all the subsidiaries to the extent that the Company has an interest.

^ Deemed interested by virtue of his child's shareholding.

This page has been intentionally left blank

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a member(s) of IPMUDA BERHAD holding \_\_\_\_\_  
shares hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing him \_\_\_\_\_  
of \_\_\_\_\_

as my/our proxy to vote for me/us on my/our behalf at the Fortieth Annual General Meeting of the Company to be held at Symphony 10, 10<sup>th</sup> Floor, Symphony Suites, No: 41 Lapangan Symphony Business Park, Jalan Lapangan Symphony, 31350 Ipoh, Perak Darul Ridzuan, Malaysia, on Friday 12 June 2015 at 11.00 a.m. and at any adjournment thereof, in the manner indicated below:

	RESOLUTION		FOR	AGAINST
1	Adoption of Audited Financial Statements and Reports	Resolution 1		
2	Approval of Directors' Fees	Resolution 2		
3	Re-appointment of the following Director retiring under Section 129(6) of the Companies Act, 1965: Dato' Ahmad Bakri bin Shabdin	Resolution 3		
4	Re-election of the following Directors retiring under Article 101 of the Company's Articles of Association: Tan Sri Abu Sahid bin Mohamed	Resolution 4		
5	Dato' Sri Siew Mun Chuang	Resolution 5		
6	Re-election of the following Director retiring under Article 107 of the Company's Articles of Association: Puan Rohaizan binti Ahmad Sallehudin	Resolution 6		
7	Dato' Yap Wee Leong	Resolution 7		
8	Appointment of Auditors and authorise Directors to fix their remuneration	Resolution 8		
9	Retention of Dato' Ahmad Bakri bin Shabdin as Independent Non-Executive Director	Resolution 9		
10	Retention of Dato' Sri Siew Mun Chuang as Independent Non-Executive Director	Resolution 10		
11	Retention of Dato' Maarof bin H.A. Rahman as Independent Non-Executive Director	Resolution 11		
12	Authority to the Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965	Resolution 12		

Please indicate with "X" how you wish your vote to be cast. In the absence of specific directions, your Proxy will vote or abstain as he thinks fit.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Signature: \_\_\_\_\_

**NOTES:**

- 1) A member of the Company entitled to attend and vote at the abovementioned meeting is entitled to appoint a proxy or not more than two (2) proxies, to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
- 2) Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- 3) Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- 4) Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- 5) The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be either given under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
- 6) The instrument appointing the proxy must be deposited at the Registered Office of the Company at Bangunan Ipmuda, 12 Jalan Dato, 30000 Ipoh, Perak Darul Ridzuan, Malaysia, not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

*Fold this flap for sealing*

*Then fold here*

AFFIX  
STAMP

The Company Secretary  
**IPMUDA BERHAD**  
Bangunan Ipmuda,  
12, Jalan Datoh,  
30000 Ipoh,  
Perak Darul Ridzuan,  
Malaysia.

*1st fold here*



**IPMUDA BERHAD** (22146-T)

9th Floor, Maju Tower,  
No. 1001, Jalan Sultan Ismail,  
50250 Kuala Lumpur,  
Tel: 603 2719 2828  
Fax: 603 2719 2818



[www.ipmuda.com.my](http://www.ipmuda.com.my)