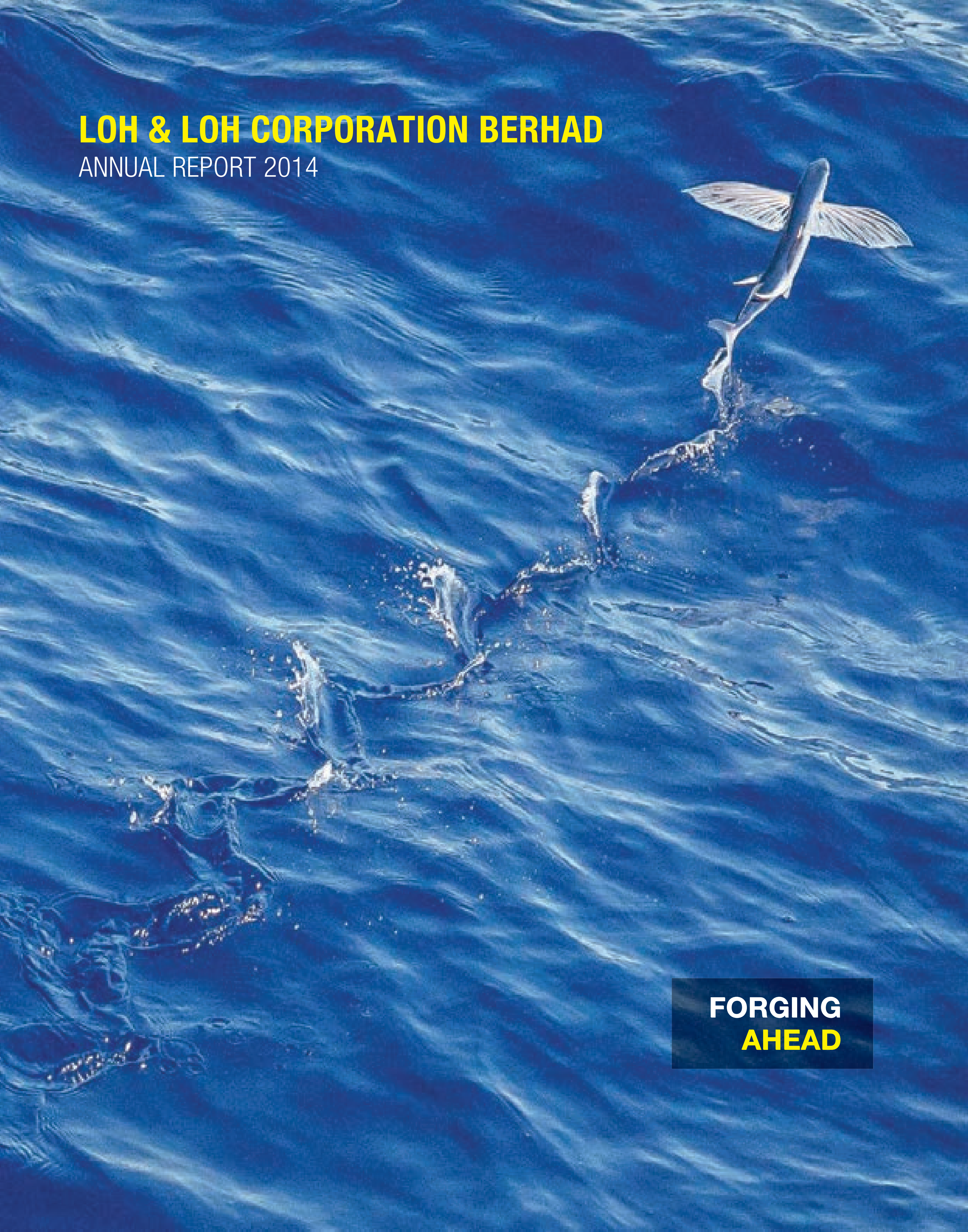
LOH & LOH CORPORATION BERHAD

ANNUAL REPORT 2014



FORGING AHEAD

1965 1966 1967 1968 1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990

LOH & LOH
CORPORATION BERHAD

1965 - **2014** and still counting...

1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 **2014**

Introduction to **LOH & LOH**

Water has been at the heart of **LOH & LOH's** history since the beginning. From the first dam built in 1973 — the Durian Tunggal Dam in Malacca — **LOH & LOH** has continued to build its track record to include water treatment plants, water intakes, pumping stations, pipelines, reservoirs, sewerage treatment plants and environmental products; encompassing the full water cycle. **LOH & LOH** continues to be at the forefront of water technology and engineering, excelling as an Operation & Maintenance Specialist and is now the leading water engineering infrastructure specialist in the country with full Civil & Structural and Mechanical & Electrical Engineering capabilities.

As a premier Engineering Infrastructure Specialist, **LOH & LOH** is involved in building several key national infrastructure projects such as the Kelau Dam and 2230MLD Semantan Intake, part of the Pahang-Selangor Interstate Transfer project, 950MLD Bukit Badong Water Treatment Plant, one of the largest WTP in Malaysia, Hulu Terengganu Hydroelectric power project, consisting of two hydrodams with a total capacity of 250MW for Tenaga Nasional Berhad, Kinta Dam, 1st Roller Compacted Concrete Dam in Malaysia, the Rawang-Ipoh Electrified Double Track as well as the Seremban-Gemas Electrified Double Track.

LOH & LOH has established capabilities in handling large M&E projects as well as Engineering, Procurement, Construction and Commissioning (EPCC) contracts having completed several major projects including the Medini Utility 2 project in Iskandar, the Bakun Hydro Power Plant in Sarawak, the Sandakan River Lock Gate in Sabah, Operation and Maintenance contracts and the rehabilitation of Batu Kitang Water Treatment Plant, Kuching, Sarawak.

The Group is also in Property Development specializing in boutique developments, and has successfully completed and handed over several developments in the Klang Valley. The Group leverages on its synergistic construction expertise to deliver exceptional value to buyers. Our projects have also been rated among the top developments in Malaysia for quality standards by the Building Construction Authority of Singapore.

The Staff of **LOH & LOH** adhere to our 8 Core Values, PRACTICE, namely Passion, Results-oriented, Accountability, Change Responsiveness, Teamwork, Integrity & Loyalty, Creativity & Innovativeness, and Equity. We have a loyal core management team with many who have grown up with the Group, bringing stability, experience and know-how to **LOH & LOH.**

LOH & LOH, Engineering the Future!

Table of Contents

Water is the driving force of all nature.

Leonardo da Vinci

Corporate Structure
as at 30 April 2015

LOH & LOH
CORPORATION BERHAD

CIVIL & STRUCTURAL	MECHANICAL & ELECTRICAL	PROPERTY DEVELOPMENT
100% LOH & LOH CONSTRUCTIONS SDN BHD	**100%** WATER ENGINEERING TECHNOLOGY SDN BHD	**100%** LOH & LOH DEVELOPMENT SDN BHD
100% Jutakim Sdn Bhd	**100%** WET O&M Sdn Bhd	**100%** Decorus Development Sdn Bhd
100% 1 Seri Merdeka Sdn Bhd	**100%** WET Sales & Services Sdn Bhd	**100%** Green Heights Developments Sdn Bhd
68% Quality Quarry Sdn Bhd		**100%** Medius Developments Sdn Bhd
		100% Turf-Tech Sdn Bhd
		100% Millenium Creation Sdn Bhd

Financial Highlights

5 YEAR GROUP FINANCIAL STATISTICS

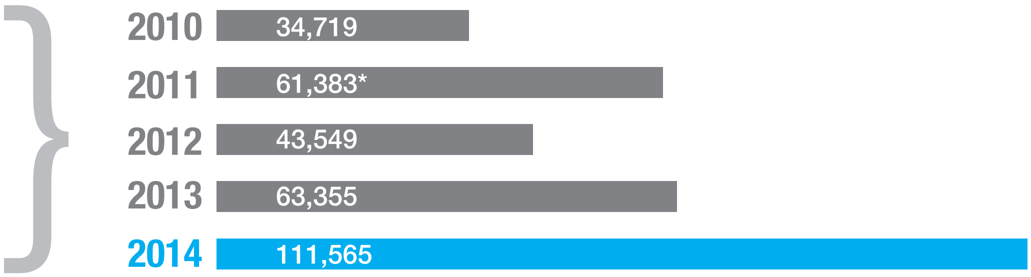
	2010	2011	2012	2013	2014
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	299,468	316,163	434,477	616,803	579,098
Profit Before Tax	44,108	74,674	62,019	83,200	150,004
Profit After Tax	34,719	61,383*	43,549	63,355	111,565
Total Assets	438,372	448,748	506,610	614,534	703,777
Net Tangible Assets	251,550	259,454	276,849	298,845	358,838
Shareholders' Funds	250,234	254,289	271,531	297,201	357,314
Paid-up Share Capital	68,000	68,000	68,000	68,000	68,000

Per Share (sen)	2010	2011	2012	2013	2014
Group Earnings	51	86#	64	93	164
Net Tangible Assets	370	382	407	439	528
Dividend	44	37	38	56	75

* Profit after tax includes one-off gain on disposal of asset classified as held for sale of RM 26,261,000.
# Group earnings per share includes one-off gain on disposal of asset classified as held for sale of 38 sen.

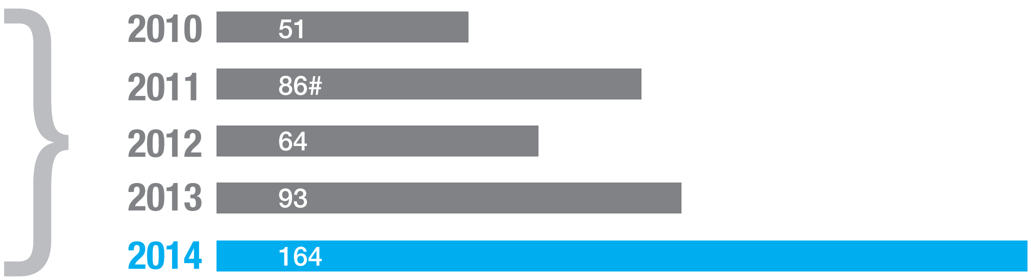
REVENUE
RM'000

PROFIT AFTER TAX
RM'000



SHAREHOLDERS' FUNDS
RM'000

EARNINGS PER SHARE SEN



Corporate Information

BOARD OF DIRECTORS

Y.A.M. Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud
Non-Independent Non-Executive Chairman

Mr. Loh Kim Kah
Managing Director (Resigned on 16 April 2015)

Mr. Loh Choon Quan
Managing Director (Appointed on 16 April 2015)

Dato' Che Abdullah @ Rashidi bin Che Omar
Non-Independent Non-Executive Director

Encik Mohd. Faizul bin Ibrahim
Non-Independent Non-Executive Director

Mr. Tan Vern Tact
Independent Non-Executive Director

Miss Monica Oh Chin Chin*
*Alternate Director to Mr. Tan Vern Tact

COMPANY SECRETARIES

Chua Siew Chuan
MAICSA 0777689

Chin Mun Yee
MAICSA 7019243

AUDITORS

KPMG
Chartered Accountants
Level 10, KPMG Tower,
8, First Avenue, Bandar Utama,
47800 Petaling Jaya,
Selangor, Malaysia.

SOLICITORS

Zaid Ibrahim & Co.

PRINCIPAL BANKERS

AmBank (M) Berhad
Hong Leong Bank Berhad
RHB Bank Berhad
United Overseas Bank (M) Bhd

REGISTERED OFFICE

Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur, Malaysia.
Tel: +603 - 2084 9000
Fax: +603 - 2094 9940 / 2095 0292

Group Corporate
Calendar

13 JAN

Kuala Lumpur Golf & Country Club

LTI Briefing by Senior Management

12 FEB

Bukit Kiara

Chinese New Year Lunch

18 & 25 APR

Semantan Intake Site Office & Nilai Workshop

Audit Training

21 & 24 APR

Sri Hartamas

Staff Cardio Fit & Yoga Class

4 MAY

Pusat Badminton Taman Kepong

Badminton Competition

16 MAY

UKM

Career Fairs

21 MAY

Kelau, Pahang

Kelau Dam - Datuk Seri Panglima Dr. Maximus Johnity Ongkili, Minister of Energy, Green Technology and Water (KeTTHA) visit

11 JUL

INTI International University

Sponsorship for INTI best civil engineering student

16 JUL

KLGCC

Buka Puasa

17 JUL

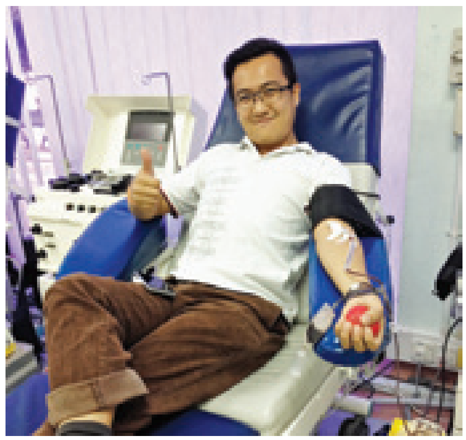
SJKC Kota Emerald (Rawang)

Donation to SJKC Kota Emerald (Rawang)

6 AUG

Pengerang, Johor

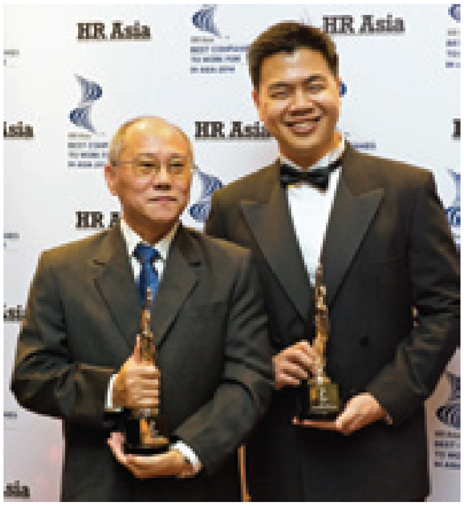
LLCSB and WETSB were jointly awarded Project 16B: Rapid Raw Water Treatment Plant on EPCC basis for Rapid Project, Pengerang, Johor



9 AUG

Blood Bank

Blood Donation



20 AUG

Sheraton Imperial (Kuala Lumpur) Hotel

Awarded Best Companies to Work for in Asia 2014 – Malaysia

3 SEPT

Kelau, Pahang

Kelau Dam - Dato' Sri Diraja Haji Adnan Bin Haji Yaakob, Chief Minister of Pahang Visit

1 OCT

Hulu Terenganu, Terengganu

Early Impoundment of Puah Dam for the 250MW Hulu Terengganu Hydroelectric Power Project

11 OCT

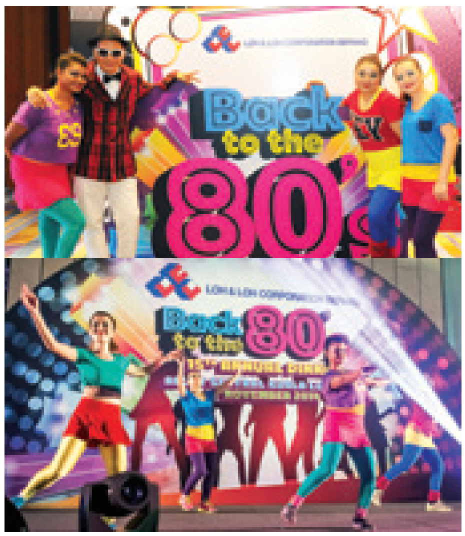
Kuala Lumpur Performing Arts Centre

Larger Than Life Musical in aid of National Kidney Foundation

18 OCT

Desa Water Park

Staff Paintball Tournament



1 NOV

Hotel A'loft

Group Annual Dinner

3 NOV

Hulu Langat

LLCSB was commissioned to design and build the system for 500MLD Raw Water Supply from the Pahang-Selangor Raw Water Supply Project Tunnel to Sg. Langat

27 NOV

Selama, Perak

LLCSB secured the Proposed Upgrading Works for Raw Water Supply System from Sungai Selama Intake to Sungai Bayor Water Treatment Plant, Daerah Selama, Perak Darul Ridzuan

15 DEC

Hulu Langat

LLCSB was awarded the Proposed Development of Langat 2 Water Treatment Plant and Water Reticulation System in Selangor Darul Ehsan/ Wilayah Persekutuan Kuala Lumpur (Langat 2 WTP and Water Reticulation – Phase 1) - Package 1B: To supply and install raw water pipes from the Pahang-Selangor Raw Water Project Tunnel to the Langat 2 Water Plant and Treated Water Pipes from the Langat 2 Treated Water Plant to the Hulu Langat Reservoir

18 DEC

Langat

Salcon - LOH & LOH JV secured the design and build contract for the Proposed Construction of the Langat Centralised Sewage Treatment Plant

19 DEC

LOH & LOH HQ

Staff Christmas Party

Profile of Directors

Y.A.M. TENGKU DATO' RAHIMAH BINTI ALMARHUM SULTAN MAHMUD
Non-Independent Non-Executive Chairman

Y.A.M. Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud, a Malaysian aged 49, was appointed as Chairman and Director of LLCB on 19 September 2008.

Y.A.M. Tengku Dato' Rahimah holds a BSc Economics and Accountancy from the City of London University, England and Y.A.M. Tengku Dato' Rahimah is a member of the Malaysian Institute of Accountants ("MIA").

Upon completing her degree course, Y.A.M. Tengku Dato' Rahimah started her career with the Hongkong Bank in London, England, then joined Esso Malaysia Berhad in Kuala Lumpur before moving on to own and run a few private limited companies.

Y.A.M. Tengku Dato' Rahimah currently sits on board of Puncak Niaga Holdings Berhad and also holds directorships in several private limited companies.

LOH CHOON QUAN (MARC)
Managing Director

Mr. Loh Choon Quan, a Malaysian Permanent Resident, aged 38, was appointed Managing Director of LLCB on 16 April 2015.

Mr. Loh Choon Quan holds a Bachelor Degree of Civil Engineering (1st Class) from The University of Sheffield, UK, where he graduated top of his class and won two (2) British Steel Design Awards. Subsequently he obtained a Masters of Business Administration (MBA) from INSEAD, one of the top business schools, under the Asian Enterprise Fund (AEF) Scholarship.

Mr. Loh Choon Quan has been with the Group for fifteen (15) years and has been involved in all divisions of the Group throughout the fifteen (15) years.

Mr. Loh Choon Quan was appointed as a Chief Executive Officer of LLCB on 12 July 2011 and subsequently promoted to Managing Director of LLCB on 16 April 2015.

Mr. Loh Choon Quan does not hold any directorship in other public companies. He holds directorships in several private limited companies.

DATO' CHE ABDULLAH @ RASHIDI BIN CHE OMAR
Non-Independent Non-Executive Director

Dato' Che Abdullah @ Rashidi bin Che Omar, a Malaysian aged 66, was appointed to the Board of LLCB on 13 September 2012 as a Non-Independent Non-Executive Director.

Dato' Rashidi graduated with a Diploma in Plantation Management from Universiti Teknologi Mara. He began his career with FELDA as a Cadet Planter in 1968 and left as a Manager. In 1974, he joined Kuala Lumpur Kepong Berhad as Assistant Manager and left as Senior Manager. In 1989, he joined Austral Enterprise Berhad as a Senior Manager. In 1990, he joined Tradewinds (M) Berhad as a Manager in the Plantation Division and was subsequently promoted to General Manager in 1993. In 1996, he was seconded to Tradewinds Plantation Services Sdn. Bhd. and promoted to the position of Senior General Manager. In 1999, he became the Executive Director of Tradewinds Plantation Services Sdn. Bhd. In 2002, he joined Lembaga Tabung Haji as its Plantation Director. He was the Managing Director of TH Plantations Berhad from 2003 to 2009.

Dato' Rashidi was conferred a Datukship by His Royal Highness the Sultan of Kelantan in 2005.

Dato' Rashidi is currently the chairman of Consolidated Fertiliser Corporation Sdn. Bhd. and PT. TH Indo Plantations. Dato' Rashidi also sits on the board of various companies such as Tadmax Resources Berhad, TH Pelita Gedong Sdn. Bhd., TH Pelita Sadong Sdn. Bhd., TH Pelita Simunjan Sdn. Bhd., Sime Darby Plantation Sdn. Bhd. SRC International Sdn. Bhd. PT Minamas Gemilang and PT Synergy Oil Nusantara.

MOHD FAIZUL BIN IBRAHIM
Non-Independent Non-Executive Director

Encik Mohd Faizul bin Ibrahim, a Malaysian aged 33, was appointed to the Board of LLCB on 13 September 2012 as a Non-Independent Non-Executive Director.

Encik Faizul graduated in 2005 from MARA University of Technology with Bachelor in Accountancy (Hons).

Encik Faizul is a member of the Malaysian Institute of Accountants and he spent 3 years in public practice with Messrs. Azman, Wong, Salleh & Co before joining the commercial sector in 2009.

Encik Faizul does not hold any directorships in other public companies. However, he is a director of several private limited companies.

TAN VERN TACT
Independent Non-Executive Director

Mr. Tan Vern Tact, a Malaysian aged 38, was appointed to the Board of LLCB on 14 September 2012 as an Independent Non-Executive Director.

Mr. Tan graduated from Trinity College, University of Cambridge, United Kingdom with a Bachelor of Arts (B.A.) and a Master of Engineering (M.Eng.) in Electrical and Information Sciences.

Mr. Tan currently sits on the board of several public limited companies and also holds directorships in several private limited companies.

MONICA OH CHIN CHIN
Alternate Director to Tan Vern Tact

Ms. Monica Oh Chin Chin, a Malaysian aged 54, was appointed to the Board of LLCB as an Alternate Director to Mr. Tan Vern Tact on 14 September 2012.

Ms. Monica graduated in 1982 from Monash University, Australia with a Bachelor of Economics majoring in Accounting. Ms. Monica is a member of the Malaysian Institute of Accountants and CPA Australia. She has served in a foreign bank in Malaysia and has more than thirteen (13) years of banking experience.

Ms. Monica does not hold any directorships in other public companies. However, Monica is a director of several private limited companies.

A Letter from Our Chairman

THE INTERNATIONAL ECONOMIC ENVIRONMENT AND THE MALAYSIAN ECONOMY

The global economy expanded at a moderate pace in 2014, with uneven growth across and within regions. In the advanced economies, while growth in the US continued to show broader signs of improvement, economic activity in the euro area and Japan remained subdued. In Asia, most economies benefitted from higher external demand, particularly from the US. Nevertheless, growth momentum diverged across the region as domestic demand moderated in several economies amid country-specific developments.

The Malaysian economy recorded a stronger growth of 6% in 2014 (2013: 4.7%). Growth was driven by the continued strength in private domestic demand, and further lifted by the improvement in external trade performance. Domestic demand remained as the main anchor for growth, albeit at a more moderate pace of expansion, led by private sector activity.

The construction sector continued to expand at a double-digit rate, registering a higher growth of 11.6% during the year (2013: 10.9%) owing mainly to stronger growth in both the residential and non-residential sub-sectors, with further support from the infrastructure projects under the civil engineering sub-sector. The robust growth in the residential sub-sector was attributed to continued progress in housing projects in Johor, Klang Valley and Penang, while construction activities in the non-residential sub-sector were supported by commercial and industrial projects. The civil engineering sub-sector provided further support to the sector, underpinned by existing and new infrastructure projects.

GROUP PERFORMANCE

Despite the challenging environment in 2014, the Group continued to build and grow its business activities. The year under review was a momentous year for Group as the Group set a new benchmark in achieving a profit after taxation exceeding RM100 million. The Group registered a profit after taxation of RM111.6 million for the financial year 2014 (2013: RM63.4 million) which was an increase of 76%.

I commend the dedicated management team together with the staff for their demonstrated collective strengths, resilient spirit and diligent works in achieving such a significant financial result.

MOVING FORWARD

As of to-date the Group has an order book of RM2 billion including GDV of property development projects which will see the activities carry over for 2 to 3 years. Meanwhile the Group is actively participating in tenders to replenish the order book.

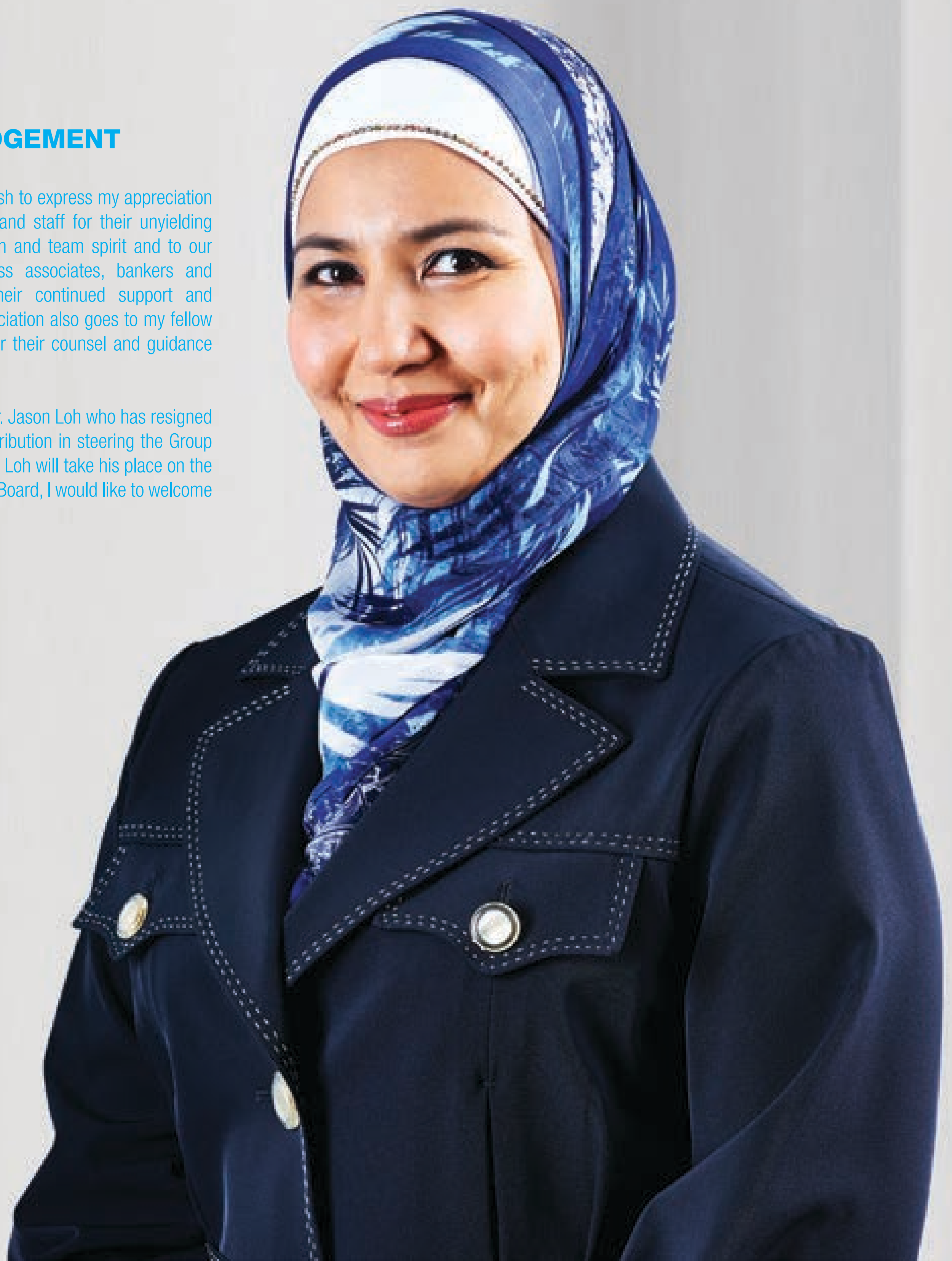
The Group continues to evolve and grow by accepting and incorporating improvements to further strengthen our core activities of construction and property development. We continue to exercise prudence and caution in our undertakings and mitigating potential risks as part of our business endeavours.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to express my appreciation to the Management team and staff for their unyielding loyalty, valuable contribution and team spirit and to our valued customers, business associates, bankers and relevant authorities for their continued support and confidence in us. My appreciation also goes to my fellow colleagues on the Board for their counsel and guidance during the past year.

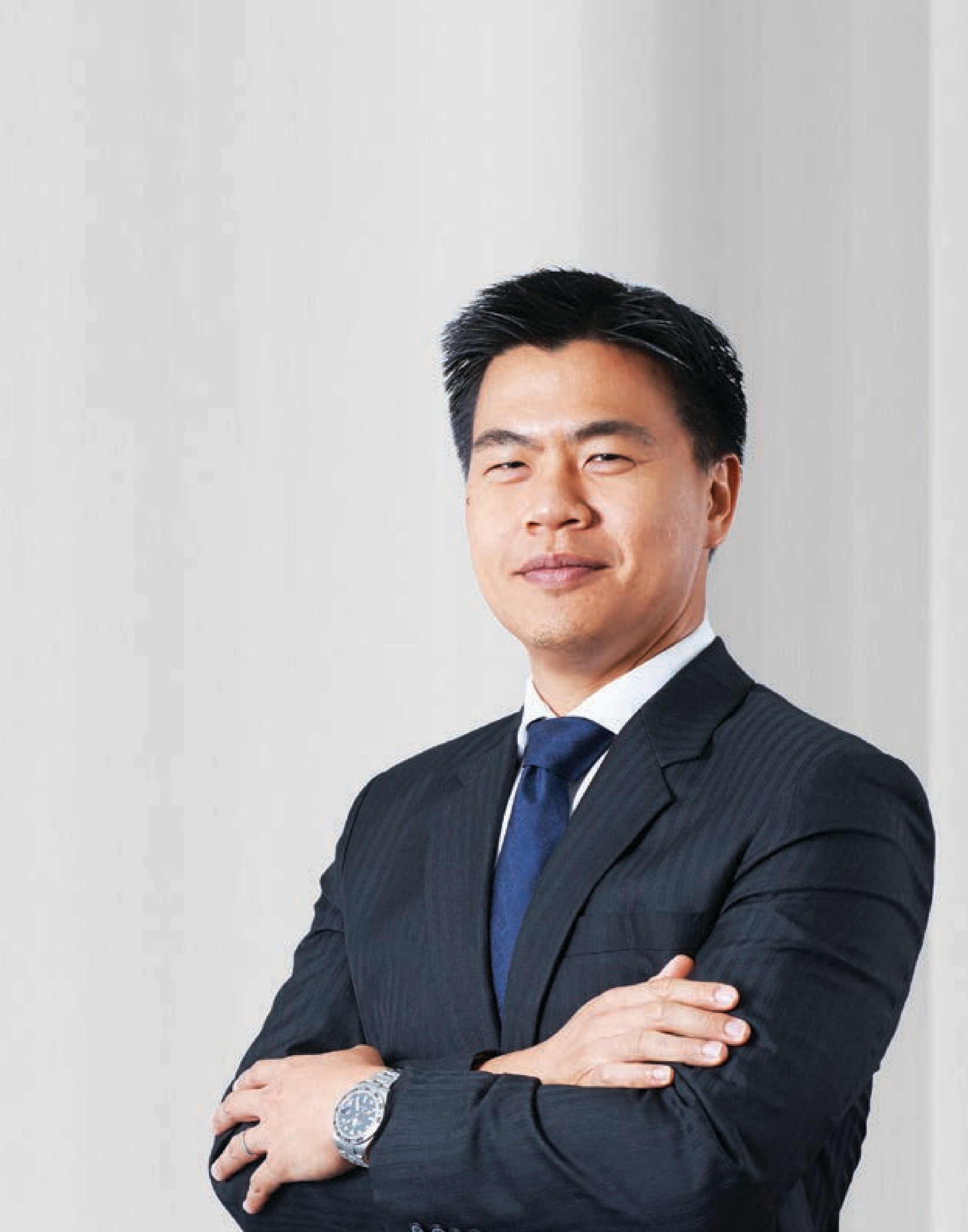
I would also like to thank Mr. Jason Loh who has resigned from the Board for his contribution in steering the Group to what it is today. Mr Marc Loh will take his place on the Board, and on behalf of the Board, I would like to welcome him.

Thank you.



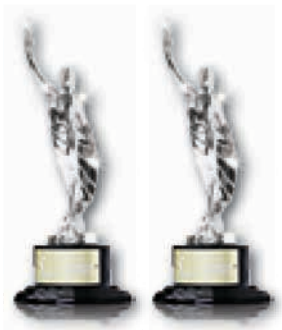
CEO's
Review of Operations

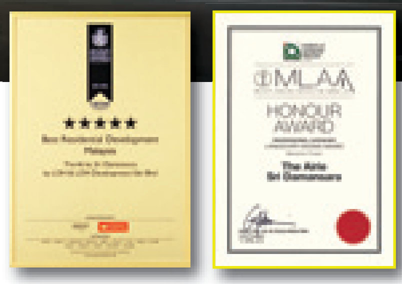
Dear Valued Shareholders, on behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of LOH & LOH Corporation Berhad ('LLCB" or "the Group") for the financial year ended 31 December 2014.



REVIEW OF FINANCIAL YEAR ENDED 31 DECEMBER 2014

In 2014, LOH & LOH Group continued to set new milestones in terms of track record and financial performance despite the challenging conditions in the construction and property industry with the continual rising cost of labour and raw materials, shortage of manpower and competitive environment. Demand in the property sectors continued to be weak especially in the high end segment due to stricter financing and ownership controls. Despite the challenging environment, I am pleased to inform that the Group has performed exceptionally through the hard work and dedication of our management and staff. The Group also secured several awards such as the HR Asia Best Companies to Work for in Asia Award for not one but two companies, LOH & LOH Constructions and Water Engineering Technology, the MLAA Honor Award as well as the International Property Award for best residential development in Malaysia for our completed development, The Airie, Sri Damansara. I would like to congratulate all our management and staff on these incredible achievements. The coming year looks promising with the continual investment by the government in green energy and water infrastructure as these should provide opportunities for our niche capabilities and expertise in water and sewerage infrastructure. This, combined with in our development business, should enable the Group to continue to sustain its continual growth.



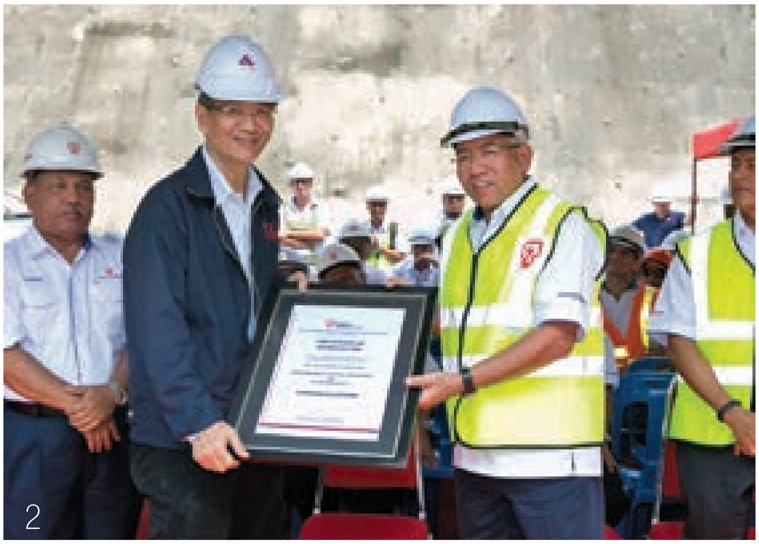


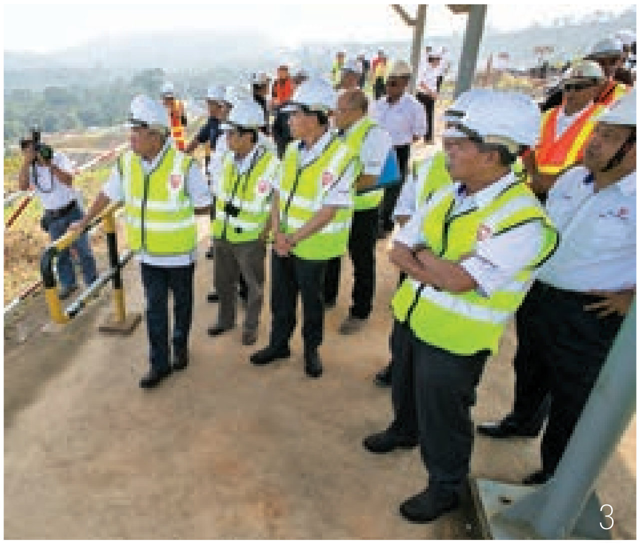
IMPROVED FINANCIAL PERFORMANCE

In 2014, I am pleased to report that the Group has set a new historical financial milestone in 2014, with profit after tax surpassing the RM100million mark. The Group recorded revenue and profit after tax of RM579.1million and RM111.6million respectively. The overall figures translate to net earnings per share of 164 sen compared to 93 sen in 2013.

In line with our improved results, the Group declared a higher interim single tier dividend of 75 sen per ordinary share of RM1.00 for the financial year ended 31 December 2014.

1. The Airie, Sri Damansara





OPERATIONAL HIGHLIGHTS

NEW ENGINEERING MILESTONES

LOH & LOH Constructions Sdn Bhd, our construction subsidiary, did exceedingly well last year despite challenging conditions, setting new milestones in our track record with the completion of the 1130MLD Semantan Water Intake, the largest in South East Asia, for the Pahang Selangor Interstate Project, as well as the impoundment of the 250MW Puah Hydrodam for the Hulu Terengganu Hydroelectric Power Project, which was completed 45 days ahead of schedule and will be the first hydroelectric dam completed on time for Tenaga Nasional Berhad. The Construction group continues to be a key national infrastructure player involved in major projects and is currently implementing a total of 12 projects.

1. Puah Dam Spillway Pier Construction
2. Impoundment Ceremony of Puah Dam on 1st October 2014 - Officiated by YB Dato' Seri DiRaja Mahdzir Bin Khalid, Deputy Minister Ministry of Energy, Green Technology & Water.
3. Puah Dam Observation Point

In 2014, LOH & LOH continued to seal its leadership in water related projects with the securing of the 260MLD RAPID Water Treatment Plant (WTP) BEPCC contract in Pengerang for PETRONAS, the 920,000 PE Langat Centralised Sewerage Treatment Plant (CSTP) EPCC contract and the Pipeline package 1B for the Langat 2 project. These projects have boosted our outstanding order book to RM1.1 Billion and will keep the Group busy for the next 2 years. To further improve on our competitiveness and capabilities, we continue to invest heavily in our human capital, and this investment has been recognized with LOH & LOH Constructions winning the HR Asia Companies to Work for in Asia 2014. These investments, our strong track record and experienced personnel will increase our competitiveness and capabilities. I am optimistic that with the Government's continued expenditure in green energy, the continual investment and emphasis on improving water and wastewater infrastructure, the Construction group will be able to secure new major infrastructure projects and continue to grow and expand.

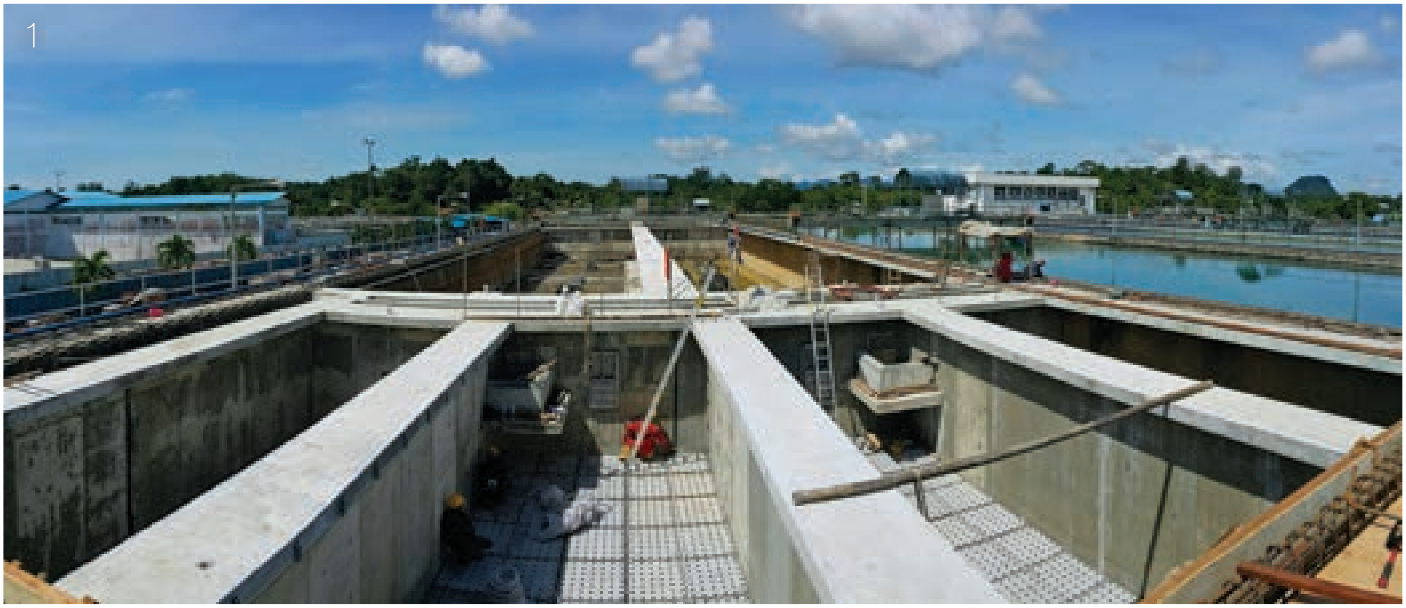
1. Pahang-Selangor Raw Water Transfer - Semantan Intake & Pumping Plant - Overall view
2. Semantan Raw Water (12x300MLD) Pump Sets
3. Semantan 2400MLD Intake Plant

GROWING O&M CAPABILITIES

Water Engineering Technology (WET), our M&E subsidiary continues to grow remarkably and proves to be a highly synergistic and essential partner to LOH & LOH Constructions, playing a key role in the securing the EPCC contracts for both the 260MLD RAPID WTP and the 920,000PE Langat CSTP. WET continues to show its improving operation and maintenance (O&M) capabilities with the securing of the Sipitang WTP O&M Contract and the Care & Custody contract for the upstream facilities of the Pahang Selangor Interstate project. This project will be WET's largest operation and maintenance contract and showcases WET's growing O&M capabilities in water infrastructure.

In 2014, WET completed the EPCC contract for the Sipitang Water Supply project, and is working on another 7 projects including 4 Operation and Maintenance contracts. Several of these newly secured projects are on an EPCC basis and involve both WET and LOH & LOH Constructions. I believe this synergistic co-operation will continue to pave the way to more projects, especially EPCC projects which involve design as well as construction.

1. Batu Kitang - Clarifier & Filters
2. Batu Kitang - Raw Water Intake
3. Sipitang Water Treatment Plant Aerial View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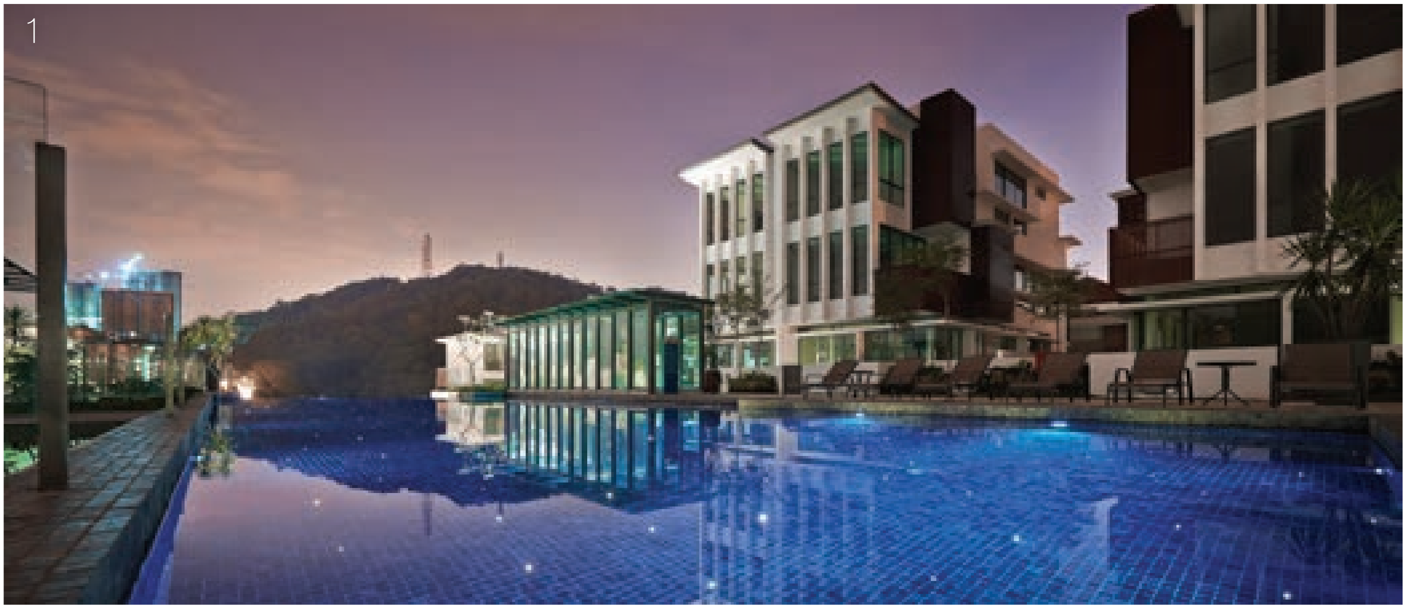
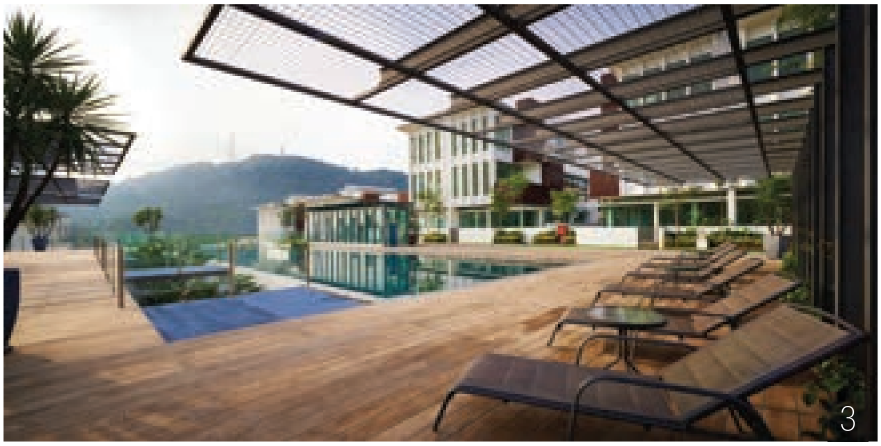




BUILDING A DEVELOPMENT BRAND

In 2014, our development subsidiary, LOH & LOH Development, has continued to plan and secure all the necessary approvals for our upcoming developments comprising 2.5 acres in North Kiara, Kuala Lumpur, 3.05 acres in Kelana Jaya, Selangor and 65acres in Rawang, Selangor. The 3 pieces of land will be developed into NK Residences — a family orientated condominium development in North Kiara, Panaroma — a lifestyle service apartment development in Kelana Jaya and Emerald Heights — a nature inspired landed residential development in Rawang. These 3 developments will commence in 2015 and is expected to have a total Gross Development Value (GDV) of approximately RM1.1billion which will enable LOH & LOH Development to move to the next level of growth over the next 2 to 3 years. During the year, our development arm also continued to build on our development brand, securing 2 Awards for our completed development, The Airie, Sri Damansara. These awards are the MLAA Honor award and the Best Residential Development Malaysia - International Property Awards. These awards are a testimony and a coming of age recognition for our development business which has grown by leaps and bounds since its inception.

2014 continued to be a challenging year for the development industry with the softening market conditions due to the tightening of loans, high cost of land and raw materials. This trend is expected to continue into 2015. LOH & LOH Development has mitigated these risks in our upcoming developments through a combination of diverse products, precise scheduling and prudent management. With our strong cash position, we should be able to capitalize on any opportunities and continue to build our land bank in the coming year.

1, 2 & 3. The Airie, Sri Damansara

HUMAN CAPITAL DEVELOPMENT AND VALUES

The continual commitment, expertise and dedication of our management and staff play a key role in the Group's performance and the milestones achieved in 2014 continue to be a testimony of this crucial role. The Group encourages a teamwork approach towards decision making and involves team members at all levels to ensure ownership and commitment to set targets. The involvement of all our senior management in Human Resource management by being part of the Human Resource Executive Committee highlights the importance and emphasis on Human capital especially in training, promotion, and setting a system that rewards and incentivizes based on performance and results. I believe this commitment and dedication has played an important role enabling 2 of our group companies to secure the HR Asia Best Companies to Work for in Asia Award 2014.

The Group continues to incorporate our PRACTICE 8 Core Values, which encompass Passion, Results Oriented, Accountability, Change Responsiveness, Teamwork, Integrity & Loyalty, Creativity & Innovativeness and Equity, under the acronym of 'PRACTICE,' as part of the Group Core Values.

1

2

MOVING FORWARD

The Malaysian construction industry continues to be challenging in 2015 with the shortage of skilled labour, increasing material prices and highly competitive environment. This coupled with a soft market in the development industry will make 2015 a challenging year. However, with our niche engineering capabilities, synergistic businesses and boutique development business, I believe the Group should be able to weather these difficulties and maintain the progress we have made over the past few years.

Our Construction and M&E subsidiaries continue to have potential with our expertise and proven infrastructure track record. Major Infrastructure projects in 2015 such as the Sarawak Corridor of Renewable Energy (SCORE), Hydroelectric power projects in Pahang and Kelantan, Planting of New Power Plants, Klang Valley My Rapid Transit Phase 2 (KVMRT), High Speed Rail Link, Gemas – Johor Baru Double Track Project should provide the Group with significant opportunities to increase our order book.

Our continual success in boutique developments and increasing track record in quality and design should improve the branding of our development subsidiary. This coupled with the 3 potential new developments should contribute to the growth of our development subsidiary in 2015. With our strong financial position, LOH & LOH Development will continue to grow its land bank with a prudent approach.

LOH & LOH Group has built a strong premium brand, which stands for quality, reliability, safety, expertise and innovation. We have a long and respected history and this will culminate in 2015 when we celebrate our 50th year! We have a highly qualified and energetic workforce of over 850 personnel led by an experienced and dedicated management team, whose enthusiasm and experience are vital to the success of our businesses. Our prudent financial approach continues to yield results in our revenue and profit. This, coupled with a strong balance sheet, allows us to take advantage of new opportunities as they arise.

With our excellent niche track record, strong finances, expertise and the support of all LOH & LOH's staff and management, I am cautiously optimistic about the year ahead. I am confident that the Group will continue to improve and sustain its growth.

IN APPRECIATION

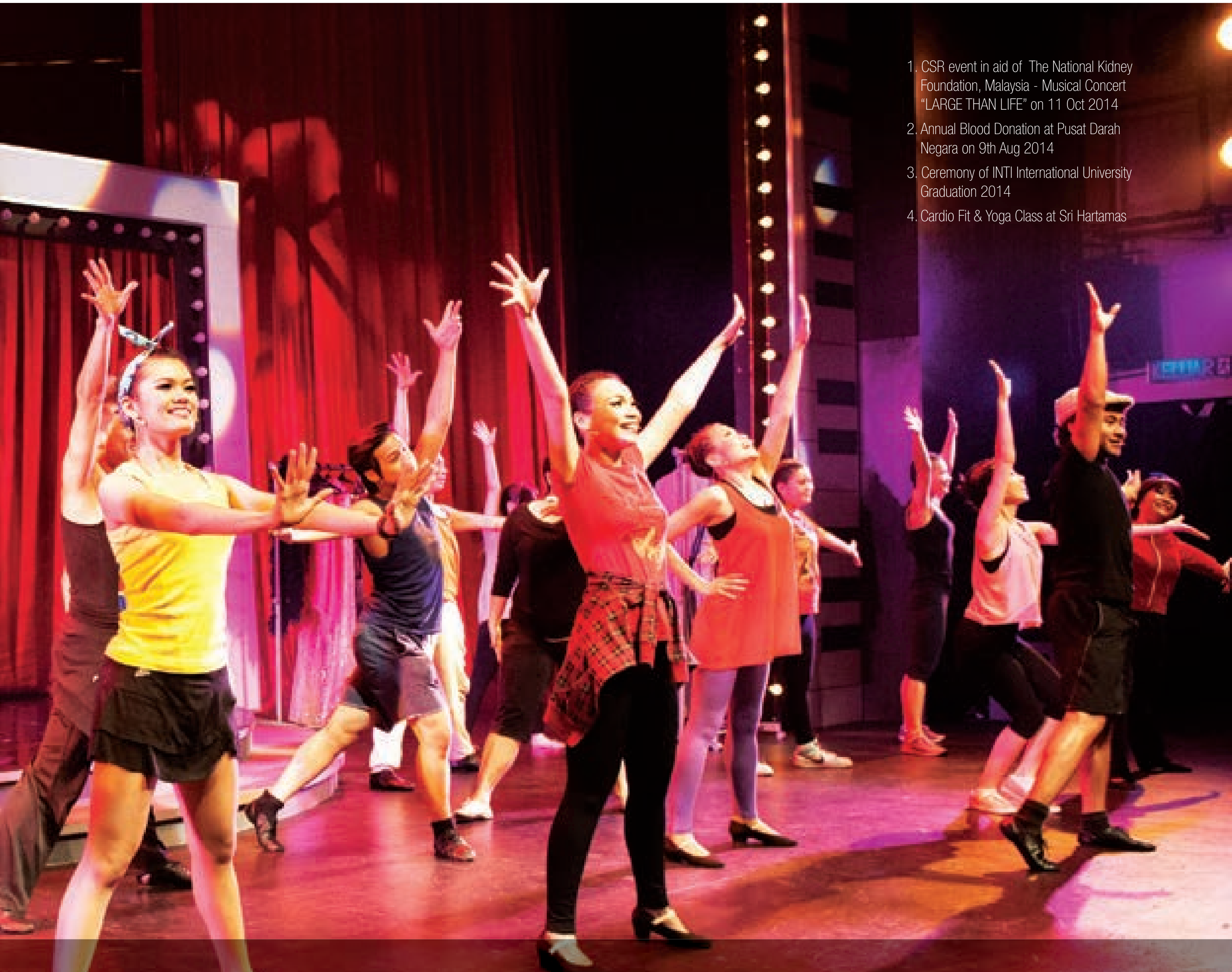
On behalf of the Group, my sincere appreciation goes to our shareholders, the Board of Directors, the Management and my colleagues for your contributions and effort in 2014, and believe that your contributions will continue into 2015. To our valued customers, business associates, suppliers, subcontractors, bankers and regulatory authorities, I thank you for your continual support and confidence in us. Thank you!

1. Staff Celebrating the Impoundment of Puah Dam on 1st Oct 2014
2. HR Asia Awards 2014 - Best Companies to Work for in Asia 2014

Corporate Social Responsibility (CSR)

The LOH & LOH Group has always acknowledged that corporations have a social obligation to use their resources for the betterment of the community. While we cannot do everything, LOH & LOH has consistently been involved with causes that we have a strong conviction about, or organizations that we have strong and enduring ties with.

LOH & LOH not only encourages active social involvement by members of our staff force, we often step in to lend financial and moral support. Whether in initiatives to improve the environment, or to reduce in small ways our carbon footprint, our employees are given every opportunity to get involved.



1. CSR event in aid of The National Kidney Foundation, Malaysia - Musical Concert "LARGE THAN LIFE" on 11 Oct 2014
2. Annual Blood Donation at Pusat Darah Negara on 9th Aug 2014
3. Ceremony of INTI International University Graduation 2014
4. Cardio Fit & Yoga Class at Sri Hartamas

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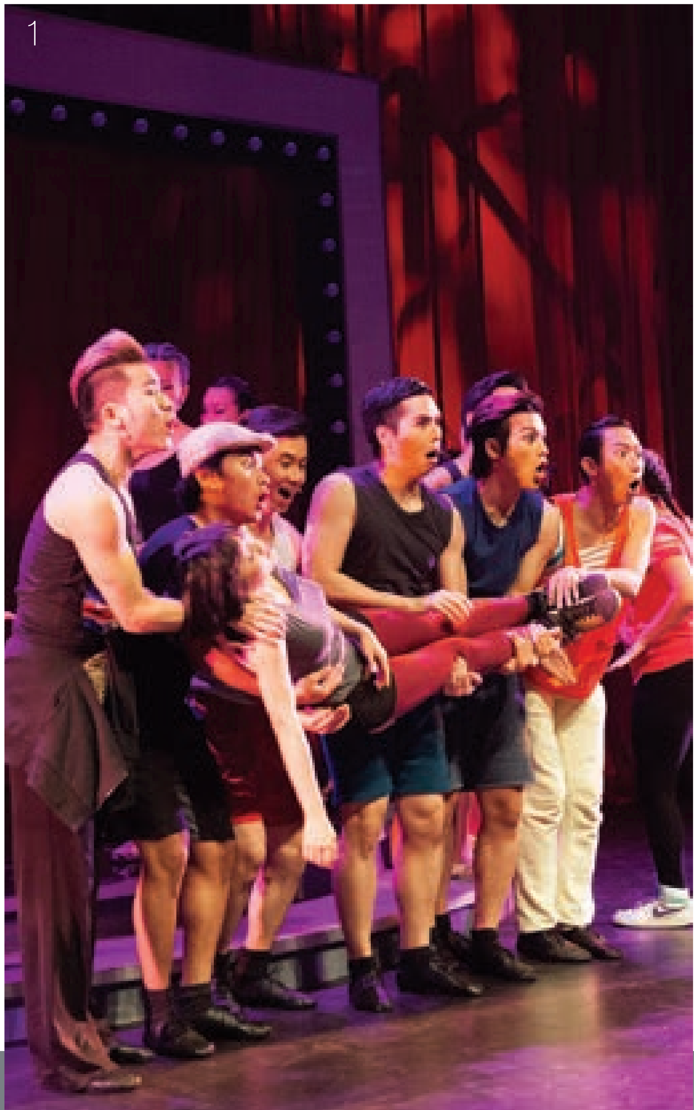
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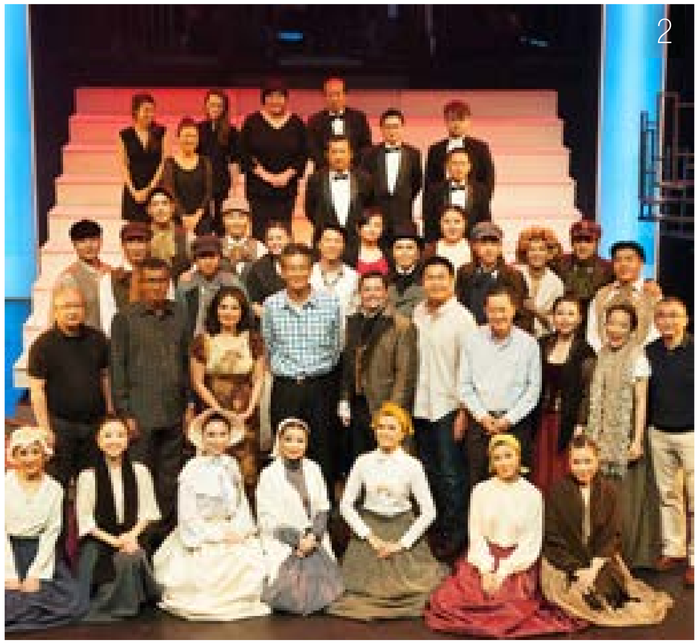
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Arts, Culture & Charity

For the third year running, LOH & LOH is proud to sponsor the Dama Orchestra in its latest musical effort “Larger then Life”. We believe that the Dama Orchestra’s efforts to strengthen and deepen the cultural roots of the community are worthy of our continued support. Indeed the Dama Orchestra has consistently put up excellent musical productions and “Larger than Life” is no exception.

A capacity crowd were entertained by the rousing music and touched by the drama that was brought with such great effect by the talented members of the orchestra and crew.

As has been the practice over the past few years, the funds raised were for the National Kidney Foundation (NKF). Once again, more than RM100,000 was raised to help the NKF run its various programs that benefit kidney patients across the country.

In 2014, LOH & LOH has also donated to several institutions among which include the following:-
Sarawak Heart Foundation
Lembaga Kebajikan Anak-Anak Yatim Sarawak
Kiwanis Club Of Kuala Lumpur
SRJK Kota Emerald (Rawang)

1 & 2. CSR event in Aid of The National Kidney Foundation, Malaysia - Musical Concert - LARGE THAN LIFE on 11 Oct 2014

3. Donation to SJKC Kota Emerald - Rawang

Scholarship And Staff Development

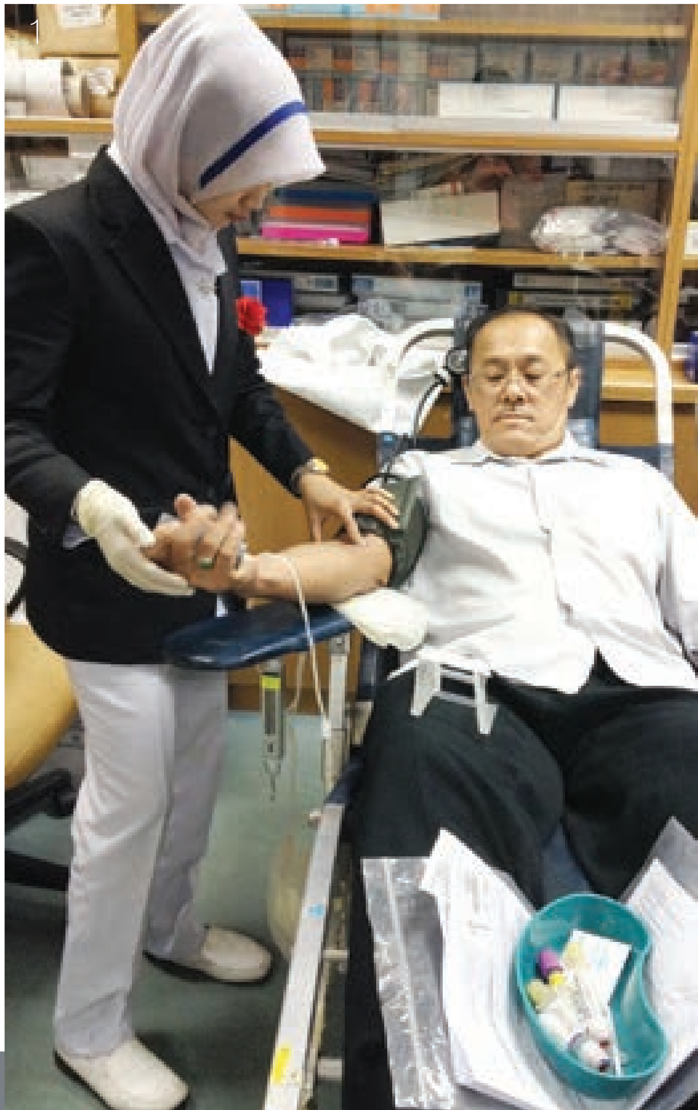
Education is very close to the heart of the LOH & LOH management. There is a firm belief that when we are able to bring quality education to our young, our future is secure.

To this end, LOH & LOH has awarded scholarships to deserving students to pursue courses relevant to the Group's businesses at tertiary level. A total of 12 scholarships were awarded.

Many of our management team have continued to give career talks at Career Fairs and organized meetings at local institutions. LOH & LOH also have opened our construction sites for organized visits by students from local institutions to learn and have a taste and feel of engineering activities. The Group also provides internship programs.

LOH & LOH has a well-established policy of staff development, with a highly successful mentoring program among our employees, in-house training programs, as well a policy of sending our staff to external training courses that will enhance and deepen their skills and knowledge.

1. Sponsorship of INTI Best Overall Achievement in Quantity Surveying - 11 July 2014
2. Audit Traning
3 & 4. UMP & UTM Career Fair



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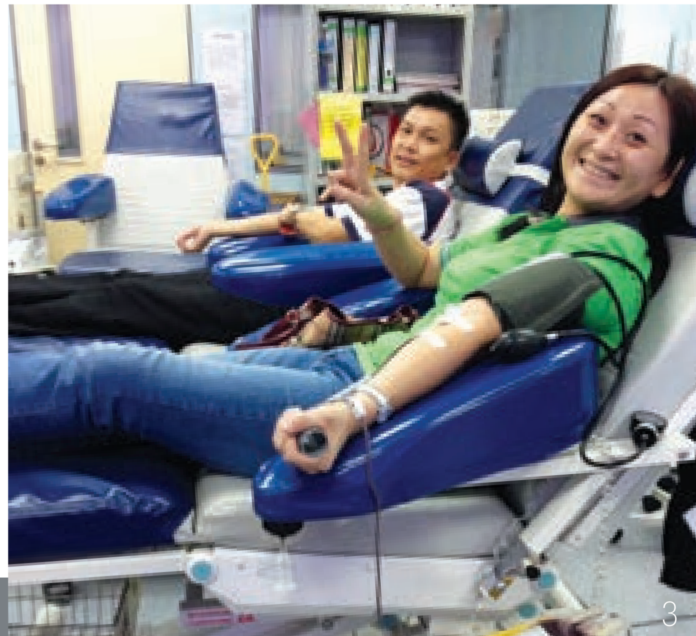

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Blood Donation

As has been the case in the past, LOH & LOH has continued its collaboration with the Kuala Lumpur General Hospital (KLGH) to enable our staff to donate blood. This year the event was held on 9 August 2014. We wish to thank the staff of KLGH for their assistance and also our own staff and business associates for generously making life-giving donations. A hearty tea for everyone who took part was organized by the Company.

Staff Development and Welfare

Staff development and welfare is an integral part of LOH & LOH Group. Policies are set to ensure that all staff are treated fairly, paid and rewarded equitably and given the right tools and opportunity to contribute their best and achieve their full potential within the Group.

Training is an important part of developing a skilled workforce that is aware of the latest applications and techniques. To this effect, the Group identifies staff training needs constantly, and training programmes and schemes were conducted both in-house and externally to meet these needs. Where appropriate, suitable employees are sent for courses to enhance their performance, upgrade their knowledge, obtain better skills and understanding of the industry.

The Group aims to inculcate a family based culture as all management and staff are part of the LOH & LOH family. Staff organised events are encouraged to develop bonding among each other such as birthday celebrations, festive celebrations, sports, competitions, recreational activities, company trips and our annual dinner.


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ENVIRONMENTAL CONCERNS

Global warming is a reality as seen by the changes in weather patterns across the world. LOH & LOH believes in looking after our environment for the future generation. The Group believes in minimising the impact of our business activities on the environment and have implemented a Group wide environmental policy that commits to mitigate or minimise adverse impacts arising from our business activities, strive to ensure that we comply with all environmental standards, rules and regulations set by the relevant authorities, and to proactively reduce our carbon footprint on the environment.

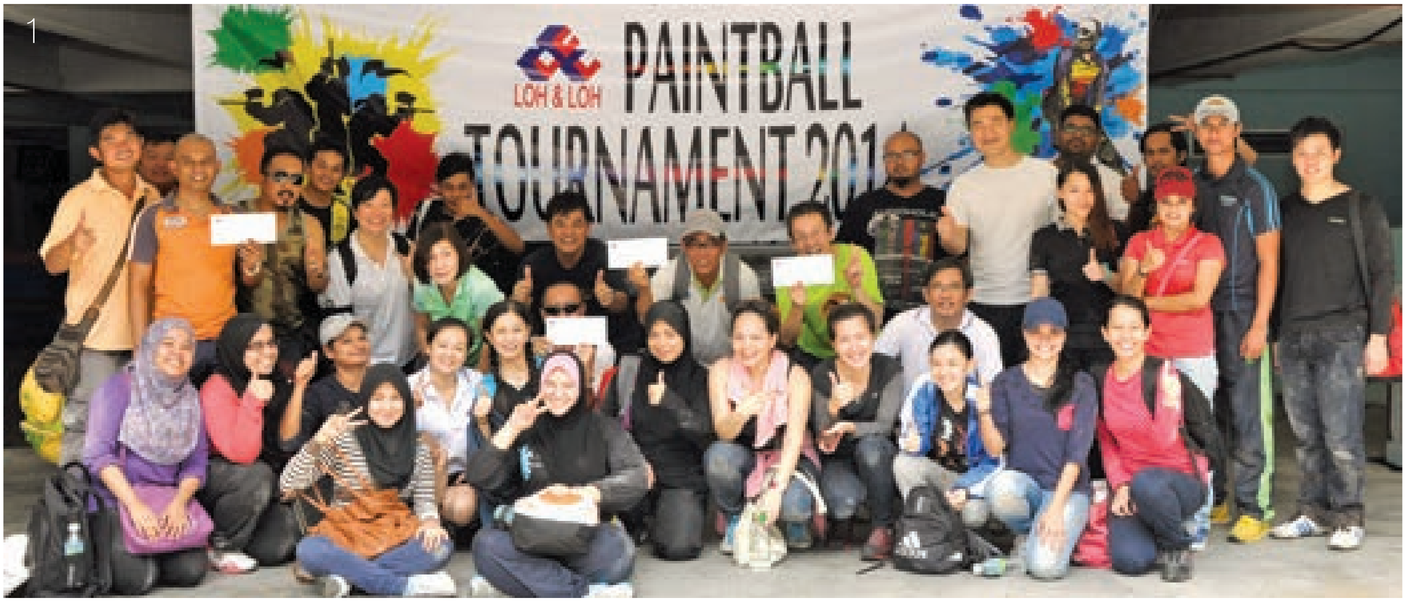
Recycling

The Group have instituted training programs to raise awareness our staff about the best practices that should put in place in order that we might "reuse, recycle, replenish, restore and reduce" wherever possible. Our staff have taken their own initiative to recycle paper whenever possible.

1, 2 & 3. Blood Donation

4, 5 & 6. Awarded Best Companies to Work for in Asia 2014 – Malaysia

7. Chinese New Year Lunch Gathering at Bukit Kiara Equestrian & Country Resort.



Health and Safety

The Group ensures that all project sites and offices are safe and conducive for our employees and all who set foot on our premises and projects. The Group does not compromise on safety and security and have set a goal of zero fatality at all worksites and premises.

The Group also encourages our suppliers and subcontractors to play an active role and be involved in our health and safety policies. All suppliers and subcontractors are appointed to form part of our project Health and Safety Committees to ensure their participation and representation.

1. Paintball Tournament
2. Cardio Fit & Yoga Class
3. Badminton Tournament

Financial Statements

Directors' report

for the year ended 31 December 2014

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and civil construction, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	GROUP RM'000	COMPANY RM'000
Profit for the year attributable to:		
Owners of the Company	111,368	45,187
Non-controlling interests	197	-
	111,565	45,187

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid:

i) a first interim single-tier dividend of 5.68 sen per ordinary share totalling RM3,862,400 in respect of the financial year ended 31 December 2014 on 11 January 2014;
ii) a second interim single-tier dividend of 14.706 sen per ordinary share totalling RM10,000,000 in respect of the financial year ended 31 December 2014 on 13 March 2014; and
iii) a third interim single-tier dividend of 3.60 sen per ordinary share totalling RM2,448,000 in respect of the financial year ended 31 December 2014 on 13 June 2014.
iv) a fourth interim single-tier dividend of 18.39 sen per ordinary share totalling RM12,505,200 in respect of the financial year ended 31 December 2014 on 12 September 2014; and
v) a fifth interim single-tier dividend of 33.00 sen per ordinary share totalling RM22,440,000 in respect of the financial year ended 31 December 2014 on 12 December 2014.

The Directors do not recommend any final dividend to be paid for the financial year under review.

Directors' report

for the year ended 31 December 2014 (continued)

DIRECTORS OF THE COMPANY

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

Y.A.M. Tengku Dato' Rahimah binti Almarhum Sultan Mahmud
Dato' Che Abdullah @ Rashidi bin Che Omar
Mohd. Faizul bin Ibrahim
Tan Vern Tact
Monica Oh Chin Chin (alternate director to Tan Vern Tact)
Loh Choon Quan (appointed on 16.4.2015)
Loh Kim Kah (resigned on 16.4.2015)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	NUMBER OF ORDINARY SHARES OF RM1.00 EACH			
	AT 1.1.2014	**BOUGHT**	**SOLD**	**AT 31.12.2014**
	'000	**'000**	**'000**	**'000**
SHAREHOLDINGS IN WHICH DIRECTORS HAVE INTERESTS				
In the Company				
Y.A.M. Tengku Dato' Rahimah binti Almarhum Sultan Mahmud				
- indirect interest	68,000	-	-	68,000
Dato' Che Abdullah @ Rashidi bin Che Omar				
- indirect interest	68,000	-	-	68,000

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

Directors' report
for the year ended 31 December 2014 (continued)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

ISSUE OF SHARES AND DEBENTURES

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

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

OTHER STATUTORY INFORMATION (CONTINUED)

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

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

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

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

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

AUDITORS

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

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

Y.A.M. Tengku Dato' Rahimah binti Almarhum Sultan Mahmud

Loh Choon Quan

Kuala Lumpur,
Date: 23 April 2015

Statements of Financial Position

as at 31 December 2014

	NOTE	GROUP 2014 RM'000	GROUP 2013 RM'000	COMPANY 2014 RM'000	COMPANY 2013 RM'000
ASSETS					
Property, plant and equipment	3	98,976	101,217	-	-
Investment properties	4	18,724	15,060	-	-
Investments in subsidiaries	5	-	-	156,839	156,839
Other investments	6	15,000	15,000	15,000	15,000
Deferred tax assets	7	7,363	4,753	-	-
Trade and other receivables	8	54,450	46,064	-	-
TOTAL NON-CURRENT ASSETS		194,513	182,094	171,839	171,839
Inventories	9	19,628	35,782	-	-
Other investments	6	10,855	10,781	10,855	10,781
Current tax assets		4,017	1,963	-	294
Trade and other receivables	8	149,707	232,744	52,038	51,963
Property development costs	10	167,088	6,120	-	-
Cash and cash equivalents	11	157,969	145,050	210	175
TOTAL CURRENT ASSETS		509,264	432,440	63,103	63,213
TOTAL ASSETS		703,777	614,534	234,942	235,052
EQUITY					
Share capital	12	68,000	68,000	68,000	68,000
Revaluation reserve	12	6,659	6,659	76,886	76,886
Retained earnings		282,655	222,542	5,316	11,384
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		357,314	297,201	150,202	156,270
NON-CONTROLLING INTERESTS		1,524	1,644	-	-
TOTAL EQUITY		358,838	298,845	150,202	156,270

Statements of Financial Position

as at 31 December 2014 (continued)

		GROUP		COMPANY	
	NOTE	**2014**	**2013**	**2014**	**2013**
		RM'000	**RM'000**	**RM'000**	**RM'000**
LIABILITIES					
Loans and borrowings	13	41,32	49,274	-	-
Deferred tax liabilities	7	5,596	3,093	-	-
Trade and other payables	14	15,050	25,358	-	-
TOTAL NON-CURRENT LIABILITIES		61,970	37,725	-	-
Loans and borrowings	13	8,043	11,440	-	-
Deferred income	15	74,684	91,037	-	-
Trade and other payables	14	178,087	171,988	84,114	78,782
Current tax liabilities		22,155	3,499	626	-
TOTAL CURRENT LIABILITIES		282,969	277,964	84,740	78,782
TOTAL LIABILITIES		344,939	315,689	84,740	78,782
TOTAL EQUITY AND LIABILITIES		703,777	614,534	234,942	235,052

The notes set out on pages 49 to103 are an integral part of these financial statements.

Statements of profit or loss and other comprehensive income

for the year ended 31 December 2014

	NOTE	GROUP 2014 RM'000	GROUP 2013 RM'000	COMPANY 2014 RM'000	COMPANY 2013 RM'000
REVENUE	16	579,098	616,803	49,289	40,843
Cost of sales	17	(403,404)	(501,913)	(123)	(365)
GROSS PROFIT		175,694	114,890	49,166	40,478
Other income		16,297	5,843	4,082	-
Administrative expenses		(40,377)	(35,651)	(976)	(938)
RESULTS FROM OPERATING ACTIVITIES		151,614	85,082	52,272	39,540
Finance costs		(1,610)	(1,882)	(6,062)	-
PROFIT BEFORE TAX	18	150,004	83,200	46,210	39,540
Tax expense	19	(38,439)	(19,845)	(1,023)	(62)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		111,565	63,355	45,187	39,478
PROFIT AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Company		111,368	63,404	45,187	39,478
Non-controlling interests		197	(49)	-	-
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		111,565	63,355	45,187	39,478

The notes set out on pages 49 to103 are an integral part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2014

		ATTRIBUTABLE TO OWNERS OF THE COMPANY					
		NON-DISTRIBUTABLE		DISTRIBUTABLE			
	NOTE	SHARE CAPITAL	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
GROUP		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
AT 1 JANUARY 2013		68,000	6,659	196,872	271,531	5,318	276,849
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-	63,404	63,404	(49)	63,355
Contributions by and distributions to owners of the Company							
- Changes in ownership interests in a subsidiary		-	-	66	66	(3,625)	(3,559)
- Dividends to owners of the Company	20	-	-	(37,800)	(37,800)	-	(37,800)
TOTAL TRANSACTIONS WITH OWNERS OF THE COMPANY		-	-	(37,734)	(37,734)	(3,625)	(41,359)
AT 31 DECEMBER 2013		68,000	6,659	222,542	297,201	1,644	298,845
		Note 12	Note 12				

Consolidated statement of changes in equity

for the year ended 31 December 2014 (continued)

		ATTRIBUTABLE TO OWNERS OF THE COMPANY					
		NON-DISTRIBUTABLE		*DISTRIBUTABLE*			
	NOTE	**SHARE CAPITAL**	**REVALUATION RESERVE**	**RETAINED EARNINGS**	**TOTAL**	**NON-CONTROLLING INTERESTS**	**TOTAL EQUITY**
GROUP		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
AT 1 JANUARY 2014		68,000	6,659	222,542	297,201	1,644	298,845
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-	111,368	111,368	197	111,565
Contributions by and distributions to owners of the Company							
- Changes in ownership interests in a subsidiary	27	-	-	-	-	(317)	(317)
- Dividends to owners of the Company	20	-	-	(51,255)	(51,255)	-	(51,255)
TOTAL TRANSACTIONS WITH OWNERS OF THE COMPANY		-	-	(51,255)	(51,255)	(317)	(51,572)
AT 31 DECEMBER 2014		68,000	6,659	282,655	357,314	1,524	358,838
		Note 12	Note 12				

The notes set out on pages 49 to103 are an integral part of these financial statements.

Statement of changes in equity

as at 31 December 2014

		ATTRIBUTABLE TO OWNERS OF THE COMPANY			
		NON-DISTRIBUTABLE		DISTRIBUTABLE	
	NOTE	SHARE CAPITAL	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
COMPANY		**RM'000**	**RM'000**	**RM'000**	**RM'000**
AT 1 JANUARY 2013		68,000	76,886	9,706	154,592
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-	39,478	39,478
Contributions by and distributions to owners of the Company					
- Dividends to owners of the Company	20	-	-	(37,800)	(37,800)
TOTAL TRANSACTIONS WITH OWNERS OF THE COMPANY		-	-	(37,800)	(37,800)
AT 31 DECEMBER 2013/1 JANUARY 2014		68,000	76,886	11,384	156,270
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-	45,187	45,187
Contributions by and distributions to owners of the Company					
- Dividends to owners of the Company	20	-	-	(51,255)	(51,255)
TOTAL TRANSACTIONS WITH OWNERS OF THE COMPANY		-	-	(51,255)	(51,255)
AT 31 DECEMBER 2014		68,000	76,886	5,316	150,202
		Note 12	Note 12		

The notes set out on pages 49 to103 are an integral part of these financial statements.

Statements of cash flows

for the year ended 31 December 2014

	Note	GROUP 2014 RM'000	GROUP 2013 RM'000	COMPANY 2014 RM'000	COMPANY 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		150,004	83,200	46,210	39,540
Adjustments for:					
Property, plant and equipment					
• depreciation		7,374	6,147	-	-
• loss/(gain) on disposal		560	(18)	-	-
• written off		102	1	-	-
Net (reversal of impairment)/ impairment loss on trade receivables		(8,868)	10,851	-	-
Dividend income		(1,246)	(736)	(48,694)	(39,386)
Finance income					
• deposits		(4,774)	(2,588)	(159)	(166)
• others		(1,887)	(7)	(4,082)	-
Fair value gain on financial assets at fair value through profit or loss		(74)	(799)	(74)	(799)
Finance costs					
• interest expenses		812	401	6,062	-
• others		798	1,481	-	-
Reversal on provision for foreseeable losses		(556)	(572)	-	-
Unrealised foreign exchange loss/(gain)		382	(547)	261	87
OPERATING PROFIT/(LOSS) BEFORE CHANGES IN WORKING CAPITAL		142,627	96,814	(476)	(724)

Statements of cash flows
for the year ended 31 December 2014 (continued)

	Note	GROUP 2014 RM'000	GROUP 2013 RM'000	COMPANY 2014 RM'000	COMPANY 2013 RM'000
OPERATING PROFIT/(LOSS) BEFORE CHANGES IN WORKING CAPITAL (CONTINUED)		142,627	96,814	(476)	(724)
Changes in inventories		16,154	(29,093)	-	-
Changes in property development costs		(160,967)	58,238	-	-
Changes in trade and other receivables		84,781	(183,263)	(2,316)	(25,437)
Changes in trade and other payables		(20,562)	75,394	5,332	44,668
CASH GENERATED FROM OPERATIONS		62,033	18,090	2,540	18,507
Tax refunded		1,424	9,394	-	53
Tax paid		(23,368)	(19,867)	(103)	(48)
NET CASH FROM OPERATING ACTIVITIES		40,089	7,617	2,437	18,512
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received		1,246	736	48,694	39,386
Interest received		4,774	2,588	159	166
Acquisition of non-controlling interests		(317)	(3,559)	-	(3,559)
Purchase of investment properties		(3,664)	-	-	-
Purchase of other investments		-	(15,000)	-	(15,000)
Purchase of property, plant and equipment	(i)	(5,754)	(8,198)	-	-
Proceeds from disposal of property, plant and equipment		675	761	-	-
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		(3,040)	(22,672)	48,853	20,993

Statements of cash flows

for the year ended 31 December 2014 (continued)

	NOTE	GROUP 2014 RM'000	GROUP 2013 RM'000	COMPANY 2014 RM'000	COMPANY 2013 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(812)	(401)	-	-
Repayment of finance lease liabilities		(12,833)	(4,597)	-	-
Drawdown of bank Borrowings		40,770	-	-	-
Dividends paid to owners of the Company		(51,255)	(43,954)	(51,255)	(43,954)
NET CASH USED IN FINANCING ACTIVITIES		(24,130)	(48,952)	(51,255)	(43,954)
Net increase/(decrease) in cash and cash equivalents		12,919	(64,007)	35	(4,449)
Cash and cash equivalents at 1 January		143,790	207,797	175	4,624
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	(ii)	156,709	143,790	210	175

(i) PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM6,470,000 (2013: RM29,371,000) of which RM716,000 (2013: RM21,173,000) were acquired by means of finance leases.

(ii) CASH AND CASH EQUIVALENTS

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

	NOTE	GROUP 2014 RM'000	GROUP 2013 RM'000	COMPANY 2014 RM'000	COMPANY 2013 RM'000
Deposits	11	117,389	62,389	-	-
Less: Pledged deposits	11	(1,260)	(1,260)	-	-
		116,129	61,129	-	-
Cash and bank balances	11	40,580	82,661	210	175
		156,709	143,790	210	175

The notes set out on pages 49 to103 are an integral part of these financial statements.

Notes to the financial statements

Loh & Loh Corporation Berhad is a limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

PRINCIPAL PLACE OF BUSINESS
19 & 21, Jalan Sri Hartamas 7
Taman Sri Hartamas
50480 Kuala Lumpur

REGISTERED OFFICE
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

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

The Company is principally engaged in investment holding and civil construction, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

The holding company is Selesa Produktif Sdn. Bhd., which is incorporated and domiciled in Malaysia.

These financial statements were authorised for issue by the Board of Directors on 23 April 2015.

1. BASIS OF PREPARATION

1.1 Statement of compliance

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

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

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

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

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

- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 10, *Consolidated Financial Statements* and FRS 128*, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to FRS 10, *Consolidated Financial Statements*, FRS 12, *Disclosure of Interests in Other Entities* and FRS 128, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*
- Amendments to FRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*
- FRS 14, *Regulatory Deferral Accounts*
- Amendments to FRS 101, *Presentation of Financial Statements - Disclosure Initiative*
- Amendments to FRS 116, *Property, Plant and Equipment* and FRS 138, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 127, *Separate Financial Statements - Equity Method in Separate Financial Statements*
- Amendments to FRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

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

- FRS 9, *Financial Instruments (2014)*

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

- from the annual period beginning on 1 January 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014, except for Amendments to FRS 1, Amendments to FRS 2 and Amendments to FRS 138.
- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for Amendments to FRS 5, Amendments to FRS 11, FRS 14 and Amendments to MFRS 134, which is not applicable to the Group and the Company.

Notes to the financial statements
(continued)

1. BASIS OF PREPARATION (CONTINUED)

1.1 Statement of compliance (continued)

The Group and the Company's financial statements for annual period beginning on 1 January 2017 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the MASB and International Financial Reporting Standards ("IFRSs").

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

The Group and the Company fall within the scope of IC Interpretation 15, *Agreements for the Construction of Real Estate*. Therefore, the Group and the Company are currently exempted from adopting the Malaysian Financial Reporting Standards ("MFRS") and are referred to as "Transitioning Entity".

1.2 Basis of measurement

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

1.3 Functional and presentation currency

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

1.4 Use of estimates and judgements

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

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

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

- Note 2.14(b) and 2.14(c) - Revenue from construction contracts and property development
- Note 4 - Valuation of investment properties
- Note 7 - Recognition of deferred tax assets
- Note 22.4 - Valuation of receivables

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of consolidation

a. Subsidiaries

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

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

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

b. Business combinations

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

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of consolidation (continued)

c. Acquisitions of non-controlling interests

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

d. Loss of control

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

e. Non-controlling interests

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

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

2.2 Foreign currency

Foreign currency transactions

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

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

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

Foreign currency differences arising on retranslation are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial instruments

a. Initial recognition and measurement

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

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

b. Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

i. *Financial assets at fair value through profit or loss*

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

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

ii. *Held-to-maturity investments*

Held-to-maturity investments category comprises debt instruments that the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

iii. *Loans and receivables*

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

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

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2.11(a).

Notes to the financial statements
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial instruments (continued)

b. Financial instrument categories and subsequent measurement (continued)

Financial liabilities

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

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

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

c. Derecognition

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment

a. Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

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

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

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

b. Subsequent costs

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

c. Depreciation

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

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

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

• buildings	40-50 years
• plant and machinery	10-20 years
• office equipment, furniture and fittings	5-10 years
• motor vehicles	5-8 years

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Leased assets

a. Finance lease

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

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

b. Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position.

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

2.6 Investment properties

a. Investment properties carried at fair value

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

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

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

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

2.6 Investment properties (continued)

b. Reclassification to/from investment property

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

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

2.7 Inventories

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

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

Developed properties

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost consists of costs associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable to developing the properties to completion.

2.8 Construction work-in-progress

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

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

2.10 Cash and cash equivalents

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

2.11 Impairment

a. Financial assets

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

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

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment (continued)

b. Other assets

The carrying amounts of other assets (except for inventories, amount due from contract customers, deferred tax asset and investment property measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

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

2.12 Equity instruments

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

a. Issue expenses

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

b. Ordinary shares

Ordinary shares are classified as equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Employee benefits

a. Short term employee benefits

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

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

b. State plans

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

c. Long Term Incentive Plan ("LTIP")

The grant date fair value of LTIP granted to employees is recognised as an employee expense, over the period when the employees meet the vesting conditions. The amount recognised as an expense is based on the performance of the Group and employees meeting the related service conditions at the vesting date. The fair value of the LTIP is measured using total tangible assets per share issued based on the latest audited financial statements.

2.14 Revenue and other income

a. Goods sold

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

b. Construction contracts

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Revenue and other income (continued)

c. Property development

Revenue from property development activities is recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

When the financial outcome of a development activity 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 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 immediately in the profit or loss.

The excess of revenue recognised in profit or loss over billings to the purchasers is shown as accrued billings receivable under trade receivables while the excess billing to purchasers over revenue recognised in profit or loss is shown as progress billings under trade payables.

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

d. Rental income

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

e. Dividend income

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

f. Interest income

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Borrowing costs

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

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

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

2.16 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

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

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

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2.6, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Operating segments

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

2.18 Contingencies

Contingent liabilities

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

2.18 Fair value measurement

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

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

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

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

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

Notes to the financial statements
(continued)

3. PROPERTY, PLANT AND EQUIPMENT

GROUP	FREEHOLD LAND	BUILDINGS ON FREEHOLD LAND	PLANT & MACHINERY	OFFICE EQUIPMENT, FURNITURE & FITTINGS	MOTOR VEHICLES	TOTAL
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
COST/VALUATION						
At 1 January 2013	12,133	2,941	71,947	7,845	20,998	115,864
Additions	-	-	25,616	887	2,868	29,371
Disposals	-	-	(723)	(71)	(1,358)	(2,152)
Written off	-	-	-	(72)	-	(72)
At 31 December 2013/1 January 2014	12,133	2,941	96,840	8,589	22,508	143,011
Additions	-	-	5,187	433	850	6,470
Disposals	-	-	(1,884)	(34)	(1,016)	(2,934)
Written off	-	-	-	(301)	-	(301)
At 31 December 2014	12,133	2,941	100,143	8,687	22,342	146,246
DEPRECIATION						
At 1 January 2013	-	70	25,397	4,566	7,094	37,127
Depreciation for the year	-	36	3,395	1,126	1,590	6,147
Disposals	-	-	(573)	(64)	(772)	(1,409)
Written off	-	-	-	(71)	-	(71)
At 31 December 2013/1 January 2014	-	106	28,219	5,557	7,912	41,794
Depreciation for the year	-	37	4,718	1,132	1,487	7,374
Disposals	-	-	(1,116)	(33)	(550)	(1,699)
Written off	-	-	-	(199)	-	(199)
At 31 December 2014	-	143	31,821	6,457	8,849	47,270
CARRYING AMOUNTS						
At 1 January 2013	12,133	2,871	46,550	3,279	13,904	78,737
At 31 December 2013/1 January 2014	12,133	2,835	68,621	3,032	14,596	101,217
At 31 December 2014	12,133	2,798	68,322	2,230	13,493	98,976

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 Leased plant and equipment

At the end of the reporting period, the net carrying amount of leased plant and equipment was as follows:

GROUP	2014 RM'000	2013 RM'000
Motor vehicles	5,457	6,286
Plant and machinery	22,291	23,428
	27,748	29,714

4. INVESTMENT PROPERTIES

GROUP	2014 RM'000	2013 RM'000
At 1 January	15,060	15,060
Additions	3,664	-
At 31 December	18,724	15,060

Included in the above are:

	2014 RM'000	2013 RM'000
At fair value		
Freehold land	17,258	13,944
Buildings	1,466	1,116
	18,724	15,060

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

GROUP	2014 RM'000	2013 RM'000
Rental income	108	108
Direct operating expenses:		
- income generating investment properties	(41)	(44)

4. INVESTMENT PROPERTIES (CONTINUED)

Fair value information

Fair value of investment properties are categorised as level 3.

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

GROUP	2014 RM'000	2013 RM'000
At 1 January	15,060	15,060
Additions	3,664	-
At 31 December	18,724	15,060

Level 3 fair value is estimated using unobservable inputs for the investment property.

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

Description of Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sales comparison approach: Sales price of comparable land and buildings 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.	Price per square foot	The estimated fair value would increase (decrease) if the price per square foot is higher (lower).

Valuation process applied by the Group for Level 3 fair value
The fair value of the investment properties is estimated by a registered valuer using the comparison approach based on current market value.

The comparison approach is the market approach of comparing the investment properties with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In comparing the investment properties, due consideration is given to factors such as location, size, building differences, improvements and amenities, time element and other relevant factors to arrive at the fair value of the investment properties.

Notes to the financial statements
(continued)

5. **INVESTMENTS IN SUBSIDIARIES**

COMPANY	**2014 RM'000**	**2013 RM'000**
Unquoted shares, at cost	156,839	156,839

Details of the subsidiaries are as follows:

NAME OF SUBSIDIARIES	**COUNTRY OF INCORPORATION**	**PRINCIPAL ACTIVITIES**	**EFFECTIVE OWNERSHIP INTEREST AND VOTING INTEREST 2014 %**	**2013 %**
Direct subsidiaries				
Loh & Loh Constructions Sdn. Bhd.	Malaysia	Building and civil construction and investment holding	100	100
Loh & Loh Development Sdn. Bhd.	Malaysia	Property development and investment holding	100	100
Water Engineering Technology Sdn. Bhd.	Malaysia	Trading, contracting and mechanical and electrical engineering related activities	100	100
Central Icon Sdn. Bhd.	Malaysia	Dormant	100	100
Subsidiaries of Loh & Loh Constructions Sdn. Bhd.				
Jutakim Sdn. Bhd.	Malaysia	Civil engineering	100	100
Quality Quarry Sdn. Bhd.	Malaysia	Quarry operation	68	68
1 Seri Merdeka Sdn. Bhd.	Malaysia	Dormant	100	100

Notes to the financial statements
(continued)

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE OWNERSHIP INTEREST AND VOTING INTEREST 2014 %	2013 %
Subsidiaries of Loh & Loh Development Sdn. Bhd.				
Turf-Tech Sdn. Bhd.	Malaysia	Property development	100	100
Green Heights Developments Sdn. Bhd.	Malaysia	Property development	100	100
Medius Developments Sdn. Bhd.	Malaysia	Property development	100	100
Decorus Developments Sdn. Bhd.	Malaysia	Property development	100	100
Millenium Creation Sdn. Bhd.	Malaysia	Property development	100	100
Subsidiaries of Water Engineering Technology Sdn. Bhd.				
WET Sales and Services Sdn. Bhd.(i)	Malaysia	Trading and contracting in water related equipment	100	90
WET O&M Sdn. Bhd.	Malaysia	Maintenance and operation of water and waste water treatment facilities	100	100
Subsidiary of Central Icon Sdn. Bhd.				
Ladang Impian Sdn. Bhd.*	Malaysia	Dormant	100	100
Subsidiaries of Ladang Impian Sdn. Bhd.				
Ladang Impian 1 Sdn. Bhd.*	Malaysia	Dormant	100	100
Ladang Impian 2 Sdn. Bhd.*	Malaysia	Dormant	100	100
Subsidiary of Ladang Impian 1 Sdn. Bhd.				
Pasarakyat Sdn. Bhd.*	Malaysia	Dormant	100	100

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(i) On 17 March 2014, Water Engineering Technology Sdn. Bhd. ("WETSB"), a wholly-owned subsidiary of the Company, acquired 100,000 ordinary shares of RM1.00 each representing 10% of the equity interest in WET Sales and Services Sdn. Bhd. ("WSSSB"), for a total consideration of RM316,494. Pursuant to the acquisition, WSSSB became a wholly-owned subsidiary of the Group.

* These subsidiaries are in the process of striking-off from the register of Companies Commission of Malaysia.

All the subsidiaries are audited by KPMG.

The non-controlling interests in the Group's subsidiaries are not material, hence no additional disclosures were made.

6. OTHER INVESTMENT

	UNQUOTED	
GROUP & COMPANY	**2014**	**2013**
	RM'000	**RM'000**
NON-CURRENT		
Held-to-maturity investments	15,000	15,000
CURRENT		
Financial assets at fair value through profit or loss:		
- Held for trading	10,855	10,781
	25,855	25,781

7. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	ASSETS		LIABILITIES		NET	
GROUP	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment	-	-	(11,727)	(8,645)	(11,727)	(8,645)
Provisions	11,515	10,678	-	-	11,515	10,678
Other items	-	-	1,979	(373)	1,979	(373)
Tax assets / (liabilities)	11,515	10,678	(9,748)	(9,018)	1,767	1,660
Set-off of tax	(4,152)	(5,925)	4,152	5,925	-	-
Net tax assets / (liabilities)	7,363	4,753	(5,596)	(3,093)	1,767	1,660

Unrecognised deferred tax assets

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

GROUP	**2014**	**2013**
	RM'000	**RM'000**
Unused tax losses	12,645	12,237
Unabsorbed capital allowances	1,076	1,076
Other deductible temporary differences	-	-
	13,721	13,313

Deferred tax assets have not been recognised in respect of these items as they have arisen in Group entities that have a recent history of losses or in Group entities where future taxable profits may be insufficient to trigger the utilisation of these items.

7. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Movement in temporary differences during the year

GROUP	AT 1.1.2013	RECOGNISED IN PROFIT OR LOSS (NOTE 19)	AT 31.12.2013/ 1.1.2014	RECOGNISED IN PROFIT OR LOSS (NOTE 19)	AT 31.12.2014
	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	(7,759)	(886)	(8,645)	(3,082)	(11,727)
Provisions	7,735	2,943	10,678	837	11,515
Others items	(333)	(40)	(373)	2,352	1,979
	(357)	2,017	1,660	107	1,767

Notes to the financial statements
(continued)

8. TRADE AND OTHER RECEIVABLES

	NOTE	GROUP 2014 RM'000	GROUP 2013 RM'000	COMPANY 2014 RM'000	COMPANY 2013 RM'000
Non-current Trade					
Trade receivables	8.1	54,450	46,064	-	-
Current Trade					
Trade receivables	8.1	112,904	207,317	-	-
Less: Allowance for impairment loss		(10,714)	(19,582)	-	-
		102,190	187,735	-	-
Amount due from contract customers	8.2	36,732	3,715	-	-
Accrued billings receivable	8.3	-	4,911	-	-
		138,922	196,361	-	-
Non-trade					
Amount due from subsidiaries	8.4	-	-	50,969	51,237
Deposits		2,498	118	2	2
Prepayments		2,604	47	-	-
Other receivables	8.5	6,340	36,875	1,067	724
Less: Allowance for impairment loss		(657)	(657)	-	-
		10,785	36,383	52,038	51,963
		149,707	232,744	52,038	51,963
		204,157	278,808	52,038	51,963

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

8.1 Trade receivables

Included in trade receivables at 31 December 2014 are retentions of RM77,940,621 (2013: RM71,812,337) relating to construction work-in-progress. Retentions are unsecured, interest-free and are expected to be collected as follows:

GROUP	2014	2013
	RM'000	RM'000
Within 1 year	23,491	25,748
1 - 2 years	29,827	14,111
2 - 3 years	24,623	21,516
3 - 4 years	-	10,437
	77,941	71,812

8.2 Construction work-in-progress

GROUP	NOTE	2014	2013
		RM'000	RM'000
Aggregate costs incurred to date		2,077,572	1,919,334
Add: Attributable profits		396,484	249,074
Less: Provision for expected losses		(159)	(715)
		2,473,897	2,167,693
Less: Progress billings		(2,511,849)	(2,255,015)
		(37,952)	(87,322)
Represented by:			
Amount due to contract customers	15	(74,684)	(91,037)
Amount due from contract customers		36,732	3,715
		(37,952)	(87,322)

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

8.3 Accrued billings receivable

Accrued billings receivable were in respect of property development activities.

8.4 Amount due from subsidiaries

The amount due from subsidiaries is unsecured, subject to interest at 6.60% to 6.85% (2013: 6.60%) per annum and repayable on demand.

8.5 Other receivables

Included in other receivables of the Group are advance payments of RM1,155,120 (2013: RM201,598) made to sub-contractors/suppliers in accordance with the terms of the contracts.

In 2013, included in other receivables of the Group was deposit amounting to RM32,086,727 which was paid for the purchase of land. The purchase of the land was completed in Year 2014.

9. INVENTORIES

GROUP	**2014**	**2013**
	RM'000	**RM'000**
Water related equipment	3	4
Completed properties	19,625	35,778
	19,628	35,782
Recognised in profit or loss:		
Inventories recognised as cost of sales	16,708	15,478

Notes to the financial statements
(continued)

10. PROPERTY DEVELOPMENT COSTS

GROUP	NOTE	2014	2013
		RM'000	RM'000
CUMULATIVE PROPERTY DEVELOPMENT COSTS			
At 1 January		6,120	173,456
Costs incurred during the year		160,968	54,739
Reversal of completed projects		-	(186,297)
Transfers to inventories		-	(35,778)
At 31 December		167,088	6,120
CUMULATIVE COSTS RECOGNISED IN PROFIT OR LOSS			
At 1 January		-	(109,098)
Recognised during the year	17	-	(77,199)
Reversal of completed projects		-	186,297
At 31 December		-	-
PROPERTY DEVELOPMENT COSTS		167,088	6,120
INCLUDED IN THE ABOVE ARE:			
Freehold land		154,357	-
Development costs		10,586	6,120
Borrowing costs		2,145	-
		167,088	6,120

At 31 December 2014, freehold land with carrying amount of RM60,020,726 (2013: Nil) is pledged as security for banking facilities secured.

Notes to the financial statements
(continued)

11. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits are placed with:				
Licensed banks	78,128	39,562	-	-
Licensed investment institution	39,261	22,827	-	-
	117,389	62,389	-	-
Cash and bank balances	40,580	82,661	210	175
	157,969	145,050	210	175

Included in the deposits placed with licensed banks is RM1,260,000 (2013: RM1,260,000) pledged as securities for banking facilities secured.

Included in bank balances of the Group is RM6,668,164 (2013: RM15,075,680) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

12. SHARE CAPITAL AND RESERVES

ORDINARY SHARES

GROUP AND COMPANY	**AMOUNT 2014**	**NUMBER OF SHARES 2014**	**AMOUNT 2013**	**NUMBER OF SHARES 2013**
	RM'000	**'000**	**RM'000**	**'000**
Authorised:				
Ordinary shares of RM1 each	100,000	100,000	100,000	100,000
Issued and fully paid shares classified as equity instruments:				
Ordinary shares of RM1 each	68,000	68,000	68,000	68,000

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 shares rank equally with regard to the Company's residual assets.

REVALUATION RESERVE

The revaluation reserve relates to the revaluation of the Group's property, plant and equipment.

Notes to the financial statements
(continued)

13. LOANS AND BORROWINGS

GROUP	NOTE	2014 RM'000	2013 RM'000
NON-CURRENT			
Bank loan	13.1	40,770	-
Finance lease liabilities	13.2	554	9,274
		41,324	9,274
CURRENT			
Finance lease liability	13.2	8,043	11,440
		49,367	20,714

13.1 Bank loans

The bank loans are secured over freehold land included in property development costs (see Note 10). According to the terms of the agreement, the bank loan is repayable in tranches over the next 5 years.

13.2 Finance lease liabilities

Finance lease liabilities are payable as follows:

GROUP	FUTURE MINIMUM LEASE PAYMENTS 2014 RM'000	INTEREST 2014 RM'000	PRESENT VALUE OF MINIMUM LEASE PAYMENTS 2014 RM'000	FUTURE MINIMUM LEASE PAYMENTS 2013 RM'000	INTEREST 2013 RM'000	PRESENT VALUE OF MINIMUM LEASE PAYMENTS 2013 RM'000
Less than one year	8,277	(234)	8,043	12,234	(794)	11,440
Between one and five years	577	(23)	554	9,512	(238)	9,274
	8,854	(257)	8,597	21,746	(1,032)	20,714

14. TRADE AND OTHER PAYABLES

		GROUP		COMPANY	
	NOTE	2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
NON-CURRENT TRADE					
Trade payables	14.1	15,050	25,358	-	-
CURRENT TRADE					
Trade payables	14.1	92,821	109,184	-	-
NON-TRADE					
Other payables	14.2	57,638	55,572	-	-
Amount due to subsidiaries	14.3	-	-	83,863	78,498
Accrued expenses		27,628	7,232	251	284
		85,266	62,804	84,114	78,782
		178,087	171,988	84,114	78,782
		193,137	197,346	84,114	78,782

14.1 Trade payables

Included in trade payables at 31 December 2014 are retention sums payable amounting to RM31,071,117 (2013: RM25,357,583).

14.2 Other payables

Included in other payables of the Group are advances received from contract customers amounting to RM41,010,486 (2013: RM44,423,944) in accordance with the terms of the contracts.

14.3 Amount due to subsidiaries

The amount due to subsidiaries is unsecured, subject to interest at 6.60% to 6.85% (2013: 6.60%) per annum and repayable on demand.

Notes to the financial statements
(continued)

15. DEFERRED INCOME

GROUP	NOTE	2014 RM'000	2013 RM'000
Amount due to contract customers	8.2	74,684	91,037

16. REVENUE

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Construction contracts	551,510	479,989	-	-
Property development	-	110,626	-	-
Sale of goods	683	5,786	-	-
Sale of completed properties	24,956	18,101	-	-
Rental income from investment properties	108	108	-	-
Finance income	159	166	159	166
Dividends:				
- subsidiaries	-	-	47,448	38,650
- other investments, quoted in Malaysia	1,246	736	1,246	736
Others	436	1,291	436	1,291
	579,098	616,803	49,289	40,843

17. COST OF SALES

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Construction contract costs	386,532	408,827	-	-
Property development costs (Note 10)	-	77,199	-	-
Cost of goods sold	556	4,609	-	-
Cost of completed properties	16,152	10,869	-	-
Rental expense from revenue generating investment properties	41	44	-	-
Others	123	365	123	365
	403,404	501,913	123	365

18. PROFIT BEFORE TAX

		GROUP		COMPANY	
	NOTE	2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
PROFIT BEFORE TAX IS ARRIVED AT AFTER CHARGING:					
Auditors' remuneration:					
- Audit fees KPMG Malaysia		197	212	22	22
- Under provision in prior years		2	7	-	3
Impairment loss of trade receivables		253	13,281	-	-
Finance costs					
- interest expense		812	401	6,062	-
- others		798	1,481	-	-
Property, plant and equipment					
- depreciation	3	7,374	6,147	-	-
- loss on disposal		560	-	-	-
- written off		102	1	-	-
Personnel expenses					
- wages, salaries and others		54,026	40,493	259	261
- contribution to state plans		5,595	3,647	-	-
Realised foreign exchange loss		289	-	-	-
Unrealised foreign exchange loss		382	-	261	87
Rental of premises		544	829	-	-
AND AFTER CREDITING:					
Finance income:					
- deposits		4,774	2,588	159	166
- others		1,887	7	4,082	-
Fair value gain on financial assets at fair value through profit or loss		74	799	74	799
Gain on disposal of property, plant and equipment		-	18	-	-
Reversal of impairment loss on trade receivables		9,121	2,430	-	-
Reversal on provision for foreseeable losses		556	572	-	-
Realised foreign exchange gain		-	1,391	-	-
Unrealised foreign exchange gain		-	547	-	-

Notes to the financial statements
(continued)

19. TAX EXPENSE

RECOGNISED IN PROFIT OR LOSS

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
CURRENT TAX EXPENSE				
Malaysian - current	39,059	22,904	1,045	63
- prior year	(513)	(1,042)	(22)	(1)
Total current tax recognised in the profit or loss	38,546	21,862	1,023	62
DEFERRED TAX ASSETS				
- Origination and reversal of temporary differences	19	(1,552)	-	-
- Over provision in prior year	(126)	(465)	-	-
Total deferred tax recognised in profit or loss (Note 7)	(107)	(2,017)	-	-
Total income tax expense	38,439	19,845	1,023	62
RECONCILIATION OF TAX EXPENSE				
Profit before tax	150,004	83,200	46,210	39,540
Income tax calculated using Malaysian tax rate of 25%	37,501	20,800	11,553	9,885
Non-deductible expenses	2,773	1,156	1,709	316
Tax exempt income	(1,298)	(808)	(12,217)	(10,138)
Net deferred tax assets not recognised in respect of deductible temporary differences	102	204	-	-
Over provision in prior years	(639)	(1,507)	(22)	(1)
	38,439	19,845	1,023	62

Tax exempt income of the Company mainly relates to dividend income of RM48,694,000 (2013: RM39,386,000).

20. DIVIDENDS

Dividends recognised by the Company:

	SEN PER SHARE	TOTAL AMOUNT RM'000	DATE OF PAYMENT
2014			
First interim 2014 ordinary	5.68	3,862	11 January 2014
Second interim 2014 ordinary	14.706	10,000	13 March 2014
Third interim 2014 ordinary	3.60	2,448	13 June 2014
Fourth interim 2014 ordinary	18.39	12,505	12 September 2014
Fifth interim 2014 ordinary	33.00	22,440	12 December 2014
Total amount		51,255	
2013			
First interim 2013 ordinary	29.41	20,000	13 June 2013
Second interim 2013 ordinary	26.18	17,800	12 September 2013
Total amount		37,800	

The Directors do not recommend any final dividend to be paid for the financial year under review.

After the reporting period, the Directors declared and paid a first interim single-tier dividend of 3.30 sen per ordinary share totalling RM2,244,000 in respect of the financial year ending 31 December 2015 on 13 March 2015. These dividends will be recognised in the subsequent financial period.

21. OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer (the chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Construction — Includes building and civil construction activities
- Investment holdings — Includes investments in subsidiaries, properties and other unquoted investments
- Trading — Includes trading in relation to water related equipment
- Property development — Includes property development activities

Non-reportable segment of the Group comprise operations related to rental of investment properties. The non-reportable segment does not meet the quantitative thresholds for reporting segments in 2014 and 2013.

There are varying levels of integration between the construction reportable segment and the property development reportable segment. This integration includes the construction of buildings by the construction reportable segment for the property development reportable segment. Inter-segment pricing is determined on negotiated basis.

Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the Group's Chief Executive Officer (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

SEGMENT ASSETS

The total of segment assets is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total assets is used to measure the return of assets of each segment.

SEGMENT LIABILITIES

The total segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer.

SEGMENT CAPITAL EXPENDITURE

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

Notes to the financial statements
(continued)

21. OPERATING SEGMENTS (CONTINUED)

2014	CONSTRUCTION RM'000	INVESTMENTS RM'000	TRADING RM'000	PROPERTY DEVELOPMENT RM'000	ELIMINATION OF INTER-SEGMENT TRANSACTIONS OR BALANCES RM'000	TOTAL RM'000
SEGMENT PROFIT	128,655	56,544	139	5,929	(79,702)	111,565
Included in measure of segment profit are:						
Revenue from external customers	551,510	1,949	683	24,956	-	579,098
Depreciation of property, plant and equipment	(7,171)	(60)	(131)	(12)	-	(7,374)
Finance costs	(1,509)	-	(101)	-	-	(1,610)
Tax expense	(36,916)	(1,023)	(166)	(334)	-	(38,439)
SEGMENT ASSETS	411,748	223,443	3,041	237,041	(171,678)	703,595
Other non-reportable segment assets						182
Total assets						703,777
SEGMENT LIABILITIES	291,203	2,798	1,497	49,436	(66)	344,868
Other non-reportable segment liabilities						71
Total liabilities						344,939
SEGMENT CAPITAL EXPENDITURE	6,411	46	-	13	-	6,470

21. OPERATING SEGMENTS (CONTINUED)

2013	CONSTRUCTION RM'000	INVESTMENTS RM'000	TRADING RM'000	PROPERTY DEVELOPMENT RM'000	ELIMINATION OF INTER-SEGMENT TRANSACTIONS OR BALANCES RM'000	TOTAL RM'000
SEGMENT PROFIT	32,782	66,566	7,410	24,862	(68,265)	63,355
Included in measure of segment profit are:						
Revenue from external customers	479,989	2,301	5,786	128,727	-	616,803
Depreciation of property, plant and equipment	(5,991)	(93)	(53)	(10)	-	(6,147)
Finance costs	(1,873)	(3)	(6)	-	-	(1,882)
Tax expense	(10,608)	(63)	(16)	(9,158)	-	(19,845)
SEGMENT ASSETS	424,239	269,670	6,136	146,293	(231,997)	614,341
Other non-reportable segment assets						193
Total assets						614,534
SEGMENT LIABILITIES	322,951	1,785	2,577	3,922	(16,258)	314,977
Other non-reportable segment liabilities						712
Total liabilities						315,689
SEGMENT CAPITAL EXPENDITURE	29,132	226	-	13	-	29,371

MAJOR CUSTOMERS

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

GROUP	2014 RM'000	2013 RM'000	SEGMENT
Customer A	239,234	96,318	Construction
Customer B	61,137	66,831	Construction

22. FINANCIAL INSTRUMENTS

22.1 Categories of financial instruments

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

a. Loans and receivables (“L&R”);
b. Fair value through profit or loss (“FVTPL”)
  - Held for trading (“HFT”);
c. Held-to-maturity investments (“HTM”); and
d. Financial liabilities measured at amortised cost (“FL”).

2014	CARRYING AMOUNT RM’000	L&R/ (FL) RM’000	FVTPL - HFT RM’000	HTM RM’000
FINANCIAL ASSETS				
GROUP				
Other investments	25,855	-	10,855	15,000
Trade and other receivables	201,553	201,553	-	-
Cash and cash equivalents	157,969	157,969	-	-
	385,377	359,522	10,855	15,000
COMPANY				
Other investments	25,855	-	10,855	15,000
Trade and other receivables	52,038	52,038	-	-
Cash and cash equivalents	210	210	-	-
	78,103	52,248	10,855	15,000
FINANCIAL LIABILITIES				
GROUP				
Loans and borrowings	(49,367)	(49,367)	-	-
Trade and other payables	(152,127)	(152,127)	-	-
	(201,494)	(201,494)	-	-
COMPANY				
Trade and other payables	(84,114)	(84,114)	-	-

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.1 Categories of financial instruments (continued)

2013	CARRYING AMOUNT RM'000	L&R/ (FL) RM'000	FVTPL - HFT RM'000	HTM RM'000
FINANCIAL ASSETS				
GROUP				
Other investments	25,781	-	10,781	15,000
Trade and other receivables	278,761	278,761	-	-
Cash and cash equivalents	145,050	145,050	-	-
	449,592	423,811	10,781	15,000
COMPANY				
Other investments	25,781	-	10,781	15,000
Trade and other receivables	51,963	51,963	-	-
Cash and cash equivalents	175	175	-	-
	77,919	52,138	10,781	15,000
FINANCIAL LIABILITIES				
GROUP				
Loans and borrowings	(20,714)	(20,714)	-	-
Trade and other payables	(152,922)	(152,922)	-	-
	(173,636)	(173,636)	-	-
COMPANY				
Trade and other payables	(78,782)	(78,782)	-	-

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.2 Net gains and losses arising from financial instruments

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net gains/(losses) on:				
Fair value through profit or loss				
- Held for trading	74	799	74	799
Loans and receivables	14,731	(9,737)	4,241	166
Financial liabilities measured at amortised cost	(812)	(401)	(6,062)	-
	13,993	(9,339)	(1,747)	965

22.3 Financial risk management

The Group and the Company have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.4 Credit risk

Credit risk is the risk of a financial loss to the Group or the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade and other receivables and investment in debt securities. The Company's exposure to credit risk arises principally from balances outstanding from subsidiaries and financial guarantees given to banks for banking facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk
Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral
As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	2014	2013
GROUP	**RM'000**	**RM'000**
Constructions	147,543	183,205
Property development	8,119	48,768
Trading	978	1,826
	156,640	233,799

Approximately 73% (2013: 70%) of the Group's trade receivables were due from 5 (2013: 5) major customers located in Malaysia.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The Group does not require collateral in respect of trade and other receivables.

The exposure of credit risk for trade receivables as at the end of the reporting period was mainly from domestic geographic region. As such, disclosure on geographical information is not presented.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.4 Credit risk (continued)

Receivables (continued)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

GROUP	GROSS RM'000	INDIVIDUAL IMPAIRMENT RM'000	NET RM'000
2014			
Not past due	111,325	-	111,325
Past due 1 - 30 days	22,903	-	22,903
Past due 31 - 120 days	13,568	-	13,568
Past due more than 120 days	19,558	(10,714)	8,844
	167,354	(10,714)	156,640
2013			
Not past due	112,585	-	112,585
Past due 1 - 30 days	94,350	-	94,350
Past due 31 - 120 days	25,242	-	25,242
Past due more than 120 days	21,204	(19,582)	1,622
	253,381	(19,582)	233,799

The movements in the allowance for impairment losses of trade receivables during the financial year were:

GROUP	2014 RM'000	2013 RM'000
At 1 January	19,582	8,731
Impairment loss recognised	253	13,281
Impairment loss reversed	(9,121)	(2,430)
At 31 December	10,714	19,582

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.4 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

The Group do not require collateral in respect of trade and other receivables. The Group establish an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is specific loss that relates to individually significant exposures.

Although past due trade receivables have exceeded the credit terms granted to them, the Directors are reasonably confident that all debts can be recovered within the next 12 months.

In respect of amount due from contract customers, the amount is not past due.

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are only allowed in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group and the Company have only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations. The Group and the Company do not have overdue investments that have not been impaired.

The investments and other financial assets are unsecured.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.4 Credit risk (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM306,043,347 (2013: RM282,250,063) representing the total banking facilities of the subsidiaries as at end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter-company balances

Risk management objectives, policies and processes for managing the risk
The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral
As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Advances are only provided to subsidiaries which are wholly owned by the Company.

Impairment losses
As at the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries. Nevertheless, these advances are not overdue and are repayable on demand.

Notes to the financial statements
(continued)

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from their various payables and loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis
The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	CARRYING AMOUNT	CONTRACTUAL INTEREST RATE	CONTRACTUAL CASH FLOWS	UNDER 1 YEAR	1 - 5 YEARS
2014	**RM'000**	**%**	**RM'000**	**RM'000**	**RM'000**
GROUP					
NON-DERIVATIVE FINANCIAL LIABILITIES					
Bank loans	40,770	5.12	41,603	-	41,603
Finance lease liabilities	8,597	4.59 - 5.81	8,854	8,277	577
Trade and other payables					
- non-current	15,050	-	15,950	-	15,950
- current	137,077	-	137,077	137,077	-
	201,494		203,484	145,354	58,130
COMPANY					
NON-DERIVATIVE FINANCIAL LIABILITIES					
Trade and other payables	84,114	-	84,114	84,114	-

Notes to the financial statements
(continued)

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.5 Liquidity risk (continued)

2013	**CARRYING AMOUNT RM'000**	**CONTRACTUAL INTEREST RATE %**	**CONTRACTUAL CASH FLOWS RM'000**	**UNDER 1 YEAR RM'000**	**1 - 5 YEARS RM'000**
GROUP					
NON-DERIVATIVE FINANCIAL LIABILITIES					
Finance lease liabilities	20,714	4.59 - 7.42	21,746	12,234	9,512
Trade and other payables					
- non-current	25,358	-	26,939	-	26,939
- current	127,564	-	127,564	127,564	-
	173,636		176,249	139,798	36,451
COMPANY					
NON-DERIVATIVE FINANCIAL LIABILITIES					
Trade and other payables	78,782	-	78,782	78,782	-

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

a. Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD") and Japanese Yen ("JPY").

Risk management objectives, policies and processes for managing the risk

Exposures to foreign currency risk are monitored on an ongoing basis. The Group does not use any forward contracts to hedge against its exposure to foreign currency risk as the foreign exchange exposures in transactional currencies other than functional currency of the Group are kept to an acceptable level.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	2014 DENOMINATED IN		2013 DENOMINATED IN	
	USD	JPY	USD	JPY
GROUP	**RM'000**	**RM'000**	**RM'000**	**RM'000**
BALANCES RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION				
Trade receivables	-	-	-	6,696
Cash and bank balances	17	1,721	-	6,040
Trade payables	-	-	-	(12,477)
NET EXPOSURE	17	1,721	-	259

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.6 Market risk (continued)

a. Currency risk (continued)

Currency risk sensitivity analysis

A 10% (2013: 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased (decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	EQUITY		PROFIT OR LOSS	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
USD	(1)	-	(1)	-
JPY	(129)	(19)	(129)	(19)

A 10% (2013: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

b. Interest rate risk

The Group's investment in fixed rate debt securities and deposits placed with licensed banks and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate investment in deposits placed with licensed investment institution are exposed to a risk of change in cash flows due to changes in interest rates.

Risk management objectives, policies and processes for managing the risk

The Group adopts a policy of investing in fixed rate instruments to avoid the risk of fluctuation in interest rates.

The borrowings which have been taken to finance the working capital of the Group are subject to fixed interest rates. The Group does not hedge its interest rate risk.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.6 Market risk (continued)

b. Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing and interest-earning financial instruments, based on carrying amounts as at the end of the reporting period was:

	2014	2013
GROUP	**RM'000**	**RM'000**
FIXED RATE INSTRUMENTS		
Financial assets	93,128	54,562
Financial liabilities	(49,367)	(20,714)
	43,761	33,848
FLOATING RATE INSTRUMENTS		
Financial assets	39,261	22,827

Interest rate risk sensitivity analysis

(i) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(ii) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by RM294,000 (2013: RM57,000). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

c. Other price risk

Equity price risk arises from the Group's investments in funds managed by an asset management company.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the portfolio and results of the asset management company on a monthly basis.

Equity price risk sensitivity analysis

This analysis assumes that all other variables remained constant and the Group's equity investments moved in correlation with FTSE Bursa Malaysia KLCI ("FBMKLCI").

A 10% (2013: 10%) strengthening in FBMKLCI at the end of the reporting period would have increased equity and post-tax profit by RM464,000 (2013: RM121,000) for investments classified as fair value through profit or loss. A 10% (2013: 10%) weakening in FBMKLCI would have had equal but opposite effect on equity and profit or loss respectively.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables reasonably approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted securities due to lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts show in the statement of financial position..

	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE				CARRYING
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	AMOUNT
	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP AND COMPANY					
2014					
FINANCIAL ASSETS					
Fund managed by asset management company	10,855	-	-	10,855	10,855
2013					
FINANCIAL ASSETS					
Fund managed by asset management company	10,781	-	-	10,781	10,781

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.7 Fair value information (continued)

	FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE				CARRYING
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	AMOUNT
GROUP	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2014					
FINANCIAL ASSETS					
Trade and other receivables					
- non-current	-	-	58,113	58,113	54,450
FINANCIAL LIABITIES					
Trade and other payables					
- non-current	-	-	(15,950)	(15,950)	(15,050)
Bank loan	-	-	(40,770)	(40,770)	(40,770)
Finance lease liabilities	-	-	(8,854)	(8,854)	(8,597)
	-	-	(65,574)	(65,574)	(64,417)
2013					
FINANCIAL ASSETS					
Trade and other receivables					
- non-current	-	-	51,936	51,936	46,064
FINANCIAL LIABITIES					
Trade and other payables					
- non-current	-	-	(26,926)	(26,926)	(25,358)
Finance lease liabilities	-	-	(21,746)	(21,746)	(20,714)
	-	-	(48,672)	(48,672)	(46,072)

Level 3 fair value

The valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models for financial instruments not carried at fair value are as follows:

- Finance lease liabilities - The fair values of finance lease liabilities are estimated based on discounted cash flows using prevailing market rates of similar lease agreements.

- Non-current trade and other receivables and payables - The fair values of trade and other receivables and payables are estimated based on discounted cash flows using base lending rate.

23. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio.

The debt-to-equity ratios at 31 December 2014 and at 31 December 2013 were as follows:

	NOTE	2014	2013
GROUP		**RM'000**	**RM'000**
Loans and borrowings	13	49,367	20,714
Trade and other payables	14	193,137	197,346
Less: Cash and cash equivalents	11	(157,969)	(145,050)
Net debt		84,535	73,010
Total equity		358,838	298,845
Debt-to-equity ratio		0.24	0.24

There were no changes in the Group's approach to capital management during the financial year.

24. CAPITAL AND OTHER COMMITMENTS

	2014	2013
GROUP	**RM'000**	**RM'000**
Capital expenditure commitments		
Land purchase for future development		
- Contracted but not provided for	-	59,420

25. CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	2014	2013
COMPANY	**RM'000**	**RM'000**
Contingent liabilities not considered remote		
Corporate guarantees given to licensed banks in respect of banking facilities granted to subsidiaries and performance bond granted to customers	306,043	282,250

The corporate guarantees mature earliest in 2015 as it could be called on demand by the licensed banks or contract customers in the event of a default or non-performance by the subsidiaries.

26. RELATED PARTIES

Identity of related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its holding company, subsidiaries and key management personnel.

26. RELATED PARTIES (CONTINUED)

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below.

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Subsidiaries				
Dividends income	-	-	47,448	38,650
Key management personnel				
Directors				
- Fees	379	381	259	261
- Other emoluments	13,439	5,930	-	-
- Contributions to state plans	980	584	-	-
	14,798	6,895	259	261

27. ACQUISITION OF NON-CONTROLLING INTERESTS

In March 2014, the Group acquired an additional 10% interest in WET Sales and Services Sdn. Bhd. ("WSS") for cash consideration of RM316,494, increasing its ownership from 90% to 100%. The carrying amount of WSS's net assets in the Group's financial statements on the date of the acquisition was RM3,165,000. The Group recognised a decrease in non-controlling interest of RM317,000.

The following summarises the effect of changes in the equity interest in WSS that is attributable to owners of the Company:

	2014
GROUP	**RM'000**
Equity interest at 1 January 2014	2,848
Share of comprehensive income	159
Effect of increase in the Group's ownership interest	317
Dividend paid	(1,500)
Equity interest at 31 December 2014	1,824

Statement by Directors

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

In the opinion of the Directors, the financial statements set out on pages 40 to 103 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 as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended.

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

Y.A.M. TENGKU DATO' RAHIMAH BINTI ALMARHUM SULTAN MAHMUD

LOH CHOON QUAN

Kuala Lumpur,
Date: 23 April 2015

Statutory declaration

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

I, **Loh Choon Quan**, the Director primarily responsible for the financial management of Loh & Loh Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 40 to 103 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 23 April 2015.

LOH CHOON QUAN

Before me:

No. 17, Tingkat 1, Jalan 1/68E,
Off Jalan Sentul Manis,
51000 Kuala Lumpur.

Independent auditors' report

to the members of Loh & Loh Corporation Berhad (Company No. 389765-V) (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Loh & Loh Corporation Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 40 to 103.

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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Independent auditors' report

to the members of Loh & Loh Corporation Berhad (Company No. 389765-V)
(Incorporated in Malaysia)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

c. Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

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

KPMG
Firm Number: AF 0758
Chartered Accountants

LAM SHUH SIANG
Approval Number: 3045/02/17(J)
Chartered Accountant

Petaling Jaya,
Date: 23 April 2015

List of properties

as at 31 December 2014

LOCATION	DESCRIPTION AND EXISTING USE	TENURE	APPROX. AGE OF BUILDING (YEARS)	APPROXIMATE LAND AREA/ UNITS	NET BOOK VALUE AS AT 31.12.2014 (RM'000)	DATE OF LAST VALUATION
LOH & LOH CONSTRUCTIONS SDN BHD						
Grant 14428 Lot 47626 Grant 14429 Lot 47627 19 & 21, Jalan Sri Hartamas 7, Taman Sri Hartamas, building 50480 Kuala Lumpur	Two units adjoining four storey shophouses used as office	Freehold	23.5	298 sq metres	4,882	2010
Grant 28522 Lot 4474 Mukim of Hulu Bernam Timur, District of Batang Padang, Perak	Vacant industrial land	Freehold	n/a	15.940 acres	3,819	2010
LOH & LOH DEVELOPMENT SDN BHD						
Lots 592,593,594,585,586,595,596 and 1327-1329, Mukim of Setul, District of Seremban, Negeri Sembilan	Vacant land	Freehold	n/a	30.993 acres	10,125	2010
Lot 3828 CT No.6177 Mukim Setul, District of Seremban, Negeri Sembilan	Storeyard & workshop	Freehold	n/a	11.0 acres	3,150	2010
Unit No 1551, Awana Condominium, Genting Highlands, HS (D) 2078 PT No.2157/95 District of Bentung, Negeri Pahang	Vacant apartment	Freehold	23	1,258 sq feet	380	2010
Geran 58854 Lot 64268 in Mukim Damansara, Daerah Petaling, Selangor 20, Jalan Astaka U8/83, Seksyen U8, Bukit Jelutong, 40150 Shah Alam	3 storey semi-detached factory building for rent	Freehold	13.6	23,838 sq feet	4,996	2010
Grant 14430 Lot 47628 23, Jalan Sri Hartamas 7, Taman Sri Hartamas, 50480 Kuala Lumpur	One unit four storey shophouses used as office building	Freehold	23.5	149 sq metres	2,500	2010
Grant 14431 Lot 47629 25, Jalan Sri Hartamas 7, Taman Sri Hartamas, 50480 Kuala Lumpur	One unit four storey shophouses used as office building	Freehold	23.5	149 sq metres	3,664	2014*

*The property was acquired on 12 March 2014.

The properties were revalued by a registered valuer with Henry Butcher Malaysia Sdn. Bhd. Valuation was made using comparison method on the basis of current market value.

Group directory

LOH & LOH CORPORATION BERHAD

LOH & LOH CONSTRUCTIONS SDN BHD

LOH & LOH DEVELOPMENT SDN BHD

19, 21, 23 & 25 Jalan Sri Hartamas 7,
Taman Sri Hartamas,
50480 Kuala Lumpur, Malaysia.
Tel : +603 - 6201 3888, 6201 4777
Fax : +603 - 6201 2112, 6201 1010
Email: info@loh-loh.com.my
Website: www.loh-loh.com.my

WATER ENGINEERING TECHNOLOGY SDN BHD

WET SALES & SERVICES SDN BHD

WET O&M SDN BHD

20, Jalan Astaka U8/83, Seksyen U8,
Bukit Jelutong, 40150 Shah Alam,
Selangor, Malaysia.
Tel : +603 - 7846 9888
Fax : +603 - 7846 8168
Email: wet@wetsb.com
Website: www.wetsb.com

LOH & LOH
CORPORATION BERHAD
(389765-V)

Wholly owned subsidiaries of
LOH & LOH Corporation Berhad

LOH & LOH
CONSTRUCTIONS SDN BHD
(17145-K)

Certificate Number SP003

MS ISO 9001:2008 REG. NO. AR1025

Water Engineering
Technology Sdn. Bhd.
(55314-K)

CERTIFIED TO ISO 9001:2008
CERT NO.:AR 2941

CERTIFIED TO ISO 9001:2008
CERT NO.:AR 2941

LOH & LOH
DEVELOPMENT SDN BHD
(137982-U)

www.loh-loh.com.my

LOH & LOH CORPORATION BERHAD
(Company Number 389765-V)