ANNUAL REPORT 2015

50 YEARS

1965 • 2015

Building Vision. Creating Success

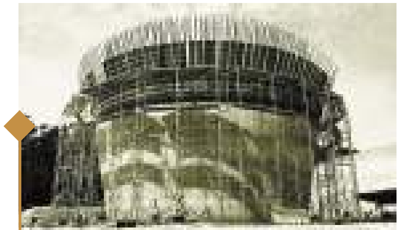
LOH & LOH

To succeed in your mission, you must have single-minded devotion to your **goal**.

- Dr Avul Pakir Jainulabdeen Abdul Kalam

1965

First Project Bangsar Hill,
Kuala Lumpur



1976

Langat Dam,
Selangor

1970s

1973

Durian Tunggal Dam,
Malacca

1980s

1980
Penang Bridge
Reclamation Works,
Penang

1982
Jalan Duta Improvement,
Kuala Lumpur

1984
Mengkuang Dam,
Penang

1987
Sungai Terip Dam,
Johor

1988
Kerian Rural Water
Supply Scheme,
Perak

1989
Kuala Kerai Rural Water
Supply Scheme,
Kelantan

GROWING STRONGER THROUGH EVERY CRISIS

The '80s and '90s suffered the shock of 2 major financial crises. Through determination and innovative thinking, LOH & LOH came through the crises stronger.

NEW HEIGHTS OF ACHIEVEMENT

LOH & LOH scored a major achievement, moving 17 million cubic meters of earth in 24 months for the construction of Putrajaya.

1991
Glenmarie Golf & Gountry Club, Selangor

1994
KLIA Earthworks, Selangor

1998
Putrajaya Dam, Wilayah Persekutuan

1990s

1997
Commonwealth Games Village, Kuala Lumpur

1997
Kelinchi Dam, Negeri Sembilan

1998
Yayasan Saad Matriculation College, Selangor

1998
950MLD Bukit Badong Water Treatment Plant, Selangor

1999
Bulk Earthworks for the new administrative Capital of Putrajaya, Wilayah Persekutuan

1965 - 2015
Building Vision • Creating Success

2004
Kepong
Sentral Station,
Selangor

2001
Rawang-Ipoh
Electrified Double Track

2005
Kota Setar Centralized Sludge
Treatment Facility, Kedah

New
Millennium

2003
Kinta Dam,
Ipoh 1st RCC Dam
in Malaysia

2005
44.5ML Putrajaya
Hammer Head Reservoir,
Wilayah Persekutuan

SPREADING OUR WINGS

Building on our niche specialty as a water specialist, LOH & LOH took on other infrastructure challenges working on railway tracking, bridges and stations.

2008
125MLD Sandakan Water
Supply Scheme,
Sabah

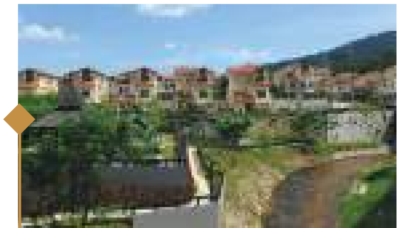
2006
RiverView Kemensah,
Selangor

2008
Kangar Sewage
Treatment Plant, Perlis

2008
Seremban Gemas
Electrified Double Track,
Negeri Sembilan

1965 - 2015
Building Vision • Creating Success

2014
40MLD Sipitang
Water Treatment Plant,
Sabah



2013
Idaman Hills
Development,
Selangor

2014
2300MLD
Semantan Intake,
Pahang

2010s

2014
250MW Puah Hydrodam,
Terengganu

2014
2300MLD Semantan Intake
Pump Installation,
Pahang

2014
The Airie Sri Damansara
Development, Selangor

ESTABLISHING A BRAND IN BOUTIQUE DEVELOPMENTS

LOH & LOH took a major step in establishing itself as a major player in boutique property development with the success of Idaman Hills and The Airie.

2015
3.0m Diameter
Langat 2 Pipeline,
Selangor

Continuing In Progress

2015
Tembat Hydrodam,
Terengganu

2015
200-400MLD Batu Kitang
Water Treatment Plant
Upgrading, Sarawak

Contents

Forging Ahead.
Looking **Forward**.

Corporate Structure

As at 30 April 2016

LOH & LOH CORPORATION BERHAD

LOH & LOH

Civil & Structural

100%
LOH & LOH CONSTRUCTIONS SDN BHD

- 100% Jutakim Sdn Bhd
- 68% Quality Quarry Sdn Bhd

Mechanical & Electrical

100%
WATER ENGINEERING TECHNOLOGY SDN BHD

- 100% WET O&M Sdn Bhd
- 100% WET Sales & Services Sdn Bhd

Property Development

100%
LOH & LOH DEVELOPMENT SDN BHD

- 100%
  Millenium Creation Sdn Bhd
- 100%
  Turf-tech Sdn Bhd
- 100%
  Medius Developments Sdn Bhd
- 100%
  Green Heights Developments Sdn Bhd
- 100%
  Decorus Development Sdn Bhd

Renewable Energy

100%
1 SERI MERDEKA SDN BHD

- 100%
  Thinkhouse Communication Sdn Bhd
  - 70%
    Pelus Hidro Sdn Bhd

Financial Highlights

5 Year Group Financial Statistics

	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000
Revenue	316,163	434,477	616,803	579,098	**412,918**
Profit Before Tax	74,674	62,019	83,200	150,004	**107,344**
Profit After Tax	61,383*	43,549	63,355	111,565	**80,212**
Total Assets	448,748	506,610	614,534	703,777	**711,263**
Net Tangible Assets	259,454	276,849	298,845	358,838	**398,460**
Shareholders' Funds	254,289	271,531	297,201	357,314	**397,143**
Paid-up Share Capital	68,000	68,000	68,000	68,000	**68,000**
Per Share (SEN)					
Group Earnings	86#	64	93	164	**118**
Net Tangible Assets	382	407	439	528	**586**
Dividend	37	38	56	75	**67.38**

* 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 (Marc)
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.

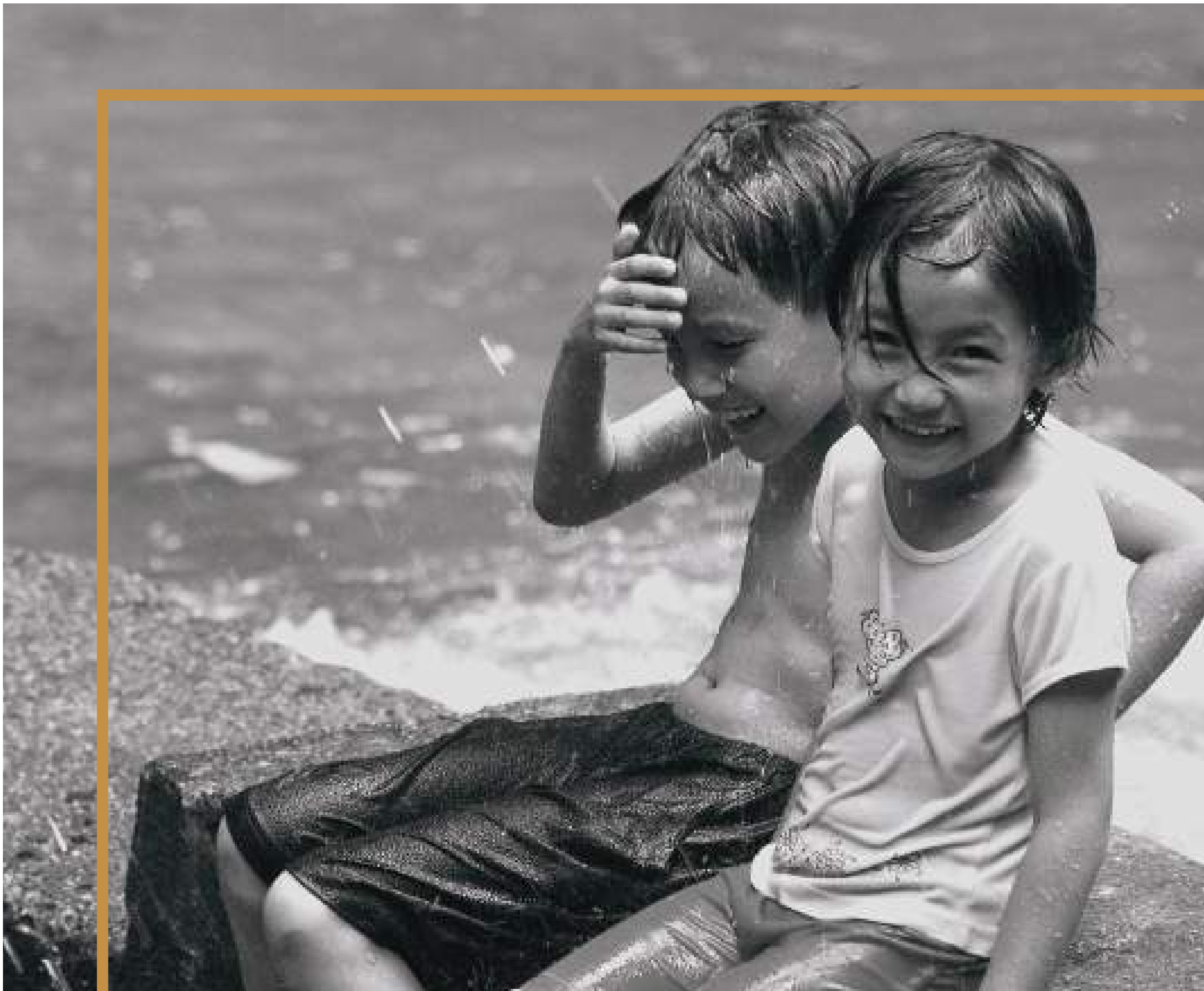
PRINCIPAL BANKERS

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

Water is **Life**...



Group Corporate Calendar

JANUARY - MAY 2015

18 JAN

The Airie Sri Damansara

The Airie 1st Residents Annual General Meeting.

24 JAN

HQ

The Airie Knowledge Sharing.

06 MAR

Bentong Pahang

Installation of Diversion Gate in Conduit B.

09 FEB

Langat 2 Pipeline, Selangor

Technical Visit by Selangor State Exco YB Tuan Zaidi Bin Abdul Talib.

10 FEB

Futsal Segambut

Futsal Tournament.

13 FEB

HQ

GST Training.

03 MAR

Kuala Lumpur Golf & Country Club

Chinese New Year Lunch.

18 MAR

Universiti Sains Malaysia

Career Fair.

26 MAR

Universiti Malaya

Career Fair.

02 APR

Langat 2 Pipeline, Selangor

Minister of Energy, Green Technology and Water (KeTTHA), Datuk Seri Panglima Dr. Maximus Johnity Ongkili Site Visit.

11 APR

One World Hotel, One Utama

ILAM GALA DINNER 2015 • MLAA 2014.

08 MAY

Shangri-La Hotel

Asia Pacific International Property Award.

15 MAY

Krabi, Thailand

Company Trip to Krabi.

Group Corporate Calendar

MAY - DECEMBER 2015

21 MAY
Langat 2 Pipeline, Selangor

Site Visit by Chairman and Board of Directors of Pengurusan Aset Air Berhad (PAAB).

23 MAY
Pusat Darah Negara

Staff Blood Donation.

30 JUN
Kuala Lumpur Golf & Country Club

Buka Puasa.

01 JUL
HQ

Mr. Loh Choon Quan Surprise Birthday Party.

13 AUG
HQ

Durian Fiesta.

26 AUG
HQ

Safety Service Talk Training.

05 SEP
Idaman Hills, Selayang

Idaman Hills 1st Residents Annual General Meeting.

13 SEPT

Powerful Sport Pusat Kepong

Badminton Competition.

11 SEPT

Site Office, Langat 2 Pipeline, Selangor

Safety Risk Management Training.

11 DEC

Sime Darby Convention Center

Annual Dinner : Celebrating 50 Years of Success.

16 DEC

Kuching, Sarawak

Sarawak Best Water Contractor Award.

25 DEC

HQ

Christmas Gathering.

It is through curiosity and looking at opportunities in new ways that we've always mapped our path. There's always an **opportunity** to make a difference.

Profile of Directors

Board 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 In,stitute of Accountants.

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 the board of Puncak Niaga Holdings Berhad and also holds directorships in several private limited companies.

Mr. Loh Choon Quan (Marc)
Managing Director

Mr. Loh Choon Quan, a Malaysian Permanent Resident, aged 40, was appointed as a Managing Director of LLCB on 16 April 2015.

Mr. Loh Choon Quan holds a Bachelor Degree in Civil Engineering (Ist 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 (1) 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 68, 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., PT Minamas Gemilang and PT Synergy Oil Nusantara.

Mr. Mohd. Faizul Bin Ibrahim
Non-Independent Non-Executive Director

Encik Mohd Faizul bin Ibrahim, a Malaysian aged 35, 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 three (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.

Mr. Tan Vern Tact
Independent Non-Executive Director

Mr. Tan Vern Tact, a Malaysian aged 40, 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 does not hold any directorships in other public companies. However, he Is a director of several private limited companies.

A Letter from Our Chairman

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

LOH & LOH GROUP CELEBRATES ITS 50TH ANNIVERSARY!

The Group has definitely come a long way and in the year 2015, the Group celebrated its Golden Jubilee! 50 years is a major celebration for any organization and it is no exception to the Group. LOH & LOH Group started out as a partnership with Mr. PK Loh and his brother in 1965 and was then known as Loh & Loh General Contractors.

In the last 50 years, LOH & LOH has continually evolved to improve and increase its capabilities to meet new and continually changing needs and environments. Today, LOH & LOH is a diversified group with key businesses in Civil & Structural Engineering, Mechanical and Electrical Engineering, and Property Development. I am pleased to inform that all three businesses are doing well and we are continuing to evolve as we have recently acquired and commenced planning for a renewable energy concession in Perak.

Throughout our 50 years, the Group has weathered many crises, from the oil shortage crises in 1973 and 1979, the financial crises in 1989 and 1997 to the banking crisis in 2008. During the oil crisis, I was told, our managers were assigned to even deal with the refineries directly to secure oil as no oil would mean no work at all, especially for our earthwork plants and equipment. Through sheer determination and thinking out of the box, we have continually overcome these tough periods and grown stronger.

2015 has been a challenging year with the weakening property market and drop in our foreign exchange value due to banking controls, increasing costs and the weak economic sentiment. These factors have affected all businesses in Malaysia and the economic environment for the next 2 years will continue to be challenging. I am pleased to inform that LOH & LOH Group has continued to perform well this year despite these challenging circumstances and our Balance Sheet continues to be strong. In these challenging times, everyone has to be more efficient and innovative to perform. But as time has proven, I know LOH & LOH will rise up to these challenges and continue to grow and achieve new milestones!

GROUP PERFORMANCE

The Group continues to perform well in 2015, achieving a profit after taxation of RM80.2 million. This is a remarkable achievement considering the challenging environment with the continual weakening in the property market, volatile prices of materials, labour issues and fluctuations in FOREX. These challenges continue to weigh down on our profits due to increasing costs and deferred property development revenue.

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

MOVING FORWARD

As of to-date, the Group has a strong order book of RM2 billion, which includes GDV of property development projects. This should see our continual performance carry over for the next 2 to 3 years. Meanwhile the Group is actively participating in tenders to replenish as well as grow our order book.

The Group continues to evolve and grow by accepting and incorporating improvements to strengthen our core activities of construction and property development. With a challenging environment which will likely last for the next 1 to 2 years, we will exercise prudence and caution in all our undertakings to mitigate any potential risks as part of our business endeavors.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to express my appreciation to the Management team and staff for their unyielding loyalty, valuable contributions 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.

Thank you.

CEO's Review of Operations

MR. LOH CHOON QUAN

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 2015.

Review of Financial Year Ended 31 December 2015

50 YEARS
1965 • 2015
Building Vision. Creating Success

In 2015, LOH & LOH Group continues to perform admirably considering the challenging environment for the construction and property industry with the continual rising cost of labour and volatile raw material prices and FOREX. Demand in the property sectors continues to be weak due to stricter financing and ownership controls, as well as an overall weak public sentiment. Despite the challenging environment, I am pleased to inform that the Group has performed well with the continual hard work and dedication of our management and staff.

The Group also celebrated its 50th anniversary, or Golden Jubilee in 2015. This is a rare achievement among Malaysian companies and even global companies, to have such a long and rich history. It is also a special achievement for me personally as a member of the founding family although we don't own any shares any more. I would like to thank all our management and staff for their many years of hard work and achievement, which none of this will be achievable, without them.

The coming year looks daunting as the property market continues to be weak but the continual investment by the government in green energy and water infrastructure should provide opportunities for our niche capabilities and expertise in water and sewerage infrastructure. This combined with our strong order book should enable the Group to sustain our profits.

1. Kelau Dam Pahang Selangor Interstate project.
2. The Puah Hydrodam, Terengganu.
3. Tembat Hydrodam, Hulu Terengganu.

Improved Financial Performance

In 2015, I am pleased to report that the Group has continued to achieve admirable results in the challenging environment with a Group recorded revenue and profit after tax of RM412.9 million and RM80.2 million respectively. The overall figures translate to net earnings per share of 118 sen.

In line with our good results, the Group declared an interim single tier dividend of 67 sen per ordinary share of RM1.00 for the financial year ended 31 December 2015.

1

Operational Highlights

Increasing our leadership in Dam construction

LOH & LOH Constructions Sdn Bhd, our construction subsidiary performed remarkably last year despite challenging conditions, adding to our leading track record of dam construction with the completion of the Kelau Dam, part of the Pahang Selangor Interstate project. The Kelau Dam acts to store and balance out water supply to the Semantan River to ensure constant and reliable water supply for the interstate transfer project. The Puah and Tembat Hydrodams for the Hulu Terengganu Hydroelectric Project were also completed simultaneously in 2015. The two dams have a capacity of 250MW and 27MW respectively and will add to the nation's green energy power supply and diversify its sources of power generation.

In 2015, LOH & LOH continues to seal its leadership in water related projects with the securing of the Enggan Reservoir for the Langat 2 project, which will be the largest reservoir in Malaysia once completed, as well as the acquisition of the 25.8MW Pelus Minihydro power scheme in Perak. The construction group continues to be busy with the implementation 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 among others. These projects are all key national water and sewerage projects, and are a testimony of our competitiveness and capabilities.

To further improve on our competitiveness and capabilities, we continue to invest in our human capital, and our pioneer graduate scholars have joined us in 2015. This will be the start of our graduate scholars joining the company and every year 6 to 8 scholars are expected to join us.

I am sure they will add value and energy to the group with proper guidance and training. I am also cautiously 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.

2

3

Sarawak Best Water Contractor

Water Engineering Technology (WET), our M&E subsidiary continues to achieve new milestones winning the Best Sarawak Water Contractor award for their work on the Batu Kitang Rehabilitation project.

This project involves the rehabilitation of part of the Batu Kitang Water Treatment Plant, which is the largest water treatment plant in Kuching, from 200MLD to 400MLD. 2015 continues to be a busy year for WET as the EPCC contracts for both the 260MLD RAPID WTP and the 920,000PE Langat CSTP move into high gear. In both projects, WET has continued to show its engineering prowess but especially for an extremely complex and world class project such as the Petronas RAPID project.

In 2015, WET completed the Mechanical and Electrical works for the Kelau Dam, and is working on another 7 projects including 4 Operation and Maintenance contracts. The EPCC projects that involve both WET and LOH & LOH Constructions are proceeding well, and 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

2

1. Batu Kitang Rehabiliton Project.
2. Langat Centralised Sewerage Treatment Plant, Selangor. *(artist impression)*

1

Slow and Prudent Development Approach

In 2015, our development subsidiary, LOH & LOH Development, commenced works on NK Residence, a high end family orientated condominium development in North Kiara, Kuala Lumpur, as well as secured the planning and development approvals for Panorama - a 3.05 acre lifestyle service apartment development in Kelana Jaya, and Emerald Heights - a 65 acre nature inspired landed residential development in Rawang.

These 3 developments are expected to have a total Gross Development Value (GDV) of approximately RM1.1 billion. However, with the soft property market, the group has taken a prudent approach to proceed slowly but to also be ready to capitalize on any upturn in the property market. During the year, our development arm also continued to build on our development brand and won the best regional residential development award for Asia Pacific - International Property Awards. This award is a major achievement and I congratulate the development team for growing our development branding!

The year ahead in 2016 is expected to continue 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. LOH & LOH Development will continue to proceed prudently and mitigate these risks in our upcoming developments through a combination of diverse products, precise scheduling and prudent management.

1. NK Residences, North Kiara *(artist impression)*
2. Emerald Heights, Rawang *(artist impression)*
3. Panorama Residences, Kelana Jaya *(artist impression)*

2

3

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 2015 are 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.

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.

A New Business

The Malaysian construction industry continues to be challenging with the shortage of skilled labour, increasing material prices and highly volatile FOREX. These, coupled with a weakening market in property, will make 2016 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 2016 such as the Sarawak Corridor of Renewable Energy (SCORE), Hydroelectric power projects in Pahang and Kelantan, Planting of New Power Plants, High Speed Rail Link, Gemas – Johor Baru Double Track Project should provide the group with significant opportunities to increase our order book.

Our strong track record in boutique developments with good design and quality should improve the branding of our development subsidiary. Despite the weak property market, all efforts to get approvals and designs ready will be done to ensure that the development subsidiary is ready to capitalize once the property market improves.

With our expertise in water infrastructure, LOH & LOH is also venturing into the concession business with the acquisition of the 25.8MW Pelus Minihydro Concession. This concession involves the design, construction, maintenance and production of energy for sale to Tenaga Nasional Berhad under a Renewable Energy Power Purchase Agreement (REPPA). This concession should pave the way to more stable earnings and reduce the volatility of our construction and development earnings. This pioneer project will also be the beginning of more concessions especially in minihydros and is highly synergistic with our capabilities and expertise.

1

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 2015, and believe that your contributions will continue into 2016. 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. 2300MLD Semantan Intake, Pahang.
2. 200-400MLD Batu Kitang, Water Treatment Plant Upgrading, Sarawak.

2

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 with over 50 years! 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.

Success is all about
Seeing **Ideas** and
Growing them...

Corporate Social Responsibility (CSR)

Corporate social responsibility has always been an important and integral aspect of LOH & LOH Group. At LOH & LOH we take our social responsibility seriously as an obligation as well as a passion.

LOH & LOH believes that when the Group actively promotes the idea that corporate success and social welfare are interdependent, the results are good for both Group and society.

Towards this end the Group endeavours to merge CSR initiatives with our business activities while encouraging and inspiring our employees to contribute to the environment and communities that the Group operates in.

1

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3

Community Causes

Donations

Over the years LOH & LOH has made numerous donations to worthy causes such as disaster relief efforts as well as contribution to the poor and helpless.

In 2015, in line with our 50th Anniversary, LOH & LOH donated to five selected institutions:

Down Syndrome Association of Malaysia
National Autism Society of Malaysia
National Kidney Foundation of Malaysia
Ma'aah Tahfiz-Quran & Akademik Bakip
Monfort Youth Centre, Melaka

The above institutions were selected from a comprehensive list of applicants, and the institutions were selected by a committee based on their track records, organisational vision and impact.

This list will be continually reviewed and as part of our 50th year anniversary, the group has pledged to help at least 5 institutions every year!

1,2,3. Donations for the selected NGOs at the LOH & LOH Annual Dinner 2015.

1

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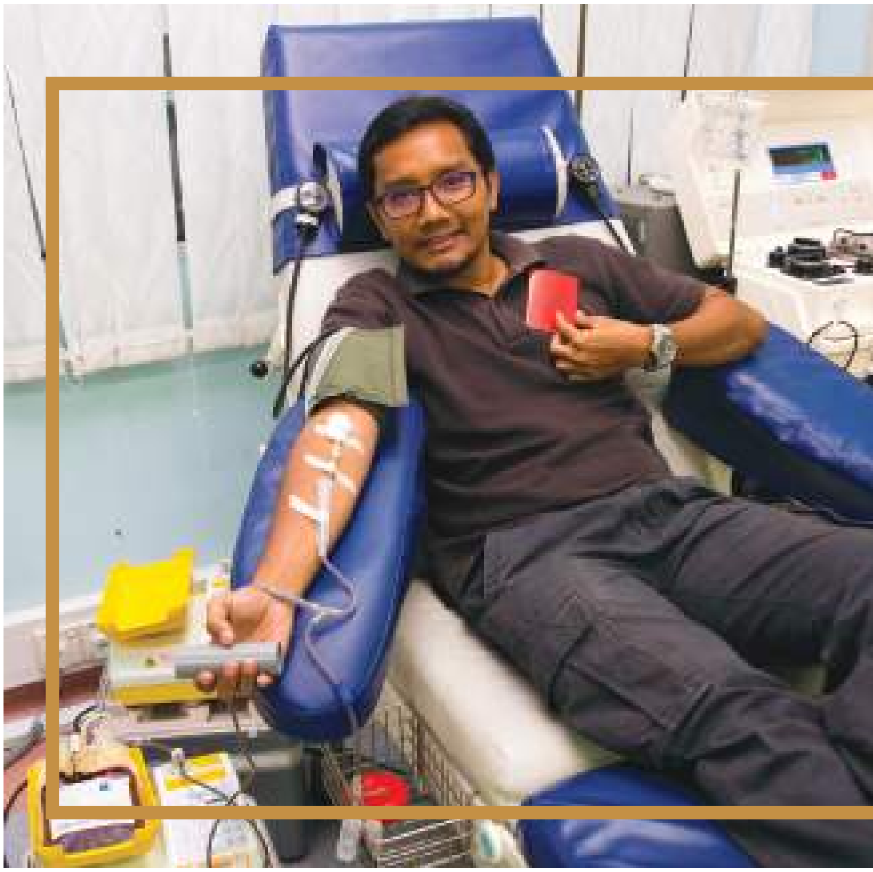
4

1,2,3,4,5. Blood donation campaign at the National Blood Bank.

5



Blood donation

Another annual event for the Company is the blood donation drive, held in partnership with the Kuala Lumpur General Hospital. This year the event was held at the National Blood Bank (Pusat Darah Negara), Jalan Tun Razak, Kuala Lumpur on 23 May 2015. LOH & LOH staff members took time off from their work to make their life-giving donations.

We wish to thank the staff of KLGH for their assistance and also our own staff, business associates for generously making life-giving donations. To encourage participation, our Managing Director donated KFC dinner plate vouchers to every person that donated blood!

1

1. Career Fair at Universiti Sains Malaysia.
2. Scholarship holders at Loh & Loh Annual Dinner 2015.

2

Career Talks and Scholarships

LOH & LOH believes in helping young Malaysians in their careers, and senior members of our staff are encouraged to take time off to give career talks at Career Fairs and other organised meetings at local institutions regularly. These talks provide a real life perspective to students and hopefully will give them insight and guidance into the construction and development industries. The Group also assists in educational programs such as site visits to our projects as well as provide internship opportunities. We hope that these small efforts will provide the students with the much needed exposure to the industry.

In our continuing efforts to provide educational opportunities to the less fortunate or financially challenged individuals, LOH & LOH Group has set up a Scholarship fund and provides scholarships to students in courses related to the Group's businesses. These scholarships are given out yearly to students pursuing their tertiary education, and in 2015, 7 scholarships were awarded.

2

Environment Concerns

1

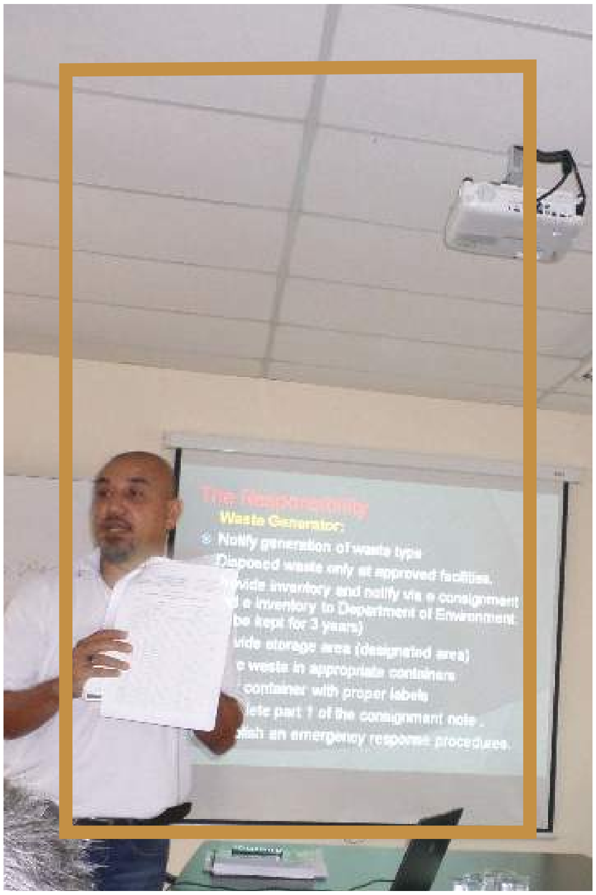
Changes in weather patterns and global warming are felt across the world. The Group believes in minimising the impact of our business activities on the environment and have implemented a Group wide environmental policy that commits to mitigate or minimise adverse impacts arising from our business activities, 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.

1. Idaman Hills river beautification.
2. The Airie, Sri Damansara.
3. The group provide recycle bins at HQ and site project.

Recycling

The Group has instituted training programs to raise awareness among 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 through recycling single-sided printouts, reducing wastage through double-sided printing as well as ensuring that used paper is sold to recycling companies.

3



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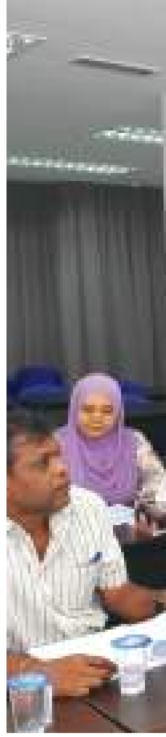

The Workplace

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.

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The Group also expects all 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 site Health and Safety Committees to ensure their participation and representation.

1,2. Project Risk Management & Scheduled Waste Management Training.
3. Workshop on Environment (ISO 14001) & Safety & Health.
4. Maintenance and service training at LOH & LOH Plant & Machinery Division.

4

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. The Group identifies staff training needs constantly, and training programmes and schemes are 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 such as birthday celebrations, festive celebrations, sports, competitions, recreational activities, company trips and our annual dinner are encouraged to develop bonding among each other.

In 2015, in line with our Golden Jubilee celebration, the Group organised the inaugural overseas trip to Krabi, Thailand. A total of over 100 staff joined us on the trip, making it a challenging logistical affair but one that enabled close bonding and interaction. Hopefully, every staff will have wonderful memories of the trip!

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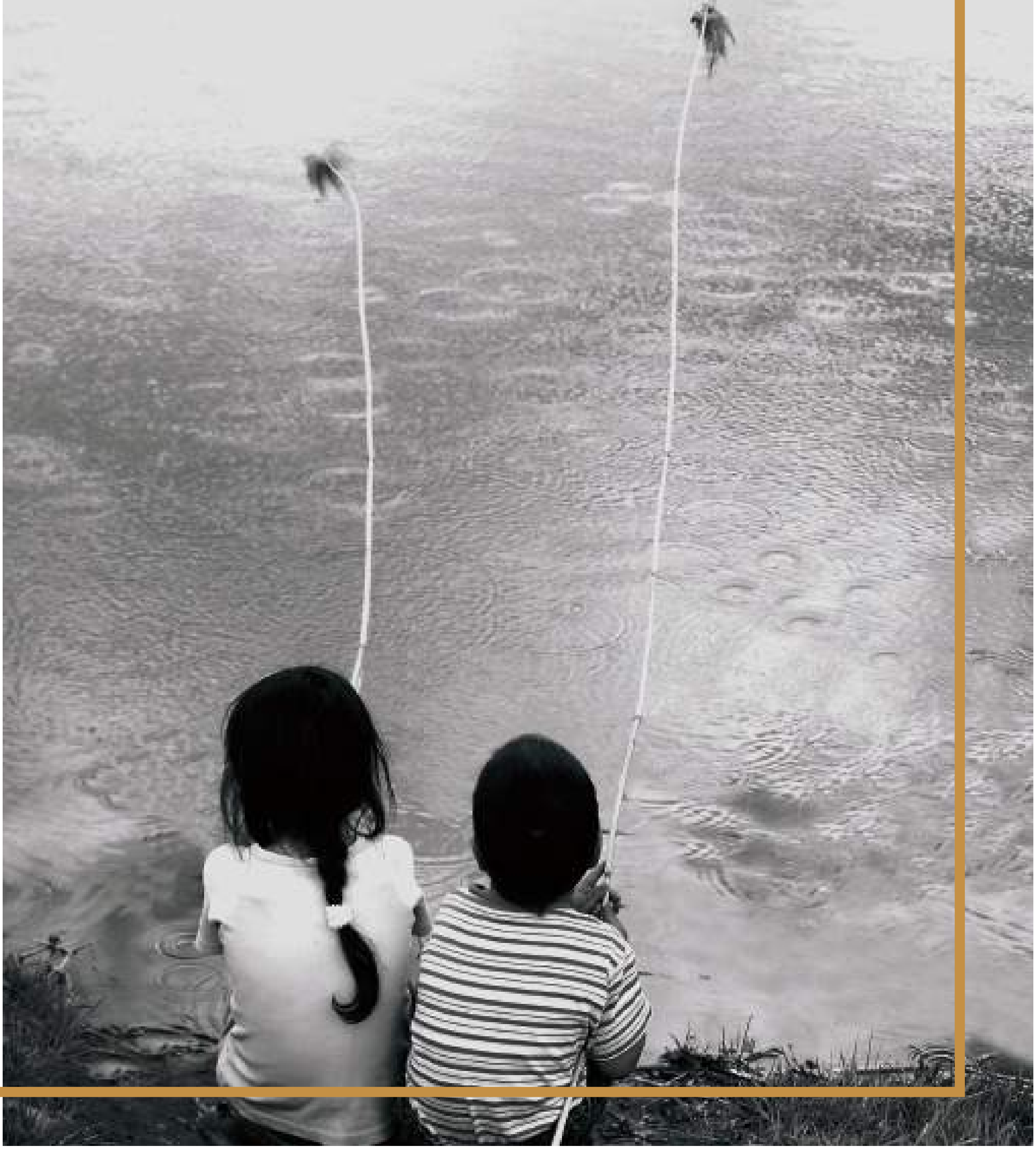
1. Pioneer Award at Loh & Loh Annual Dinner 2015.
2. LOH & LOH Company Trip to Krabi, Thailand.
3. LOH & LOH Annual Dinner 2015.
4 Chinese New Year Celebration Lunch.
5. Durian Fiesta at HQ.
6. Badminton Tournament.
7. Futsal Tournament.

6

7



Beyond Possibilities,
Opportunities Flow.

Financial Statements

Directors' report
for the year ended 31 December 2015

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 2015.

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	80,419	45,111
Non-controlling interests	(207)	-
	80,212	45,111

RESERVES AND PROVISIONS

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

DIVIDENDS

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

i) a first interim single-tier dividend of 3.30 sen per ordinary share totalling RM2,244,000 in respect of the financial year ended 31 December 2015 on 13 March 2015.
ii) a second interim single-tier dividend of 3.15 sen per ordinary share totalling RM2,142,000 in respect of the financial year ended 31 December 2015 on 12 June 2015.
iii) a third interim single-tier dividend of 17.90 sen per ordinary share totalling RM12,172,000 in respect of the financial year ended 31 December 2015 on 4 September 2015.
iv) a fourth interim single-tier dividend of 3.11 sen per ordinary share totalling RM2,114,800 in respect of the financial year ended 31 December 2015 on 11 December 2015.
v) a fifth interim single-tier dividend of 39.92 sen per ordinary share totalling RM27,145,600 in respect of the financial year ended 31 December 2015 on 4 March 2016.

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 2015 (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 1.1.2015 '000	BOUGHT '000	SOLD '000	AT 31.12.2015 '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 2015 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 2015 (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.

Directors' report
for the year ended 31 December 2015 (continued)

OTHER STATUTORY INFORMATION (CONTINUED)

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2015 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: 29 April 2016

Statements of financial position

as at 31 December 2015

	NOTE	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2015 RM'000	COMPANY 2014 RM'000
ASSETS					
Property, plant and equipment	3	109,937	98,976	-	-
Investment properties	4	14,484	18,724	-	-
Investments in subsidiaries	5	-	-	156,839	156,839
Investments in joint venture	6	-	-	-	-
Other investments	7	-	15,000	-	15,000
Deferred tax assets	8	8,098	7,363	-	-
Trade and other receivables	9	31,533	54,450	-	-
TOTAL NON-CURRENT ASSETS		164,052	194,513	156,839	171,839
Inventories	10	15,018	19,628	-	-
Other investments	7	25,577	10,855	25,577	10,855
Current tax assets		11,733	4,017	346	-
Trade and other receivables	9	183,599	149,707	72,657	52,038
Property development costs	11	205,945	167,088	-	-
Cash and cash equivalents	12	105,339	157,969	113	210
TOTAL CURRENT ASSETS		547,211	509,264	98,693	63,103
TOTAL ASSETS		711,263	703,777	255,532	234,942
EQUITY					
Share capital	13	68,000	68,000	68,000	68,000
Revaluation reserve	13	11,887	6,659	76,886	76,886
Retained earnings		317,256	282,655	4,609	5,316
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		397,143	357,314	149,495	150,202
NON-CONTROLLING INTERESTS		1,317	1,524	-	-
TOTAL EQUITY		398,460	358,838	149,495	150,202

Statements of financial position

as at 31 December 2015 (continued)

	NOTE	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2015 RM'000	COMPANY 2014 RM'000
LIABILITIES					
Loans and borrowings	14	37,660	41,324	-	-
Deferred tax liabilities	8	7,380	5,596	-	-
Trade and other payables	15	9,722	15,050	-	-
TOTAL NON-CURRENT LIABILITIES		54,762	61,970	-	-
Loans and borrowings	14	47,879	8,043	-	-
Deferred income	16	60,506	74,684	-	-
Trade and other payables	15	117,788	178,087	78,891	84,114
Current tax liabilities		4,722	22,155	-	626
Dividends payable		27,146	-	27,146	-
TOTAL CURRENT LIABILITIES		258,041	282,969	106,037	84,740
TOTAL LIABILITIES		312,803	344,939	106,037	84,740
TOTAL EQUITY AND LIABILITIES		711,263	703,777	255,532	234,942

The notes set out on pages 54 to 107 are an integral part of these financial statements.

Statements of profit or loss and other comprehensive income

for the year ended 31 December 2015

	NOTE	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2015 RM'000	COMPANY 2014 RM'000
Revenue	17	412,918	579,098	45,987	49,289
Cost of sales	18	(276,386)	(403,404)	(151)	(123)
GROSS PROFIT		136,532	175,694	45,836	49,166
Other income		5,641	16,297	3,377	4,082
Administrative expenses		(33,731)	(40,377)	(2,199)	(976)
RESULTS FROM OPERATING ACTIVITIES		108,442	151,614	47,014	52,272
Finance costs		(1,098)	(1,610)	(2,737)	(6,062)
PROFIT BEFORE TAX	19	107,344	150,004	44,277	46,210
Tax expense	20	(27,132)	(38,439)	834	(1,023)
PROFIT FOR THE YEAR		80,212	111,565	45,111	45,187
OTHER COMPREHENSIVE INCOME, NET OF TAX					
ITEM THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
Revaluation of property, plant and equipment	21	5,228	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		85,440	111,565	45,111	45,187
PROFIT ATTRIBUTABLE TO:					
Owners of the Company		80,419	111,368	45,111	45,187
Non-controlling interests		(207)	197	-	-
PROFIT FOR THE YEAR		80,212	111,565	45,111	45,187
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Company		85,647	111,368	45,111	45,187
Non-controlling interests		(207)	197	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		85,440	111,565	45,111	45,187

The notes set out on pages 54 to 107 are an integral part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2015

		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	28	-	-	-	-	(317)	(317)
- Dividends to owners of the Company	22	-	-	(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 13	Note 13				

Consolidated statement of changes in equity

for the year ended 31 December 2015 (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 2015		68,000	6,659	282,655	357,314	1,524	358,838
OTHER COMPREHENSIVE INCOME FOR THE YEAR							
- Revaluation of property, plant and equipment	21	-	5,228	-	5,228	-	5,228
PROFIT FOR THE YEAR		-	-	80,419	80,419	(207)	80,212
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	5,228	80,419	85,647	(207)	85,440
Contributions by and distributions to owners of the Company							
- Dividends to owners of the Company	22	-	-	(45,818)	(45,818)	-	(45,818)
TOTAL TRANSACTIONS WITH OWNERS OF THE COMPANY		-	-	(45,818)	(45,818)	-	(45,818)
AT 31 DECEMBER 2015		68,000	11,887	317,256	397,143	1,317	398,460
		Note 13	Note 13				

The notes set out on pages 54 to 107 are an integral part of these financial statements.

Statement of changes in equity

for the year ended 31 December 2015

		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 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	22	-	-	(51,255)	(51,255)
TOTAL TRANSACTIONS WITH OWNERS OF THE COMPANY		-	-	(51,255)	(51,255)
AT 31 DECEMBER 2014/1 JANUARY 2015		68,000	76,886	5,316	150,202
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-	45,111	45,111
Contributions by and distributions to owners of the Company					
- Dividends to owners of the Company	22	-	-	(45,818)	(45,818)
TOTAL TRANSACTIONS WITH OWNERS OF THE COMPANY		-	-	(45,818)	(45,818)
AT 31 DECEMBER 2015		68,000	76,886	4,609	149,495
		Note 13	Note 13		

The notes set out on pages 54 to 107 are an integral part of these financial statements.

Statements of cash flows

for the year ended 31 December 2015

	NOTE	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2015 RM'000	COMPANY 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		107,344	150,004	44,277	46,210
Adjustments for:					
Property, plant and equipment					
• depreciation		5,797	5,252	-	-
• loss on disposal		951	560	-	-
• written off		-	102	-	-
Net reversal of impairment loss on trade receivables		(1,445)	(8,868)	-	-
Dividend income		(1,197)	(1,246)	(45,168)	(48,694)
Fair value loss/(gain) on financial assets at fair value through profit or loss		278	(74)	278	(74)
Finance income					
• deposits		(2,672)	(4,774)	(62)	(159)
• others		(2,969)	(1,887)	(3,315)	(4,082)
Finance costs					
• interest expenses		610	812	2,737	6,062
• others		650	798	-	-
Reversal on provision for foreseeable losses		(58)	(556)	-	-
Unrealised foreign exchange loss		344	382	344	261
OPERATING PROFIT/(LOSS) BEFORE CHANGES IN WORKING CAPITAL		107,633	140,505	(909)	(476)

Statements of cash flows

for the year ended 31 December 2015 (continued)

	NOTE	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2015 RM'000	COMPANY 2014 RM'000
OPERATING PROFIT/(LOSS) BEFORE CHANGES IN WORKING CAPITAL (CONTINUED)		107,633	140,505	(909)	(476)
Changes in inventories		4,610	16,154	-	-
Changes in property development costs		(38,857)	(160,967)	-	-
Changes in trade and other receivables		(5,904)	86,903	(4,002)	(2,316)
Changes in trade and other payables and deferred income		(79,805)	(20,562)	(7,960)	5,332
CASH (USED IN)/GENERATED FROM OPERATIONS		(12,323)	62,033	(12,871)	2,540
Tax refunded		1,525	1,424	-	-
Tax paid		(53,032)	(23,368)	(138)	(103)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES		(63,830)	40,089	(13,009)	2,437
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of non-controlling interests		-	(317)	-	-
Dividends received		1,197	1,246	31,522	48,694
Interest received		2,672	4,774	62	159
Proceeds from disposal of property, plant and equipment		2,923	675	-	-
Purchase of other investment		-	(3,664)	-	-
Purchase of property, plant and equipment	(i)	(6,780)	(5,754)	-	-
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		12	(3,040)	31,584	48,853

Statements of cash flows

for the year ended 31 December 2015 (continued)

	NOTE	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2015 RM'000	COMPANY 2014 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(610)	(812)	-	-
Repayment of finance lease liabilities		(9,530)	(12,833)	-	-
Drawdown of bank borrowings		40,000	40,770	-	-
Dividends paid to owners of the Company		(18,672)	(51,255)	(18,672)	(51,255)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		11,188	(24,130)	(18,672)	(51,255)
Net (decrease)/increase in cash and cash equivalents		(52,630)	12,919	(97)	35
Cash and cash equivalents at 1 January		156,709	143,790	210	175
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	(ii)	104,079	156,709	113	210

(i) PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM12,481,854 (2014: RM6,470,000) of which RM5,701,937 (2014: RM716,000) 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 2015 RM'000	GROUP 2014 RM'000	COMPANY 2015 RM'000	COMPANY 2014 RM'000
Deposits	12	85,301	117,389	-	-
Less: Pledged deposits	12	(1,260)	(1,260)	-	-
		84,041	116,129	-	-
Cash and bank balances	12	20,038	40,580	113	210
		104,079	156,709	113	210

The notes set out on pages 54 to 107 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 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in joint ventures. The financial statements of the Company as at and for the year ended 31 December 2015 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 29 April 2016.

Notes to the financial statements
(continued)

1. **BASIS OF PREPARATION**

   (a) **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 Group and the Company:

   FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016
   - FRS 14, *Regulatory Deferral Accounts*
   - 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, 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*
   - 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 2017
   - Amendments to FRS 107, *Statement of Cash Flows - Disclosure Initiative*
   - Amendments to FRS 112, *Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses*

   FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018
   - FRS 9, *Financial Instruments (2014)*

   FRSs, Interpretations and amendments effective for a date yet to be confirmed
   - 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*

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

The Group plans to apply the abovementioned accounting standards, amendments and interpretations, where applicable:

- 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.

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

The Group falls within the scope of IC Interpretation 15, Agreements for the Construction of Real Estate. Therefore, the Group is currently exempted from adopting the Malaysian Financial Reporting Standards ("MFRs") and is referred to as a "Transitioning Entity".

The Group's financial statements for annual period beginning on 1 January 2018 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the MASB and International Financial Reporting Standards ("IFRSs").

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with 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(n)(ii) and 2(n)(iii) - Revenue from construction contracts and property development
- Note 4 - Valuation of investment properties
- Note 8 - Recognition of deferred tax assets
- Note 24.4 - Valuation and impairment 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.

(a) Basis of consolidation

(i) 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.

(ii) Business combinations

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

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

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

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

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

(iii) Acquisitions of non-controlling interests

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

(iv) Loss of control

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(v) Joint arrangements

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

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

(vi) 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.

(vii) Transactions eliminated on consolidation

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

(b) 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)

(c) Financial instruments

(i) Initial recognition and measurement

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

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

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

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

(b) *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.

(c) *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(k)(i)).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) 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.

(iii) 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)

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

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.

The Group revalues its property comprising land and building every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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)

(e) Leased assets

(i) Finance lease

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

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

(ii) Operating 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.

(f) Investment properties

(i) 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investment properties (continued)

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised 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.

(g) 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.

(h) 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)

(i) 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.

(j) 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.

(k) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and investments in joint venture) 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)

(k) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets (except for inventories, property development costs, 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.

(l) Equity instruments

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

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Employee benefits

(i) Short term employee benefits

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

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

(ii) State plans

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

(n) Revenue and other income

(i) 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.

(ii) 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)

(n) Revenue and other income (continued)

(iii) 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.

(iv) 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.

(v) Dividend income

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

(vi) Interest income

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) 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.

(p) 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(f), 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)

(q) 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.

(r) 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.

(s) 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.

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						
At 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 2014/1 January 2015	12,133	2,941	100,143	8,687	22,342	146,246
Additions	-	-	3,272	2,430	6,780	12,482
Disposals	-	-	(6,581)	-	(6,210)	(12,791)
Transfer from investment properties	3,081	1,159	-	-	-	4,240
Revaluation						
- Offset of accumulated depreciation	-	(218)	-	-	-	(218)
- Revaluation of property	5,503	-	-	-	-	5,503
Written off	-	-	-	(81)	-	(81)
At 31 December 2015	20,717	3,882	96,834	11,036	22,912	155,381
DEPRECIATION						
At 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 2014/1 January 2015	-	143	31,821	6,457	8,849	47,270
Depreciation for the year	-	75	4,446	1,188	1,681	7,390
Disposals	-	-	(5,323)	-	(3,594)	(8,917)
Offset of accumulated depreciation on property revalued	-	(218)	-	-	-	(218)
Written off	-	-	-	(81)	-	(81)
At 31 December 2015	-	-	30,944	7,564	6,936	45,444
CARRYING AMOUNTS						
At 1 January 2014	12,133	2,835	68,621	3,032	14,596	101,217
At 31 December 2014/1 January 2015	12,133	2,798	68,322	2,230	13,493	98,976
At 31 December 2015	20,717	3,882	65,890	3,472	15,976	109,937

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 Leased plant and equipment

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

GROUP	2015 RM'000	2014 RM'000
Motor vehicles	8,799	5,457
Plant and machinery	19,062	22,291
	27,861	27,748

4. INVESTMENT PROPERTIES

GROUP	2015 RM'000	2014 RM'000
At 1 January	18,724	15,060
Additions	-	3,664
Transfer to property, plant and equipment	(4,240)	-
At 31 December	14,484	18,724
Included in the above are:		
At fair value		
Freehold land	13,944	17,258
Buildings	540	1,466
	14,484	18,724

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

GROUP	2015 RM'000	2014 RM'000
Rental income	27	108
Direct operating expenses:		
- income generating investment properties	(10)	(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	2015 RM'000	2014 RM'000
At 1 January	18,724	15,060
Additions	-	3,664
Transfer to property, plant and equipment	(4,240)	-
At 31 December	14,484	18,724

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	2015 RM'000	2014 RM'000
Unquoted shares, at cost	25,805	25,805
Unquoted shares, at valuation	131,034	131,034
	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 2015 %	2014 %
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
1 Seri Merdeka Sdn. Bhd.	Malaysia	Dormant	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

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 2015 %	2014 %
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.	Malaysia	Trading and contracting in water related equipment	100	100
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)

* 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. INVESTMENTS IN JOINT VENTURE

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At cost				
Unquoted shares in Malaysia	#	-	*	-
Share of post-acquisition reserve	#	-	-	-
	-	-	*	-

* Denotes RM1.00
# Denotes RM2.00

Details of the joint venture are as follows:

NAME OF JOINT VENTURE	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE OWNERSHIP INTEREST AND VOTING INTEREST 2015 %	2014 %
Salcon - Loh & Loh JV Sdn. Bhd.	Malaysia	Civil Engineering	50	-
Joint venture of Water Engineering Technology Sdn. Bhd				
WET-Envitech JV Sdn. Bhd.	Malaysia	Mechanical and electrical engineering related activities	50	-

The investments in joint venture are not material, hence no additional disclosures were made.

Notes to the financial statements
(continued)

7. OTHER INVESTMENTS

GROUP & COMPANY	UNQUOTED 2015 RM'000	2014 RM'000
NON-CURRENT		
Held-to-maturity investments	-	15,000
CURRENT		
Held-to-maturity investments	15,000	-
Financial assets at fair value through profit or loss		
- Held for trading	10,577	10,855
	25,577	10,855
	25,577	25,855

8. DEFERRED TAX (ASSETS)/LIABILITIES

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	ASSETS		LIABILITIES		NET	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
GROUP						
Property, plant and equipment	-	-	(13,863)	(11,727)	(13,863)	(11,727)
Provisions	12,595	11,515	-	-	12,595	11,515
Other items	-	-	1,986	1,979	1,986	1,979
Tax assets (liabilities)	12,595	11,515	(11,877)	(9,748)	718	1,767
Set-off of tax	(4,497)	(4,152)	4,497	4,152	-	-
Net tax assets (liabilities)	8,098	7,363	(7,380)	(5,596)	718	1,767

Notes to the financial statements

(continued)

8. DEFERRED TAX ASSETS (LIABILITIES) (CONTINUED)

Unrecognised deferred tax assets

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

GROUP	**2015**	**2014**
	RM'000	**RM'000**
Tax loss carry-forward	6,376	12,645
Unabsorbed capital allowances	9	1,076
Other deductible temporary differences	1,058	-
	7,443	13,721

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.

Movement in temporary differences during the year

	AT 1.1.2014	**RECOGNISED IN PROFIT OR LOSS (NOTE 20)**	**AT 31.12.2014/ 1.1.2015**	**RECOGNISED IN PROFIT OR LOSS (NOTE 20)**	**RECOGNISED IN OTHER COMPREHENSIVE INCOME (NOTE 21)**	**AT 31.12.2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment	(8,645)	(3,082)	(11,727)	(1,861)	(275)	(13,863)
Provisions	10,678	837	11,515	1,080	-	12,595
Others items	(373)	2,352	1,979	7	-	1,986
	1,660	107	1,767	(774)	(275)	718

9. TRADE AND OTHER RECEIVABLES

		GROUP		COMPANY	
		2015	2014	2015	2014
	NOTE	RM'000	RM'000	RM'000	RM'000
Non-current Trade					
Trade receivables	9.1	31,533	54,450	-	-
Current Trade					
Trade receivables	9.1	149,116	112,904	-	-
Less: Allowance for impairment loss		(8,916)	(10,714)	-	-
		140,200	102,190	-	-
Amount due from contract customers	9.2	18,191	36,732	-	-
		158,391	138,922	-	-
Non-trade					
Amount due from subsidiaries	9.3	-	-	71,593	50,969
Deposits		1,716	2,498	2	2
Prepayments		598	2,604	-	-
Other receivables	9.4	23,551	6,340	1,062	1,067
Less: Allowance for impairment loss		(657)	(657)	-	-
		25,208	10,785	72,657	52,038
		183,599	149,707	72,657	52,038
		215,132	204,157	72,657	52,038

Notes to the financial statements

(continued)

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

9.1 Trade receivables

Included in trade receivables at 31 December 2015 are retentions of RM73,953,965 (2014: RM77,940,621) relating to construction work-in-progress. Retentions are unsecured, interest-free and are expected to be collected as follows:

GROUP	2015 RM'000	2014 RM'000
Within 1 year	42,421	23,491
1 - 2 years	29,031	29,827
2 - 3 years	2,502	24,623
	73,954	77,941

9.2 Construction work-in-progress

GROUP	NOTE	2015 RM'000	2014 RM'000
Aggregate costs incurred to date		2,126,104	2,077,572
Add: Attributable profits		489,319	396,484
Less: Provision for foreseeable losses		(101)	(159)
		2,615,322	2,473,897
Less: Progress billings		(2,657,637)	(2,511,849)
		(42,315)	(37,952)
Represented by:			
Amount due to contract customers	16	(60,506)	(74,684)
Amount due from contract customers		18,191	36,732
		(42,315)	(37,952)
Included in aggregate costs incurred during the financial year are the following:			
Depreciation of property, plant and equipment		1,593	2,122

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

9.3 Amount due from subsidiaries

The amount due from subsidiaries is unsecured, subject to interest at 6.85% (2014: ranging from 6.60% to 6.85%) per annum and repayable on demand.

9.4 Other receivables

Included in other receivables of the Group are advance payment of RM350,000 (2014: RM1,150,120) made to sub-contractors/suppliers in accordance with the terms of the contracts and Goods and Services Tax receivable of RM1,250,000 (2014: Nil).

10. INVENTORIES

GROUP	2015 RM'000	2014 RM'000
Water related equipment	3	3
Completed properties	15,015	19,625
	15,018	19,628
Recognised in profit or loss:		
Inventories recognised as cost of sales	4,610	16,152

Notes to the financial statements
(continued)

11. PROPERTY DEVELOPMENT COSTS

GROUP	2015 RM'000	2014 RM'000
CUMULATIVE PROPERTY DEVELOPMENT COSTS		
At 1 January	167,088	6,120
Costs incurred during the year	38,857	160,968
At 31 December	205,945	167,088
Included in the above are:		
Freehold land	160,509	154,357
Development costs	42,568	10,586
Borrowing costs	2,868	2,145
	205,945	167,088

At 31 December 2015, freehold land with carrying amount of RM60,020,726 (2014: RM60,020,726) is pledged as security for banking facilities secured.

12. CASH AND CASH EQUIVALENTS

	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2015 RM'000	COMPANY 2014 RM'000
Deposits are placed with:				
Licensed banks	9,709	78,128	-	-
Licensed investment institution	75,592	39,261	-	-
	85,301	117,389	-	-
Cash and bank balances	20,038	40,580	113	210
	105,339	157,969	113	210

Included in the deposits placed with licensed banks is RM1,260,000 (2014: RM1,260,000) pledged as securities for banking facilities secured.

Included in cash and bank balances of the Group is RM844,685 (2014: RM6,668,164) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

13. CAPITAL AND RESERVES

SHARE CAPITAL

GROUP AND COMPANY	AMOUNT 2015 RM'000	NUMBER OF SHARES 2015 '000	AMOUNT 2014 RM'000	NUMBER OF SHARES 2014 '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 property, plant and equipment.

14. LOANS AND BORROWINGS

GROUP	NOTE	2015 RM'000	2014 RM'000
NON-CURRENT			
Term loans - secured	14.1	35,107	40,770
Finance lease liabilities	14.2	2,553	554
		37, 660	41,324
CURRENT			
Term loans - secured	14.1	5,663	-
Finance lease liabilities	14.2	2,216	8,043
Revolving credit - unsecured	14.3	40,000	-
		47,879	8,043
		85,539	49,367

14.1 Securities

The bank loans are secured over freehold land included in property development costs (see Note 11).

14.2 Finance lease liabilities

Finance lease liabilities are payable as follows:

GROUP	FUTURE MINIMUM LEASE PAYMENTS 2015 RM'000	INTEREST 2015 RM'000	PRESENT VALUE OF MINIMUM LEASE PAYMENTS 2015 RM'000	FUTURE MINIMUM LEASE PAYMENTS 2014 RM'000	INTEREST 2014 RM'000	PRESENT VALUE OF MINIMUM LEASE PAYMENTS 2014 RM'000
Less than one year	2,383	(167)	2,216	8,277	(234)	8,043
Between one and five years	2,667	(114)	2,553	577	(23)	554
	5,050	(281)	4,769	8,854	(257)	8,597

15. TRADE AND OTHER PAYABLES

	NOTE	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2015 RM'000	COMPANY 2014 RM'000
NON-CURRENT TRADE					
Trade payables	15.1	9,722	15,050	-	-
CURRENT TRADE					
Trade payables	15.1	90,721	92,821	-	-
NON-TRADE					
Other payables	15.2	3,084	57,638	-	-
Amount due to subsidiaries	15.3	-	-	78,536	83,863
Accrued expenses		23,983	27,628	355	251
		27,067	85,266	78,891	84,114
		117,788	178,087	78,891	84,114
		127,510	193,137	78,891	84,114

15.1 Trade payables

Included in trade payables at 31 December 2015 are retention sums payable amounting to RM32,909,853 (2014: RM31,071,117).

15.2 Other payables

Included in other payables of the Group is Goods and Services Tax payable of RM59,000 (2014: Nil).

In 2014, included in other payables of the Group were advances received from contract customers amounting to RM41,010,486 in accordance with the terms of the contracts.

15.3 Amount due to subsidiaries

The amount due to subsidiaries is unsecured, subject to interest at 6.85% (2014: ranging from 6.60% to 6.85%) per annum and repayable on demand.

16. DEFERRED INCOME

GROUP	NOTE	2015 RM'000	2014 RM'000
Amount due to contract customers	9.2	60,506	74,684

17. REVENUE

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Construction contracts	404,936	551,510	-	-
Sale of goods	677	683	-	-
Sale of completed properties	5,262	24,956	-	-
Rental income from investment properties	27	108	-	-
Finance income	62	159	62	159
Dividends:				
- subsidiaries	-	-	43,971	47,448
- other investments	1,197	1,246	1,197	1,246
Others	757	436	757	436
	412,918	579,098	45,987	49,289

18. COST OF SALES

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Construction contract costs	270,913	386,532	-	-
Cost of goods sold	383	556	-	-
Cost of completed properties	4,610	16,152	-	-
Rental expense from revenue generating investment properties	15	41	-	-
Others	465	123	151	123
	276,386	403,404	151	123

19. PROFIT BEFORE TAX

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
PROFIT BEFORE TAX IS ARRIVED AFTER CHARGING:				
Auditors' remuneration:				
- Audit fees				
KPMG Malaysia	205	197	22	22
- Under provision in prior years	5	2	-	-
Impairment loss on trade receivables	-	253	-	-
Fair value loss financial assets at fair value through profit or loss	278	-	278	-
Finance costs				
- interest expense	610	812	2,737	6,062
- others	650	798	-	-
Property, plant and equipment				
- depreciation	5,797	5,252	-	-
- loss on disposal	951	560	-	-
- written off	-	102	-	-
Personnel expenses				
- wages, salaries and others	49,424	54,026	-	259
- contribution to state plans	5,168	5,595	-	-
Realised foreign exchange loss	204	289	-	-
Unrealised foreign exchange loss	344	382	344	261
Rental of premises	373	544	-	-

	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2015 RM'000	COMPANY 2014 RM'000
AND AFTER CREDITING				
Interest income				
- deposits	2,672	4,774	62	159
- others	2,969	1,887	3,315	4,082
Fair value gain on financial assets at fair value through profit or loss	-	74	-	74
Reversal of impairment loss on trade receivables	1,445	9,121	-	-
Reversal of provision for foreseeable losses	58	556	-	-

20. TAX EXPENSE

RECOGNISED IN PROFIT OR LOSS

	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2015 RM'000	COMPANY 2014 RM'000
CURRENT TAX EXPENSE				
Malaysian - current	25,612	39,059	173	1,045
- prior year	746	(513)	(1,007)	(22)
Total current tax recognised in the profit or loss	26,358	38,546	(834)	1,023
DEFERRED TAX ASSETS				
Origination and reversal of temporary differences	1,360	19	-	-
Over provision in prior years	(586)	(126)	-	-
Total deferred tax recognised in profit or loss (Note 8)	774	(107)	-	-
Total income tax expense	27,132	38,439	(834)	1,023

	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2015 RM'000	COMPANY 2014 RM'000
RECONCILIATION OF TAX EXPENSE				
Profit before tax	107,344	150,004	44,227	46,210
Income tax calculated using Malaysian tax rate of 25%	26,836	37,501	11,069	11,553
Non-deductible expenses	3,136	2,776	585	1,709
Tax exempt income	(1,430)	(1,298)	(11,481)	(12,217)
Net deferred tax assets not recognised in respect of deductible temporary differences	-	99	-	-
Recognition of previously unrecognised temporary differences	(1,570)	-	-	-
Under/(Over) provision of income tax in prior years	746	(513)	(1,007)	(22)
Over provision of deferred tax in prior year	(586)	(126)	-	-
	27,132	38,439	(834)	1,023

Tax exempt income of the Company mainly relates to dividend income of RM43,972,000 (2014: RM48,694,000).

21. OTHER COMPREHENSIVE INCOME

GROUP	BEFORE TAX RM'000	TAX EXPENSE (NOTE 8) RM'000	NET OF TAX RM'000
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Revaluation of property plant and equipment	5,503	(275)	5,228

22. DIVIDENDS

Dividends recognised by the Company:

	SEN PER SHARE (SINGLE TIER)	TOTAL AMOUNT RM'000	DATE OF PAYMENT
2015			
First interim 2015 ordinary	3.30	2,244	13.3.2015
Second interim 2015 ordinary	3.15	2,142	12.6.2015
Third interim 2015 ordinary	17.90	12,172	4.9.2015
Fourth interim 2015 ordinary	3.11	2,114	11.12.2015
Fifth interim 2015 ordinary	39.92	27,146	4.3.2016
Total amount		45,818	
2014			
First interim 2014 ordinary	5.68	3,862	11.1.2014
Second interim 2014 ordinary	14.71	10,000	13.3.2014
Third interim 2014 ordinary	3.60	2,448	13.6.2014
Fourth interim 2014 ordinary	18.39	12,505	12.9.2014
Fifth interim 2014 ordinary	33.00	22,440	12.12.2014
Total amount		51,255	

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

23. 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 2015 and 2014.

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.

23. OPERATING SEGMENTS (CONTINUED)

2015	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	94,403	48,610	983	1,771	(65,511)	80,256
Other non-reportable segment assets						(44)
Total profit						80,212
Included in measure of segment profit are:						
Revenue from external customers	404,936	2,043	677	5,262	-	412,918
Depreciation of property, plant and equipment	(5,536)	(201)	(25)	(35)	-	(5,797)
Finance costs	(1,258)	(2)	-	-	-	(1,260)
Tax expense	(26,982)	717	(126)	(741)	-	(27,132)
SEGMENT ASSETS	428,049	214,903	29,642	233,661	(196,714)	709,541
Other non-reportable segment assets						1,722
Total assets						711,263
SEGMENT LIABILITIES	271,535	30,364	6,184	41,545	(38,407)	311,221
Other non-reportable segment liabilities						1,582
Total liabilities						312,803
SEGMENT CAPITAL EXPENDITURE	10,666	1,503	17	296	-	12,482

Notes to the financial statements
(continued)

23. 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	(5,049)	(60)	(131)	(12)	-	(5,252)
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

MAJOR CUSTOMERS

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

GROUP	2015 RM'000	2014 RM'000	SEGMENT
Customer A	172,695	239,234	Construction
Customer B	50,368	61,137	Construction

24. FINANCIAL INSTRUMENTS

24.1 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").

2015	CARRYING AMOUNT RM'000	L&R/ (FL) RM'000	FVTPL - HFT RM'000	HTM RM'000
FINANCIAL ASSETS				
GROUP				
Other investments	25,557	-	10,577	15,000
Trade and other receivables*	213,284	213,284	-	-
Cash and cash equivalents	105,339	105,339	-	-
	344,200	318,623	10,577	15,000
COMPANY				
Other investments	25,577	-	10,577	15,000
Trade and other receivables	72,657	72,657	-	-
Cash and cash equivalents	113	113	-	-
	98,347	72,770	10,577	15,000
FINANCIAL LIABILITIES				
GROUP				
Loans and borrowings	(85,539)	(85,539)	-	-
Trade and other payables *	(127,451)	(127,451)	-	-
	(212,990)	(212,990)	-	-
COMPANY				
Trade and other payables	(78,891)	(78,891)	-	-

* Exclude non-financial instruments

Notes to the financial statements
(continued)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.1 Categories of financial instruments (continued)

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)	-	-

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.2 Net gains and losses arising from financial instruments

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Net (losses)/gains on:				
Fair value through profit or loss:				
- Held for trading	(278)	74	(278)	74
Loans and receivables	5,888	14,731	3,033	4,241
Financial liabilities measured at amortised cost	(610)	(812)	(2,737)	(6,062)
	5,000	13,993	18	(1,747)

24.3 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

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 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 and performance bonds granted in favour of contract customers of group entities.

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:

	2015	**2014**
GROUP	**RM'000**	**RM'000**
Constructions	167,509	147,543
Property development	3,670	8,119
Trading	554	978
	171,733	156,640

Approximately 77% (2014: 73%) of the Group's trade receivables were due from 5 (2014: 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.

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Receivables (continued)

Exposure to credit risk, credit quality and collateral (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
2015			
Not past due	32,807	-	32,807
Past due 1 - 30 days	125,275	-	125,275
Past due 31 - 120 days	6,213	-	6,213
Past due more than 120 days	16,354	(8,916)	7,438
	180,649	(8,916)	171,733
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

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

GROUP	2015 RM'000	2014 RM'000
At 1 January	10,714	19,582
Impairment loss recognised	-	253
Impairment loss reversed	(1,445)	(9,121)
Impairment loss written off	(353)	-
At 31 December	8,916	10,714

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 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.

Impairment losses

As at the end of the reporting period, there was no indication that the counterparties will fail to meet their obligations, hence no impairment loss has been recognised in respect of investments and other financial assets.

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Group and the Company provide unsecured financial guarantees to banks in order to grant performance bonds in favour of contract customers of group entities for the execution of the contracts. The Group and the Company monitor the performance of the contracts awarded from contract customers on a timely basis.

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

Exposure to credit risk, credit quality and collateral

The Group's and the Company's maximum exposure to credit risk amounts to RM152,248,000 (2014: RM265,273,000) and RM233,017,723 (2014: RM306,043,347) respectively representing the total banking facilities of the subsidiaries and performance bonds granted to contract customers of subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment or fail to perform in respect of construction contracts with contract customers.

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.

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.5 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:

2015	CARRYING AMOUNT	CONTRACTUAL INTEREST RATE	CONTRACTUAL CASH FLOWS	UNDER 1 YEAR	1 - 5 YEARS
GROUP	**RM'000**	**%**	**RM'000**	**RM'000**	**RM'000**
NON-DERIVATIVE FINANCIAL LIABILITIES					
Term loans	40,770	5.27	41,995	6,888	35,107
Revolving credit	40,000	4.91	40,000	40,000	-
Finance lease liabilities	4,769	4.61 - 5.73	5,050	2,383	2,667
Non-interest bearing trade and other payables					
- non-current	9,722	-	10,175	-	10,175
- current	117,729	-	117,729	117,729	-
	212,990		214,949	167,000	47,949
COMPANY					
NON-DERIVATIVE FINANCIAL LIABILITIES					
Trade and other payables					
- interest bearing	78,536	6.85	78,536	78,536	-
- non-interest bearing	355	-	355	355	-
	78,891	-	78,891	78,891	-

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.5 Liquidity risk (continued)

2014 GROUP	CARRYING AMOUNT RM'000	CONTRACTUAL INTEREST RATE %	CONTRACTUAL CASH FLOWS RM'000	UNDER 1 YEAR RM'000	1 - 5 YEARS RM'000
NON-DERIVATIVE FINANCIAL LIABILITIES					
Term loans	40,770	5.12	41,603	-	41,603
Finance lease liabilities	8,597	4.59 - 5.81	8,854	8,277	577
Non-interest bearing 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					
- interest bearing	83,863	6.60 - 6.85	83,863	83,863	-
- non-interest bearing	251	-	251	251	-
	84,114		84,114	84,114	-

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk

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

24.6.1 Interest rate risk

The Group's and the Company's investment in fixed rate debt securities and deposits placed with licensed banks and the Group's 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 and variable rate borrowings 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 both fixed rate and variable rate instruments to mitigate the risk of fluctuation in interest rates.

The Group regularly reviews its debt portfolio and such strategy enable the Group to source low interest funding from the market and achieve a certain level of protection against interest rate hike. The Group does not use derivative financial instruments to hedge its debt obligations.

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:

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
FIXED RATE INSTRUMENTS				
Financial assets	24,709	93,128	96,302	144,097
Financial liabilities	(45,539)	(49,367)	(78,536)	(83,863)
	(20,830)	43,761	(17,766)	60,234
FLOATING RATE INSTRUMENTS				
Financial assets	75,592	39,261	-	-
Financial liabilities	(40,000)	-	-	-
	35,592	39,261	-	-

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.1 Interest rate risk (continued)

Interest rate risk sensitivity analysis

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.

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 RM267,000 (2014: RM294,000). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

24.6.2 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
The Management 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% (2014: 10%) strengthening in FBMKLCI at the end of the reporting period would have increased equity and post-tax profit by RM672,059 (2014: RM464,027) for investments classified as fair value through profit or loss. A 10% (2014: 10%) weakening in FBMKLCI would have had equal but opposite effect on equity and profit or loss respectively

Notes to the financial statements
(continued)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.7 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 shown in the statement of financial position.

	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED*/NOT CARRIED AT FAIR VALUE				CARRYING
GROUP	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**	**TOTAL**	**AMOUNT**
2015	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
FINANCIAL ASSETS					
Fund managed by asset management company	10,577*	-	-	10,577	10,577
Trade and other receivables					
- non-current	-	-	32,966	32,966	31,533
	10,577	-	32,966	43,543	42,110
FINANCIAL LIABILITIES					
Trade and other payables					
- non-current	-	-	(10,175)	(10,175)	(9,722)
Term loans	-	-	(40,770)	(40,770)	(40,770)
Finance lease liabilities	-	-	(5,050)	(5,050)	(4,769)
	-	-	(55,995)	(55,995)	(55,261)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.7 Fair value information (continued)

	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED*/NOT CARRIED AT FAIR VALUE				CARRYING
GROUP	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**	**TOTAL**	**AMOUNT**
2014	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
FINANCIAL ASSETS					
Fund managed by asset management company	10,855*	-	-	10,855	10,855
Trade and other receivables					
- non-current	-	-	58,113	58,113	54,450
	10,855	-	58,113	68,968	65,305
FINANCIAL LIABILITIES					
Trade and other payables					
- non-current	-	-	(15,950)	(15,950)	(15,050)
Term loans	-	-	(40,770)	(40,770)	(40,770)
Finance lease liabilities	-	-	(8,854)	(8,854)	(8,597)
	-	-	(65,574)	(65,574)	(64,417)

	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE				CARRYING
COMPANY	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**	**TOTAL**	**AMOUNT**
2015	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
FINANCIAL ASSETS					
Fund managed by asset management company	10,577	-	-	10,577	10,577
2014					
FINANCIAL ASSETS					
Fund managed by asset management company	10,855	-	-	10,855	10,855

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.7 Fair value information (continued)

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.

25. 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 2015 and at 31 December 2014 were as follows:

	NOTE	2015	2014
GROUP		**RM'000**	**RM'000**
Loans and borrowings	14	85,539	49,367
Trade and other payables	15	127,510	193,137
Less: Cash and cash equivalents	12	(105,339)	(157,969)
Net debt		107,710	84,535
Total equity		398,460	358,838
Debt-to-equity ratios		0.27	0.24

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

26. 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.

	GROUP		COMPANY	
CONTINGENT LIABILITIES NOT CONSIDERED REMOTE	**2015 RM'000**	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Corporate guarantees given to licensed banks in respect of:				
- Bank facilities granted to subsidiaries	-	-	80,770	40,770
- Performance bond granted infavour of contract customers	152,248	265,273	152,248	265,273
	152,248	265,273	233,018	306,043

The corporate guarantees mature earliest in 2016 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.

27. 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 and entity that provides key management personnel services to the Group. 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.

27. RELATED PARTIES (CONTINUED)

Significant related party transactions

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

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Subsidiaries				
Dividends income	-	-	43,971	47,448
Key management personnel				
Directors				
- Fees	884	379	764	259
- Other emoluments	8,486	13,439	-	-
- Contributions to state plans	1,120	980	-	-
	10,490	14,798	764	259

The estimated monetary value of Directors' benefit-in-kind is RM105,375 (2014: RM944,185).

28. 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 45 to 107 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 2015 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: 29 April 2016

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 45 to 107 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 29 April 2016.

LOH CHOON QUAN

Before me:

PESURUHJAYA SUMPAH
No. W 513
KALASAGAR NAIR
MALAYSIA

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Solaris Dutamas
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50480 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 2015 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 45 to 107.

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 2015 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: 29 April 2016

List of properties
as at 31 December 2015

LOCATION	DESCRIPTION AND EXISTING USE	TENURE	AGE OF BUILDING (YEARS)	APPROXIMATE LAND AREA/UNITS	BUILT-UP AREA	CARRYING VALUE AS AT 31.12.2015 (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, 50480 Kuala Lumpur	Two units adjoining four storey shophouses use as office building	Freehold	24.5	298 sq m	1,163.12 sq m	7,200**	2015
Grant 28522 Lot 4474 Mukim of Hulu Bernam Timur, District of Batang Padang, Perak	Vacant industrial land	Freehold	n/a	15.940 acres	n/a	3,819	2010
Lot 3828 CT No.6177 Mukim Setul, District of Seremban, Negeri Sembilan	Storeyard & workshop	Freehold	n/a	11.0 acres	n/a	3,800**	2015
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	n/a	10,125**	2010
Unit No 1551, Awana Condominium, Genting Highlands, HS (D) 2078 PT No.2157/95 District of Bentong, Pahang	Vacant apartment	Freehold	24	1,258 sq ft	1,258 sq ft	380**	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	24.5	149 sq m	581,56 sq m	3,550**	2015
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	24.5	149 sq m	581,56 sq m	3,550**	2015
WATER ENGINEERING TECHNOLOGY SDN BHD							
Geran 58854 Lot 64268 in Mukim Damansara, Daerah Petaling, Selangor 20, Jalan Astaka U8/83, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor	3 storey semi-detached factory building for rent	Freehold	14.6	23,838 sq ft	25,112 sq ft	6,500**	2015

***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

1 SERI MERDEKA 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

Notes

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
(389765-V)